

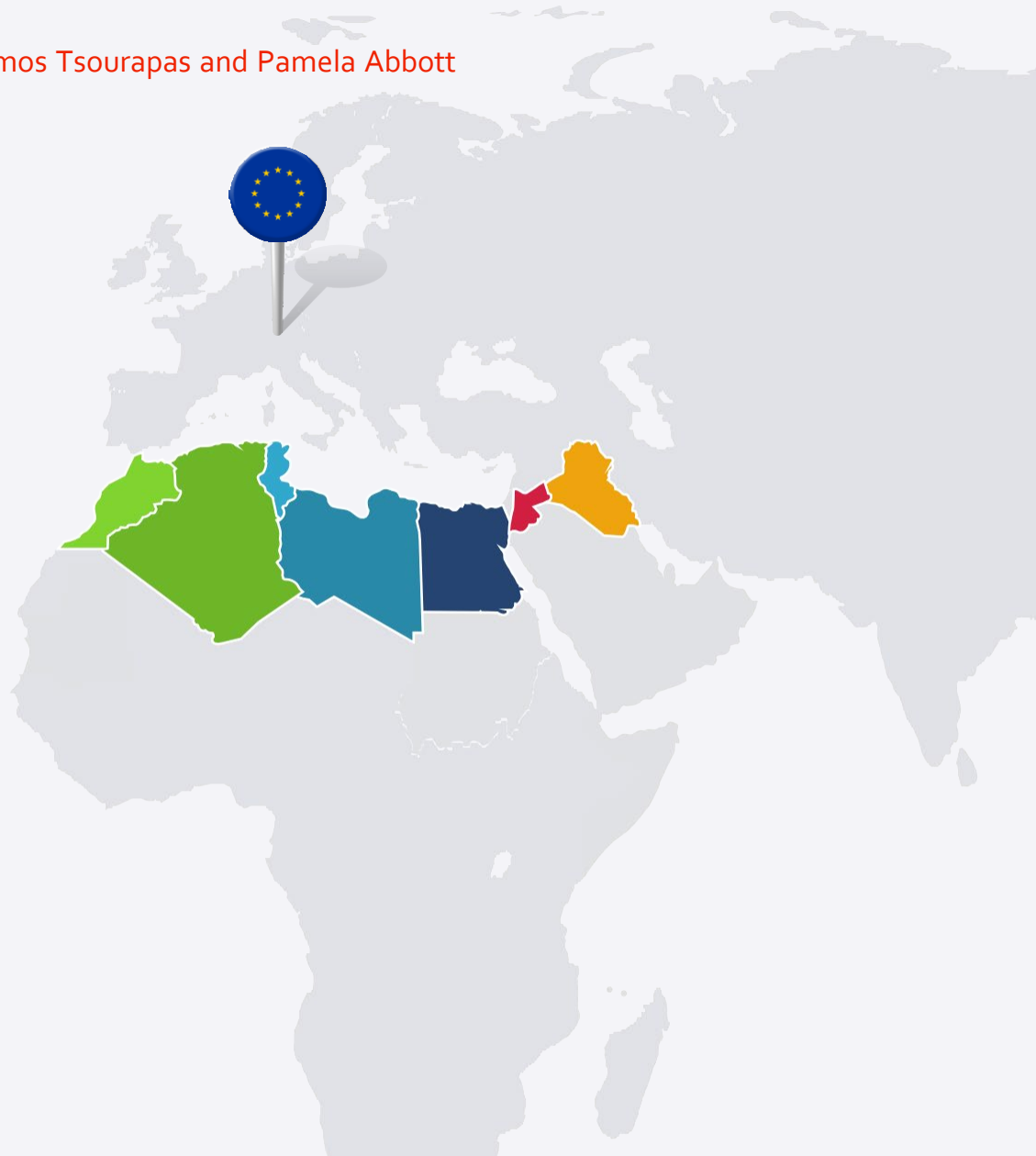
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Corruption, Cohesion and the Rule of Law

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PROGRAMME



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# CORRUPTION, COHESION AND THE RULE OF LAW

## Abstract

Corruption provokes much anger in MENA and was important as a trigger in the Arab Uprisings it was government corruption that sparked the greatest anger among the population. The argument of this Report is (a) that government corruption is a major and obvious breach of trust, (b) that the same is true for 'civil' corruption – 'wasta' in employment, business corruption - and (c) that corruption is a special case of breach of the Rule of Law which is essential for a decent society. The initial focus on corruption leads to consideration of what people think they can reasonably expect from government and from each other. Ultimately, corruption breaks the cords that hold modern societies together; it is an attack on social cohesion.

The MENA countries have some way to go before much social cohesion is achieved. While three quarters or even more would trust their neighbours and people known to them personally, 70 per cent (83% in Tunisia) say other people are generally not to be trusted and a third or more consider that others would take advantage of you rather than try to be fair. More than a third of respondents think every level of government is corrupt (except in Tunisia, but even there the figure is around 16%), and where we have the detailed information we find that between 13 and 35 per cent think all or most of the politicians, the tax officials and even the judges are corrupt. Over half the population, and in some countries three quarters, think the government is doing little or nothing to remedy this. Beyond monetary corruption, *wasta* is very influential in the allocation of jobs, and if you do not know the right people and are not known by them you will have difficulty finding a job, which is profoundly divisive. 'Crony capitalism' may be seen as a high-level governmental version of the same process, with business opportunities and advantages reserved for the friends of government. Over 60 per cent in most countries trust the police and the army, but this still leaves a substantial minority who do not have trust in them, and only half the population trust even the courts (varying from 63% in Egypt and 57% in Jordan to 28% in Morocco and 31% in Tunisia).

However, there are signs that at least an *understanding* of what is required for cohesion underlies this disaffection. In the three countries covered by the AfroBarometer for this period over 80 per cent in Egypt and over 90 per cent in Tunisia agree that the decisions of the courts are binding, for example, and that people must obey the law (but 64% and 71% respectively in Morocco); some of them merely 'agree' rather than 'agree strongly', but the distinction may be a question of passion versus simple acceptance. Around 80 per cent agree that people must pay their taxes in Egypt and Tunisia, and 67 per cent in Morocco. The fundamentals of the Rule of Law – that laws must be obeyed by everyone equally and the decisions of the courts are binding on everyone equally - would therefore appear to have a place in MENA governmental discourse.

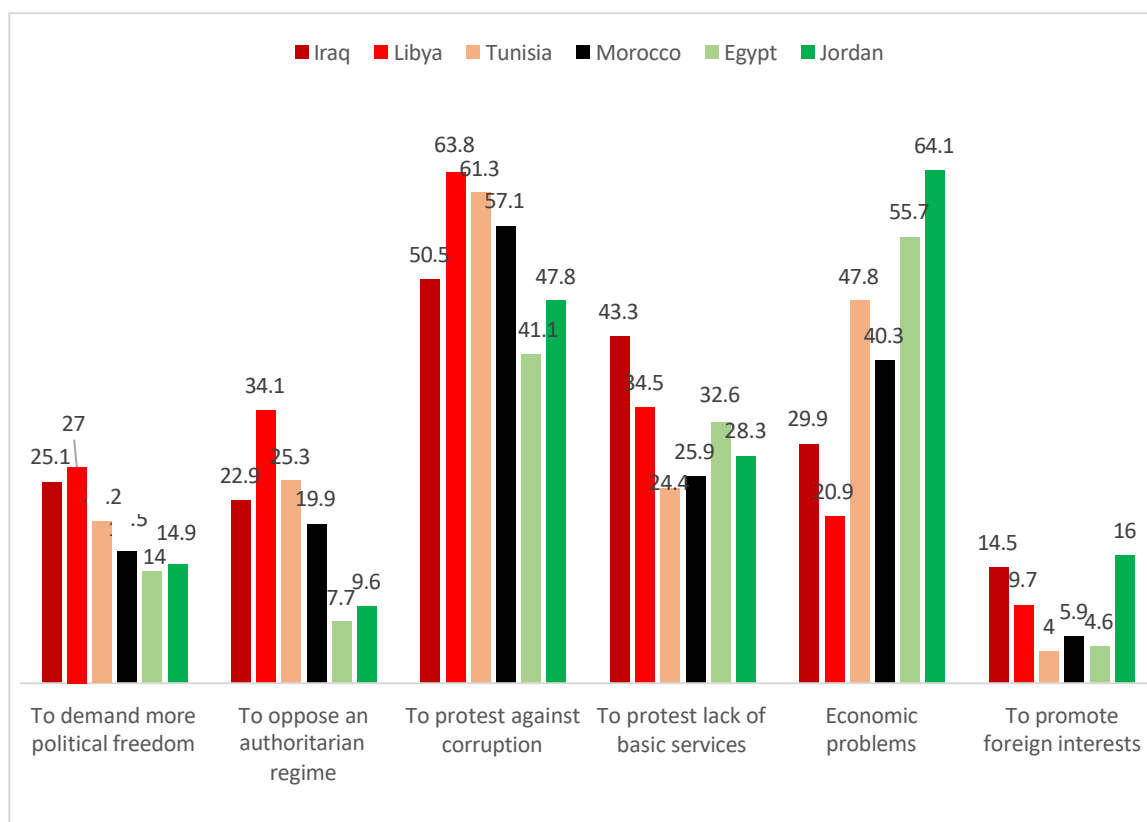
Of particular interest in this context is the ways in which people in the MENA region define what they mean by 'democracy'. There is every indication in the ArabTrans survey that a substantial group of the population in each country want what they see as 'democracy' – at least a third in most countries, towards half in Tunisia and more than half in Iraq. However, 'democracy' tends to be defined in terms not of elections and the ballot box alone but as showing the characteristics of a decent society. Doing away with corruption was chosen as a defining characteristic of democracy by between 20 and 40 per cent of respondents; other popular choices were economic ones (the availability of basics and of jobs) at a similar level, 'equality' items (political or economic), and freedom to criticise government.

The point to be made is that trust, detestation of corruption and *wasta*, the desire for free speech, the wish to be recognised as an equal of others politically and to have the resources to live the same lives as other people are not separate goals but in some sense facets of a single desired life style. People want a society where they are treated as adults, with dignity and respect, have a say in their lives and are as free to develop their capabilities as is compatible with the same freedom being offered to everyone else. Where the behaviour of the powerful – whether members of an elite or those with a small and temporary power – is blatantly aimed at the advantage of self or in-group, this forces reappraisal of the underlying cohesive norms that make a society possible.

# 1. Introduction

One thing which has proved to be true across the whole of the Middle East and North Africa (MENA) region is that people see their countries as thoroughly corrupt and they are angry about it. It is mentioned as a major reason for the protests of 2011, for example: the ArabTrans survey asked for the important reasons why people went on the streets (allowing them to name two items from the list), and while there are significant differences between countries, protesting against corruption is the most popular reason by far in four of the countries, and while it falls to second place in Egypt and Jordan, it is chosen by far more people than any of the remaining choices (Figure 1). Demands for political freedom form on average 19 per cent of choices, ranging from less than 15 per cent in Egypt and Jordan to over 25 per cent in Iraq and Libya, and opposing authoritarian government reaches 34 per cent in Libya, but in all six of the countries the proportion naming corruption as a reason is above 40 per cent, in four it is above 50 per cent. In Libya and Tunisia it is above 60 per cent. The Arab Barometer, a year earlier, allowed three choices of response but the overall figures for corruption are higher (ranging from 42% to 75% of respondents) and it still comes out as the most common choice in four countries, though closer to 'economic reasons' than in the ArabTrans survey. In Egypt it comes second to 'economic reasons', but with very little between them; in Tunisia it comes third after 'economic reasons' and 'more political freedom'.

**Figure 1: Reasons for taking to the streets in 2011 (%)**



Source: ArabTrans Survey Note: all differences between countries in this chapter are significant at  $p < 0.001$ , using  $\chi^2$

On the face of it, corruption's importance as a trigger in the Arab Uprisings and the anger that it provokes would not be expected. All of these countries had experienced some or all of falling income, rising unemployment, fewer opportunities for sons and daughters to make decent lives for themselves, greater government repression, more violence from government or beyond government's ability to control and/or civil war and foreign invasion, but it was government corruption that sparked the greatest anger among the population. This paper explores the nature of corruption, as it is understood and experienced in the MENA region, to see what that tells us about how societies function and what has been going on in the MENA region.

## 2. Understanding Corruption

Corruption has traditionally been approached as a fundamental problem impeding the onset of democratisation (Harrison, 1999). While there is no agreed, all-encompassing definition, corruption has been broadly characterised as

acceptance of money or other rewards for awarding contracts, violations of procedures to advance personal interests, including kickbacks from development programmes or multinational corporations; pay-offs for legislative support; and the diversion of public resources for private use, to overlooking illegal activities or intervening in the justice process. Forms of corruption also include nepotism, common theft, overpricing, establishing non-existent projects, payroll padding, tax collection and tax assessment frauds (Doig & Theobald, 2013).

It has been demonstrated that ‘citizens in countries with higher levels of corruption express more negative evaluations of the performance of the political system and exhibit lower levels of trust in civil servants’ (Anderson & Tverdova, 2003). Studying four Latin American countries, Seligson also discovered that corruption entails significant political costs, with regard to regime legitimacy, arguing that ‘independent of socioeconomic, demographic, and partisan identification, exposure to corruption erodes belief in the political system and reduces interpersonal trust’ (Seligson, 2002). However, due to its nature, corruption is impossible to measure with complete accuracy (Kaufmann, Kraay, & Mastruzzi, 2006; Lambsdorff, 2006, and see also the work of Transparency International).

Corruption across Middle Eastern states is a common theme in the literature (Anderson, 1987; Henry & Springborg, 2010), frequently approached as cronyism (Diwan, Keefer, & Schiffbauer, 2013), or as ‘informal networks in the politics of Middle Eastern economic reform’ (Heydemann, 2004). Corruption has been identified as impeding the revenue-generating capacity of Middle Eastern states (Imam & Jacobs, 2014; Malik & Awadallah, 2013). Eva Bellin, for instance, links corruption in Tunisia with ‘stalled democracy’ (Bellin, 2002).

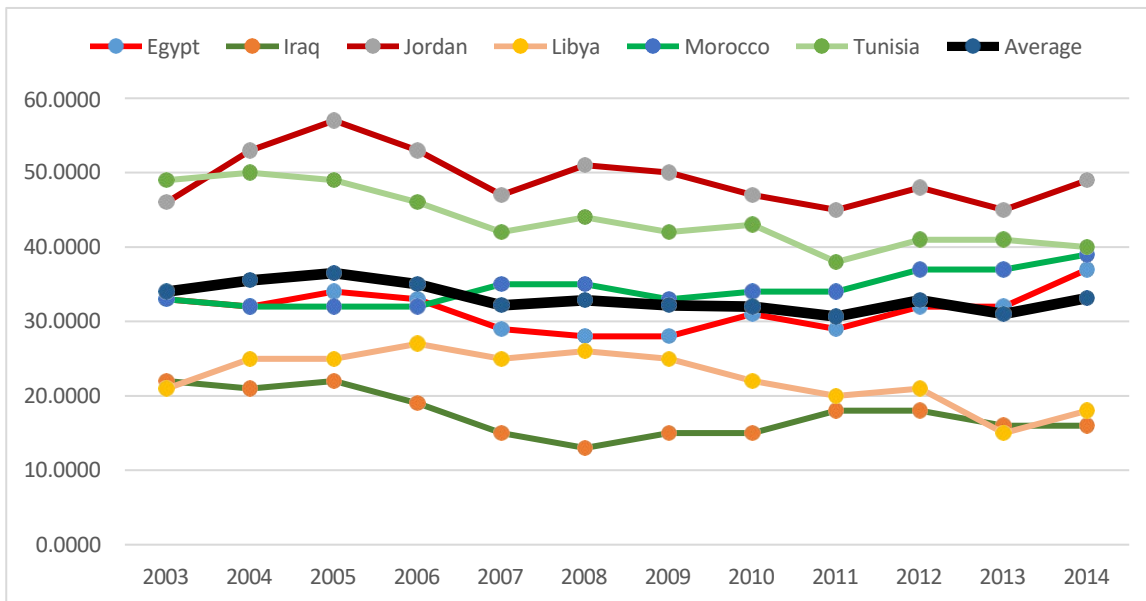
### 2.1 Corruption in MENA governments

The Corruption Perceptions Index published by Transparency International, which averages a number of international surveys of corruption in government, does not indicate any dramatic increase in corruption to trigger the concern with it in 2011 (Figure 2), though the increase in access to independent media such as satellite television broadcasts and internet communication made corruption more visible (Lynch, 2012) and it may therefore have *appeared* to be increasing. Jordan has the lowest levels of corruption as measured by the Index and ranks 45<sup>th</sup> in the world in this respect, while Iraq and Libya have the highest, well below the MENA average and ranking joint 161<sup>st</sup>. All four of the countries had shown some improvement in the years leading up to 2011, while Egypt and Morocco were showing a slight increase in corruption. Some of the corruption amounts to straightforward theft of assets that pass through the hands of government.

The Arab Spring has illuminated the widespread grand corruption of public officials in the top tiers of political influence in multiple countries across the region... the alleged stealing of tens of billions of US Dollars’ worth of state funds by the ex-leaders of Egypt, Tunisia and Libya in particular has been well documented ... Although the public in these countries were aware that funds were being misappropriated, the scale of theft took everyone by surprise (Johnson & Martini, 2012).

However, the authors also discuss the institutionalised practice of bribery, nepotism and cronyism and the blurred boundaries between the executive and the judiciary as typical of all the MENA countries. Another key element was the sale at discounted prices of land and state enterprises to crony capitalists (see below) and favoured foreign investors.

**Figure 2: Corruption Perception Index (Transparency International)**

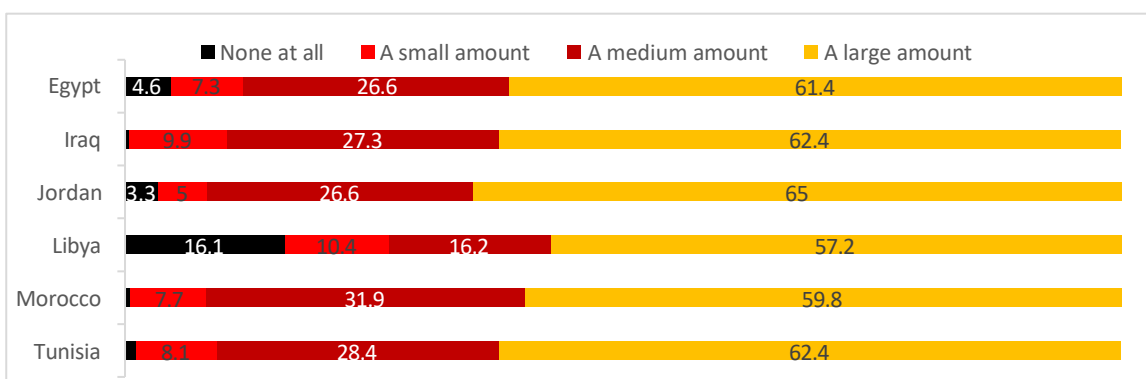


Note: higher scores indicate a lower level of corruption

The World Bank’s Enterprise Surveys identify the giving of ‘presents’ to government officials to secure contracts or in general to ‘get things done’ as the specific form of corruption most frequently identified by the businesses based inside or outside the country that responded to the survey (the percentage mentioning them approaches 40% on average in MENA countries), but bribes or presents were also used to obtain other licences and permits, to get access to electricity or water and in meetings with the tax department, by over 10 per cent of reporting businesses and often over 20 per cent. We may assume that the same demands would indicate what could be expected by the ordinary citizen, though probably from a lower level of official. Corruption of this kind is rarely practised directly by the ‘principals’ (presidents, ministers, generals) but more often through ‘agents’ (e.g. civil servants, ‘independent’ quasi-governmental agencies, the police and/or army, the courts) whose job it is to issue permits and licences, to agree contracts and in general to ‘pave the way’ (see Nugent, 2014); though the principal may also profit, the processes deniable in principle and his or her hands may appear to be clean.

Another question in ArabTrans (Figure 3) asked them to assess the amount of corruption to be found within state institutions in their country at the present time (2014). Here the most noticeable thing is that virtually no-one says there is none at all, except in Libya, where 16 per cent seem to think there is *no* corruption in government in their country. At the other extreme, around 60 per cent in every country seem to think that there is a great deal of it.

**Figure 3: Extent of corruption in state institutions and agencies of the country**



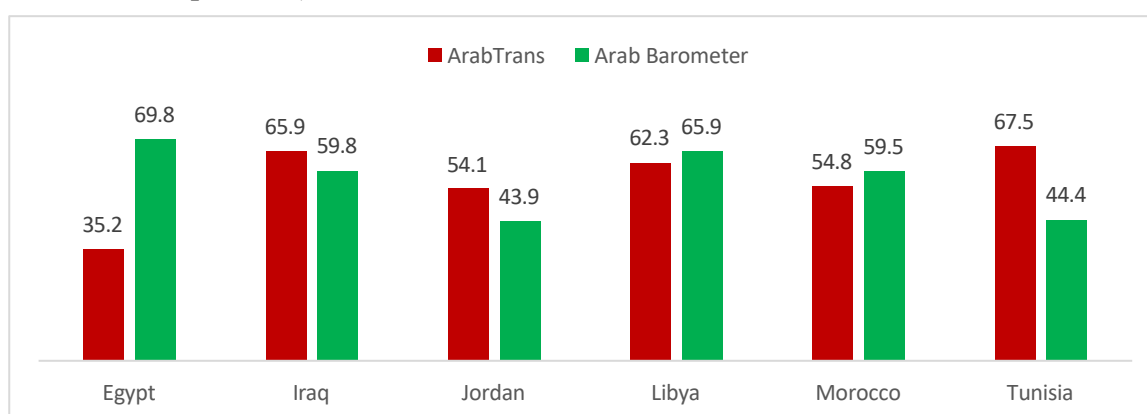
Source: ArabTrans Survey

The AfroBarometer, Round 6 of which ran in 2014-15, covered only a few of our countries, but it has questions which permit us to look in much finer detail within them.

- Egypt, for example, is more trusting of government - about 30 per cent say there is no corruption among the judges and magistrates (compared with 2.4% in Morocco and 16% in Tunisia); 29 per cent think most or all are corrupt, however – lower than Morocco’s 35 per cent but higher than Tunisia’s 13 per cent.
- In fact the Egyptians who think that most or all are corrupt stand at between 35 and 45 per cent in all other categories – the President’s/Prime Minister’s Office, local government counsellors, police and tax officials.
- Morocco is similar except that only a very few think there is *no* corruption among the judges.
- Tunisia believes there is substantially less corruption in the Offices of the President and Prime Minister, as well as tending to think that the judges are relatively uncorrupted.
- Eight per cent of Egyptians think there is no corruption in Parliament and only two per cent of Moroccans, and in both countries over 35 per cent think most or all elected politicians are corrupt, but 18 per cent of Tunisians think there is no corruption among them and only 16 per cent think most or all are corrupt. Three quarters of the Egyptians and Moroccans have never been offered an election incentive, but this leaves a quarter who *have* been offered one – for the most part only once or twice – while in Tunisia over 95 per cent say they have never been offered an incentive.

A crack-down on corruption is one thing that rulers mostly promised at the time of the Arab Uprisings – it is an easy rhetorical gesture – so we might relevantly ask whether our respondents felt that such a crack-down had taken place, three years after the Uprisings. The simple answer is that they did not (Figure 4). The ArabTrans survey response was that over half (often two thirds) of respondents thought that little or nothing was being done; even Egypt, the outlier in this distribution, showed a third of respondents who thought this. The Arab Barometer, which asked the question slightly differently, recorded similar figures, but with a high of nearly 70 per cent for Egypt and lows in the high 40s for Jordan and Tunisia. The AfroBarometer asked a slightly different question in Egypt, Morocco and Tunisia - how the government were handling corruption - and were told they were doing so badly or very badly by over 65 per cent in Morocco and Tunisia and over 80 per cent in Egypt. It also noted that about half of the respondents in Morocco and over a third in Egypt and Tunisia said that officials often go unpunished.

**Figure 4: Extent to which Government is taking action against corruption (% saying ‘a lot’ or ‘quite a lot’, or the equivalent)**



A closer look at one of the countries troubled by corruption, Egypt, is indicative of the problem’s pervasiveness. Under President Hosni Mubarak (1981-2011):

Elite corruption is considered an open secret of Egyptian political life. Al-Akhbar’s daily columnist, Ahmed Ragab, wrote a particularly critical editorial where he suggested that Egyptians live in a land of corruption, a “Fasadestan” (fasad is corruption in Arabic). An editorialist for Al-Masry Al-Youm argued that the force of corruption in Egypt has become



stronger than the regime itself. Parliamentarians were called “liars” who have “milked the country dry” (Blaydes, 2011).

El Mahdi and Marfleet say by way of summary that:

Corruption is widespread, as can be seen in the allocation of contracts by the state for commodities, equipment and construction projects, and in the licensing of economic enterprises. This has been complemented by a long series of illicit dealings during privatisation of the public sector.

Supporters of privatisation claim that it is a solution to deteriorating economic performance and corruption in the state sector. Furthermore, they suggest that it is now under way worldwide, so that Egypt cannot buck a global trend. Opponents insist that it has been imposed on indebted countries by international financial powers for the latter’s benefit, and that wide implementation does not mean that it is the right solution in Egyptian circumstances – or indeed in developing countries in general. Privatisation has nonetheless gone ahead, involving some of the most advanced public-sector companies and accompanied by high levels of corruption in which assets have been sold at levels which massively undervalue companies involved (El-Mahdi & Marfleet, 2009).

Under Mohamed Morsi, the government attempted to take measures against corruption, although they failed to convince the citizens of their effectiveness (Table 5). According to Transparency International:

*On 9 December 2014, the Egyptian government announced the launch of a national anti-corruption strategy. The National Coordinating Committee for Combating Corruption (see below) developed the strategy and its implementation will be coordinated by a technical committee headed by the Administrative Control Authority (ACA). The Egyptian National Anti-Corruption Strategy adopts ten main objectives, which range from short to medium term, namely: (i) raising the level of performance in government; (ii) establishing transparency and integrity principles among public officials; (iii) developing and updating anti-corruption legislation; (iv) strengthening judicial procedures to achieve prompt justice; (v) strengthening capacities of anti-corruption bodies; (vi) raising living standards and achieving social justice; (vii) raising awareness and building trust between citizens and state institutions; (viii) strengthening national cooperation against corruption; (ix) strengthening regional and international cooperation against corruption; and (x) strengthening civil society participation in combating corruption (Transparency International 2015: 6).*

## **2.2 Corruption in the private sector**

Even in the private sector Government is inextricably tied up with the operation of corruption; most of what is meant by the term involves sale of favours or requirement for payment by government agencies. It hits the economy of a country at many different levels.

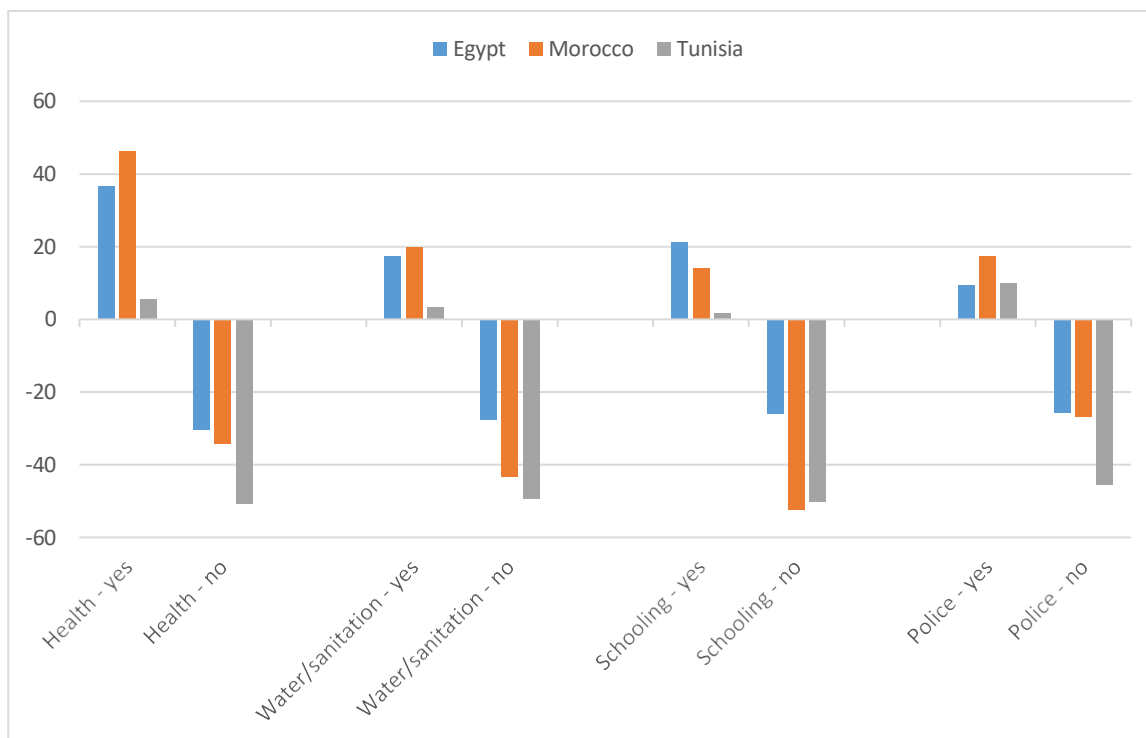
Corrupt practices may be favours done for rich ‘clients’. Examples here would be paying extra to get better service in restaurants or shops, or paying for favouritism in recruitment and promotion, or obtaining a place at a good school in return for money or favours delivered, or paying for a degree of a certain class (in money or in some other kind of ‘currency’) when the standard actually achieved did not merit it, or paying for better services or greater access in a government office, or paying the police to overlook breaches of laws or the judge to remit or minimise our punishment. The list illustrates how the same practices may be legal or corrupt in different places.

The first of them is legal in Europe and Northern America and is called ‘tipping’ or more explicitly ‘a service charge’; we do not think of it as getting better service through what are in essence still

corrupt payments. All of the others are illegal – we commit a crime by offering a bribe and the recipient commits a crime by extorting one. (However, it used to be the case that the employer had an absolute right to decide who should work for him or her, on any grounds he or she chose, including attractiveness and expectation of sexual favours; this kind of decision-making is a relatively new entrant to the list of actions for which you can finish up in court.) As another example of something seen as corrupt in some cultures but not others, we might consider lending money at interest. This is not seen as at all corrupt in the European and American contexts, but as the norm for businesses and banks. In the Muslim world it is seen as corrupt, shaming and against the moral and divine order.

Corrupt practices may be extortions from ‘ordinary people’ or may favour some people over others on grounds other than capability and suitability. Payment for basic services – the requirement to make a payment, to pay a bribe, in order to get medical service or to be connected to decent sanitary provision, for example - is a straightforward charge on the private citizen’s purse. In the AfroBarometer, one person in about twenty said he or she had paid a bribe to obtain public medical services at least once in Tunisia (presumably in the last year, as a proportion of respondents were coded as ‘no experience with this in past year’); the percentage is seven times as high in Egypt (36.6%) and 9 times as high in Morocco (48.2%). Similarly, 3.5 per cent in Tunisia had paid a bribe for water or sanitation (17% in Egypt, 20% in Morocco), only 1.7 per cent for school placement (but 21% in Egypt and 14% in Morocco) and 10 per cent bribed the police ‘to avoid problems’ (9% in Egypt, 17.5% in Morocco). These charges fall on the poor as well as the rich, when they are able to pay them, and are likely to exclude them from basic services where they are not able to pay. Indeed, many of the rich will use private services instead of the state ones, and their ability to do so may be one of the reasons for the disgruntlement of the middle class, condemned to public services of poor quality and unable to afford private education and health services.

**Figure 5: Bribes paid for ‘ordinary-life services’ (%) (AfroBarometer)**



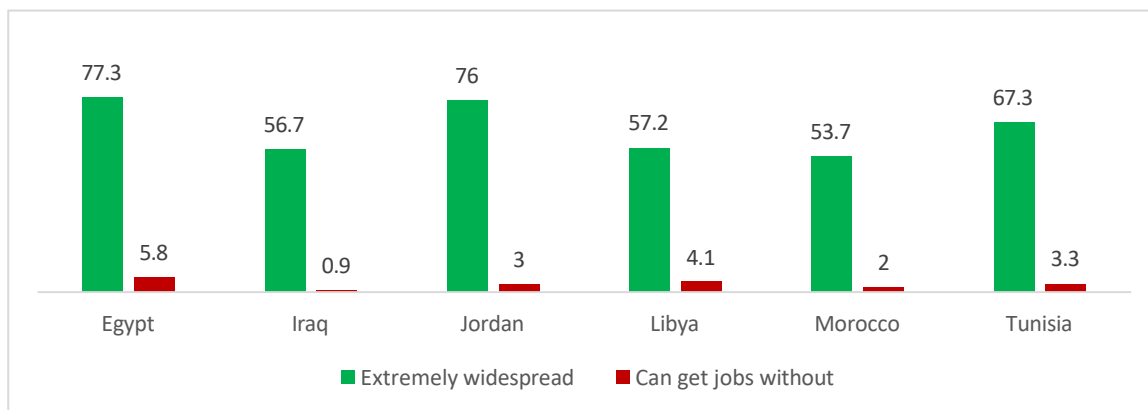
Source: AfroBarometer Round 6

Notes: ‘yes’ – paid a bribe at least once                      ‘no’ – never paid a bribe  
‘Health’: for treatment at local health centre or hospital      ‘Water/sanitation’ – for water or sanitation services  
‘Schooling’ – for school placement                              ‘Police’ – to avoid problems with police

The ‘no’ figures have been entered as negative values so that they display below the central horizontal line.

Probably even more pervasive than bribes at the level of the ordinary citizen is the practice of ‘wasta’. Wasta, the equivalent of the Russian ‘blat’, the UK ‘old boy network’ of those who went to a small number of prestigious schools or the American ‘good ol’ boy’ network, is the practice of preferring family, friends and people with whom one is in some kind of personal relationship or at least recognises as ‘one of us’, when it comes to awarding jobs, promotion, bonuses, pay increases, positions of responsibility or honour, university places etc. Its effect is that *who* you know and is more important and more valuable than *what* you know or what you can perform. It is firmly and widely believed in the MENA countries that wasta is what gets you employment and, mostly, that no route which does not involve wasta will do so. While it is found in the highest reaches of society, it is also found at very basic levels of jobs and qualifications; wasta is seen as an essential for getting jobs on the docks or the building sites, as well as leading to preferment within government and the army. Asked in the ArabTrans survey whether wasta played a role in employment (Figure 6), between half and three quarters said it was extremely widespread and only a very few (ranging from 0.9% in Jordan to 5.8% in Egypt) said it was possible to get work without it. Arab Barometer’s more elaborate and precise formulation of the same question elicited very much the same answers.

**Figure 6: The role of ‘wasta’ in obtaining employment (%)**



Source: ArabTrans Survey

Corruption may consist in bribes levied from businesses, and particularly new or expanding businesses, as the price of a government department doing its routine job and issuing documentation. The bribe or ‘present’ may be necessary to obtain service at all, or as an inducement for faster service, or in order that the strict provisions of laws or regulations might be relaxed in particular cases.

Further unbundling is needed to clarify the specific problems and challenges confronting various governments and the individual agencies and departments within them. Do the fundamental challenges involve extortion in tax collection? The deliberate misrepresentation of standards in bid documents? Collusion in pharmaceutical procurement? ... The payment of “speed money” for permits and licenses? Pressuring companies to take on a well-connected silent partner to facilitate private investment? The Arabic language itself reflects this diversity and has devised a number of terms to address various problems, ranging from *bakshish* (small facilitation payments) to *wasta* (connections) to *fassad* (corruption or “rot”). Interestingly, many of these terms can also have neutral and less pejorative connotations. (Beschel 2008)

In other words, some of this is seen not as criminal acts (though it may be acknowledged that they are against the law) but rather as payment for additional services or a small venial surcharge on the provision of services – analogous to the European or American tipping system. (We should remember that in these countries, which have a solid layer of poverty and a shortage of well-paying

employment, tipping in the form of paying for casual services has increasingly become the norm, particularly among European and American visitors, and that the apparently small sums tipped are often large enough to feed a family, given disparity in wealth.) Judging by the answers given to the World Bank's Enterprise Surveys, it is a matter of normal business procedure for both domestic and external concerns (that is, the proportion reporting having done so is in double figures in MENA countries in many years) to pay a bribe in order to receive an operator, import or construction licence/permit, presents are taken to the tax office by often a quarter of respondents, and incentives to government departments to speed and smooth procedures seem also not to be uncommon.

### **2.3 Crony capitalism, or government wasta in business**

Over and above these corrupt acts or requirements, we need also to consider the more systemic ways in which corruption has become structured into the MENA states. There are reasons to suspect that perception indices such as *TI's Corruption Perception Index* are weighted towards petty corruption and may not adequately reflect broader problems of "state capture" or the use of state machinery to direct economic rents to favoured parties—a problem many sophisticated observers have argued may be particularly acute in some MENA countries (Beschel 2008).

The reform of central economic control in the MENA countries outlined in Abbott and Teti (2016) were supposed to bring about an economic structure based on a strong private sector independent of government and therefore to some extent independent of national politics. However, what happened in practice was something rather different. The required reforms entailed privatisation of the 'spoils of government', but the redistribution of rents away from government control (which in the MENA countries did not necessarily lead to a developmental patrimonialism - see Booth & Golooba-Mutebi (2012) - but rather to the straightforward reward of allies and 'buying off' powerful opposing forces) and did not necessarily lead to capital being invested within the country. Before structural adjustment was forced on them in the 1980s these countries had a 'political settlement' or 'social contract' whereby the middle class (and working class) accepted authoritarianism in exchange for decent job (public sector employment), decent social services and fuel and food subsidies. It was the breakdown of this contract that eventually became the main driver of the Uprisings.

The distortion of this transformation most commonly practised in the MENA countries (and in many other places) was to create friends and allies as 'independent concerns' which then continued to work closely with government and to follow a political rather than an economic agenda. The main driver is political; those in power work mostly to maintain their position at all costs. The industrial, commercial and financial leaders become an intrinsic part of the government elite or, worse, members of the government elite become the industrial, commercial and financial leaders without thought to their qualification and suitability. In Egypt the transformation has been expensive for the middle classes in terms of decent jobs and also in terms of opportunities to establish industrial or commercial concerns. It is tied up with the loss of government employment with privatisation and the failure of the crony capitalists to invest in enterprises that created employment. Also in Egypt, at least, the crony capitalists were given favoured access to bank loans, making it virtually impossible for non-favoured enterprises to get them. This had a knock-on effect on the potential of small- and medium-sized enterprises to grow and create employment.

Difficulties emerge, for attracting outside capital or even inside investment, when politics is the driver of economics. Governments are responsible for the regulatory framework, and all too often this kind of cronyism leads to favourable operating rules for the cronies – or, indeed, little or no regulation that is binding on them – while new capital from outside faces barriers to entry and does not have equal access to the markets. There were barriers to foreign direct investment in all the countries, but at least in Egypt a significant proportion of the crony firms do have foreign investment, mainly from the Gulf states. The FDI went into the oil and gas sectors and real estate,

however, which did not create sufficient decent jobs or increase the proportion of GDP from manufacturing; oil and gas generate rents for government but for the most part act as a mechanism for exporting capital in the form of profit. There was an increase in tourism, but this is rent income and precarious (as indeed are oil and gas), as recent events have shown.

Even if it is not the case that rents are devoted to fostering the welfare of state elites and their followers and clients, political aims (e.g. GDP growth, increase in taxation revenues) generally take precedence over attracting and keeping capital investment and creating jobs for citizens. This is the opposite of what has normally formed part of IMF-driven 'structural adjustment', which involves the shift of regulatory power from its monopoly position in the hands of government to agencies which are to some extent independent of government.

An important political dimension of the reform package has been the delegation of substantial regulatory rule-making and enforcement power from .. ministerial departments to .. independent regulatory authorities. ... Delegation of rule-making authority ... [was] meant to reduce the discretionary powers of the political authority and attain a more rule-based and transparent framework for economic policy. .... Replacing direct and often discretionary state control with new forms of control through rules and procedures corresponds to a major realignment in the structure of the state and in the way state power has been deployed (Atiyas, 2014).

It is this realignment of the state that does not take place if those subject to regulation are allies of government and a part of the political as well as the industrial/financial elite.

Corruption is bad for business because it adds costs to production, like an extra layer of tax. It is bad for business people because it adds delays and uncertainties to the business process and makes the task of setting up to make things or sell them or provide services riskier and more uncertain, less predictable. (Beyond this, there are the extra costs of the non-favoured non-crony firms, which mean that their products are not competitive on export markets.) It is bad for residents in general because not only does it cost money they may not be able to afford and decrease the predictability and hence the security of their lives, but it sends a message about where they stand in their society and what its 'rules of engagement' are.

In a practical and economic sense, a feeling that the state interferes in economic processes can be damaging to planned growth. With regard to Rwanda, for example, despite the rather laudatory 'developmental patrimonialism' interpretation cited above, it has been suggested that the funds of the ruling party (as opposed to those of the government itself and notionally separated from them) have been used to kick-start, maintain or reinvigorate failing major enterprises (see Gökgür, 2012, for example) and that this impedes free competition through potentially corrupt or at least crony-directed favourable access to finance and permissions. Even if there were no favouritism at all in reality, even the *feeling* that the state is entering the competition is probably one of the reasons why Rwanda has such difficulty attracting foreign investment. Its implications go beyond this, however, and again send a message to residents and potential outside investors about the form of governance and the extent to which fair dealing can be expected, which we shall consider in the next section.

### **3 The Rule of Law**

Corruption may fruitfully be seen a special case of breaching the Rule of Law, by which is meant not just the laws (regulations, directives) themselves, nor even their implementation, but a way of structuring the socio-political order to maximise social inclusion and social cohesion.

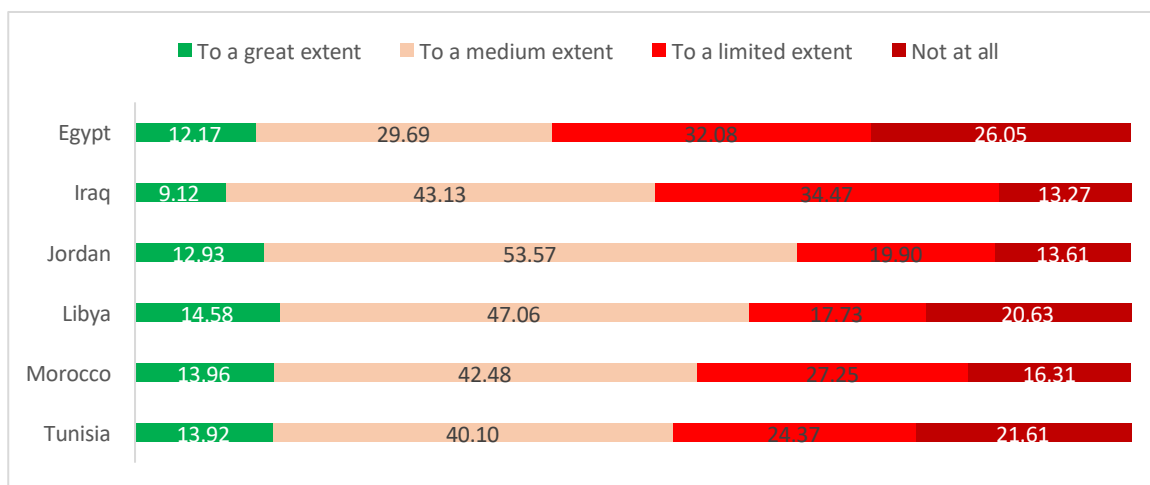
#### **3.1 Social inclusion**

A fundamental principle of the rule of law, as generally understood, is that all are equal before it and no-one stands outside it. This means that everyone is recognised as a full member of the society.

There are no groups that are excluded (with some careful argument about infants and children, very old people and those who are sick, disabled or mentally handicapped which generally involves the concept of Human Rights as in some sense ‘belonging’ to members of a society even if they are not in a position to assert or claim them). It also means that there is no-one who stands outside and above the law; our rulers are subject to the same rules as the rest of us. Corruption breaches the rule of law because some people are able to take the right to extort from or control others, for their own enrichment or advancement or even amusement, and there is no easy way to stop them doing this. The society has two classes of people – a superior class that demands bribes and an inferior class that pays them.

In this sense the MENA countries are not good at social inclusion. In none of the six countries does the Arab Barometer show as many as 15 per cent who think they are largely treated in the same way as everyone else (Figure 7). At least 13 per cent in Iraq, and up to twice that number in Egypt, think they are not treated in this way at all. (There is no particular demographic pattern or grouping underlying these responses.) It is also clear from responses to questions in the AfroBarometer that the President is above the law, at least in those countries which the survey covers. While most agree that it is Parliament that makes the laws, not the President (or King, presumably, in Morocco), around half in Egypt and Morocco and a third in Tunisia think he is free to act rather than having to obey laws and the courts, and over 80 per cent in all three countries say that he ignores parliament and the laws at least some of the time (or do not know whether he does or not).

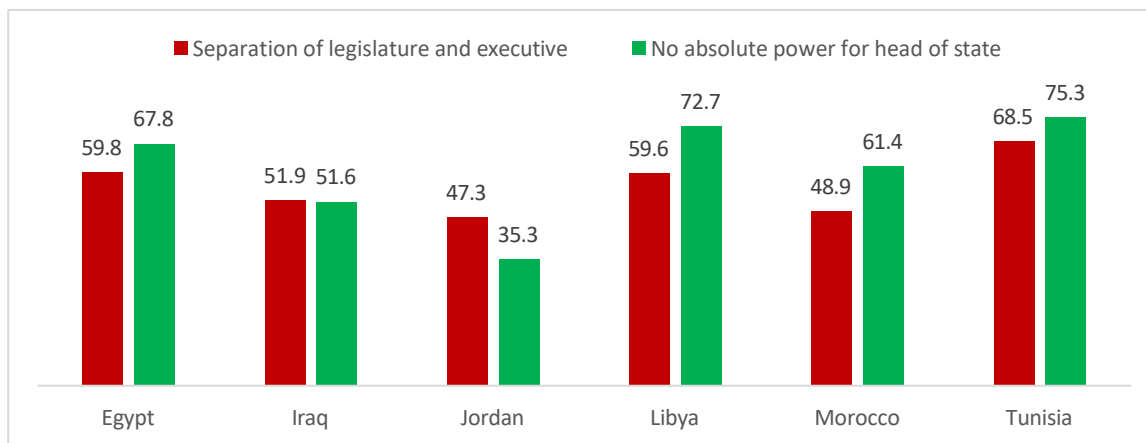
**Figure 7: Extent to which respondents feel they are treated equally with others (%)**



Source: Arab Barometer Wave 3

Asked about what was important in their Constitution (and Egypt, Libya and Tunisia were in the process of rewriting theirs at the time of the survey), over half the Arab Barometer respondents thought it was *very* important to have a formal separation between the executive and the legislature (or just under half in Jordan and Morocco, the two monarchies) and over 60 per cent felt it very important that the power of the head of state be limited (except in Jordan, where the figure was only 35%). Fewer than 6 per cent thought the first of these as not important at all and fewer than 7 per cent the second (except in Jordan, where 13.6% said the limitation on power was not at all important).

**Figure 8: Limits to power of head of state, desirable in the Constitution (% agreeing)**



Source: Arab Barometer Wave 3.

### 3.2 Social cohesion

To the extent that people are and feel included in the society as full members, what maintains this situation is social cohesion, characterised at its simplest as ‘shared norms and values’. This does not mean that culturally different groups will necessarily value the same goals or take the same things for granted about the society in which they live; modern societies persist through what Durkheim (1893) called *organic* solidarity, rather than the mechanical solidarity of literal equivalence of goals and expectations, and diversity is possible within coherent societies. Specifically, what is required is a common understanding of ‘the rules of the game’ – how social relations are managed and disputes resolved in such a way as to provide a fair and equal solution irrespective of your position in the society. This is a principle to be applied without exception in a cohesive society, an approach which is taken for granted, ‘goes without saying’ and is the automatic, default approach to both personal and institutional interaction. This means a great deal of trust in persons unseen and trust that institutions will function even if we do not have personal knowledge of the people concerned. That those in social roles will fulfil them rather than follow their own or their group’s interests exclusively is what keeps the banks working, what underlies both commerce and the labour market, what makes government bureaucracy function and what makes the laws of the land a common possession rather than a set of rules imposed by a ruler or ruling elite.

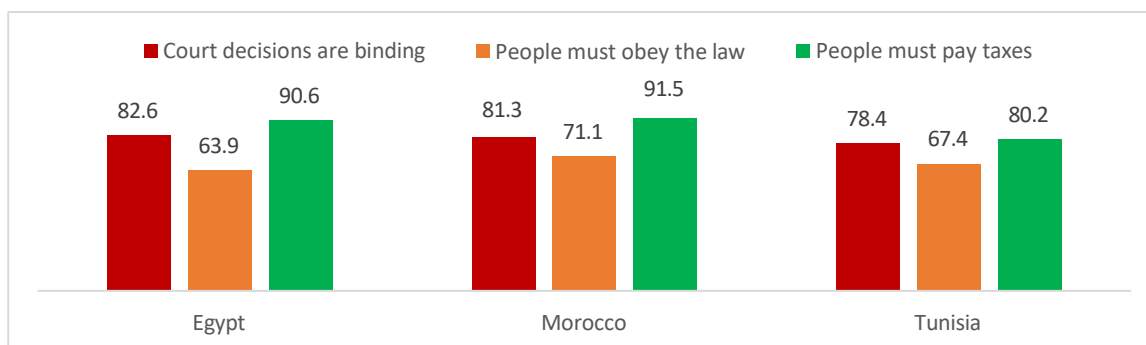
As we have seen already above and in Sapsford, Tsourapas and Teti (2016), the MENA countries have some way to go before much of this kind of social cohesion is achieved. While three quarters or even more would trust their neighbours and people known to them personally, 70 per cent (83% in Tunisia) say other people are generally not to be trusted – ‘you can’t be too careful’ - and a third or more consider that others would take advantage of you rather than try to be fair (World Values Survey Wave 6).

More than a third of respondents think every level of government is corrupt (except Tunisia, but even there the figure is around 16%), and where we have the detailed information (from the Afrobarometer) we find that between 13 and 35 per cent think all or most of the politicians, the tax officials and even the judges are corrupt. Over half the population, and in some countries three quarters, think the government is doing little or nothing to remedy this. Bribery reaches down beyond the business world to condition even such transactions as the use of a supposedly free health service. *Wasta* is very influential in the allocation of jobs, and if you do not know the right people and are not known by them you will have difficulty finding a job, which is profoundly divisive. ‘Crony capitalism’ may be seen as a high-level governmental version of the same process, with business opportunities and advantages reserved for the friends of government. Over 60 per cent in most countries trust the police and the army, but this still leaves a substantial minority who do not

have trust in them, and only half the population trust even the courts (varying from 63% in Egypt and 57% in Jordan to 28% in Morocco and 31% in Tunisia).

However, there are signs that at least an *understanding* of what is required for cohesion underlies this disaffection. In the three countries covered by the AfroBarometer for this period, over 80 per cent in Egypt and over 90 per cent in Tunisia agree that the decisions of the courts are binding, for example, and that people must obey the law (but 64% and 71% respectively in Morocco); some of them merely ‘agree’ rather than ‘agree strongly’, but the distinction may be a question of passion versus simple acceptance or may be modified by circumstances of which they can conceive where corruption of officials might modify the obligation). Around 80 per cent agree that people must pay their taxes in Egypt and Tunisia, and 67 per cent in Morocco – see Figure 9. So the fundamentals of the Rule of Law – that laws must be obeyed by everyone equally and the decisions of the courts are binding on everyone equally would appear to have a place in MENA governmental discourse (though, as we have seen, laws may not be binding, *de jure* or *de facto*, on the head of state, probably military chiefs and possibly the government as a whole and even the crony capitalists discussed above).

**Figure 9: Agreement concerning common obligations in the AfroBarometer (%)**



Source: AfroBarometer Round 6.

### 3.3 Democracy and the ‘Decent Society’

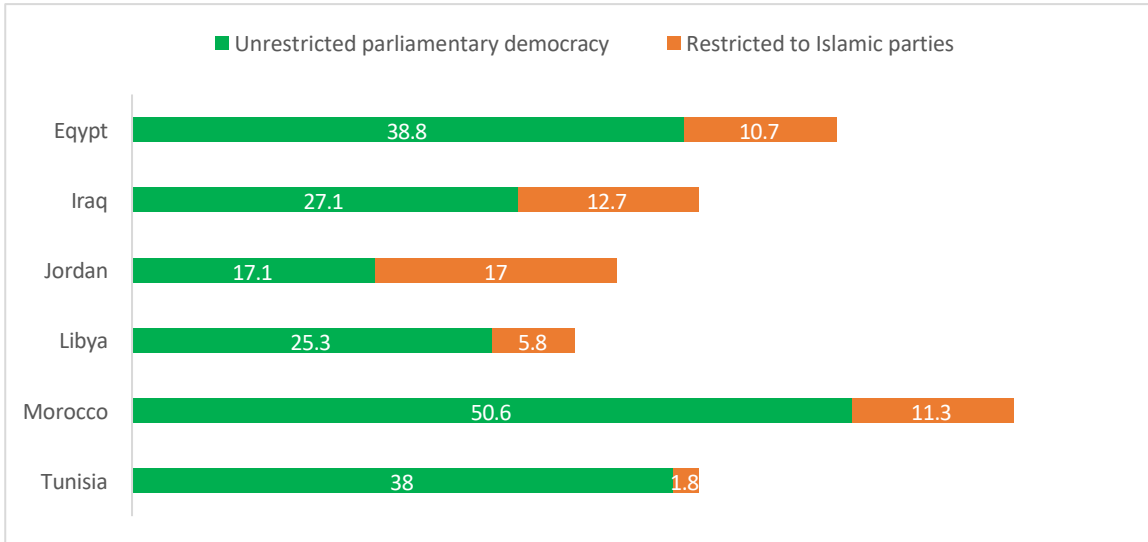
Of particular interest in this context are the ways in which people in the MENA region define what they mean by ‘democracy’. These have little to do with the ‘thin’ definition in terms of how a government is selected, through open election, by all the members of the society; this is mentioned as one of the two most important factors by half the population of Iraq and Libya but by as few as 16 per cent of the Egyptians. Instead they appear to act as signs or defining characteristics of what we have called elsewhere ‘The Decent Society’ (Abbott, Wallace, and Sapsford, 2016) – a view of society as including all its residents and affording them equality of opportunity, equality before the law – which means constraining the power of the (explicitly or implicitly) ruling elite and making them subject to the same rules. It also means expecting of them what is expected of every other element of the society, which is fair dealing and the willing fulfilment of institutionalised social roles. The Rule of Law to which even the otherwise absolute ruler is subject may not be a *necessary* basis for a decent society – benevolent rulers can build up the same set of expectations and fulfil them – but the benevolence of an absolute ruler is not binding on his or her successor, nor is it necessarily transferred to or practised by underlings.

There is every indication in the ArabTrans survey that a substantial group of the population in each country want what they see as ‘democracy’ – at least a third in most countries, particularly if we allow the more limited version which restricts candidacy to Islamic parties, towards half in Tunisia and more than half in Iraq (Figure 10). The statement ‘A democratic system may have its problems, yet it is better than other systems’ was endorsed by over 80 per cent of the population in each of the six countries and by close to or even over 90 per cent in three. Doing away with corruption was chosen as a defining characteristic by between 20 and 40 per cent, with economic choices (the



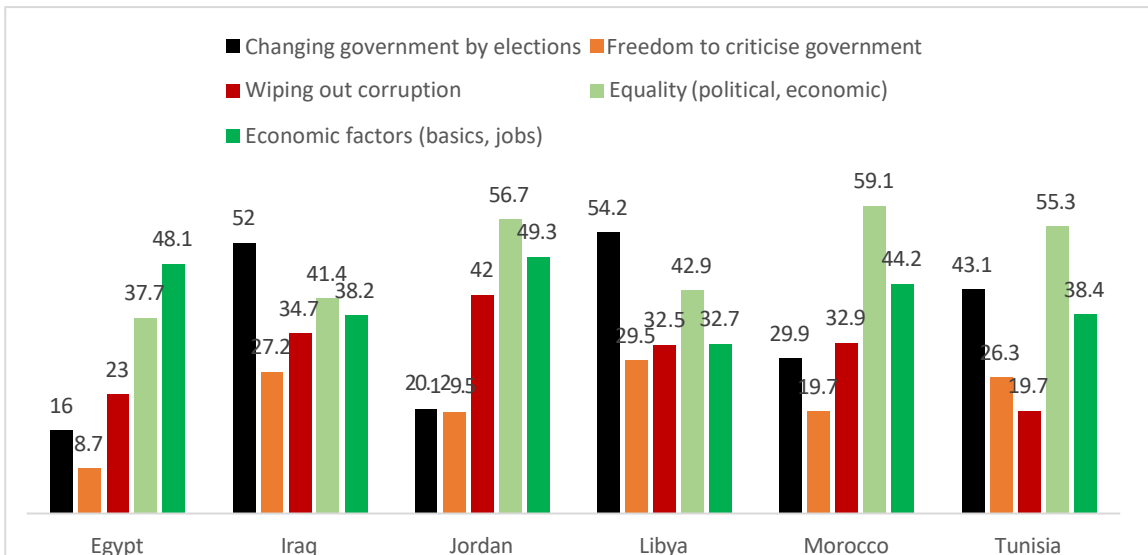
availability of basics and of jobs) at a similar level, as were ‘equality’ items (political or economic), and freedom to criticise government was also endorsed by up to a third in some countries – see Figure 11.

**Figure 10: Preference for unrestricted Parliamentary democracy, or democracy limited to Islamic parties (%)**



Source: ArabTrans Survey

**Figure 11: essential characteristics of a democracy (%)**



Source: ArabTrans Survey

## 4 Conclusions

The point to be made is that trust, detestation of corruption and wasta, the desire for free speech, the wish to be recognised as an equal of others politically and the desire for the resources to live the same lives as other people are not separate goals but in some sense facets of a desired life style. People want a society where they are treated as adults rather than children or serfs, and the society in which they live infantilises at least half of them (the women) and also tends to treat immigrant labour as somewhat less than human. Societies across the world treat women as though they were not quite grown up. Some revere the elderly because of their breadth of experience (which can be a great impediment to change), while others regard them as in their second childhood. Many have treated working-class/peasant males as in need of control and direction because they do not understand the big issues, and colonial cultures enslave people of other

ethnic origins, particularly if their skin colour is different from that of core citizens. These are all forms of control, reserving full citizenship for a core minority which at its most extreme will consist of middle-class, reasonably affluent white males of middle age.

Against this, what people appear to want from their society is to be treated with dignity and respect, to have a say in their lives and to be as free to develop their capabilities as is compatible with the same freedom being offered to everyone else as well. This is not necessarily as individualistic as it sounds; not everywhere in the world is as resolutely individualist at 'the point of consumption' as Great Britain and North America, and in most places people would talk about 'our' freedoms, the freedoms available to a group or class or community, as much as or more than the freedom of the individual. This is particularly the case where a group or tribe or community has a collective identity established through their perception of shared disadvantage or discrimination.

In the longer sweep of history and at 'the point of production' where governments operate, such freedoms and such a lifestyle can be established, maintained and sustained only through the establishment of institutions, both concrete - families, commercial/industrial concerns, bureaucracies - and discursive - shared expectations, *conscience collective*, visions for the future, hopes for the children. This is where behaviourally and intentionally defined variables such as trust and mutual understanding become aspects of an architecture of social relations. Where the behaviour of the powerful - whether members of an elite or those with a small and temporary power (e.g. a foreman on a building site) - is blatantly aimed at the advantage of self or in-group, they are discarding the shared world view as inappropriate to the situation and the people concerned; it is a shocking insult and forces reappraisal of how it is appropriate to behave. Where we do it unthinkingly, taking disadvantage for granted as in some way 'just an inevitable aspect of life' it may do even more harm, because there is no clear enemy and the tendency is to assume that we have misunderstood or that we are indeed inferior.

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