

**“CAUSES OF CORRUPTION IN THE MENA REGION:  
A CROSS-NATIONAL COMPARATIVE STUDY”**

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## **Abstract**

With the growing political and scientific attention given to the MENA region in the aftermath of the Arab Uprisings, this study analyzed a key dimension in the context of such political upheavals. Corruption has presented a main drive for the Arab Spring, where there is general consensus that grand and petty corruption are widespread among the countries of the region. In this concern, this research intends to fill the gap regarding corruption studies in the MENA region, looking at the root causes of corruption in 15 Arab countries, where studies on the nature and extent of corruption in the region are limited. This is due to the lack of reliable data on corruption related issues within these countries and the high restrictions on accessing information on such topic. Therefore, this piece of research presents a contribution to the literature on the MENA studies with a special focus on the causes of corruption.

In this sense, the study addresses the causes of corruption in the MENA region countries through a systematic cross-national comparative analysis. 15 Arab countries in the region are analyzed on a case-by-case basis, relying on the structured focused comparative method and the Most Similar Systems Design to better comprehend the distinct causes of corruption in the countries. Therefore, the countries were divided into three sub-regions (Gulf region, North Africa, and Mashreq plus Yemen) to enable focused analysis and comparison within these groups. This study relied on 10 independent political, economic and societal variables - which showed strong agreement among scholars to explain corruption, in order to analyze the causal relationship between corruption and the different political and socio-economic dimensions within the countries, during the period from 1999 until 2010.

This research concluded that, the main variables that exposed robustness in impacting the intensity of corruption among all the cases are the rule of law, quality of regulations and trade openness. Poverty rates and income inequality have been clear triggers for petty corruption to flourish among many cases. However, natural resources endowments have shown less impact on the levels of corruption in the countries under study. Women's empowerment did not reach strong findings. Still, the general discrimination against women, minorities, religious sects, indigenous

groups, immigrants, non-nationals, opposition parties and other groups has revealed a clear absence of social equality among the masses where favoritism and polarization have obviously taken place among all cases. Also, literacy rates turned out to have an irrelevant relationship with corruption, but the quality of education exposed a negative causal relationship with corruption. Adding to this, the human development is negatively associated with corruption.

## **Zusammenfassung**

Nach den arabischen Aufständen kam es zu einer zunehmenden politischen und wissenschaftlichen Aufmerksamkeit für die MENA-Region. Die vorliegende Studie analysierte eine Schlüsseldimension im Kontext dieser politischen Veränderungen. Korruption war eine Hauptantriebskraft für den Arabischen Frühling. Es herrscht allgemeine Übereinstimmung unter Experten, dass große und kleine Korruption unter den Ländern der Region weit verbreitet sind. In dieser Sache will diese Studie die Lücke in Bezug auf Korruptionsstudien in der MENA-Region schließen. Sie will die Ursachen der Korruption in 15 arabischen Ländern untersuchen. Das Verständnis um die Art und das Ausmaß der Korruption ist begrenzt, aufgrund des Problems korruptionsbezogene Daten zu erheben und dass der Zugang zu relevanter Information eingeschränkt ist. Daher füllt diese Forschungsarbeit eine Lücke in der bestehenden MENA Literatur mit ihrem Fokus auf Korruptionsursachen.

Die Studie behandelt die Korruptionsursachen in den Ländern der MENA Region durch eine systematische länderübergreifende Vergleichsanalyse. 15 arabische Länder wurden auf der Basis einer Einzelfallstudie untersucht, wobei man sich auf die strukturierte, fokussierte Vergleichsmethode und das Most Similar Systems Design stützt, um die unterschiedlichen Ursachen von Korruption in den Ländern besser zu verstehen. Die 15 Länder wurden in drei Unterregionen (Golfregion, Nordafrika, Mashreq und Jemen) aufgeteilt, um eine gezielte Analyse und einen Vergleich innerhalb dieser Gruppen zu ermöglichen. Die Studie stützt sich auf 10 unabhängige politische, wirtschaftliche und gesellschaftliche Variablen - die im wissenschaftlichen Kanon einen starken kausalen Zusammenhang auf Korruption haben und ihren verschiedenen politischen und sozioökonomischen Dimensionen. Diese wurden für die Analyse auf die untersuchten Länder für den Zeitraum von 1999 bis 2010 angewendet.

Diese Untersuchung kam zu dem Ergebnis, dass die wichtigsten und robustesten Variablen, die die Intensität von Korruption beeinflussen in allen Fällen, die Rechtsstaatlichkeit, die Qualität der Vorschriften und die Offenheit des Handels sind. Armutsraten und Einkommensungleichheit sind in vielen Fällen eindeutig Auslöser für die florierende Kleinkorruption. Die Ausstattung mit natürlichen Ressourcen hat nur eine geringe Auswirkung auf das Korruptionsniveau in den

untersuchten Ländern gezeigt. Das Empowerment von Frauen hat keine starken Ergebnisse erzielt. Dennoch hat die allgemeine Diskriminierung von Frauen, Minderheiten, religiösen Sekten, indigenen Gruppen, Einwanderern, Ausländern, Oppositionsparteien und anderen Gruppen einen deutlichen Mangel an sozialer Gleichheit unter den Massen aufgezeigt. Diese hat sich in allen Ländern unter eine Günstlingswirtschaft und Polarisierung gemischt. Die Alphabetisierungsrate stellte sich als irrelevant im Bezug auf Korruption heraus, jedoch zeigte die Qualität der Bildung einen negativen kausalen Zusammenhang. Hinzu kommt, dass die menschliche Entwicklung in der Regel einen mindernden Einfluss auf Korruption hat.

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For this, I am grateful.*

**Dina, 23.08.2018**

## **Dedication**

*To the Future Arab Generations,  
May Your Voices Be Heard,  
May Your Rights Be Respected,  
May You Live in Better Governed Societies,  
May You Enjoy A Better Quality of Life,  
May You Witness Spring ...*

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## **List of Abbreviations**

CPI	Corruption Perception Index
DCR	Democratic Constitutional Rally Party in Tunisia
EU	European Union
FDI	Foreign Direct Investment
FIS	Front Islamic du Salut Party in Algeria
FNL	Front de Libération Nationale Party in Algeria
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GNI	Gross National Income
HDI	Human Development Index
IAF	Islamic Action Front Party in Jordan
ILO	International Labor Organization
IMF	International Monetary Fund
KSA	Kingdom of Saudi Arabia
MENA	Middle East and North Africa
NA	No Available Data
NDP	National Democratic Party in Egypt
NGO	Non-governmental Organization
OECD	Organization of Economic Cooperation and Development
SMEs	Small and Medium Enterprises
TI	Transparency International
UAE	United Arab Emirates
UNDP	United Nations Development Programme
U.S.	United States of America
V-Dem	Varieties of Democracy
WEF	World Economic Forum
WTO	World Trade Organization

## Chapter I: Introduction

Corruption is a worldwide phenomenon; no country is entirely clean and immune to it. It penetrates societies within all levels causing the malfunctioning of their political and economic institutions (Glynn et al., 1997; Amundsen; 1999). It presents a complex phenomenon that persists as a global problem, attracting the attention of policy makers, political scientists and economists. Thus, a lot of efforts on the political as well as the scientific levels have been carried out to better address corruption and its intermingled dimensions of causes, effects, implications and means to curb it.

During the last decade, international organizations have placed corruption at the top of their agendas and action plans have become a crucial topic to tackle. In fact, in December 2003, the United Nations issued the UN Convention Against Corruption.<sup>1</sup> This marked a clear step within the development cooperation realm to move forward in fighting corruption internationally. Initiatives were adopted on regional and national levels to restrain corruption through issuing good governance strategies, enforcing laws, establishing national entities to fight corruption and raising awareness regarding its unethical acts. Moreover, it has become an integral component of the donor assistance agendas. They now tie their development aid with accountability and transparency measures which falls under the umbrella of enhancing ‘Good Governance’ practices aiming to advance it in the recipient countries. Consequently, enhancing better functioning institutions and political systems has gained much attention worldwide. In this sense, the World Bank views corruption as a great obstacle to economic and social development, because it undermines the capacities of the systems to function effectively.<sup>2</sup> Also Transparency International considers corruption as “one of the greatest challenges” of this era, since it “undermines good government, fundamentally distorts public policy, leads to misallocation of resources, harms the private sector and private sector development and particularly hurts the poor”.<sup>3</sup> Nevertheless, so far the effectiveness of the international institutions’ efforts in that domain remains ambiguous on diverse levels (McCusker, 2006; Richter/ Burker, 2007; Nadgrodkiewicz et al., 2010; Pech/

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<sup>1</sup> Available at: <https://www.unodc.org/unodc/en/corruption/uncac.html> (accessed 24/07/18).

<sup>2</sup> Available at: <http://www1.worldbank.org/publicsector/anticorrupt/corruptn/cor02.htm> (accessed 24/07/18).

<sup>3</sup> Available at: <https://www.cartercenter.org/documents/1189.pdf> (accessed 24/07/18).

Debiel, 2011; Sumpf, 2015).

An overview of scientific research on corruption, indicates that the studies have attempted to define the concept, determine its causes and effects, and analyze its diverse motives and dimensions using several methods, designs and frameworks. In this regard, empirical studies on corruption have noticeably increased during the last decade reflecting higher concern through alarming figures. Those empirical efforts offered various insights which in turn triggered further research and analysis. In addition, much of the research has undertaken cross-national analysis to offer a wider scope and deeper explanation of the phenomenon aiming to reach valid outcomes. Still, in spite of the extensive research efforts on the subject of corruption, less consensus has been reached regarding findings and generalizations. This is primarily due to the difficulty of measuring a complex phenomenon like corruption, and most often due to the lack of sufficient and adequate data (Bardhan, 1997; Ades/Di Tella, 1997; Tanzi, 1998; Lambsdorff, 1999; Jain, 2001; Aidt, 2003; Serra, 2006).

Based on that, the *relevance of this research* stems from both political perspectives and scientific reasoning. First, the 2011 Arab Uprisings which have brought down some regimes in the MENA region indicated the geostrategic importance of this region, which emphasizes the importance of analyzing its countries especially with regards to corruption, as it has presented one of the main reasons of the Arab Uprisings. Second, while the MENA region has been a subject of research in the literature, it is understudied with respect to corruption. The topic is generally studied in relation to broader issues like enhancing democratic practices, promoting good governance notions, and the impact of corruption on the human development and economic growth in the region. And these were mainly addressed by international organizations (the World Bank and the United Nations) through the lens of enhancing good governance and transparency in the region, without in-depth analysis of the distinct features of corruption within the countries.<sup>4</sup> The lack of data and political will within the MENA region countries to tackle such a sensitive topic and stand upon its main causes to properly plan strategies that curb it presented another obstacle in this area of research. Therefore, this research aims at filling this

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<sup>4</sup> This is clear in Chapter V tackling the general features of the MENA region, where the studies relied upon discuss corruption related issues with less focus on the issue solely.

gap and contributing to the literature on corruption. More specifically, it intends to analyze the causes of corruption in this distinctive region, which presents another level of knowledge stemming from its culture and historical backgrounds. Thus, studying the causes of corruption in these countries considers their exclusive features - having distinct political and socio-economic conditions, the oil richness in some of them and their cultural uniqueness - which have various reflections on how their systems function. Third, since the countries of focus vary in their levels of corruption, this piece of research intends to study the causes of corruption through an analytical perspective, which offers a deeper level of understanding for each country, as well as compare them cross nationally. In addition to what has been previously mentioned; coming from this region, speaking its mother language - Arabic, and being aware of its circumstances and culture; offers an extraordinary opportunity to comprehend the different dimensions of the phenomenon in these countries. This presumably has given me the capacity to analyze corruption within its proper context and correctly reflect on it based on my academic study, experience and cultural knowledge, which in turn led to in-depth and clear analysis of the topic.

Moving forward, this research is developed in an attempt to answer the question:

- *What are the causes of corruption in the MENA region countries?*

In the course of answering this main question, other sub questions are developed; including, but not limited to:

- What are the main variables causing corruption in each country?
- Which variables are more evident among all the countries under study?
- What are the exclusive causes of corruption among each group within the MENA region?
- Which variables have less of an impact on the levels of corruption in these countries?
- Which variables turn out to be irrelevant in the study of the causes of corruption?

To answer the main research question, this study employs the case study research method in order to conduct a case-by-case in-depth analysis to determine the causes of corruption in fifteen Arab countries in the MENA region (namely: Algeria, Bahrain, Egypt, Jordan, Kingdom of Saudi Arabia 'KSA', Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, Tunisia, United Arab Emirates 'UAE' and Yemen).

In addition, in order to address the sub questions mentioned above, this study follows the structured focused comparison method, and employs the Most Similar Systems Design to conduct a cross-national comparative analysis across all of the countries, in order to determine the causes on corruption in the MENA region.

Regarding the *scope and period of study*, this piece of research focuses mainly on public office corruption in the MENA region countries, while private corruption is out of the scope within this research.<sup>5</sup> The timeframe of the study is during the years from 1999 until 2010. The reasons behind working within those twelve years are that; first, the year 1999 presents - in most of the cases - a continuation in power of either the same leader or a successor sharing the same ideology of his predecessor.<sup>6</sup> Second, it is intended to study the phenomenon of corruption before the 2011 Arab Uprisings, in order to conduct a consistent analysis. This is due to the fact that, the Arab Spring countries (namely: Tunisia, Egypt, Libya and Syria) have witnessed drastic changes since 2011 and are still in transition experiencing unsteady paths towards democracy, which in turn will hinder reaching a coherent analysis of the countries under study.

The *structure of this study* is divided into ten chapters. This first chapter offers a general outline on the topic of this research. The second chapter defines corruption, highlighting its various classifications and types, and concludes with the working definition of this study. The third chapter reviews the literature on corruption, focusing on the ones addressing the causes of corruption, which present a blueprint for developing the analytical framework and the hypotheses for this research. The fourth chapter outlines the methodology of this study, with a specific focus on the structured focused comparison method, the Method of Difference and the Most Similar Systems Design, as well as the case study research method. The chapter then discusses the data collection process of this research. The fifth chapter highlights the various explanations and boundaries of the MENA region and determines the specific range of countries under study, highlighting their broad

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<sup>5</sup> Private corruption generally takes place also when those in charge misuse their office - which is an organizational position in a private firm - for personal benefits. For further details on the topic, see: (DeLeon 1993; Seldadyo/ Haan, 2005).

<sup>6</sup> Please refer to annex (4) for the chronological list of presidents/monarchs in the MENA region.

common political, economic and societal features. The sixth, seventh and eighth chapters focus on the causes of corruption in the MENA region, by first giving a general overview on each of the sub regional groups (Gulf Countries, North African countries, Mashreq countries and Yemen). This is followed by a case-by-case in-depth longitudinal analysis of the causes of corruption for the fifteen countries across the three sub regions mentioned above, during the period of study (1999-2010). Thus, chapter six addresses the causes of corruption in the Gulf countries, beginning with a general overview of the region, followed by an analysis of the causes of corruption in each of its countries (namely: Qatar, UAE, Oman, Bahrain, Kuwait and KSA), then conducting a cross-country comparison among the six cases and ending with some concluding remarks. Chapter seven looks at the causes of corruption in North Africa, shedding light on the general common features across the countries in the region. It then provides an analysis of the five countries within the region (namely: Tunisia, Morocco, Egypt, Algeria and Libya), then compares the causes of corruption across the five cases and concludes with some observations. Chapter eight analyzes the causes of corruption in the Mashreq region (namely: Jordan, Lebanon and Syria) and Yemen, then compares cross-nationally their causes of corruption and concludes with some remarks regarding this group of countries. Chapter nine conducts the cross-country comparison across the fifteen countries under study - through addressing each hypothesis, then grouping all the hypotheses - in order to arrive at the causes of corruption in the MENA region, besides highlighting the exclusive causes of corruption in some of its countries. The tenth chapter emphasizes the most important findings of the study, compares the causes of corruption in the three sub-regions, along with my personal insights on the issue of corruption within the MENA region and the future perspectives concerning the research on corruption.

## Chapter II: Definition of Concepts

### **What is Corruption?**

At a primary glance, corruption seems to be an understandable simple phenomenon. Yet, being a worldwide persistent phenomenon in all countries with varying intensities, it is a complex one that needs a clear understanding of its characteristics and dimensions along with its impact. The concept has been defined through various approaches and perspectives, leading to much controversy, especially, since it is associated with societies and individual actions. Nowadays, corruption is gaining much academic attention and more scrutiny is taking place to study and stand upon means to curb it in an attempt to have better governing systems around the globe. Whereas many approaches have been followed to define the concept in social sciences, the concept is still facing difficulty to be pinned down accurately in order to reach one common definition of the term and arrive at concrete reliable measures of the phenomenon. Furthermore, when reviewing corruption, it is intermingled with other concepts like governance, transparency as well as accountability in nowadays vocabulary (Rose-Ackerman, 1997a; Lancaster/Montinola, 2001; Kaufman et al., 2005). In that realm, this section sheds light on the different literature defining the concept and concludes with the definition that this study relies upon.

#### **i. Corruption Defined through Public Interest, Public Opinion and Public Office**

Among the researchers who worked on the concept and its historical roots is Heidenheimer (1989), who views corruption through a wide scope as depraved and unprincipled. He defined the concept through public opinion, public office and public interest. Those three approaches of defining corruption, however, were heavily criticized afterwards.

The public opinion definition stands for what the public views as corrupt - presenting a subjective approach - which creates confusion even about what the 'public' is (Heidenheimer, 1989). Scott (1972: 3- 4) is considered among the prominent writers offering insights on corruption. He also gave a public opinion definition of corruption in which the 'public' determines its dimensions. Scott's definition likewise is subjective failing to offer any capacity to operationalize it. Still, this approach of defining corruption finds relevance in certain fields such as

public policy when drafting national anti-corruption strategies offering a blueprint to curtail the phenomenon. It also assists in looking into the norms and values within different contexts and cultures to gain a broader understanding of what corruption means in different societies.

As for the public interest definition of corruption, Heidenheimer (1989) based it on the commonly accepted norms of what comprises a public good. In other words, if a public official's act stands against the public interest, it is considered unethical. On the same line of thought, Friedrich (1966: 74) contended that one could look at an act and classify it as corrupt according to the public interest; meaning that if the public official is regarded as acquiring something beyond his capacities and legal assignments, then this is counted as a corrupt act. Even though public interest offers a more objective approach to defining corruption, both public opinion and public interest definitions fail to be operational due to the difficulty of reaching a consensus on the public 'opinion' and public 'interest'.

The public office definition of corruption presents a more objective approach in describing the phenomenon. According to this approach, Heidenheimer (1989) defines corruption as the violation of official regulations of the formal office. Likewise, Nye (1967: 419) gave a public office definition for corruption, which stands for acts that violate the rules and regulations of office and are conducted aiming to pursue private gains. On a similar path, Aikin (1964: 142) views corruption as an act that violates the public office authorized power or is against moral standards of behavior in order to gain personal benefits, power or status. Morris (1991) interprets it generally as a conduct against the political norms. Similarly, Khan (1996: 12) defines corruption as an act that departs from the 'formal rules of conduct' that should be followed by persons in public office positions, adding that this behavior is motivated by private gains be it 'wealth, power or status'. Besides, Gould (2001) sees corruption as an unethical phenomenon, consisting of deviation from the moral standards in a given society, leading to disrespect and distrust in the authorized and constituted powers. Sandholtz/ Koetzle (2000) regard corruption as a conduct by a public official departing from the commonly accepted and prevailing norms in the society. Hence, based on the above definitions, corruption consists of a violation of power authorized to the public official, serving another person directly or indirectly. It is also a two-sided

phenomenon; where it takes an agent and a client to conduct such act for personal benefits. This definition is therefore operational in the sense of not abiding by the rules that are established in principle. However, Bayley (1966: 721) and Scott (1972: 10- 11) highlighted that defining corruption in public office terms cannot be generalized as it depends on the cultures in which these regulations are part of. Also, it falls short of looking at the cases where the legislators themselves are corrupt. Besides, it received criticism as some regulations are already unfair to abide by - serving the aspirations of those who established them, so paying a bribe in those cases might not be considered unethical (Rose-Ackerman, 1978: 9).

An obvious difficulty caused by following these approaches, generally, is their incompatibility with empirical analysis across countries having diverse cultures (Gibbons, 1989; Manzetti/ Blake, 1996). In that concern, discussions and debates concerning the definition of corruption according to these approaches have initiated other efforts. Johnston (1996: 331) combines both the public opinion and public office approaches to outline a corrupt act, giving corruption a definition under the umbrella of a 'neo-classical approach'. He defines corruption as the misuse of 'public order' to achieve private gain. Accordingly, this misuse is determined based on the legal standards or societal norms, in the sense of what the society disapproves or views as unaccepted. Hence, societies definitely differ regarding their definition of corrupt actions and their standards vary in such incidents because cultures are dissimilar (Johnston, 1996).

As discussed each of these approaches has its own drawbacks; while public office is suitable in many incidents, it fails to tackle corruption within specific contexts like the legislative authority. The public opinion approach lacks clarity and concrete standards even though much of the comparisons carried out nowadays rely on public opinion surveys when conducting research on the intensity of corruption worldwide. The public interest approach is falling between the public office and the public opinion besides its ambiguity due to its being society-based. In a nutshell, the above set of definitions of corruption with regards to public opinion, public interest and public office left much deliberation on the concept; lacking a consensus on a common definition. And the variances between those definitions brought about abundant research scrutinizing the three approaches. Research efforts tried to deal with the non-alignment of the public office or formal regulations to the public

interest that is reflected in the society norms. Studies on why this deviation happens and how, and what norms are associated with corruption within the public office has been carried out trying to answer such questions (Gibbons, 1989; Morris, 1991; Manzetti/ Blake, 1996; Kurer, 2005). Nevertheless, this controversy started to diminish with the current wave of globalization, especially when international organizations like the UN and various transnational actors established global general guidelines for the illegal and unethical acts.

**ii. Corruption defined through the Principal Agent Framework**

Another well-known and widely employed definition of corruption is offered through the principal agent model. It presents an economic approach for explaining how corruption takes place, focusing on certain aspects of the phenomenon; based on the rational choice of individuals with the underlying assumption that people are self-interest driven and act to maximize their benefits (Olson, 1971). Primarily, this approach of defining corruption stands for those individuals representing the process of corruption. It defines corruption as a behavior conducted through some agents who are delegated to act on behalf of some principals (Rose-Ackerman, 1978; Klitgaard, 1988).

Based on this approach, Klitgaard (1988: 24) defines corruption as a disagreement between the public's interest and that of the public official, and hence corruption takes place when the agent acts in non-accordance with the principal's interest, seeking his own private benefit. This is summarized according to him in two key perspectives; namely: 'information' and 'incentives'. In line with this, Klitgaard (1988) develops the principal agent client model which has three actors having roles in the process of corruption. To clarify, the principals are the officials in hold of power who can deliver the service or good to the clients. Generally, principals have a comparative advantage as they are acquainted with the administration and well aware of the processes, which gives them a position to be able to exploit their power acting in their own benefit. This takes various forms, like bribery, fraud, nepotism, extortion or embezzlement - which are defined in the following section. Clients are the benefit givers, where sometimes these public officials might employ agents to deliver the activity on their behalf. The agents might also take benefit for their own advantage and hence begin to abuse the power entrusted to them sustaining the vicious circle of corruption. Building on this nexus,

Klitgaard has given a precise explanation for corruption, viewing the problem of corruption lying in the concentration of powers, discretion and weak accountability. His principal agent client model puts the below equation in order to better comprehend how corruption flourishes: “Corruption = Monopoly + Discretion – Accountability” (Klitgaard, 1988: 75). This equation indicates that opportunities for unethical acts are enhanced when the agents’ practice monopoly power on clients, accompanied by discretion and lack of accountability of these agents towards the principal.

Consistent with Becker/ Stigler (1974), the bureaucrats are sometimes the agents and the rulers are the principals, where both have conflicting self-interests even though the agent is assigned to fulfill the interests of the principal. In a similar vein, Alam (1989: 442) contends that corruption is clearly understood within the principal-agent functional relationship. He defines it as either “the sacrifice of the principal’s interest for the agent’s” or “the violation of norms defining the agent’s behavior”. In this scenario, the government is the agent while citizens are the principals. This can also be the case during elections where democracy is in place. To explain this situation, citizens/ voters - who act as principals - face restrictions in accessing information, while public officials - who act as agents - have comparative advantage in processing information which gives chances for corruption to take place in this interaction where citizens have bounded rationality and they vote depending on the limited knowledge they gain. This gives space for politicians to be unaccountable in many instances and act unethically (Rose-Ackerman, 1978; Banfield, 1975; Persson/ Tabellini 2000; Adsera et al. 2003; Besley 2006).

To sum, according to the principal agent perspective, corruption is an individual unethical act, driven by the personal gains, behaving to maximize the profit and minimize the costs. Consequently, this approach of explaining corruption focuses on the individual incentives in which each actor is only seeking his self-interest, while it leaves behind other important dimensions of clarifying the phenomenon, such as the cultural aspects, social values and norms, and how the systems function (Elster, 1989; Green/ Shapiro, 1994).

### iii. **Corruption as “Abuse of Public Office”**

According to Webster’s dictionary, corruption is defined as “inducement (as of a public officials) by means of improper considerations (as bribery) to commit a violation of duty” (Gove, 1961). The Oxford Dictionary (2000) defines the concept as a dishonest act, or illegal behavior conducted specifically by persons in power, and it changes the personal behavior to immoral standards. McMullan (1961:183-184) defines corruption in the sense that, a public official is corrupt if he accepts money or in-kind for conducting an act under his authority.

In broad terms, corruption is defined as ‘the abuse/ misuse of public office for private benefit/ gain’, which is the most common and acknowledged definition for the concept (Sandholtz/ Koetzle 2000; Sandholtz/ Gray, 2003). Several institutions studying corruption employ this definition; among which is Transparency International (TI) that has embarked research on corruption in 1995 through initiating the Corruption Perception Index (CPI).<sup>7</sup> Similarly, the World Bank’s definition of corruption is quoted often in the literature as ‘the abuse of public office for private gain’ (World Bank, 1997). Based on this general definition, it is worth noting that the abuse of entrusted responsibilities and authority is not limited to the ‘public’ officials and ‘public’ sector as it also takes place in private sector. Also, corruption in that sense is viewed as a one-sided process, encompassing only one individual being the sole actor even though the action can sometimes involve two or more persons (i.e. one is the corrupt official receiving benefits and the other is the one offering it to get his service done).

To this end, corruption is a complex concept encompassing many characteristics and dimensions, including more than one actor, different interests, intended benefits, abused power and a common consensus among the society that this behavior is against the norms - however this last dimension is not easy to pinpoint due to diverse interpretations even among individuals in one society as well as across societies (Gampat, 2007). In line with that, the definition employed in this research is the working definition of the World Bank, the United Nations as well as Transparency International, which is the ‘abuse of public office for private gains’. Relying on this definition assists in offering a wide perspective and enables flexibility in analyzing the countries under study. Besides, this study derives most of

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<sup>7</sup> Available at: <https://www.transparency.org> (accessed 24/07/2018).

the data from those international institutions; consequently, this allows more consistency throughout the research.

Having mentioned earlier that the focus of this research is on corruption in the public sector, it is worth looking at its different practices, which helps in the later analysis and reflection on the MENA countries within this study. Corruption manifests through various forms on different levels of the government administration. The most recognizable distinction on the governmental level is between *grand and petty corruption*. On one side, grand corruption takes place when both the amounts of corrupt activities are large and those involved in such acts are high-level officials. It is at the decision-making level; therefore, it is also called political corruption since it is associated with the unethical behaviors of those assigned to take decisions for the masses, legislate and enforce laws. To clarify, these high-level officials abuse the power invested to them to enhance their statuses, gain more benefits and in many instances, aim to sustain their positions in the political scene. These acts and decisions are done in complete secrecy; therefore, they are rarely noticed. This type of corruption does not only lead to misallocation of resources, but also negatively affects the whole society. While grand corruption is highly linked to the political elite, it is obvious in economies that are witnessing rapid growth in which there are opening opportunities for new investments and industries. It can also include arms deals and natural resources extractions (Heidenheimer et al., 1993; Moody-Stuart, 1997; Andvig/ Fjeldstadt, 2000; Alan/Theobald, 2000; Leenders/ Sfakianakis, 2001; Rose-Ackerman, 2002; Cisar, 2003; Khan, 2006; Bray, 2007; FATF, 2011).

On the other side, petty corruption is falling at the end of the administrative hierarchy, way below grand corruption. It refers to small amounts of benefits associated with the daily routine decisions and undertakings assigned to low level officials in the public administration, that's why it is also referred to as bureaucratic corruption. Typically, this type involves activities like issuing licenses, taxes and customs authorities, school admissions, hospital access and many other services. And in many cases, petty corruption is initiated by the service seeker (the one who offers to pay a bribe or in-kind) in order to bypass bureaucratic regulations, i.e. get a privilege, gain access or lessen the time needed to get the service done. Contrary to grand corruption which abuses rules and regulations to serve the private interest of

those in power; petty corruption would not necessarily have strong political consequences as it is taking root within the administrative levels at the end of the political system. Typically, petty corruption is a regular activity when the civil servants are underpaid, which pushes them to increase their income through unethical acts to satisfy their needs (Heidenheimer et al., 1993; Andvig et al., 2000; Leenders/ Sfakianakis, 2001; Rose-Ackerman, 2002; Cisar, 2003; Khan, 2006; Bray, 2007; FATF, 2011). Even though the difference between grand and petty corruption remains unclear in many instances, the distinction between both types of corruption is relevant in analytical terms and serves this piece of research well in studying each of the countries in the MENA region.

Moving to the *forms of corruption*, those have many features as some acts of corruption involve threats or coercion. Other acts of corruption happen on a day-to-day basis like bribery, and certain conducts are not very common as they are too complicated and involve huge resources. Still, all tend to happen in secrecy but may also become public in certain occurrences. Therefore, the phenomenon is difficult to capture in a single definition or measure. Below are the most common forms that are of relevance to this study (Gupta, 1995; Rose-Ackerman, 1997; Amundsen, 1999; Andvig/ Fjeldstadt, 2000; Myint, 2000; UNODC, 2004; Richter/ Burker, 2007; Lambsdorff, 2007; Goldstraw-White/ Gill, 2012).

The most known and common form of corruption is bribery. It is the payment of money or in-kind to a public official in exchange of a service entrusted to that person. It stands for granting a benefit with the aim of an unjustifiable action or decision. As mentioned previously, corruption is a two-sided process, and in bribery it can be an initiative from either the benefit taker or the benefit giver. It is often money and can be valuables or other favors of personal interest for the bribe taker, such as incentives or accession to information. The term has different connotations in different cultures, for example in the MENA region it mostly falls under petty corruption and is commonly known as 'Baksheeh' or 'Sweetner' in many of its countries. It is offered to the public servant for making the process faster, easier or surpass bureaucratic requirements.

Extortion is sort of blackmailing, as it relies mainly on the threat of using power, through coercive and violent means to oblige the person to act in a certain manner. Extortion can be initiated by the public official or committed by the benefit seekers

where in this case, the officials are the victims of persons seeking favors and gains. Sometimes public officials misuse their discretion to gain personal gains since it is generally associated with bureaucratic regulations that only few have access to, oversight on and can act deliberately with less accountability regarding their decision-making. Extortion is like bribery but differs in two aspects. The first is that it is a corrupt behavior that is conducted with coercive means to extract money or in-kinds, involving the use of violence or threat to use it. And the second is the exchange of benefit that is so extreme from bribery, as someone can get substantial benefit while the other gets nothing; it can only be letting go and not intimidating this person again.

Embezzlement is often associated with grand corruption. It is the ability of the public official to exploit his position and power to access and make use of valuables; money or property entrusted under his authority but not entitled to his personal benefit. The actions of embezzlement are in some cases often referred to as theft, which does not always come under corruption. This type is obvious in some of the MENA region countries as it is a more common act in authoritarian regimes, in which the ruling elites tend to increase their powers politically and economically in the country. Within those regimes, the opportunities of being caught are less likely to happen and sanctions are rarely applied, mainly due to the absence of a strong legal system.

Fraud is an illegal and unethical money extraction. It is related to deceiving and falsifying information to manipulate the person in charge of it and make him voluntarily take actions according to such incorrect data. Additionally, it is considered fraud when the state entities and officials are part of the informal black markets and when illegal goods are traded. Due to its being related to huge amounts of money or falsifying very critical information, it mostly comes under grand corruption involving high-level officials.

Other means of abuse of power can take place through preferential treatment, which occurs in three interrelated forms of corruption; favoritism, nepotism and clientalism. This preferential treatment is considered corruption as the person in power grants certain benefits to those in his close or wider circle through the abuse and redistribution of resources based on the powers invested in his position. These abuses fall under the umbrella of granting privileged conducts, favoring someone

who is affiliated in a way or another to the public official. The affiliation and link can be family, friend, political party, religion, sect, tribal ties or any other group identity that links the persons together. Conducting such acts create conflicting interests, as when someone is seeking his personal gain, this might stand against the benefit of another or even the public generally. Another aspect of conflict is also clear in the manipulative behavior in order to gain some benefit, which stands against the code of conduct of the public office. Sometimes it is, however, very difficult to clarify the situation and determine how to define it because circumstances intermingle resulting in ambiguity. This includes instances like, donations to certain parties, appointing individuals from the ruling family or friends in political positions, granting a license of business operation to specific individuals along with many other confusing acts that are elaborated upon in the following chapters within the countries' analysis.

To conclude this section, the distinction between a corrupt and a non-corrupt act is not always crystal clear and even though corruption might be evident - be it grand or petty taking any form of the above mentioned - there exists grey areas with regards to distinguishing between the appropriate and inappropriate behaviors. This can include gifts giving, lobbying and state capture of certain services or goods like natural resources. For example, in some societies it is a very common and accepted behavior to exchange gifts when getting a service done by a person in the public office, however it is considered a corrupt activity in other societies and is strictly forbidden. Therefore, in each and every culture, corruption is perceived differently where also the political systems differ in their penal codes, their legalities and the clarity and effectiveness of their rules and regulations. In a nutshell, this research relies on the broad definition of corruption, which is the 'abuse of public office for private interest'. This conception serves the purpose and scope of this study as it focuses on public sector corruption and it primarily relies on data and reports available from international organizations (UN, World Bank, Transparency International) which employ the above definition. In turn, this gives coherent and consistent analysis for the phenomenon throughout the study.

### **Chapter III: Literature Review**

The literature on the topic of corruption has been vast, however a wide range of the empirical studies carried out on corruption offers contrasting approaches and findings. Still, it is generally agreed that corruption hinders development and weakens the bureaucracy (Sequeira, 2012). This chapter sheds light on some of the prominent research outcomes on the issue of corruption, with a special focus on the causes of corruption literature, following the below general review on literature.

To begin with, corruption has gained much attention among economic scholars. Leff (1964) was the first to analyze the relationship between corruption and economic growth, followed by Huntington (1968) and Hines (1995) who argued that corruption could affect growth positively. Still, others reached mixed outcomes when studying this relationship in different countries like the United States (Akai et al., 2005), Nigeria (Ajie/ Wokekoro, 2012) and China (Donga/ Torgler, 2013). Mutaşcu/ Danuletiu (2010) examined the correlation between corruption and political, administrative and economic factors, reaching the conclusion that corruption negatively affects the individual welfare relying in this study on the Human Development Index. Mauro (1997) argued that those in charge of public resources allocation have better opportunities to conduct corrupt acts, consequently, in this case corruption might assist in increasing public investments. In a later study, Mauro (1998) contended that corruption lowers the allocated expenditures on education.

Several studies reached the outcome that there is a strong relationship between GDP and corruption. Husted (1999) and Paldam (2002) argued that even though corruption negatively impacts GDP, less developed and poor countries are not able to effectively fight it. Lambsdorff (1999) and Paldam (2002) argued that the absence of corruption impacts GDP, contending that the growth of GDP can be explained through changes and variations in the levels of corruption in the given countries, but not in absolute levels. Whereas, other researchers like Akcay (2001) analyzed the level of corruption to the FDI flows in some developing countries and found that corruption does not act as a barrier to growth. Similarly, Evrensel (2010) reached the conclusion that corruption is related more to governance variables than to growth since it is highly affected by the governance effectiveness. Therefore, ambiguity appeared in the different studies with regards to the impact of corruption on GDP

growth (Keefer/ Knack, 1995; Brunetti et al, 1997).

Mauro (1995) studied the impact of corruption on investment through a cross-section study of 67 countries. He found that corruption impacts investment negatively; reducing the ratio of investment to GDP. In a later study, Mauro (1997) reiterated his results relying on a bigger sample of countries. Brunetti et al. (1997) and Keefer/ Knack (1995) reached similar findings; supporting Mauro's argument. Offering another explanation, Wedeman (1996) argued that it rather depends on the 'level' of corruption in a given country to determine the effect of corruption on investment, where countries with less levels of corruption can be strongly affected, while countries with high levels of corruption will not witness that strong impact on their investments. Campos et al. (1999) shared a similar line of thought, relying on data from the World Bank to analyze this aspect. They concluded that corruption varies, and it is important sometimes for economic impacts, where the predictability as well as the level of corruption are both of impact on investment. Also, Tanzi/ Davoodi (1997) looked at the impact of corruption on investment. They argued that corruption affects the quality of a country's infrastructure in many dimensions, which can reflect negatively on investments and consequently on GDP. However, their findings were not robust. Still, they found a strong impact of corruption on increasing public investments (Tanzi/ Davoodi, 1997). Presenting an alternative view, Lambsdorff (1999) contended that it depends on the 'nature' of corruption to determine its impact and risks on investment.

Furthermore, abundant studies have tackled the relation between corruption and capital inflows, where it is largely acknowledged that a corrupt country undermines its capacity to attract foreign capital. Wheeler/ Mody (1992) have not reached a robust conclusion about the relationship between the FDI size and the given country's level of risk - which includes corruption among other indicators. However, Wei (1997) found a strong negative impact of corruption on FDI through studying capital inflows between countries having bilateral relations. Alesina/ Weder (1999) generally concluded that there is no particular influence of corruption on FDI. Nevertheless, Lambsdorff (1999) argued that corruption has a negative effect on capital inflows in the host country, indicating a strong relationship between corruption levels and credit risks, where poor governance has a bad impact on capital inflows in a corrupt country. In recent studies, Castro/ Nunes (2013) tested

the effect of corruption on FDI inflows. Their results showed a negative correlation between both; indicating that countries witnessing lower levels of corruption have higher FDI inflows. Delgado et al. (2014) studied the effect of FDI on economic growth associating it with the level of corruption. They concluded that corruption indirectly affects FDI, weakening its share in achieving growth rates in several developing countries. Looking at specific regions, Quazi (2014) analyzed the impact of corruption on FDI inflows in East and South Asia, arriving at the conclusion that there is a clear negative effect of corruption on FDI inflows. Nevertheless, in another study by Quazi et al. (2014) on African countries, they found that corruption acts as a facilitator for FDI inflows in the countries.

Regarding trade, Lambsdorff (1998; 1999) analyzed data for the biggest 18 exporting countries and 87 importing countries, and his later study relied on a wider range of countries and data. He concluded that there exists variation across the countries in their willingness to export to corrupt countries, and hence their readiness to get involved into corrupt acts like bribery, indicating that these exporting countries are also responsible for corruption taking place in the international trade.

As for foreign assistance, Alesina/ Weder (1999) studied if corrupt countries encourage or deter donor countries<sup>8</sup> to offer aid assistance for development. They did not find clear-cut data or evidence that corrupt countries are less attractive to receive aid from the OECD countries. However, some countries like the Scandinavian and Australia have higher tendency to discourage offering aid to corrupt countries, yet this is not the case for countries like the United States.

Some scholars have looked at the political implications of corruption. Many have argued that corruption erodes legitimacy, leading to lack of citizens' trust in the political system (Seligson 2002; Anderson/ Tverdova 2003). Through testing specific dimensions of legitimacy in six Latin American countries, Booth/ Seligson (2009) concluded that corruption - particularly obvious in petty corruption - undermines the masses' trust in the system. Chang/ Chu (2006) studied some countries in Asia and indicated a strong relationship between trust and state legitimacy. They contended that when citizens perceive higher political corruption this leads to less trust in the state legitimacy. Rose-Ackerman (2001) analyzed post-

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<sup>8</sup> Donor countries in the cited study are the 'OECD countries'.

socialist states transition highlighting the interaction between trust and democracy; stressing the importance of differentiating between trust among individuals and trust in the bureaucracy and their impact of corruption. However, other studies argued that patronage can assist in strengthening legitimacy in unstable circumstances. These arguments are based on the fact that corrupt behaviors related to offering political support and receiving rewards in return, can enhance legitimacy due to the exchange of benefits in a patron-client system (Huntington, 1968; Reno, 1995; Papagianni, 2008; OECD, 2008; Bellina et al., 2009; Mungiu-Pippidi et al., 2011). Having a similar argument, Arriola (2009) analyzed some African countries, contending that patronage networks enable leaders to stay in office longer which indicates political stability. Beissinger/ Young (2002) argued that patronage can act as a legitimizing factor for the country, as long as the political elite's interests do not surpass the state's interest. But if this happens, state legitimacy erodes. Galtung/ Tisné (2009) argued that patronage networks can hinder state building in post-conflict countries, illustrating this with reference to several states in Africa. Another contrasting perspective is offered by Lindemann (2008) to understand the relationship between corruption and stability. He indicates that it depends on the political elites' relations with the society to determine the effect of corruption on stability.

Moving forward, many researchers focused on answering the question of how to fight corruption. Gonzales de Anis (2000) offered insights on how to address corruption based on the World Bank's perspectives on governance. He argued that there exist three main pillars of corruption, namely, first, incentives prevailing in low wages, patronage and excessive bureaucracy; second, absence of transparency and public access of information; third, lack of accountability. He suggested that in order to reach a broad acceptable list of solutions to fight corruption - to face these three interlinked issues - there should be 'domestic' efforts, primarily through raising awareness, political will and following a participatory analysis of the topic. Tanzi (2000b) highlighted another viewpoint to address corruption, developing his insights on the IMF's experiences with fiscal decentralization. Tanzi suggested some aspects linked to decentralization, stressing the importance of better functioning government institutions in charge of tax policies, administration, expenditures systems and budgets. He also stressed on the importance of effective resource

transfer from the center to the subdivisions in order to make sure that these are issued and transferred for specific tasks and effectively executed. These aspects are not usually in place and therefore corruption roots deeper in the lower levels of administration, due to the absence of efficient decentralization policies and procedures (Tanzi, 2000b).

**i. Causes of Corruption**

Scholars have worked extensively attempting to stand upon the relevant causes of corruption. Nevertheless, there is no common consensus in literature on the concrete causes of corruption (Bardhan, 1997; Ades/ Di Tella, 1997; Tanzi, 1998; Lambsdorff, 1999; Jain, 2001; Aidt, 2003; Serra, 2006). This section reviews literature on these efforts, highlighting the most significant as well as highly agreed upon causes of corruption among researchers. It is divided into three sub-sections; the first addresses regime characteristics in terms of features of the political system and its bureaucratic structures that can positively or negatively impact corruption levels. The second looks at the different economic features within a given country. The third tackles development, societal and cultural features that can affect corruption levels in a given country. The below overview serves as the basis for developing the hypotheses and analytical framework of this research, through selecting the independent variables that are analyzed later on in the MENA region countries.

**First: Regime Characteristics**

Democracy is a complex term, including a lot of indicators to categorize a country as democratic. Therefore, it is important to give a brief on what democracy is in order to determine its indicators. Democracy is a political system characterized by mass participation, competitive elections, rule of law and respect to civil rights. In order to identify a country as democratic, there are many criteria that need to be fulfilled. Among the most important characteristics of democracy are: first, accountability of the regime; second, political competition that results in alteration of individuals in power where no specific political party or person gets hold on their seats; third, political equality in terms of equality in votes among the public electors as well as in running for public office, given that everyone has the right to access public office; fourth, freedom of mass media and especially free press which

presents a watchdog over the government activities and decisions as it spreads awareness and keeps the citizens informed (Lipset, 1959; Dahl, 1971; Sartori, 1987; Diamond et al., 1995; Roskin/ Robert, 2013).

To begin with, Paldam (1999a), Goldsmith (1999) and Sandholtz/ Koetzle (2000) have not found a clear impact of democracy on corruption. However, Suphacahlasai (2005), Kunicova/ Rose Ackerman (2005) and Lederman et al. (2005) found that democracy and corruption are negatively correlated. Treisman (1999a) relied on the Gastil index for democracy to perceive its impact on corruption. He found little evidence on the effect of democracy on corruption levels, however in a later study, Treisman (2000) argued that the longer time a country is exposed to being democratic, less corruption is witnessed. Also, Paldam (1999a) and Gerring/ Thacker (2004; 2005) reached similar findings supporting those of Treisman (2000). Adding to this, Montinola/ Jackman (2002) and Sung (2004) concluded that well-established democracies are negatively correlated with corruption, however semi-democratic or autocratic regimes witness higher levels of corruption. De Mesquita et al. (2002) argued on the same path, contending that political figures in non-democratic regimes hold on to power for longer periods of time. They succeed in sustaining power and misusing the country's resources for their personal benefit and hence, these countries witness higher levels of corruption. On the contrary, politicians in democratic countries stay less in office seeking to maintain their popularity in order to be re-elected, therefore, they exert more effort in offering public goods to their people aiming to serve for a new term. In a World Bank study, Rose-Ackerman (1997b: 40) makes a supporting argument on the importance of democracy to deter corruption, stating that "democracy gives citizens a role in choosing their political leaders. Thus, corrupt elected officials can be voted out of office". But she contrasts this afterwards mentioning that "democracy is not necessarily a cure for corruption. Some democracies harbor corrupt politicians even though citizens are aware of their malfeasance. Moreover, bribes are often used to fund political parties and election campaigns". In relation to this, Lederman et al. (2001), Sung (2002), and Brunetti/ Weder (2003) argue that free press is negatively associated with corruption, as it uncovers corrupt behaviors and abuses of public office to the masses. Linked to this, is the importance of respecting political rights and civil liberties, where Treisman (2007) relied on World Bank data to analyze

such matter. He found that political rights are negatively associated with the levels of corruption. Nevertheless, these findings were not robust. Another dimension of democracy is the quality of judiciary, where a World Bank study concluded that an independent judiciary has a clear impact on lessening the levels of corruption (World Bank, 1997). Ades/ Di Tella (1996) as well as Sung (2002) arrived at similar findings regarding the existence of a negative relationship between the independence of judicial authority and the levels of corruption.

Decentralization is another aspect studied in association with corruption. It affects the intensity of corruption either positively through supporting better regulations with effective checks, hence lower corruption is witnessed or negatively through creating more regulations with less monitoring resulting in higher corruption levels. Furthermore, as a result of high concentration of powers in the capitals and raised dissatisfaction of centrally planned governments, the introduction of a broader perspective to administer countries has gained more attention (Smoke, 1994; Olowu, 2000). Therefore, decentralization became on top of the countries' development agendas as well as donor assistance strategies. In that sense, the World Bank (2000) considers decentralization as an essential component of the donors' anti-corruption aid assistance agendas; this is due to the importance of governance notions and raising accountability in the developing countries (Crook/ Manor, 1998; World Bank 1999). According to Khan (2002), decentralization is the process of changing the administration of the government through delegating some of the central government powers to the lower levels of administration in order to be more responsive to the people's needs rather than concentrating powers in the center. Even though the definition and process seem clear, the results of decentralization on the ground have differed widely among countries (Smoke/ Lweis, 1996). In light of this, studies regarding the impact of decentralization on corruption have not reached clear-cut findings. Weingast (1995) as well as Breton (1996) argue that less corruption is evident in decentralized governments due to the competition between subdivisions on providing public services to meet the people's demands. Also, Gurgur/ Shah (2005) support this argument that decentralization assists in better governance and hence corruption decreases. They contend that corruption is higher in unitary states, hence it is negatively correlated with unitary states more than federal ones.

A different perspective was offered by Banfield (1979) arguing that decentralization increases corruption, elaborating that fragmentation in the political system gives chances for corrupt acts to flourish due to the fewer number of agencies monitoring and ensuring transparency. Prud'homme (1995) argued that corruption is more evident in lower levels of administration since more opportunities are present due to the relative freedom of action of local bureaucrats in decision-making besides the closeness of those locals to the public; being aware of their needs. Also, Manor (1999) contends that decentralization is associated with bigger number of people involved in corrupt activities. Likewise, Brueckner (2000), Tanzi (2000a; 2000b) and Carbonera (2000) arrived at similar generalizations concluding that in local subdivisions, corruption is more likely to take place. On another level of analysis, Shleifer/ Vishny (1993) argued that corruption is more apparent in countries that are in the middle of decentralization, meaning that the country is still in a mid-level of governmental centralization. However, countries that are either extremely centralized or extremely decentralized witness less corruption (Shleifer/ Vishny, 1993). Treisman (1999b) concluded that federal systems witness higher levels of corruption than centralized systems. And later on, Treisman (2000) relied on the Transparency International Index (CPI) to look at the relationship between corruption and decentralization in a cross-country analysis. He reached the same conclusion that federal states witness higher levels of corruption than unitary states. He explained that unitary states are cleaner compared to federal ones, given the existence of clear and effective hierarchies of control which allow officials in the central government to limit the subnational bureaucrats' actions. Also, Goldsmith (1999) had similar results highlighting that decentralization does not offer a better system of administration since it is easier in such systems to be unseen and get away with corrupt activities. Goel/ Nelson (2010) employed two measures to look at decentralization, based on the number of government subdivisions in relation to the population (as the first measure) and to the area (as the second measure). They concluded that decentralization and corruption reflect mixed outcomes, but if better regulations are enacted and enforced, less corruption is witnessed.

Looking at fiscal decentralization, Huther/ Shah (1998) and Fisman/ Gatti (1999) studied the subdivisions expenditures as an indicator of decentralization. They reached the conclusion that with decentralized public spending, lower

corruption levels are witnessed. In other studies, Arikian (2000) as well as Fisman/ Gatti (2002) similarly concluded that more subnational government spending - present in fiscal decentralization - is associated with less corrupt activities. De Mello (2000) argued that fiscal decentralization generally brings the people's needs in a closer link to the government, where in this regard the relationship between the government and public is better. In addition, Estache/ Sinha (1995) worked on a cross-country analysis to study 20 countries over a period of 20 years. They found that the deliverables for the public citizens are positively affected when expenditure decentralization exists; however, this is less efficient when funds are placed in the central government.

Concerning history and its relationship with corruption, Treisman (1999a) and Swamy et al. (2001) looked at the impact of colonial history on corruption. Treisman (1999a) found that former British colonies witness lower corruption levels compared to other colonial heritages. Swamy et al. (2001) supported this argument, where both studies concluded that colonial histories of other countries witness higher levels of corruption compared to the British ones. Other studies looked at corruption in relation to the years of independence reaching the conclusion that the early years of independence witness higher levels of corruption, while later it briefly decreases, then it starts to increase again gaining roots in the society (Knack/ Keefer, 1995; Paldam, 2002; Lambsdorff, 2006). This is clarified by Lambsdorff/ Teksoz (2004) contending that over time it becomes a familiar practice and a way to offer bribes in exchange of services.

## **Second: Role of Government in the Economy**

The role of government has been looked at through many approaches where many scholars have contributed to questioning the role of government and its effect on corruption, however no robust findings have been reached. Both, Rose-Ackerman (1999) as well as Lambsdorff (2006) have argued that it is not easy to reach a concrete conclusion regarding the role of government on corruption. Goel/ Nelson (1998), Rose-Ackerman (1999) as well as Graeff/ Mehlkop (2003) have agreed that bigger governments can be a reason for higher corruption due to the red tape policies, which encourage the public to resort to unethical and illegal behaviors to bypass them to make procedures quicker and easier. There these regulations might present chances that trigger engaging in acts of corruption. In another explanation,

La Porta et al. (1999) argued that bigger governments can have a better role through employing and spending more on policies and regulations. The existence of efficient enforcement mechanisms leads to higher transparency and better governance, which consequently lowers corruption. Iterating on this, Lambsdorff/ Cornelius (2000) argued that unclear and imprecise government regulations lead to higher corruption levels. Gerring/ Thacker (2005) also found a negative correlation between the quality of regulations and corruption levels.

Another dimension of the role of government is the degree the government is controlling and/or is part of the economic activities in a given country. Goel/ Nislon (2010) looked at two aspects of government intervention. The first is related to the general size of the state-owned industry, foreign investment regulations, the financial sector including banks, wages, inflation, taxes and prices. And the second focused mainly on monetary policies and the government's role in such sphere. In this regard, the authors relied on specific indicators within the Index of Economic Freedom issued by the Heritage Foundation to measure the role of government in the economy. They reached the conclusion that the higher the government intervention in the economy, the more opportunities are created to engage into corrupt activities. They also concluded that the big size of government is not a reason by itself for higher levels of corruption, because a large public sector with strong institutions and regulations along with checks and balances would lead to less corruption. Treisman (2000) and Ali/ Isse (2003) reached another conclusion. They assumed that state involvement is negatively correlated with corruption, meaning that it helps in reducing corruption. And in an earlier study by Shleifer/ Vishny (1993), they contended that the more the monopolistic attitude the government is seeking, the higher the potential for corrupt activities; especially apparent in rents. Also, Ades/ Di Tella (1997) found that government intervention increases corruption. In another research, Lambsdorff (1999) argued that the role of government has no effect on corruption; it is rather the poor institutions that are considered sources of corruption.

Concerning economic freedom and corruption, Henderson (1999) and Paldam (2002) contended a negative correlation between economic freedom and corruption. Broadman/ Recanatini (2001) as well as Djankov et al. (2002) looked at government regulations to market entry. They contended that there is a positive correlation between government regulations and corruption, where the more the

regulations to market entry, the higher the levels of corruption. Still, Johnson et al. (1998), Bonaglia et al. (2001) and Fisman/ Gatti (2002) argued that as the size of unofficial economy increases, corruption increases.

Treisman (1999a) and Leite/ Weidmann (1999) argued that there is a clear negative relationship between openness to trade and corruption levels. Also, Sachs/ Warner (1995) assessed this variable through the number of years the country has been open to trade. This is supported by Ades/ Di Tella (1997; 1999), assuming a negative relationship between openness and corruption relying on corruption data derived from Business International (BI) and Institutes for Management Development (IMD). Ades/ Di Tella (1997) viewed the country's openness in terms of competition. They analyzed it through the ratio of import to GDP, concluding that openness is negatively correlated with corruption. Also, Brunetti/ Weder (1998), Treisman (2000) and Herzfeld/ Weiss (2003) found that the more imports - being an indicator of trade openness - the less the levels of corruption. Moreover, Paldam (2001), Brunetti/ Weder (2003), Knack/ Azfar (2003), Graeff/ Mehlkop (2003) and Gurgur/ Shah (2005) concluded a negative relationship between openness and corruption; the more a country is open to trade, the less corruption is witnessed. Scholars like Knack/ Azfar (2003) and Fr chet te (2006) have given another viewpoint. Both studies concluded that the more trade restrictions a country enforces, the higher the levels of corruption this country witnesses. Still, this goes in line with the above-mentioned findings on the negative relationship between trade openness and corruption. Another aspect was studied by Sachs et al. (1995) which was supported by Leite/ Weidmann (1999) and Treisman (2000). The scholars argued that the longer the duration a country has been open to trade, the less corruption is witnessed. Moreover, Sandholz/ Gray (2003) contended that the more participation and membership in international or regional organizations (i.e. UN, IMF and WTO) and the longer the duration of integration, the less corruption is witnessed. This is due to the fact that countries under the umbrella of such organizations need to follow and abide by international agreements and codes of conduct concerning various topics.

As for corruption and the richness in natural resources, Ades/ Di Tella (1999), Montinola/ Jackman (2002), Kunicova (2002), Treisman (2003), Lambsdorff (2006) as well as Bhattacharyya/ Hodler (2010) reached similar findings arguing that the

natural resources endowments of a country allow higher opportunities for corruption; be it rent-seeking or rent-generation. Similarly, Leite/ Weidemann (1999) arrived at robust conclusions with regards to the abundance of natural resources, mentioning that the possession of natural resources gives ground for corruption to take place. Their analysis relied on the indicator of exports of fuels as a percentage of GNP to measure rents. Studying another dimension, Tornell/ Lane (1998) found a positive correlation between exports of raw material and corruption opportunities. Nevertheless, Goel/ Nelson (2010) reached the conclusion that the country's population distribution has a relatively stronger impact on corruption than its possession of natural resources.

### **Third: Development & the Society**

Lipset (1960) argued that development has an apparent impact on democracy, as it assists in increasing education levels, which in turn contributes to raising the awareness of people, and hence any official abuses or inappropriate acts can be challenged and stood against. Generally, La Porta et al. (1999) and Treisman (2000) contended that the higher the economic development, the lower the levels of corruption. This is due to the fact the development helps in raising the literacy rates in a country, positively indicating the spread of awareness among the masses. Serra (2006) and Akçay (2006) argued that when countries become more developed and prosperous, the levels of corruption drop. Damania et al. (2004), Brown et al. (2005), Kunicova/ Rose-Ackerman (2005) and Lederman et al. (2005) agreed that there exists a negative relationship between development and corruption. In this regard, researchers used different indicators to analyze development in relation to corruption. For example, Damania et al. (2004) determined that the income levels could have an impact on corruption. Ades/ Di Tella (1999) and Truex (2011) looked at the literacy rates, while other studies have relied on GDP per capita to measure development. Even though studies varied using numerous variables, they reached one general conclusion, which is the country's status of development can help explain its level of corruption.

Findings regarding the relationship between income and corruption were not consistent. On one hand, Braun/ Di Tella (2004), Chang/ Golden (2004), Kunicova/ Rose-Ackerman (2005) and Lederman et al. (2005) along with other authors found that as income increases, corruption decreases. On the other hand, Braun/ Di Tella

(2004) and Fréchette (2006) reached an opposite finding; indicating a positive relationship between income and corruption. Rijckeghem/ Weder (1997; 2001) argued that low public-sector salaries are negatively correlated to corruption. They argued that on one side, low wages drive the public officials to increase their income through illegal and unethical means, where the less developing countries are witnessing higher corruption levels. And on the other side, high wages of high-ranking public officials present a risk for these officials if they get spotted of corrupt act, therefore, they try to prevent this loss behaving more ethical and refraining from illegal actions. Still, Treisman (1999a) and Swamy et al. (2001) analyzed this relationship and reached imprecise findings, which were mostly not vigorous. Gupta et al. (1998) have analyzed another perspective on income - measuring income through the GINI coefficient - reaching the conclusion that income inequality is positively correlated to corruption. However, Paldam (2002) also relied on the GINI coefficient and concluded that it does not explain much and showed little variation in relation to the levels of corruption. Later, Park (2003) and Brown et al. (2005) contended that there is no strong positive relationship between income inequality and corruption. However, generally, Husted (1999) as well as Swamy et al. (2001) argued that inequality gives rise to more chances of corruption. Also, Amanullah/ Eatzaz (2016) concluded that there is a relationship between income inequality and corruption levels.

Swamy et al. (2001) and Dollar et al. (1999) studied the gender effect on corruption, through analyzing the percentage of women in the parliament and their participation in labor force. They found that both indicators of women participation are negatively correlated with corruption. Another point was highlighted by Mocan/ Rees (2005) who contended that males are more prone to engage in corrupt acts, unlike females. Sung (2003) argued that this aspect of gender should be studied along with indicators of a well-functioning democratic regime which pays attention to promoting women's rights. In that regard, these findings go in line with studies that call for women empowerment in the society to ensure good governance.

Some researchers analyzed religion as a variable to understand how it affects the levels of corruption. Treisman (1999a) argued that some religions are hierarchical - namely, Catholic, Orthodox and Islam - which assist in lowering corruption levels. He built a strong relationship between religions specifically

Protestant and corruption, arguing that there exists a strong negative association between the percentage of Protestants among the population and corruption levels. Paldam (1999b) offers another in-depth analysis of this relationship. He concluded that the presence of high percentage of reform Christianity (Protestants and Anglicans) and religious tribal affiliations in countries reveal lower levels of corruption, however, in countries with high percentage of pre-reform Christianity, Islam, Buddhism and Hinduism, higher levels of corruption are witnessed. Herzfeld/ Weiss (2003) and Chang/ Golden (2004) showed that there is a negative relationship between corruption and the percentage of population following a particular religion. Contrary to this, La Porta et al. (1999) and Paldam (2001) concluded a positive relationship between both.

Another level of analysis related to La Porta et al. (1999) hierarchies' idea is the 'power distance' concept explained by Husted (1999). According to him, the concept is a clear cultural predictor of corruption activities, since it measures the extent where the officials who are less powerful accept and follow power distribution which is unequal due to the existence of hierarchies. Husted (1999) supported the finding of La Porta et al. (1999) concluding that there is a positive correlation between power distance and corruption. La Porta et al. (1997), Adsera et al. (2003) and Uslaner (2004) contended that trust is negatively correlated with corruption. This is due to the idea that it helps civil servants cooperate with each other as well as with the masses. Husted (1999) concluded that culture strongly impacts the levels of corruption in societies, and therefore an important way to fight corruption is to take into consideration culture as a significant indicator.

In light of this literature review, studies have offered diverse perspectives and conclusions on the causes of corruption, where there is lack of general agreement among scholars on the strength of causal relationships between corruption and the different variables impacting its intensity.

## ii. **The Analytical Framework**

Building on the literature discussed above, this study develops an analytical framework to help in addressing the causes of corruption in the MENA region countries. This framework is developed relying on the range of studies that identified different independent variables causing corruption. It aims at offering in-depth explanations with regards to country-specific conditions to be able to analyze

and comprehend how each independent variable might be a cause of corruption in the countries under study; having a clear positive/ negative impact on the intensity of corruption. In this sense, this study focuses on analyzing the causal relationship between 10 independent variables and corruption presenting the dependent variable. The variables are categorized to cover three main dimensions in a given country; political, economic and development ones. These independent variables are analyzed based on the wide agreement among many scholars that they have a causal relationship with corruption.

The first group of independent variables addresses regime characteristics, including the rule of law, political rights and press freedom which are core criteria in a well-functioning democracy. To clarify, rule of law as an independent variable indicates equality of all before the law, access to justice, securing basic rights and an independent judiciary. Political rights reflect how far the masses enjoy the right to vote, run for public office and voice their political demands freely. Press freedom shows how much the country respects the freedom of expression and how far journalists are free to articulate their views openly.

The second group of independent variables are economic ones, including the quality of regulations, economic openness and natural resources endowments. To elaborate, the quality of regulations looks at how far the government is efficient in the regulatory process of the economic sector, as well as the intensity of government control and ownership in the different sectors in the economy, mirroring the economic freedom and competition within the given country. Economic openness indicates how much the country imposes trade barriers, looking at its openness and participation in the international trading community. Natural resources endowments determine the abundance of natural resources in the country, through looking at the total rents from these natural resources as a percentage of GDP.

The third group of independent variables are concerned with the society and development dimensions of a country, including income inequality, poverty rates, literacy rates and women empowerment. To elaborate, income inequality reflects how much income levels vary in a country, deviating from a fair distribution among the population. Poverty rates shows how much of the population are living below national poverty lines. Literacy rates looks at education as a main pillar in any society's development where this variable specifically reflects the ability of the

population aged 15 to 24 to read and write simple statement. And lastly, women empowerment addresses the gender dimension regarding how far women enjoy equal opportunities without discrimination and are able to actively participate in the society in all domains.

To sum up, the earlier section on literature review helped in deriving the most relevant independent variables to be studied in relation to corruption. Therefore, these 10 independent variables being grouped into three categories are developed in a negative/positive causal relationship with corruption in order to be studied across the fifteen MENA countries.

**iii. Hypotheses of the Study**

The following hypotheses are formulated to cover the three main dimensions in a country and are developed in line with the most relevant scholarly efforts on the variables impacting the intensity of corruption. Therefore, the hypotheses are based on the strong findings and wide agreement among researchers that they show an impact on corruption. And they are developed to be systematically analyzed in the MENA region countries, aiming to determine the causes of corruption throughout the period from 1999 until 2010. In this concern, this study addresses 10 hypotheses within each case, then systematically compares them across the sub regions and as a last step compares across the whole MENA region countries.

Regime Characteristics Variables	
H1	The higher the respect for rule of law, the lower the levels of corruption.
H2	The higher the respect for political rights, the lower the levels of corruption.
H3	The higher the freedom of press, the lower the levels of corruption.
Economic Variables	
H4	The better the quality of regulations, the lower the levels of corruption.
H5	The more the economic openness, the lower the levels of corruption.
H6	The more the country is rich in natural resources, the higher the levels of corruption.
Development Variables	
H7	The higher the level of income inequality, the higher the levels of corruption.
H8	The higher the poverty rates, the higher the levels of corruption

H9	The higher the literacy rates, the lower the levels of corruption
H10	The better women's empowerment, the lower the levels of corruption.

**iv. Concluding Remarks**

To conclude, the literature on the causes of corruption offered contrasting understandings and outcomes along with less robust conclusions. Some variables have reflected clear causal relationship with corruption, where consistent findings were reached; illustrating a clear negative relationship with corruption. These include, the country's quality of regulations and institutional strength, trade openness and democracy - exposed through press freedom, political rights, civil liberties and an independent judiciary. Yet other variables were not strongly causing corruption, reflecting mixed outcomes in relation to corruption like government decentralization, role of government in the economy, religion, income levels and history. Also, women participation, the years of independence of a given country, natural resources endowments, development levels and income inequalities exposed varying relationship with corruption. In that regard, this study addresses 10 independent variables which has indicated stronger outcomes and higher consensus among the scholars in impacting the intensity of corruption. These hypotheses are developed to cover the broad political, economic and social dimensions within the MENA region countries.

In a nutshell, the studies conducted so far on the causes of corruption have not been sufficient to reach robust conclusions about the specific causes of corruption across regions and nations. Therefore, as agreed among scholars more research on the causal relationship between corruption and the different variables need to be carried out, where case-studies might offer an assistive tool to stand upon some of these causes. In this concern, more qualitative research relying on in-depth analysis of the countries can add another dimension to the literature on the causes of corruption. This study attempts to do so focusing on the MENA region countries.

## **Chapter IV: Research Design, Methodology & Data Collection**

Comparative politics is among the most relevant approaches in theory development and enrichment in political science (Almond, 1996). Wislon (1996: 4) defines comparative politics as consisting of both a subject and a method of study for looking at foreign countries and conducting comparisons. Mahler (2000: 3) offers a wide description highlighting that comparative politics can study everything in politics, through comparative methods. It is one that works in a comparative perspective on finding the similarities and differences between political issues. Through conducting a comparison across political systems, comparative politics is highly important in understanding the significance of findings for each country. This is because its core focus is highlighting and explaining the similar and/ or different political features within certain units of analysis ranging from states, systems, societies and reaching political parties. It is also useful to conduct comparisons over periods of time to assist in building a systematic relationship among the different variables under study (Silverman, 1991; Hague/ Harrop, 2001; Lim, 2006; Caramani, 2014; Keman, 2014).

In that sense, this research is primarily a comparative study aiming to explain the different causes of corruption in fifteen Arab countries in the MENA region. Comparing across the countries would first, enhance the theoretical knowledge on the causes of corruption, and second, assist in empirically observing and explaining precisely the causes of corruption across these fifteen countries (being the units of analysis in this research). Consequently, comparative methods of research are employed as essential tools to understand and analyze the relationship between corruption - the dependent variable - and different political, economic and societal dimensions - the independent variables (Hague/ Harrop, 2001; Lim, 2006). That being said, this study relies on the case study method to assist in analyzing each case on its own, comparing the variation in corruption levels that took place over time within each case. Besides, the structured focused comparison method is followed in order to give more precision for this research, thereby having a clear systematic layout for correctly comparing across the 15 cases. As a primary step of selecting the cases for the study to be able to design the comparative analysis and understand the casual relationships between corruption and the different variables, the Most Similar

Systems Design (MSSD) is employed. The first section in this chapter discusses the case study method, the second gives a brief on the structured focused comparison method, the third highlights the Most Similar Systems Design, and the fourth underlines the research design, data collection, and explains the indicators employed to conduct the analysis.

**i. Case Study Method**

The case study method offers an appropriate approach in studying existing complex social phenomenon through in-depth comprehensive analysis. While it has raised much concern and controversial discussions regarding its strength and capability to reach reliable and consistent findings, the case study method has received a lot of attention in social sciences. Defining the case study method as a research tool, Yin (1984: 23) states that it is “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”. Yin (2009) gives a technical definition for the case study in a twofold manner. The first part is concerned with the scope of the case study - as mentioned above - (Yin, 2009: 18) and the second is related to the data collection and analysis techniques in order to get an all-encompassing set of data that helps in reaching reliable conclusions. According to Yin, the case study has many variations and several applications, among which are explaining casual links in real events (that are complex to be grasped through experiments or surveys), describing an incident within its real setting, and illustrating specific issues in a descriptive manner, where there is no evident or specific outcome (Yin, 2009).

Throughout his extensive work on the case study method and its research design, Yin has offered a comprehensive overview. Yin (1984) contends that the case study is an exceptional method of observing and analyzing social phenomenon that exists in a data context. His often-quoted basis for the choice of the case study as a research tool is when the scholar has ‘less control over the context of a real-life current phenomenon and its circumstances but is still able to offer descriptive details’ aiming to reach a better understanding of that particular issue under study. In other words, the purpose of a case study is to explain the conditions and circumstances surrounding the phenomenon and reach a clear understanding and maybe in certain contexts clarify casual relationships (McCutchein/ Meredith, 1993).

As mentioned above, the literature on case study as a method of research is controversial, as there is less consensus on how it can be employed. Still, Sommer/Sommer (1991) viewed the case study as a profound empirical method which enables a comprehensive analysis on a specific issue. And in spite of its being criticized for its weakness in reaching generalizations, case studies provide an in-depth investigation and analysis. Similarly, Hartley (1994) looked at it in the sense that it aims at explaining complex dynamic processes under which the phenomenon takes place. Lee et al. (1999) noted that this kind of research could draw causal relationships from the cases due to the fact of the deep examination and focus on each of them. Moreover, the authors stressed on the importance of deciding upon the unit of analysis of such phenomenon. This unit can range from persons to non-human aspects like policies (Lee et al., 1999). Merriam (1998)<sup>9</sup> and Stake (2008) are among the other well-recognized scholars who have written on the method. Merriam (1998) acknowledges that there should be a clear definition of the phenomenon along with the limits and boundaries of studying, stressing on the importance of having a solid ground for a qualitative holistic approach for research. Stake (2000) stated that cases studies are “useful in the study of human affairs because they are down-to-earth and attention holding” (Stake, 2000: 19), asserting that these case studies assist policy makers in broadening their experience. He contended that this methodology appeals readers as it is realistic and reflective on their lives where they can connate. Stake (2000) stressed on the same idea mentioned above by Merriam (1998); that a case has boundaries that offer certain features and impose other limits, where it is the duty of the scholar to work out a coherent and sequential research. Adding to this, he contended that the contexts of the case are essential in drawing clear relationships to make them comprehensible (Stake, 2000: 450). His stands are mainly grounded on the interpretation perspective which a case study can offer in research.

According to Yin, the case study can “contribute uniquely to our knowledge of individual, organizational, social and political phenomenon” (Yin, 1984: 14). He also noted that the case study has boundaries and the findings are limited to the sole

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<sup>9</sup> Merriam focused on the topic of education through a qualitative perspective, mentioning that choosing the case study method to design her research is a means to offer a better understanding of the issue, through carrying out full and inclusive explanation. Throughout her discussions, she contended that the case is “a thing, a single entity, a unit around which there are boundaries” (Merriam, 1998: 27).

case mostly. However, it can still offer extensive reflections and significant general perceptions within certain contexts provided that it has a clear design, data collection techniques and data analysis methods as ways of improving the setbacks of following a case study research method. And even though the case study method is often associated with empirical qualitative designs, it can also depend on quantitative data collection means. It can rely on various data collection mechanisms like observations, interviews, surveys, documents and so on and so forth. This is due to the uniqueness as well as complexity of the case under study, where a wide range of techniques can be used (McCutcheon/ Meredith, 1993; Hartley, 1994; Yin, 2003). In that sense and relying on the case study method, Lee (1999) and Yin (2009) have explained the various steps to be followed when working on this method of research.<sup>10</sup> Lee (1999) argued that in addressing how case studies should be conducted, cases can have longitudinal dimension through establishing a time-series design for the phenomenon to be tracked and analyzed over time, where a base scale can be determined. Yin (2003) contended that a case study can be confined to a single unique case or can include multiple-case studies that are carefully chosen to explore the similarities and differences, then compare the cases to explain a certain phenomenon. This comparison allows better analysis within the cases and across them, giving more strength to the findings rather than relying on a single case.

That being mentioned, this piece of research depends on the case study method to assist in analyzing corruption being a contemporary complex topic. This method helps in explaining and understanding corruption in the sense that it can be followed when faced with limitations of quantitative means while studying complicated social issues that need much observation and thorough examination. It also provides a holistic as well as in-depth analytical approach. In this concern, Yin (2003) made it clear that the main aim of case studies is to reach analytical generalizations rather than statistical ones. This is due to the difficulty of the cases, being more of a humanistic nature. In line with this, Stake (2000) noted that this method is appropriate when the researcher aspires to investigate in-depth, as it gives a clear view of the phenomenon and hence extends knowledge; taking the role of an interpreter. Therefore, the case study provides an appropriate method for this piece of research assisting in understanding the causes of corruption occurs in each of the

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<sup>10</sup> For an extensive discussion on the case-study method; see Yin (2009) and Lee (1999).

fifteen countries throughout the period from 1999 until 2010. In that concern, this research undertakes single longitudinal case studies, followed by multiple case studies, as a cross-national comparison will be carried out to offer explanations regarding the relevant causes of corruption in the MENA region countries attempting to reach generalizations that might be valid for other cases.

**ii. Structured Focused Comparison Method**

In order to have a systematic analysis for the fifteen countries in the MENA region, the method of structured focused comparison is employed to better align the questions addressed, the relevant variables and data for this study across all the cases.

As a starting point, it is worth giving a brief on how this method developed. Approaching the end of World War II, many researchers undertook single case studies in an attempt to assist in theory enrichment and knowledge accumulation. It started with international relations studies, then other case studies were done within the fields of public administration and comparative politics. However, these individual case studies neither helped in theory development nor provided foundation for further comparative analysis to take place. Therefore, these attempts faded away especially as many of the studies had no definite or mutual focus, even though the case studies generally offered good information. Consequently, many studies lost value of their intended objectives of research as they relied on diverse theories, frameworks and different variables, which led to vague outcomes. Later on, political scientists like Van Evera (1997) have recognized the advantages of following this method when conducting qualitative research. And the two studies conducted in international relations by George/ Simons (1971; 1994) and Krepon/ Caldwell (1991) have been often cited as presenting the paradigm of this method (George/ Bennett, 2005). Alexander L. George (1979a; 1979b) has often been cited when viewing this method, since he gave ground for this tool to be employed in studying historical events. His contribution came as there was increased interest in following systematic qualitative methods in research that assists in drawing empirical generalizations Hence, this also presented an attempt to generalize knowledge for policy makers with regards to foreign policy issues. Still, the application of this method on real world events sometimes fell short of offering analytical clarity. Afterwards, Haney (1997) developed the method through

following surveys on the cases to integrate both the structured focused comparison and the large-N analysis.

Moving forward, the method has been clearly elaborated upon by George/Bennett (2005), who begin their chapter with a precise statement on the method: “The method is “structured” in that the researcher writes general questions that reflect the research objective and that these questions are asked of each case under study to guide and standardize data collection, thereby making systematic comparison and cumulation of the findings of the cases possible. The method is “focused” in that it deals only with certain aspects of the historical cases examined. The requirements for structure and focus apply equally to individual cases since they may later be joined by additional cases (George/ Bennett, 2005: 67). To clarify these two characteristics, the method is ‘structured’ based on the logic that the research objective is clear with a set of general questions to standardize the data collection, guide the researcher throughout the analysis of each case, accumulate findings and enable conducting a systematic comparison across the cases. And the method is ‘focused’ as it only studies specific aspects of the cases. This necessitates having a definite theoretical framework along with identifying which data is necessary for the study.

That being said, the method is based on identifying the research problem, the variables to be analyzed and the appropriate cases (multiple cases or different aspects within a single case). It requires developing questions that are standard for all the cases under study, reflecting clearly the objectives of the research and the theoretical focus. The primary goal is to enhance the information acquired and align the cases in order to be able to explain the effect of specific variables. Hence, this method tries to combine qualitative methods of research with systematic analysis, where better findings are reached within large-N studies. Nevertheless, the structured focused comparison method offers a relevant tool in studies that involve in-depth analysis for a small number of cases. It, therefore, combines the logic of this method along with qualitative analysis. Still, the results are not always guaranteed to be clear, as the choice of cases or variables can lead to ambiguous outcomes. Also, in-depth analysis of some cases hinders the alignment and consistency leading to weak findings. This can be due to analyzing intermingled

variables/ factors in a complicated phenomenon, analyzing small-n cases or the absence of appropriate information.

In a nutshell, this piece of research relies on the pillars of the structured focused comparison method to address the causes of corruption across the different countries in the MENA region through following one scheme of analysis throughout the whole study. Thus, this method guides in clarifying the most significant variables and important outcomes across these 15 cases in a systematic analytical perspective.

**iii. The Most Similar Systems Design**

Comparative politics can be conducted through several methods and research designs; the research design is an essential element to determine a relationship between a dependent variable and independent ones. Parts of this research rely on the Most Similar Systems Design in order to better understand the causal relationship between corruption and the different variables (Keman, 2014). Mill's method of comparison presents the basis for the cross comparison between the cases in both, the Gulf and North Africa regions in this study. In relation to Mill's efforts, Adam Przeworski and Henry Teune initiated research designs to assist in selecting the cases for comparative studies, which are the "Most Similar Systems Design" and the "Most Different Systems Design". Both are widely employed in comparative politics to conduct and carry out cross-analysis of different aspects in order to better explain the topic being researched. The two designs are more or less developed on the same line of thought of Mill's Method of Agreement and Method of Difference. To begin with, John Stuart Mill attempted to introduce enhanced means of explaining and understanding the casual relationships between different variables through the "Method of Agreement" and "Method of Difference". The Methods developed by Mill are based on the idea of interpreting the similarities and differences among the cases under study as well as the variables in order to establish a logical causal relationship between the dependent and independent variables. Elaborating on this, on one hand, the Method of Difference works through holding a comparison between cases that differ with regards to the dependent or independent variable, however are similar across other features and variables. On the other hand, the Method of Agreement works the other way around through comparing cases that are similar with regards to the dependent or independent variable but differ on other levels. In this realm, the Most Similar Systems Design focuses on conducting

comparative analysis for similar cases to explain the different outcomes and the variance across the cases, while the Most Different Systems Design looks at very different cases focusing on the similar outcomes for a certain topic or phenomenon across the cases (Peters, 1998; Lim, 2006; Caramani, 2014).

Based on the above explanation, this study depends on the “Most Similar Systems Design” as an initial step for grouping the 15 cases, which presents the basis for this research offering a blueprint for conducting a structured, systematic and comparative analysis for the MENA countries. According to this design, the six Gulf countries and the five North African countries share general common features with regards to their cultural, historical, political and social settings, but still differ and witness variations that is also reflected in their dissimilar corruption levels throughout the years. This indicates that analyzing the different variables in association with corruption within those countries might assist in drawing a better understanding of the causes of this phenomenon among these two sub-regions’ countries. Also, this design is followed to assist in portraying a clear picture of corruption in a comprehensive manner. In addition, the Method of Difference assists primarily in answering the questions addressed in this research, through determining the variation in the causes underlying corruption especially across the Gulf and North African countries.

**iv. Data Collection**

To this end, data collection of this research depends on; first, the indices offered by international institutions like the World Bank, Transparency International, the United Nations, Varieties of Democracy project, Freedom House, Heritage Foundation and Reporters without Borders. In this regard, the Corruption Perception Index by Transparency International presents the baseline for determining corruption levels in the countries under study. This index is principally compiled relying on surveys that seek to record the perceptions of the masses on the levels and degree of corruption in their own countries, aiming to reflect a realistic measure of corruption. Other data sets by the World Bank, UN and V-Dem encompass indicators on which variables are analyzed for each country. It is worth highlighting that the data derived from the indices have not always been accurately measuring the independent variables within this research, however they served as the most adequate and suitable ones among the data sets available.

Second, viewing the constitutions of the countries under study give a primary glance on the scope of authorities of the government, the different rights and duties of the masses and a general guideline on how the system is functioning.

Third, country-specific reports and studies published mainly by international organizations (Polity IV project, Bertelsmann country reports and GAN Business anti-corruption country reports) give concise information on each country, whereas less reliable publications are available on the national levels in the MENA region countries on the topic.

Fourth, expert interviews are conducted for each of the countries under study. These interviews are intended to offer a better understanding of the phenomenon within the society, verify the data, add another perspective to the research and give a deeper and realistic reflection on each country. Therefore, the need for local experts has been vital to offer a country-specific overview on the causes of corruption - since these experts live in the respective country and witness day-to-day incidents of corruption and as a result are aware of corruption intensity in their respective countries. That being said, for each country there were mainly two intensive semi-structured interviews, one conducted with an academic and the other with a public official. It is worth noting that some experts were re-interviewed, and new ones were also interviewed in a later stage in an effort to better analyze some outcomes and/ or get specific information and knowledge when the author lacked access to data. Interviews have been conducted face-to-face and via Skype and are intentionally anonymous due to the sensitivity of the topic facing limitations to be discussed openly in almost all of the countries in the region, especially since many among the interviewees are of high profiles in their respective countries.<sup>11</sup> The total number of

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<sup>11</sup> In this regard, the researcher has attended the ‘First Arab Forum to Incorporate International Standards to fight Corruption in Public Administration’ (under the auspices of the Arab League) held in Cairo in August 2016 and the ‘Second Arab Forum’ on the same topic held in Tunisia in December 2016 discussing the means to fight corruption in the Arab Countries through establishing better functioning institutions and clear regulations. During both Forums interviews have been conducted with experts from Egypt, Lebanon and Tunisia. The interviewees’ profiles were diverse encompassing: university professors, former ministers and high-level officials in their respective countries, advisors to the governments on good governance as well as UN consultants from the region. Another round of interviews was held in Tunisia where activists working in non-governmental organizations focusing on fighting corruption in Tunisia were also interviewed along with professors, ambassadors and public officials from Libya and Jordan. Other interviews have been done over skype with university professors and high-level officials from Yemen, Morocco, Algeria and the Gulf Cooperation Council countries. It is also worth highlighting that conducting interviews with Gulf ‘national’ academics and experts have been challenging due to the sensitivity of this topic. Even the institutions working in this area are governmental, therefore getting in contact with the officials was

interviewees is 37 for the 15 countries under study, where the interviews generally took place during the years 2016 and 2017.<sup>12</sup> It is also worth highlighting that conducting interviews with Gulf ‘national’ academics and experts have been challenging due to the sensitivity of discussing this topic openly. Even the institutions working in this area are affiliated to the government and getting in contact with these officials was not possible. Therefore, meetings were conducted mainly with ‘non-national’ Arab academics and experts who are familiar with the topic since they are living and working in those countries.

Moving forward, the following table highlights a summarized version of the indices and variables relevant for this study, while the operationalization of variables - Annex (1) - presents the detailed analytical framework; demonstrating the specific variables, explanation of each indicator employed in this study, and scale/ index meanings. This operationalization helps in analyzing corruption in each case on a longitudinal basis and later on assists in conducting the systematic comparative analysis for the MENA region countries. In annex (2), each country has a separate table encompassing the data for all the indicators over the period of study (1999 - 2010) and within each case-study in the following chapters graphs are present for the political, economic and development indicators to better reflect on the data and help in analysis.

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not feasible. Therefore, interviews were conducted mainly with ‘non-national’ Arab academics and experts who are familiar with the topic since they are living and working in those countries.

<sup>12</sup> Annex (3) compiles a numbered list of anonymous interviews.

Variable	Index
<b>GENERAL TRENDS</b>	
Level of Corruption	Corruption Perception Index - Transparency International. <sup>13</sup>
	Public Sector Corruption Index - V-Dem. <sup>14</sup>
<b>POLITICAL INDICATORS (Regime Characteristics)</b>	
Democracy Status	Polity IV. <sup>15</sup>
Rule of Law	Equality before the law & individual liberty index - V-Dem.
	Judicial Constraints on the Executive Index - V-Dem.
Political Rights	Freedom in the World - Freedom House. <sup>16</sup>
Press Freedom	Press Freedom Index -Reporters Without Borders. <sup>17</sup>
<b>ECONOMIC INDICATORS</b>	
Quality of Regulations	Regulatory Efficiency - Economic Freedom Index - Heritage Foundation. <sup>18</sup>
	State Ownership of Economy - V-Dem.
Economic Openness	Open Markets - Economic Freedom Index - Heritage Foundation.
	Membership in the World Trade Organization. <sup>19</sup>
Natural Resources Endowments	Total Natural Resources Rents % - World Bank Data -World Bank. <sup>20</sup>
<b>DEVELOPMENT INDICATORS</b>	
Human Development	Human Development Index – UNDP. <sup>21</sup>
Country Classification	Country Classification - World Bank.
Income inequality	GINI index - World Bank Data - World Bank.
Poverty Rates	World Bank Data - World Bank.
Literacy Rates	World Bank Data - World Bank.
Women Empowerment	Percentage of Women in Parliament – World Bank.
	Percentage of Women in Labor Force - World Bank.

<sup>13</sup> Transparency International, available at: <http://www.transparency.org/> (accessed 01/08/18). Note that this scale (0)– (10) has been used until 2011. Afterwards the scale ranged from (0) to (100).

<sup>14</sup> V-Dem., Varieties of Democracy, available at: <http://v-dem.net/en/> (accessed 01/08/18).

<sup>15</sup> Polity IV Project, available at: <http://www.systemicpeace.org/polity/polity4.htm> (accessed 01/08/18).

<sup>16</sup> Freedom House, Freedom in the World Country Ratings, 1972 – 2013, available at: <http://www.freedomhouse.org/sites/default/files/Country%20Ratings%20and%20Status,%201973-2014%20%28FINAL%29.xls> ; <http://www.freedomhouse.org/regions/middle-east-and-north-africa#.VBdkQvmSw00> (accessed 01/08/18).

<sup>17</sup> Reporters without Borders, Press Freedom Index, available at: <http://en.rsf.org/> (accessed 01/08/18).

<sup>18</sup> Heritage Foundation, the index of Economic Freedom, available at: <http://www.heritage.org/index/> (accessed 01/08/18).

<sup>19</sup> World Trade Organization, available at: [www.wto.org](http://www.wto.org) (accessed 01/08/18).

<sup>20</sup> World Bank, World Bank Data, available at: <http://data.worldbank.org/country/> (accessed 01/08/18).

<sup>21</sup> UNDP Human Development Index, available at: <http://hdr.undp.org/en/countries> (accessed 01/08/18).

To elaborate, this table presents the independent variables (discussed in chapter III) relying on data from different international indices that are intended to operationalize the variables in relation to corruption. The data have been derived for the fifteen countries on a longitudinal basis during the years from 1999 until 2010. There have been minor changes over the years for most of the countries concerning the different indicators and data sets, however the longitudinal study helps in reaching some conclusions regarding the positive/ negative relationships between the independent variables and corruption within the countries. It also assisted in giving an overview on the general corruption trends in the countries under study. In that concern, in many cases averages have been calculated compiling the twelve years for the indicators that witnessed less variations during the whole period of study.

To give an in-depth explanation of corruption within the countries, several indicators have been employed to better understand the independent variables in relationship to corruption. The basic indicator to operationalize corruption levels across the countries is the Corruption Perception Index (CPI) measuring the levels of perceived corruption in the fifteen countries. The political indicators include Polity IV to classify the regimes on a scale between full democracy to failed/occupied. The rule of law variable is measured based on two V-Dem indicators, the first is civil liberties measuring to what extent are laws impartial and the equality of citizens before the law. The second is judicial constraints on the executive measuring the judicial independence and how far does the executives respect the law. The political rights variable relies on the Freedom House political rights index, which measures the ability of people to participate actively in the political process within their countries. The freedom of press variable is operationalized through the Reporters Without Borders Press Freedom Index, which measures the extent of freedom that journalists enjoy and how far the governments respect and ensure this freedom. Generally, the political indicators used to operationalize the three variables are reliable to a great extent, reflecting upon the intended aim of the analysis. This, in turn, helped in giving a better outlook on the political circumstances of the countries under study. Nevertheless, the available economic indicators have not been precisely reflecting on the variables under analysis. The quality of regulations variable is measured by

the Heritage Foundation Economic Freedom Index. The index included many indicators, but the most convincing one to measure the quality of regulations has been the component of the 'business freedom' within the 'regulatory efficiency' indicator, which looks at the efficiency of the government in regulating the business sector. The state ownership of the economy index by the V-Dem has been used to give a view on how far the government is controlling the main sectors in the economy, and hence assists in the analysis of economic competition and state intervention within the countries.<sup>22</sup> The economic openness variable relied on the Heritage Foundation Economic Freedom Index and membership in the WTO as indicators to measure openness. The index included 'trade freedom' component in the 'open markets' indicator. This presented the most appropriate to measure openness within a country, looking at the barriers that affect imports and exports of goods and services. And the WTO membership shows the number of years the country has been open to trade and integrated in the international market with clear codes of conduct. The natural resources endowments variable is measured through the total natural resources rents as a percentage of the GDP. This indicator has been the most convenient, yet not accurate enough to reflect on the variable in the analysis.

The development variables included the UNDP Human Development Index and the World Bank country classifications to give an overview on the general status of the countries under study, to be able to better comprehend the societal aspects within each country. Generally, the development indicators relied on the World Bank data to help in the analysis. Income inequality is measured through the GINI index which indicates how far the distribution of income among the masses within a country deviates from being an equal distribution. Poverty rates is measured through the percentage of population living below the national poverty lines. Literacy rates is measured through the percentage of population (ages 15 to 24) who can basically read and write.<sup>23</sup> Women's empowerment is measured through two indicators, one is the percentage of women in the labor force and the other is the proportion of seats held by women in the national parliament. These indicators

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<sup>22</sup> The indicator of 'state ownership of the economy' is not illustrated on a graph as the scores did not change over the years for most of the countries.

<sup>23</sup> Data on 'poverty rates', 'income inequality' and 'literacy rates' are discussed without being displayed on graphs (for many countries), as these are available for only few years in a limited number of countries.

on women's empowerment do not reflect clearly on the variable, but they showed how far women have an active role within the society based on their percentage in the labor force and the parliaments.

It is worth noting, that the data derived from these indices are not always accurately measuring the intended variables, still, the above-mentioned indicators present the most relevant ones to assist in the analysis of the phenomenon. Moreover, the quality and availability of data for the different variables are not the same, and the resources on corruption as a topic has been challenging to be able to reach robust findings in some instances. Therefore, the expert interview and the international organizations reports present assistive means to better comprehend the cases since this study cannot rely exclusively on the data from the different indices due to the complexity of the topic.

v. **Concluding Remarks**

In this regard, from the literature review (chapter III) an analytical framework has been derived as a blueprint for the theoretical framework of this research in order to be able to comprehend and interpret the relationship between corruption as a dependent variable and the other political, economic and social variables, which represent the independent variables (10 variables).

Therefore, the case study method guides in conducting the systematic empirical analysis of the 15 case-studies. Those case-studies are intended to offer a better understanding of the phenomenon of corruption within each country on a longitudinal basis to analyze and interpret the causes of corruption in the MENA region countries. Theses interpretations are then followed by a systematic cross-national comparison across the region in order to arrive at a comprehensive perspective on the causes of corruption within the MENA region. Besides, the study depends on the Method of Difference to classify the case-studies and be able to offer a vivid understanding of corruption and the variables causing its occurrence in the cases under study.

Adding to this, the operationalization of the variables is done relying on the data derived from the different international organizations to be the indicators for the study (World Bank, Transparency International, the United Nations, Varieties of Democracy project, Freedom House, Heritage Foundation and Reporters without Borders). The empirical analysis is deepened through the expert interviews which

allow for more careful and thorough explanations for the causes of corruption in the individual case-studies.

In a nutshell, this empirical research is structured according to the comparative case-study design, relying on the Most Similar Systems Design to systematically conduct the cross-national comparison for the 15 countries in the MENA region.

## Chapter V: The MENA Region – An Overview

As a starting point, a region is basically defined through the geography and culture which exhibit its main characteristics. Nevertheless, the MENA region presents an exception where its countries are outlined differently, depending on the purpose of analysis and/or the political stands in the international community. Generally, it is composed of countries of the League of Arab States,<sup>24</sup> namely: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, North Sudan, South Sudan, Syria, Tunisia, United Arab Emirates and Yemen. Adding to above countries; Iran, Israel and Turkey are also part of the region. Other definitions expand the region to include Pakistan and Afghanistan, in addition to some countries in the Asian continent. However, some restrict the MENA region to encompass only few countries, namely; Egypt, Syria, Palestine, Israel, Lebanon and Jordan (El-Erian/Fischer, 1996; Angrist, 2010; Mckee et al., 2017). The International Monetary Fund (IMF) has several country groupings for the region. These comprise the Middle East, North Africa, Afghanistan and Pakistan (MENAP), the Middle East and North Africa (MENA), the Gulf Cooperation Council (GCC), the Arab World, the Maghreb, the Mashreq, and North Africa.<sup>25</sup> Similarly, the World Bank has the MENA region classification among its geographical scope of work, comprising 19 countries.<sup>26</sup> In this sense, the MENA is not rigidly outlined as a ‘region’, as it includes diverse groups of countries under its umbrella reflecting wide landscapes, with no clear cut static classification of countries. Hence, it is important to provide a clarification for the selection of countries within this research.

For the purpose of this study, the MENA region is confined to encompass 15 Arab countries, namely: Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates and Yemen. The choice of those specific countries is due to the fact that they share

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<sup>24</sup> Available at: [www.lasportal.org](http://www.lasportal.org) (accessed 03/08/18). The United Nations has the same regional group of 22 countries under the title of ‘Arab States’, available at: <http://www.arabstates.undp.org/content/rbas/en/home/regioninfo.html> (accessed 03/02/2019).

<sup>25</sup> The IMF ‘country groups’ is available at: <https://www.imf.org/external/pubs/ft/weo/2018/02/weodata/weoselagr.aspx#a440> and <http://data.imf.org/?sk=4CC54C86-F659-4B16-ABF5-FAB77D52D2E6> (accessed 03/02/19).

<sup>26</sup> The MENA countries are available at: <http://www.worldbank.org/en/region/mena> (accessed 03/02/19).

common features apparent in political, economic and societal characteristics, with high resemblance in certain aspects during the period of study. Generally speaking, the countries located in this region, have similar history and traditions, speak one language and witness a majority of Muslim populations (Ayubi, 1995; Gasiorowski/ Yom, 2017; Goldschmidt/ Al-Marashi, 2018). Other Arab countries are not included in this study since their situations generally do not align with the prevailing patterns and trends in the countries mentioned above, which would not allow for a systematic analysis and comparison.

Moreover, to serve the aim of this research, sub-regions are classified into the Gulf Cooperation Council countries, the North African countries and the Mashreq countries plus Yemen.<sup>27</sup> The key reasoning behind these definite geographical groupings, is that each group exposes similarity relating to the political and/ or socio-economic conditions among its countries. Consequently, this helps in conducting a systematic comparison across each group of countries after the in-depth analysis of corruption in each country within the region.<sup>28</sup>

In light of this, the causes of corruption are studied on a case-by-case basis, to analyze the variables that affect the intensity of corruption in each country over the period from 1999 until 2010. The 15 countries are classified into three groups (each in a chapter). The first group - chapter VI - encompasses the six Gulf Cooperation Council countries (Qatar, UAE, Oman, Bahrain, Kuwait and Saudi

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<sup>27</sup> Yemen presents a stand-alone country in this study for two reasons. On one hand, it belongs geographically to the Gulf region but there is huge difference between the country and the six GCC members' systems, which presents an obstacle to conduct a systematic comparison across the region. Thus, for pragmatic considerations, Yemen is excluded from being analyzed with the first regional group, as it holds a different political and socio-economic profile from the homogenous monarchy GCC member states. As such, Yemen is enlisted under the third group (Mashreq countries and Yemen), exposing few comparable features to the three countries in the region.

On the other hand, it is important not to exclude Yemen from the study, owing to: first, its belonging to the Arab and MENA regions according to the different definitions & literature mentioned in this study. Second, scholars focusing on the MENA region as well as International Organizations' (IMF, TI, UN, World Bank) analyzing and reporting on the region do encompass Yemen. Third, it is crucial to analyze corruption in Yemen prior to the 27<sup>th</sup> of January 2011 uprising in Sanaa to comprehend the scene before the drastic changes that took place in the country. For readings on the MENA region, see: Ayubi (1995); Dalacoura (2012); Gasiorowski/ Yom (2017); Goldschmidt/ Al-Marashi (2018). For details on the issues of the GCC and Yemen, see: Barnett/ Gause (1998); Burke, (2012); Al-Muslimi, (2016). For Yemen's modern history, see: Dresch, (2000); Day (2012).

<sup>28</sup> As mentioned earlier (see Chapter IV), both the Gulf and North Africa regions rely on the Most Similar Systems Design to conduct comparison between their countries, while the Mashreq countries plus Yemen expose variance, hence the last group is not strictly following this design. Adopting the Most Similar Systems Design helps to locate the variation in the causes of corruption among the countries under study, which share similar political and socio-economic features, however they experience different levels of corruption.

Arabia), the second group - chapter VII - focuses on five North African countries (Tunisia, Egypt, Morocco, Algeria and Libya) and the third group - chapter VIII - studies three of the Mashreq countries (Jordan, Syria and Lebanon) plus Yemen. For each group of countries, a brief review is given at the beginning of the chapter, and countries are studied on a case-by-case basis. Then cross-national comparison is conducted across the countries within each regional group, and concluding remarks are highlighted to stand upon the causes of corruption across the countries within each group. In chapter IX, a cross-national comparison is done for all the 15 countries under study, to address the hypotheses and reach generalizations through a systematic comparison. Thus, the analysis of the various independent variables causing corruption in those countries might reach outcomes that have different and varying intensities.

Moving forward and as a basis for this study, the heat map (Figure 1) reflects the different intensities of corruption in the MENA countries. This map is compiled by the researcher based on the Corruption Perception Index rankings for the years under study (1999-2010), where Qatar and UAE present the least corrupt countries followed by Oman, Bahrain, Jordan, Kuwait, Tunisia, Saudi Arabia, Morocco, Egypt, Algeria, Lebanon, Syria, Yemen respectively. It is worth noting that no drastic variations have taken place over the years in those countries' corruption levels.



Figure 1: Map of the MENA Region

In the beginning, it is worth noting that in any region around the globe, geography and culture do not always reflect the extent or potential for integration and cooperation among the countries within that region. In spite of the common features among the countries within the MENA region, less has been

accomplished in terms of integration and cooperation on joint strategies and policies compared to other regions in the world. Several attempts were introduced by the international community after World War II, aiming at encouraging cooperation between the countries of the region. However, these efforts were not very successful, neither on the economic, nor the political level (El-Erian/ Fischer, 1996; McKee et al., 2017). Unlike the different experience of the European Union (EU) and the Association of Southeast Asian Nation (ASEAN) in regional cooperation, the Middle East and North African (MENA) region has not achieved regional integration, even though it is resourceful and enjoys a strategic location. Being privileged with such regional closeness has presented huge opportunities in establishing the basis for cooperation on all political, economic and societal levels. The countries of the region wasted opportunities of economic gains, collective political action as well as achieving non-economic benefits such as security, conflict resolution and even cultural and educational cooperation. For example, but not limited to, political coordination on critical issues, investment benefits, trade facilities especially with their accessibility to the Red Sea, Mediterranean Sea and the Suez Canal, expertise exchange through policy transfer, educational cooperation, tourism, labor movement, political and strategic collaboration besides general encompassing agreements for global public goods; all could have enhanced the links between the region's countries. An important factor which could have facilitated the above-mentioned cooperation, is the common culture and language shared in the region, presenting a facilitator and catalyst for establishing a solid union being the basis for mutual benefit in a multilateral context. And in spite of the establishment of the Arab League and the Gulf Cooperation Council, limited progress and collaboration have been accomplished among those countries in terms of benefiting from being in one region, with clear geographical lines and sharing various mutual interests (Hoekman, 2010).

### **First: Regime Characteristics**

Regarding the shared political aspects in the MENA region, a number of those countries have a colonial history which affected their systems' structures. They have diverse regime structures and non-identical political systems, but all of them - except Lebanon - have been ruled by authoritarian regimes, which sustained power for long periods of time without alteration. Republics in the

region (Algeria, Egypt, Libya, Syria, Tunisia and Yemen) have been headed by strong presidents, most of whom have military backgrounds. They consolidated their powers through the armed forces and a single ruling party, which ensured the insignificant role of opposition parties in the political scene. Similarly, monarchies in the region (Bahrain, Jordan, Kuwait, Morocco, Oman, Qatar, Saudi Arabia and UAE) have sustained their rule using tools which are similar to those used by the presidents; namely controlling the armed forces, distributing benefits among the ruling elite, which by and large consists of members of the royal family, while limiting political participation. In that sense, all the governments of the MENA region have maintained control over the different bureaucratic state institutions, by employing more or less similar methods (Kamrava, 1998; Looney, 2005; Rothstein/ Broms, 2011; Drine, 2012; MacQueen, 2013; Youssef, 2014).

Consequently, the legislative as well as the judicial authorities have been powerless in many incidents, due to the huge powers invested in the executive branch. And even though, some of these authoritarian regimes were compelled to appear more democratic under U.S. pressures with the 9/11 democracy wave, by either introducing elections into their systems or making their existing elections seem open and free compared to previous years; none of those countries can be considered truly democratic. This is well reflected in the absence of political freedoms and political competition due to the illiberal democracy prevailing in the majority of those countries. In addition, the governments in the region have allowed limited liberalization in the political scene, with strong surveillance on political parties and opposition groups (Lust-Okar, 2004; El-Ghobashy, 2010).

Still, the MENA countries varied in their environments of political competition. Some of the countries (Libya, Oman, Qatar, Saudi Arabia, Syria and UAE) have had restricted opposition, where political competition is not allowed. Other countries have had limited acceptance for the opposition to participate in elections, while excluding certain groups from the political scene (Algeria, Bahrain, Egypt, Kuwait, Morocco and Tunisia). Another set of countries have been open for all political groups to compete and take part in elections (Lebanon, Jordan and Yemen), with the exception of both Jordan and Yemen. These last two countries only allow competition for legislative elections, while the head of the state cannot be voted out of office and is not subject to competition (Lust-Okar, 2004; El-

Ghobashy, 2010). Therefore, based on this general overview, it can be said that the MENA countries have witnessed political inequality and constrained political participation.

An integral dimension of these illiberal democratic regimes is an inactive civil society, or at times a civil society which is active in certain areas, and do not challenge the stability of the regimes' in question. Furthermore, civil society, labor unions and associations have had inadequate autonomy to act and influence the political or economic decisions of the government, because they have been mostly constrained by the state powers; embodied in legal boundaries or actual harassment of their activities by the regime (Carapico, 2010). In fact, freedom of expression also falls in this part, as it is considered to be a major factor through which the civil society can be mobilized towards any chances of change. In this regard, most of the MENA countries have failed to achieve freedom of press, since their governments harshly oppressed any views critical to their performance. In line with this, the governments of most of these regimes were not accountable to their masses who were - and still are - to a great extent oppressed and have experienced years of static governmental structures.

To link that with corruption, the inherited set of policies and measures have been largely outdated and incompetent, and they are far from being corruption-oriented ones, since good governance over the different levels of the administration in many of the MENA countries has been nonexistent. Therefore, the possibility of hosting corruption with its persistence to gain more roots, remained high in most of the countries in the region, and it was paralleled with the absence of any democratic characteristics which could have empowered the masses (Kamrava, 1998; Looney, 2005; Rothstein/ Broms, 2011; Drine, 2012; MacQueen, 2013; Youssef, 2014).

### **Second: Role of Government in the Economy**

Looking at the shared economic dimensions of the MENA region countries, the regimes in the region have maintained their overall centralized powers, by relying on economic policies, which sustained huge privileges for the rulers and their supporters. In that sense, the countries' economies have been planned and run by the nondemocratic leaders, who had clear self-interests in gaining benefits from the economic activities within their respective countries. In

this regard, most of the economic sectors in the region were controlled by the ruling elites, who have gained the most from the resources, investments and economic activities in many sectors, particularly because monopolies and unfair economic practices prevailed among almost all the countries in the region with varying intensities. Furthermore, many of these countries' governments have also witnessed the absence of efficient institutions and mechanisms which can appropriately exploit their natural and human resources. This has in turn meant that these resources have been wasted. Adding to this, even though most of the MENA region countries are wealthy in resources, many of its countries have been relying heavily on development aid. The region is generally considered among the ones receiving the highest allocations of aid, thus being a highly aid-dependent region (Rivlin, 2009). This is due to the governments' inability to establish well-functioning institutions which can manage their resources properly and allocate them fairly among the masses.

In addition, the MENA countries have gone through similar periods of economic growth and stagnation. The majority of the MENA region consists of developing countries which face obstacles that delay their growth, and they are incapable of maintaining a significant role in the globalized economy - except for the petro-states, which affect the global arena mainly because of their oil wealth. With regards to openness to the world economy, many countries in the region have negotiated trade agreements, mainly with the U.S. and the E.U., in order to become active participants in the global market. However, this has had different - but limited - outcomes among the countries of the region. In line with that, the majority of the MENA countries are members of the WTO, while a few still have the observers' status or are in the accession phase (Algeria, Libya, Syria and Lebanon). In relation to this, the integration of the MENA countries in the international economy has been impacted by the assistance of international institutions and donors, where some countries have been urged to develop their economic and financial policies following the Washington Consensus (Morocco and Tunisia), while other countries have shown resistance to such reforms sustaining their economic structures and financial institutions (Egypt and Syria). Still, the oil exporting countries have benefited much from their integration in the world economy, primarily due to their oil wealth (Hoekman, 2010; Moore, 2010;

Gause III, 2010; Kaufmann/ Fellow, 2011; MacQueen, 2013; Emara/ Jhonsa, 2014).

In a nutshell, the region's openness to the international world, being members of international agencies, having had the chance to sign different UN Conventions and committing to international cooperation agreements, has not been clearly reflected on the ground in many countries of the MENA region. Those steps in opening up the economies within these countries have been more or less to validate their behaviors to be on the international officially accepted norms, while realistically speaking many have been far from being economically open and competitive (Hoekman, 2010; Moore, 2010; Gause III, 2010; Kaufmann/ Fellow, 2011; MacQueen, 2013; Emara/ Jhonsa, 2014).

### **Third: Development & the Society**

As for the development aspects in the MENA region, the countries have generally been improving over the years in terms of services provision, yet they have witnessed different human development rankings, due to their diverse economic and social circumstances. Still, most of the region's countries have enjoyed high literacy rates, but with varying qualities of education systems in place. Regarding the gaps among the population in the region, income inequality and poverty rates have had an average of 30% among the countries where data is available, with Yemen being the poorest country in the MENA region. This has given rise to the spread of petty corruption among the lowest levels in bureaucracies, within those countries which have witnessed high poverty rates and income inequality. Linked to this, there is wide acceptance for bribery in some countries, mainly in North Africa and the Mashreq regions, as it is not perceived as an unethical act in most of the cases. It even takes place as a daily routine for those low-level civil servants, with the excuse that it is a means to fulfill their financial obligations, since they are underpaid as public servants. It is worth highlighting here that nepotism and favoritism are wide spread among all the countries in the MENA region, and both are not considered corrupt acts by the societies of those countries. In this sense, it is normal to offer certain privileges

and benefits to your close circle of family, friends, tribe, party or whoever is affiliated to the person in power.<sup>29</sup>

In this regard, it is important to note that there is lack of data on poverty rates and income inequality among the petro-states (the Gulf Cooperation Council countries, Libya and Algeria), but inequality is prevalent in another dimension; namely how the populations of all these countries constitute a majority of noncitizen expatriates who have borne the brunt of economically developing the respective countries; by being involved in the whole processes of growth. These expatriates are less privileged, receive lower wages than the citizens and have less state services and benefits generally compared to the citizens. They also have no capacities to voice their demands and rights in those countries. That being said, the Gulf Cooperation Council countries enjoy the highest GDP per capita among the countries of the region, where Qatar had - and still enjoys - the highest GDP per capita, whereas Yemen and Syria have had the lowest GDP per capita within the MENA region.

Moving to societal circumstances in these countries, the common features are evident in the Arabic language being the mother tongue, majority of Muslim populations and an inherited culture of passive obedience. This acceptance of the leaders for who they are, not being able to question them and hold them - in most cases - accountable, have eased having ground for grand corruption. This culture has not only rooted obedience of the people, but also submissive political attitudes of the masses, as noted by all experts during the interviews conducted for this research.

While Arabic is the mother tongue of almost all the peoples in the MENA region countries, being the dominant and official language in all the constitutions in the region; some other languages exist. Berber is a popular language for North African countries (Libya, Tunisia, Morocco and Algeria) and it has different dialects. Also, Kurds are present in Syria, and they identify themselves differently in their societies, by having another ethnic affiliation along with another dialect. Despite this, the MENA region presents a homogenous one in that aspect, and the governments in the region have reiterated on their Arab identity, in spite of the

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<sup>29</sup> This is based on the BTI reports for the countries, expert interviews and the researcher's own insights regarding the region.

existence of identities which have voiced many demands on different levels (Hudson, 1977; Patel, 2010).

In addition, Islam plays a central role in managing the daily lives of the masses among the majority of the MENA region countries, and it is the most accepted slogan to achieve the goals of the countries' regimes. In fact, most countries in the region define themselves as religious since Islam is mentioned in their constitutions. They embrace an Islamic identity and many of the governments have derived their legitimacy partially on a 'religious basis'. To elaborate, some countries establish their rule claiming direct descent from the Prophet (Jordan, Morocco, Saudi Arabia, Bahrain, UAE, Oman and Kuwait), other countries have mentioned in their constitutions that Islam is the official state religion, entailing the head of the state to be a Muslim and that Shari'a is the source of laws (Egypt, Yemen, Syria, Libya, Algeria and Tunisia). Still, Christians are present in the region constituting a high percentage of the population in Lebanon, and a minority in Egypt, Jordan and Syria. Their numbers have even increased due to the Gulf region's high reliance on foreign labor in their societies (Hudson, 1977; Schwedler, 2010).

Looking at another dimension, women are less empowered compared to men in the MENA region, due to the persistence of traditional and cultural aspects of male dominance, except for Tunisia which has been a more open country with regards to women's rights and political empowerment. Even though the MENA region countries have taken progressive steps towards substantial reforms to allow women to have an active role in society, still much effort is needed to realize higher gender equality across all the countries within the region. Developments have been obvious in the basic education of girls during the past two decades, yet the region ranked very low in the 2006 Global Gender Gap Report.<sup>30</sup> In relation to that, minorities in most of the MENA region countries are discriminated against in many aspects of the political and socio-economic scenes.<sup>31</sup>

The following chapters address particularly the causes of corruption in each group of countries in the MENA region. Chapter VI addresses the six Gulf

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<sup>30</sup> The report analyzed the gap between men and women with regards to economic, political and social criteria. Available at: <http://reports.weforum.org/the-global-gender-gap-report-2006-info/> (accessed 03/08/18).

<sup>31</sup> This aspect is discussed in more detail within each of the case-studies.

Cooperation Countries (Qatar, UAE, Oman, Kuwait, Bahrain and Saudi Arabia). Chapter VII focuses on five North African countries (Tunisia, Morocco, Egypt, Algeria and Libya). Chapter VIII analyzes three of the Mashreq countries (Jordan, Syria and Lebanon) and Yemen. At the beginning of each chapter, a brief review is given for each group of countries highlighting the common features within the specific sub-region. Then countries are analyzed individually on a case-by-case basis over the period of study (1999 - 2010), through the structured focused comparison method in order to follow a systematic analysis for the 15 countries. And a cross-national comparison on the causes of corruption is conducted for each of the sub-regions along with giving a concluding summary and remarks. Afterwards, chapter IX conducts the cross-national comparison among all the 15 countries in order to address the 10 hypotheses of the study to reach findings on the causes of corruption in the MENA region.

## Chapter VI: Causes of Corruption in the Gulf Region



Figure 2: Map of the Gulf Region

The Gulf countries do not only share the same geographical location, but they also share several political and socio-economics features. This group is composed of 6 countries in the region: Qatar, UAE, Oman, Kuwait, Bahrain and Saudi Arabia. They are generally scoring better - with regards to their corruption levels - than the rest of the MENA region countries over the period of study (1999 - 2010). Qatar and the United Arab Emirates are the cleanest among the six Gulf countries followed by Oman, Bahrain, Kuwait then Saudi Arabia respectively.<sup>32</sup> In addition, the Gulf countries have very similar political features since they are all traditional hereditary patriarchal monarchies. In each of those countries, one family has been ruling since their independence, with no political competition or elections for the rulers. In this regard, members of the ruling family and the major tribes are appointed to all the high-level positions in these countries, presenting the main actors in the political and economic scenes. To guarantee the ruling families' legitimacy and authority; interests of the big tribes and families in each of those countries are always taken into consideration in the policy making process, by reaching consensus on critical governmental decisions. This gives room for nepotism and favoritism to flourish in the political decision-making process, where the interests of the ruling elite and its close circles are highly preserved and ensured. There are limited channels for political participation of the citizens which

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<sup>32</sup> This is based on the researcher's compiled data on corruption relying on the CPI for the years under study. Available at: <https://www.transparency.org/research/cpi> (accessed 03/08/18).

is done through traditional means,<sup>33</sup> high restrictions are imposed on civil freedoms, and political parties are banned in all the Gulf countries, whereas in Kuwait and Bahrain they informally exist. In close nexus to this, it is worth mentioning that these countries are defined according to many scholars as ‘rentier states’<sup>34</sup> since their richness in natural endowments has offered a substitute for democracy. In a nutshell, those countries enjoy relatively high levels of economic and human development along with well-established infrastructure. The significant oil resources are responsive to the people’s economic demands, where there are no income taxes and the peoples of those countries are satisfied with the state benefits offered to them and the secured jobs in the public sector. In return, the ruling families strengthen their authority, secure their rule and hinder any chances for democratic development where the masses are politically passive; they are not interested in nor do have the freedom to voice their demands and influence their governments’ decisions. Consequently, the Gulf regimes are categorized as ‘autocratic’ (scoring between -10 to -7) according to Polity IV and ranked ‘Not Free’ according to the political rights index of Freedom House, while only Kuwait is categorized as ‘Partially Free’ for the years under study (see annex 2).

Concerning their economic statuses, the most significant aspect is that those countries enjoy richness in natural resources. Therefore, in 1981 the Gulf Cooperation Council was established with the primary task to enhance their coordination in economic aspects, besides ensuring political and cultural cooperation.<sup>35</sup> Regarding trade, the six countries are members in the WTO and are open to international trade due to their wealth in natural resources since almost all of them rely on their exports of oil as a main source of income for the government. In that realm, oil and gas sectors are under full state control with clear government monopoly, and the ruling families along with the big tribes in the Gulf region, have significant roles and shares in the different economic activities. Related to this, grand corruption is evident in the economic sector being a common conduct among all the countries. It is especially evident in the administrative decisions

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<sup>33</sup> The traditional means are gatherings for intellectual exchange about public affairs. It is called ‘diwaniyya’ or ‘majilis’ standing for the gathering in a house to exchange on civic matters, which is considered a cultural institution taking place instead of the formal organizations of parties. For further details, see: (Segal, 2012; Chay, 2016; Weiner, 2016).

<sup>34</sup> For details on ‘rentier states’, see: (Beblawi, 1987).

<sup>35</sup> GCC website available at: <http://www.gcc-sg.org/en-us/Pages/default.aspx> (accessed 03/08/18).

related to the market activities of the procurement processes in the business sector, where favoritism and preferential treatments are widespread, due to the fact that the ruling families directly or indirectly own industries and companies taking part in the public contracting processes.<sup>36</sup>

Regarding the development status of this region, the six Gulf countries have been among the high-income countries in 2010. The citizens enjoy considerable services in every aspect in life, where many among them have considerably good quality of education and literacy rates are higher than 95% in the region. The Gulf region has the highest GDP per capita compared to the rest of the MENA region countries, due to their oil richness and the limited population in its countries which have mainly been relying on foreign workers in almost all sectors. The data for poverty rates and income inequality is absent for all the six Gulf countries, which has made analysis rely mainly on the available research, information as well as the expert interviews. Still, social inequality takes place in those societies of the Gulf countries when looking at the population composition within those countries. The non-nationals generally make up more than 50% of the population in those countries, yet they lack any legal rights like those of the citizens. The ‘nationals’ in the six countries have the right to get a job in the public sector and their finances are secured by the government over all aspects relying on their countries’ wealth, which in effect contributes to the high income of those citizens who do not need to get involved into illegal acts of bribery or the like. And for the non-citizens they do not enjoy social benefits compared to the citizens. They also – by and large - refrain from conducting any unethical corrupt acts, so that they do not face the risk of deportation and losing their jobs. Therefore, petty corruption is not rampant in the Gulf region compared to grand corruption.<sup>37</sup>

On a general note, patronage is widespread, and it is especially obvious within the high levels in the society across the Gulf region countries. The appointments of family members in the government and state-run institutions is a normal trend in those regimes, where preferential treatments and considerations

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<sup>36</sup> This has been iterated during the expert interviews and it clearly stated in the GAN Integrity Reports on corruption in those countries. Available at: <https://www.business-anti-corruption.com/country-profiles/> (accessed 03/08/18).

<sup>37</sup> This has been stated during all the Gulf expert interviews, however, in Oman and Saudi Arabia petty corruption takes place, still it is not widespread.

for tribal connections determine the cabinet profiles, rather than proficiency and professionalism. This wide acceptance for favoritism and nepotism is due to the excessive traditional reliance on tribal ties in running the country's affairs, where tribes are an integral part of the Gulf societies, and hence preferential treatments are not viewed as unethical.

Even though the Gulf monarchies expose high resemblances - being nondemocratic regimes lacking political competition, the ruling families enjoy monopoly access to and allocation of their natural resources revenues, and generally high human development rankings - yet there are some variances among their policies and individual settings. That's why each of the Gulf countries has witnessed different levels of corruption, hence, the following sections provide in-depth systematic case-study analysis of the causes of corruption for each of the six Gulf region countries (Qatar, UAE, Oman, Kuwait, Bahrain and Saudi Arabia).

## Qatar

### ❖ Regime Characteristics

Qatar has declared independence in 1971 becoming a modern state under an absolute hereditary authoritarian monarchy of Al Thani family. The family has ruled the country for decades, historically controlling the state institutions and drawing the boundaries within the country based on tribal territories. Sheikh Hamad bin Khalifa Al Thani deposed his father in a bloodless coup d'état in 1995 and sustained his rule for 18 years until his son Emir Tamim took over the reign in 2013 (Fromherz, 2012; Yom/ Gause III, 2012; Henderson, 2013).

In 1999, Hamad arranged a constitutional committee to draft a new permanent constitution and the country issued its first written constitution in 2004<sup>38</sup> after a popular referendum which accepted the constitution with an overwhelming majority (96.6%). The constitution has introduced a partially elected unicameral parliament, establishing a power sharing system between the three branches of the government, but still reserved ultimate powers to the Emir. It has formalized several basic rights for citizens like guaranteeing freedom of assembly, expression and religion, along with other matters (Herb, 2002; Crystal, 2011; Barany, 2013). In Qatar, the Emir enjoys extensive supremacies, having absolute power in governing the economy, directing domestic and foreign policies. The authority in the country is based on a combination of traditional tribal codes and modern bureaucratic institutions. Hence, the Emir needs to secure his authority through gaining the trust of the ruling family Al Thani as well as other big families and tribes in the country (Rathmell/ Schulze, 2000; Kamrava, 2009).

The powers articulated for the Emir according to the constitution are plenty (Qatar Constitution, 2004: article 67). Among which are: formulating the general direction of the country supported by the Cabinet, issuing and ratifying laws, appointing the Cabinet ministers, appointing civil and military officials and terminating their services, pardoning prisoners and reducing their sentences. The Emir distributes power in a top-down manner, where he appoints Al Thani family

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<sup>38</sup> Qatar Constitution 2004, available at: [http://portal.www.gov.qa/wps/portal!/ut/p/a0/04\\_Sj9CPyKssy0xPLMnMz0vMAfGjzOIt\\_S2cDS0sDNwtQgKcDTyNfAOcLD3cDdw9zfWUDU\\_P0C7IdFQH4oXys/?searchText=constitution](http://portal.www.gov.qa/wps/portal!/ut/p/a0/04_Sj9CPyKssy0xPLMnMz0vMAfGjzOIt_S2cDS0sDNwtQgKcDTyNfAOcLD3cDdw9zfWUDU_P0C7IdFQH4oXys/?searchText=constitution) (accessed 03/08/18).

members, big families and tribal figures in official key positions, civil service and private companies. With regards to the Cabinet of ministers, it has an assistive role to the Emir, executing the policies and plans already decided by him. As for the legislative authority, Al-Shura Council is a unicameral body with a consultative function. It is entitled to approve the national budget, draft, discuss and propose bills for the Emir's endorsement and monitor the performance of the Cabinet. Two thirds of its members are elected through a direct general ballot, while the rest are appointed by the Emir (Qatar Constitution, 2004: article 77). Nevertheless, the Council presents a weak body that lacks power to practice any of the real legislative authorities (Ehteshami/ Wright, 2007; Fromherz, 2012). As for the judicial authority, the constitution guarantees its independence (Qatar Constitution, 2004: articles 124,129-131) and despite the judicial system generally is perceived as efficient, this is controversial due to the following aspects. The Emir appoints the judges after consultation with the Supreme Judiciary Council and can renew their terms without restrictions or limitations. The judicial authority is subject to the executive control since the Emir issues and ratifies laws and decrees. Besides, there is vulnerability of deportation of non-citizen judges, and it is well acknowledged that cases against Qatari citizens are often settled outside the court halls, without being sentenced. And even though the Emir and his cabinet are officially subject to the judicial jurisdiction, but in reality, it is unlikely that a case is filed against the Emir, his family, or a member of the Cabinet (Rathmell/ Schulz, 2000; Crystal, 2011; US Department of State, 2011). For example, even though the constitution clearly states that the ministers should not exploit their official positions to achieve their personal interests or interests of people who have relations to them (Qatar Constitution, 2004: article 128), it is doubtful how far this is implemented when it comes to questioning high-level officials (BTI: Qatar, 2010). This is due to the reality that cases involving persons who are linked to the elite rarely make it to courts where networks dominate the society - as highlighted during the expert interview (A1).<sup>39</sup>

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<sup>39</sup> For example, in 2002, there was an investigation against the Foreign Minister being accused of accepting illegal payment from a British Defense Company, but the investigation was abandoned. Though Qatar institutions engage in practices of accountability, still they lack transparent infrastructures as many official reports are not made public. In 2007 the National Committee for Accountability and Transparency was established, then Qatar launched a National Strategy for Integrity and Transparency in 2008 that focused on establishing processes for investigating and

That being said, even though there is clear stability in the political institutions, there is no functioning system of checks and balances in the political scene in Qatar. The legislative and judicial authorities have no powers to check or balance the powers invested in the Emir's hand and his close circles, who are governing the country allowing the legislative body to practice only a consulting function and the elections remained on hold for a decade. Hence the political institutions in Qatar cannot be considered representative or liberal, where the distribution and practice of authority in Qatar is constant, and the ruling family has faced no challengers.

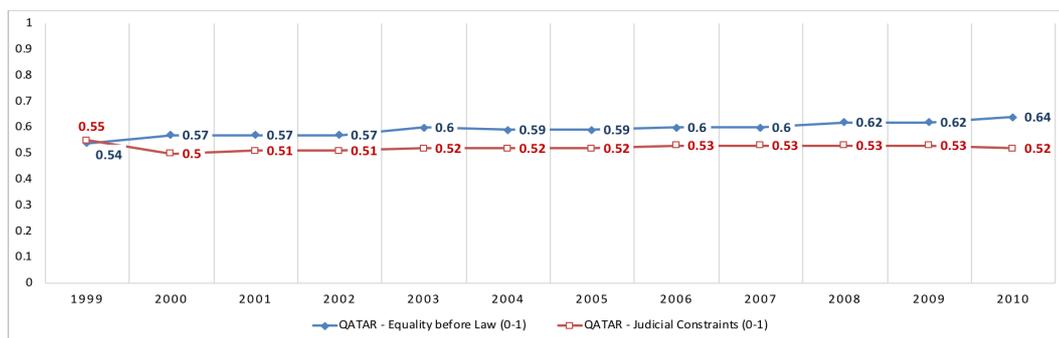


Figure 3: Rule of Law in Qatar

Looking at the regime characteristics indicators, Qatar is categorized as an ‘autocracy’ according to Polity IV scoring (-10) throughout the whole period of analysis which goes in line with the above review on power centralization in the hands of the Emir and his close circles. However, the country is scoring fairly good on the V-Dem indicators of judicial constraints on the executive as well as equality of citizens before law. The earlier is averaging (0.52) and the later (0.59) for the years under study, with no vivid variation. Looking at these indicators and reflecting on the rule of law variable, the negative relationship between rule of law

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fighting corruption and raising the awareness of it. Also, Qatar signed the UN convention against Corruption in 2005 ratifying it in 2007 and hosted the “Corruption-free Asia Conference” in 2008 to foster transparency and accountability demonstrating the country’s official commitment to fight corruption.

As for laws on corruption, the Qatari Penal Code (No.11/2004) criminalizes bribery, extortion and abuse of power, but there is lack of a clear legal framework on the issue of reporting on corrupt acts, there are no laws to protect the whistleblowers, no watchdogs and non-governmental efforts in fighting corruption are illegal, where Law 12 in 2004 illegalized addressing corruption in any of the civil society activities.

Qatari Penal Code, available at:

[http://Gulfmigration.eu/database/legal\\_module/Qatar/National%20Legal%20Framework/Anti-trafficking/2.2%20Penal%20Code%2011%202004\\_EN.pdf](http://Gulfmigration.eu/database/legal_module/Qatar/National%20Legal%20Framework/Anti-trafficking/2.2%20Penal%20Code%2011%202004_EN.pdf). (accessed 03/08/18).

Law 12, 2004, available at:

[http://www.icnl.org/research/library/files/Qatar/7\\_Qatar\\_PrivAssoc\\_2004.pdf](http://www.icnl.org/research/library/files/Qatar/7_Qatar_PrivAssoc_2004.pdf). (accessed 03/08/18)

and the levels of corruption is clear relying on the data derived from the V-Dem Indices for Qatar indicating the regime is functioning well in that aspect, even though it is an autocracy, lacking any democratic characteristics, and political competition with the absence of elections and power is sustained in the hands of the Emir.

Regarding freedom of association and assembly in Qatar, there are high restrictions on civil rights and political freedoms in the country. Political parties are banned, where there is no appropriate channel for the masses to voice their demands. And it was not until 2004 when the government issued a labor law allowing citizens to organize trade unions and engage in collective activities (among which is the right to strike). Individuals are only allowed to organize public events and demonstrations after getting the government's approval and they cannot express views on certain topics like the Emir or his family's legitimacy. As for the civil society and interest groups, both are underdeveloped and almost completely under the regime's control. There are no grass root initiatives, and these entities are almost established through governmental or quasi-governmental institutions. For example, the government established a Human Rights Department in 2005 to address human trafficking issues and support the general reform policies related to human rights. Also, the Qatar Foundation<sup>40</sup> is affiliated to the ruling family being one of the world's richest non-governmental organizations; working on improving education, women and children conditions and the elderly. Moreover, establishing an NGO faces many barriers, such as being costly and burdened with many red tape policies. In addition, the Qatari citizens mostly lack interest in political or social engagement because many are associated with Al Thani family, while others profit from the country's wealth, not willing to take any part in the political scene (Johnston, 2005; Blanchard, 2008; The Economist, 2010; Gengler/ Tessler, 2011; Crystal, 2011; Fromherz, 2012).

Reflecting on this, Qatar sustained a score of (6) being ranked as 'Not Free' according to the political rights index of Freedom House. This is clear as political parties are banned and any political, professional or civic participation in the society is highly restricted. Therefore, political rights are hindered in Qatar, but this does not reflect clearly a relationship with corruption, as there is no change in

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<sup>40</sup> Qatar Foundation, available at: <https://www.qf.org.qa> (accessed 03/08/18).

the score of political rights. Still, this might indicate that corruption can be affiliated to the high-level officials who deprive the citizens to voice their rights openly and practice limitations on their engagement in politics and the society. This has been iterated upon during an expert interview (A1) with a non-citizen legal advisor to the Qatari government.

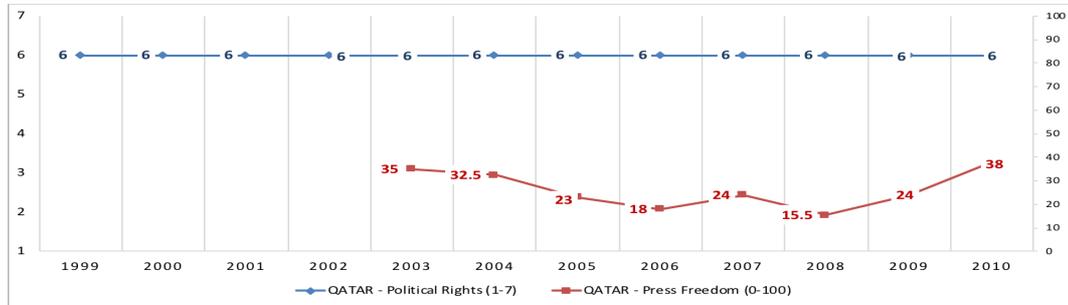


Figure 4: Regime Characteristics in Qatar

As for press freedom and media, the freedom of expression is guaranteed by the constitution (Qatar Constitution, 2004), however the local Qatari media has maintained practicing ‘self-censorship’ when addressing government affairs, the ruling family or religion. Moreover, in 2002, the media law mentioned that ‘criticizing friendly governments’ could be punished. Nevertheless, Qatar has progressed after Sheikh Hamad took office in 1995, abolishing the country’s Ministry of Information and supporting the launch of Al-Jazeera broadcasting channel.<sup>41</sup> As for newspapers in Qatar, there are several daily ones, not owned by the government, but by members of the ruling family or within their circle. International newspapers, magazines as well as Internet contents in the country are subject to censorship especially on issues related to politics or religion. Thus, the regime doesn’t face criticism by any means (Crystal, 2011; US Department of State, 2011; Barany, 2013).

Reflecting on freedom of press, Qatar scored an average of (26) doing fairly better than most of the MENA region countries under study. The country has witnessed varying levels of press freedom according to the Press Freedom Index, which does not correspond to its corruption levels. In that sense, it is worth mentioning that even though there are clear limitations on freedom of expression, the country is scoring fairly good compared to those restrictions. This gives an impression that

<sup>41</sup> This channel presented an exceptional step forward for the Arab broadcasting in the whole region permitting criticism and discussing sensitive political, social and economic matters - apart from Qatari domestic issues. Available at: <http://www.aljazeera.com> (accessed 03/08/18).

the lack of interest among the masses - including journalists - in the political scene is clear, as they refrain from criticizing the regime which can lead to encountering troubles with the political elite. Therefore, freedom of press doesn't relate clearly to corruption in Qatar as the regime practices huge controls over the people's freedom of expression; limiting any criticism.

The political scene in Qatar presents mixture of a nondemocratic regime, absent political parties and lack of freedom of association and expression, but a well-functioning judicial authority. This implies that the relationship between the three variables of regime characteristics and corruption is controversial. The first hypothesis concerning rule of law in Qatar shows a strong negative relationship between rule of law and corruption. The second hypothesis on political rights indicates an unclear causal relationship between political rights and corruption. The same applies to the third hypothesis on the freedom of expression, which does not reflect a clear relationship between press freedom and corruption levels, where the alteration in press freedom scores in the country doesn't correspond to the minor variation in the levels of corruption. Still, both political rights and freedom of press present catalysts for political corruption to take place in the country since the regime deprives its masses to actively engage in the political process and express their opinions openly.

#### ❖ Economic Status

During Sheikh Hamad's rule, Qatar's economy has been presenting strong economic performance, with increasing economic growth rates reaching 19.5% in 2010 and its GDP per capita being among the highest worldwide. The Emir has implemented many reforms, related to opening up the economy, facilitating doing business, competition as well as liberalizing trade. These included simplifying government bureaucratic procedures, offering clear access to information on regulations about business conduct, applying efficient custom procedures on imports and exports, removing restrictions on overseas profit transfer, new laws on real estate property along with other procedural reforms to ease conducting business and increase investments.<sup>42</sup> Regarding taxes, Qatari citizens are exempted

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<sup>42</sup> Detailed regulations are available at the website of the Qatari Ministry of Economy and Commerce: <http://www.mec.gov.qa/en/services/Services%20and%20Forms/Other-Service/Pages/LawsAndRegulation.aspx> (accessed 03/08/18).

from income and corporate taxes, and private company taxes are among the lowest internationally. This resulted in Qatar's improvement in the international indices' rankings, as both, the Global Competitiveness Index and the World Economic Forum ranked Qatar among the well-performing economies worldwide (Berrebi et al., 2009; Hvidt, 2011).

The country is rich in natural resources possessing the world's third largest gas reserves. The economy relies mainly on the production of oil and gas, and the state owns Qatar Petroleum Company which is in charge of the whole oil and gas production process in the country. There is lack of a legal framework governing this sector and high secrecy is practiced regarding contracts with other private companies. The data on revenues from this sector, its management, besides the monitoring and oversight mechanisms are nonexistent (Crystal, 2011). Looking at the natural resources rents in Qatar, the rents has been decreasing over the years showing fluctuating data ranging from (30%) to (17%,) but this has no correspondence to the levels of corruption over the years. Therefore, natural resources endowments have no direct or clear effect on the intensity of corruption in the country.

Despite the impressive economic growth and the encouragement of privatization, the WTO's 2005 report on Qatar states that there is a lack of competition law and the market still needs more openness and conformity with the WTO requirements.<sup>43</sup> In addition, even though investments are welcomed in Qatar, the mixture of public and private ownership of the ruling family in the country remains questionable after all the reforms carried out in liberalizing the economy. The biggest companies are mostly state-owned enjoying monopolistic advantages.<sup>44</sup> It can be said that throughout the period of this study, the state has been involved in the private sector and the management of the whole business environment through the ruling family and the big tribes. This is besides the lack

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<sup>43</sup> Available at: [https://www.wto.org/english/tratop\\_e/tpr\\_e/tp244\\_e.htm](https://www.wto.org/english/tratop_e/tpr_e/tp244_e.htm) (accessed 03/08/18)

<sup>44</sup> Al Thani family is highly involved in the business sector holding key positions in the big companies, where the chairman of the Qatar Petroleum is the Minister of Energy who has also been the board of directors of the Qatar Investment Authority that is in charge of domestic and foreign investments. And it is worth noting that the tribes benefited from the reform process by getting high positions in most of the big companies, to secure their loyalty to the regime. Adding to this, foreign investments in the market has been requiring a local partner in most of the sectors - except tourism, education and health care - in which the government has opened up those ones for foreign access and engagement in the business (North/ Weingast, 1989; Gause, 1994; Peterson, 2009; Crystal, 2011; Fromherz, 2012).

of clear information over the budget and its different allocations as the informal networks overshadow regulations. The public procurement process lacks transparency, where corporates generally complain about the process in the country as they face corruption risks in terms of preferential treatments and reliance on connections to take part in big public procurement tenders. The 2009 Global Integrity report mentioned that “public officials are not subject to financial disclosure laws and the State Audit Bureau is not mandated to audit the assets of these officials”.<sup>45</sup> However, there is nothing reported on bribes or illegal payments on matters like contracting and licensing. This is mainly due to the high-income levels of the civil servants which was also assured during an expert interview (A2) - who has been part of the public sector for the past 30 years - iterating that petty corruption is not common in the country because simply the citizens and non-citizens are financially satisfied. Therefore, they do not need to engage in any illegal act (Crystal, 2004).

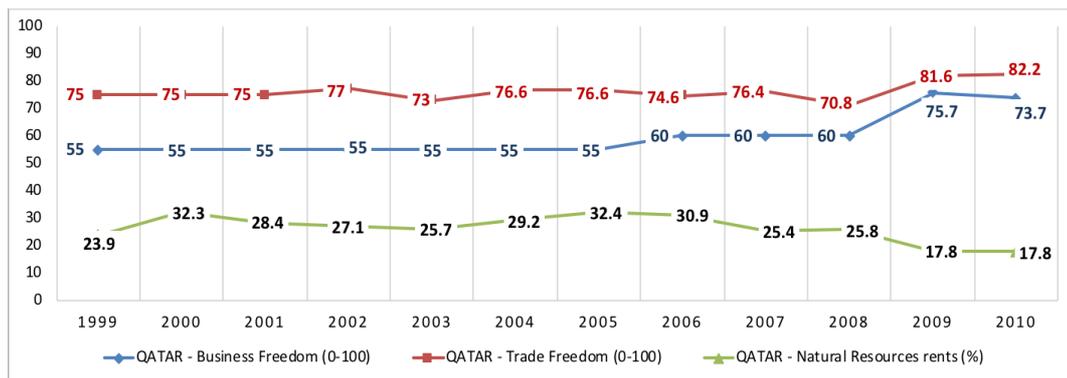


Figure 5: Economic Status in Qatar

Reflecting on this, Qatar has not developed a proper free market since there is lack of competition legislation and vivid hegemony of the ruling elite on the economic activities, with strong influence in the oil and gas management. This is clearly reflected in the state ownership of the economy indicator in the V-Dem index, where the country scores (1.94) for almost all the years under study, demonstrating that the Qatari regime controls many sectors in the economy directly or indirectly, while some are relatively free of state ownership. Still, the country has scored higher over the years of study in the business freedom indicator, showing that better regulations are implemented as in 1999 the country

<sup>45</sup> Global Integrity Report 2009, Qatar. Available at: <https://www.globalintegrity.org/research/reports/global-integrity-report/global-integrity-report-2009/gir-scorecard-2009-qatar/> (accessed 03/08/18).

scored (55) and has improved reaching (73.7) in 2010. This goes in line with the corruption levels perceived in the country indicating a negative relationship between the quality of regulations and corruption. The correspondence between both variables implies that, even though the economy is highly controlled by the regime, regulations assisted in smooth functioning of many sectors within the economy.

As for trade, Qatar has become a member of the World Trade Organization recording no trade disputes so far.<sup>46</sup> But the country has not been part of the WTO's multilateral trade commitments and agreements. Reflecting on this, the country has become a member in the WTO since 1996, which illustrates openness to trade, and the trade freedom scores have been steadily increasing indicating more trade openness throughout the years under study. This goes in line with the levels of corruption in Qatar, where the country has been opening up, allowing competition which has been reflected in the lower levels of corruption in the country over the years.

Based on the above review and looking at the data compiled on the different economic indicators, the country scored generally better over the years in the quality of regulations as well as economic openness indicators. This indicates a clear relationship between both variables and corruption. However, the country's hegemony and control over many activities in the economy as well as its endowments of natural resources do not correspond directly to corruption. But given that high level positions in all the economic institutions are occupied by the ruling family and its clans. And the secrecy practiced over the budget, its allocation and the revenues. It can be said that this control over major activities within the economy gives room for corruption to flourish among the high levels of the administration, highlighting the presence of grand corruption. This has been clear at the level of procurement which gives a glimpse on how the economy is generally functioning.

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<sup>46</sup> World Trade Organization, Available at: [https://www.wto.org/english/thewto\\_e/countries\\_e/qatar\\_e.htm](https://www.wto.org/english/thewto_e/countries_e/qatar_e.htm) (accessed 03/08/18).

## ❖ Development Status

The country has maintained high scores on human development averaging (0.80) over the period of study, showing better ranking along the years. The constitution stipulates that education “shall be a significant foundation for the progress of the society” (Qatar Constitution, 2004: article 25). The government has invested heavily in education throughout the past decade. Beside the University of Qatar that was established in 1977, an education city with a number of world-class U.S. universities have been founded in the capital city Doha in 2003 offering good quality education, where also females constitute a big percentage of the students. Increasing funds for research and development have been allocated to sponsor quality research in their universities. With the investments in the education field, the population is offered good quality education not just being literate, and literacy rates reached (96.8%) in 2010. Relating this to corruption, even though there is no clear change in literacy rates in the country, but the quality of education has improved over the period of study which goes in line with the less perceived corruption levels. This indicates that literacy rates have no clear relationship with corruption, but the quality of education might have an indirect impact on the less perceived corruption levels in Qatar.

As for equality of people before law, the constitution guarantees equality among all, and prohibits discrimination against gender, origin, language or religion (Qatar Constitution, 2004: Article 35).<sup>47</sup> Still, an example of discrimination is reported by the Global Integrity in 2009, quoting an expatriate judge discussing the absence of cases against citizens due to the preferential treatment they often receive, since cases related to powerful families are often settled outside the court as previously mentioned. And the ruling family is rarely prosecuted for corrupt activities. In addition, law prosecution authorities are more likely to grant bail to citizens, while non-citizens can be imprisoned. On another note, in 2007, the government issued a law that is entitled to resolve disputes between the government institutions and citizens, giving civil service employees

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<sup>47</sup> Still, Shi'a and non-Muslims were not free to practice their religions and it took several years to open up the society for them to worship freely. It was not until 2008 when the first Catholic Church was established in Doha along with other temples founded for Hindus and Buddhist. And the Shi'a minorities are seldom allowed to practice their religious rituals publicly.

the right to bring their grievances to court. This law - according to the same Report in 2009 - increased the public-sector employees' independence. Nevertheless, few might file complaints due to the societal traditions and constraints on such acts. And as for non-citizens, labor laws lack any protection for their rights, and there is no minimum wage. Their mere presence and employment rely on Qatari sponsorship which makes the whole process open for human rights abuse, violating the basic freedoms and rights of foreign workers, where the non-skilled ones are often having low wages and discriminated against.<sup>48</sup> Furthermore, even though the population in Qatar comprises a minority of citizens and a majority of expatriates (75% or more), the wide range of free and subsidized services privileges are denied to non-citizens who constitute the majority of the population. Therefore, they are disconnected, lacking any state identity or means to express their opinions, witnessing constrained rights, be it personal or economic (Berrebi et al., 2009; Losman, 2010).

Like the other Gulf countries, data on poverty and income inequality is missing, however the income levels are so high in the country especially for the public servants' positions. Per-capita income<sup>49</sup> is among the highest worldwide. Wealth is distributed among nationals and tribes in many forms, like cash, services and employment in public office. Consequently, Qataris have developed a sense of dependence on the state to manage their lives and have been homogenous in their attitudes towards the state. The citizens enjoy very good quality of health and education services, and a monthly stipend averaging 7000 U.S. dollars along with a guaranteed job in the public sector. Tribe leaders are appointed in high rank positions as discussed earlier (Rathmell/ Schulze, 2000). To reflect on this, looking at the privileges granted to citizens and the discrimination against non-citizens who had the big share in the development of the country, it is obvious why data on poverty rates and income inequality is missing, since there exists a huge gap between citizens and non-citizens. Still, as long as data is absent, it is difficult to assume the existence of a relationship between corruption and poverty rates, as well as corruption and income inequality. It can only be said, that

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<sup>48</sup> Global Integrity Report 2009, Qatar. Available at: <https://www.globalintegrity.org/research/reports/global-integrity-report/global-integrity-report-2009/gir-scorecard-2009-qatar/> (accessed 03/08/18).

<sup>49</sup> GDP per capita income in Qatar was \$ 93,330 (2004) and reached \$ 109,930 (2010). Available at: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD> (accessed 03/08/18).

primarily the unfairness towards non-citizens gives more chances for corruption to take place as they have no laws to secure their rights and interests and they are not allowed to express their demands openly.

Moving to women’s status in the country, they have witnessed some positive developments compared to their traditional role. Their social status has advanced in Qatar when more women started receiving good education opportunities.

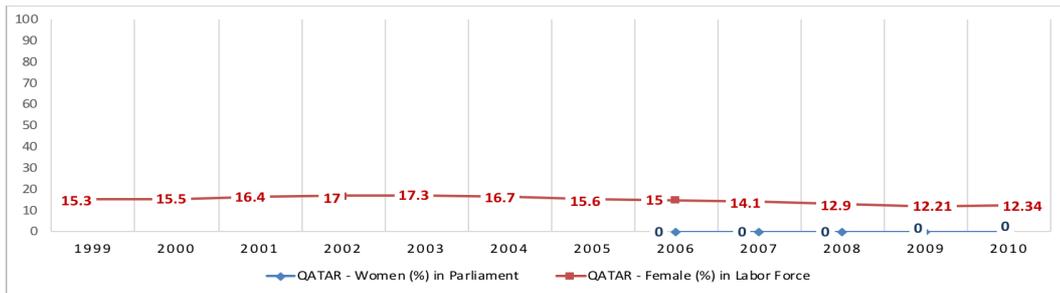


Figure 6: Women Empowerment in Qatar

Regarding women’s empowerment, still women have no strong presence in the political scene since there has been lack of female representation in the parliament as well as very low percentage in the labor force (around 15%) witnessing insignificant variation over the years. But during 2003 much effort has been done to enhance their status in the society and they started to be on the Qatari’s scene with the first female appointed as a Minister of Education (first as well among the Gulf Countries), the University of Qatar witnessed the first female president, and the Qatar Ladies Forum was established to enable women gain access to the various fields of life in the country. And in 2008 another female minister was appointed for the Ministry of Health. Still, in the 2008 Global Gender Index by the World Economic Forum, Qatar scored low (0.59) ranking 119/130.<sup>50</sup> In this regard, it can be said that women empowerment as a variable has no clear relationship with corruption, as women have only recently been involved in the scene in Qatar, not achieving real change compared to their traditional perspective in the country.

<sup>50</sup> Available at: <https://www.weforum.org/reports/global-gender-gap-report-2008> (accessed 03/08/18).

## Brief

In a nutshell, international indices generally show better performance for Qatar compared to the regional averages and the Arab countries under study. Even though there has been no transformation witnessed in the political system in Qatar, the adoption of a new constitution in 2004, paralleled with economic liberalization helped the country become a more service-oriented society, and better integrated in the international system.

The reality bears that there is no separation of powers, the ruling family is above laws and there is lack of accountability procedures in the political scene. There is no political parties or strong civil society. In addition, media and press are highly censored and civil society organizations are barely existing unless under the governmental umbrella, with restrictions on tackling critical issues like corruption. Also, there is no laws to protect whistleblowers as well as the nonexistence of anti-corruption watchdogs.<sup>51</sup> There is absence of political reforms, and the assessment of the government performance is not allowed. Therefore, there are no means for the people to express their opinions as they are disempowered (Ulrichsen, 2011). The power is centralized with a top-down hegemony of the ruling family, where the majority of the population are satisfied with the socio-economic conditions; not seeing any necessity for their political engagement. Adding to this, the pervasion of informal networks evident in the traditional tribal society within the state institutions and civil society, along with the lack of interest among the masses in politics and absence of venues for it, all helped in maintaining the status quo of the regime (Khatib, 2013).

As for the economy, Qatar has developed regulations for business practices achieving concrete steps towards liberalizing the economy. However, it sustained the ruling family's private interests who can bypass regulations. The government has moved to economic diversity, good quality of services and education, developing a society that witnessed increasing wealth and income. This has had several implications, first the reforms have served to assure the continuity of the ruling elite without being contested, second the regime has been stable witnessing economic growth, third the country transformed into an important player in the

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<sup>51</sup> Business Anti-Corruption Portal, 2010. Qatar Country Profile: <http://www.business-anti-corruption.com/country-profiles/qatar> (accessed 03/08/18).

region, fourth Qatar has maintained a score averaging (0.80) throughout the years in the Human Development Index ranking highly worldwide (33).

Generally speaking, corruption is relatively low and is the lowest in the MENA region compared to the other countries. Petty corruption is almost nonexistent due to the wealth of the citizens in the country, but grand corruption is obvious since networks are institutionalized especially among the political elite and the decision-making process as well as in the economic activities.

Looking at the hypotheses of the study, rule of law has a positive relationship with corruption, while political rights and press freedom do not offer direct relationship with corruption, as the government has been practicing high limitations on the freedoms of its people as there is no democratic institutions in place. As for the economic variables, the ones affecting the levels of corruption in the case of Qatar are related to the quality of regulations and economic competition as the economic activities are relatively controlled by the ruling family, and less competitiveness is there in the market. The development indicators do not offer a clear relationship especially with the lack of data on poverty rates and income inequality. Still, looking at all the variables at once in relation to corruption in the case of Qatar, the absence of a direct causal relationship between the political variables and corruption might be due to the fact that people are not interested to take part in the political scene, being socially satisfied with the benefits they receive from the government where they do not seek to be involved directly or indirectly in the state affairs which goes in line with the 'rentier state' discussed earlier. The masses are enjoying good quality services and having luxurious lives not demanding any political engagement.

Given the above analysis, rule of law, quality of regulations and economic openness implied positive relationships with corruption, whereas political rights, press freedom and social inequality acted more of catalysts for political corruption to flourish as the regime deprived the masses from speaking openly. This has been especially clear also in the unfair treatment of the non-citizens who constitute the majority of the population and lack any benefits within the country.

## **United Arab Emirates (UAE)**

### ❖ Regime Characteristics

The United Arab Emirates (UAE) was established as a federation in 1971 ruled by Sheikh Zayed Al Nahyan who served as the president until his death in 2004, followed by his son Sheikh Khalifa bin Zayed. Throughout the years the federal unity developed more coherently representing the only federal system among the Arab countries. The political system in the UAE is a dynastic one in which authority is formalized through tribal and family lines. Power is concentrated in the ruling families of the federal system where the members of these families are involved at all governmental levels having a traditional patriarchal leadership supported by tribal political loyalties (Herb, 1999).<sup>52</sup> With the modern state structures and bureaucracy, the traditional basis for authority - 'Sheikh' and 'majilis' - has been weakened but did not disappear in the country. Largely, the state functions in a secular manner with modern institutions, its legislation is based on civil laws and Islamic Shari'a, and the ruling family relies on Islam as a basis for legitimacy.

The Constitution came into effect in 1971 to serve as a temporary one, but it was not replaced by a permanent one until 1996, as the emirates were not fully prepared to give up their unique identity and authority (Heard-Bey, 1982; 1996). The constitution gives sovereignty to the seven emirates, meaning that areas linked to administration, socio-economic policies and each territory's natural wealth are to be administered by the emirates separately. The Federal government maintains control over foreign policy, defense, armed forces, postal services and electricity services (UAE Constitution, 1996: article 120). On the federal levels, authority is identified in the Supreme Council, the President and his deputy, the Council of Ministers, the Federal National Council and the Judiciary. On the local level, each emirate has its own government structure and administrative policies. And there are no clear rules on the succession in the emirates, which presents structural vagueness and weakness in the political system.

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<sup>52</sup> This feature of dynastic monarchy is apparent in choosing the leadership. The family recommends the most qualified among them, and they also have the power to remove a ruler or replace him if he is not in line with the adopted policies and the family's interests. Tribal traditions are strong in the UAE, where 'the Sheikh' of the tribe leads by virtue of his personal qualities and his being an elderly, heading the family's council 'majilis' (Hudson, 1977).

The president of the country is the ruler of Abu Dhabi, heading the highest authority that is the 'Federal Supreme Council' consisting of the rulers of the seven emirates and has "supreme control upon the affairs of the Union in general" (UAE Constitution, 1996: article 49). The Council decides the general policy of the federation, manages the affairs of the Union and ratifies treaties and agreements. It elects the president and the vice president of the country (each 5 years-term), appoints the prime minister and approves the appointments of the Council of Ministers (UAE Constitution, 1996: article 47). The prime minister heads the Council of Ministers and each emirate has at least one minister. According to the constitution, the Council of Ministers is authorized to implement the general policies defined by the Supreme Council, draft bills of the federal laws and define the general budget for the country. The legislative branch is unicameral, consisting of the Federal National Council, which has 40 members distributed according to the size of the emirates. These members are supposed to represent the country and not their emirate. And it was only in 2006, in response to regional developments when partial elections took place for half of the seats in the Federal National Council, while the other half is appointed by their constituent rulers. Voting was only valid for members of an electoral college, where 0.88% of the national population were represented and since then no other elections took place (UAE Constitution, 1996: article 77; BTI: UAE, 2010). The legislative branch functions in a consultative manner reviewing bills for federal laws before its submission to the President and the Supreme Council. As for the judicial branch, the constitution guarantees an independent judiciary in which the Supreme Court is the Constitutional Court consisting of a president and few judges. It has jurisdiction in issues concerning the relationship between the emirates, and between the emirates and the Federal Government (UAE Constitution, 1996: article 99). In 2006, the ruling family has established a Supreme Judicial Council in order to further ensure the judicial impartiality, yet some decisions remained subject to the political leaders' review and judges often act in line with the government stands on certain matters. In this domain, the federal ruler has the privilege to review criminal and civil cases beforehand. Consequently, there is no formal system of checks and balances in place. The constitution mentions that the public resources should be protected by every citizen in the country and while

corruption found its ways in the UAE, the Federal Supreme Council amended the constitution in 2008 mentioning that the prime minister, ministers or deputies should refrain from taking part in activities related to commercial, financial or trading with the government while being in office (article 62).<sup>53</sup> Still, there are some areas that have no clear definite laws, like the ones on fraud, bankruptcy and laying-off. Even though the government has taken many steps to update laws and regulations in the Union during the 2000s - improving administrative bodies and cooperation between the federal and local authorities - the system continues to be based on personal connections and implementation of laws remained subjective in many cases.<sup>54</sup> Reflecting on this, the country is categorized as an 'autocracy' scoring (-8) throughout the whole period of study on Polity IV. This is clear as the country is a not democratic, where the political elite mainly comes from the ruling family and its close circles deterring any chance for political competition or separation of powers. Moreover, there is limited representation of the population in the elections (0.88%) as mentioned earlier, thus participation in the decision-making process in the country is hampered. Concerning rule of law, UAE is missing in the V-Dem index on both citizens equality before law and judicial constraints on the executives. But it is clear from the above review that there is strong hegemony of the executive power on the political scene in all aspects of legislation as well as running the emirates' affairs. However, the judiciary is independent especially in civil cases. In that sense, it is difficult to assume a relationship between rule of law and corruption due to the absence of data. Nevertheless, during the expert interview (A3) with a legal advisor to the government, he mentioned that law is highly respected, and people generally abide by it, where only sensitive political issues are not announced and do not show on the surface or make it to court. These are resolved secretly due to their sensitivity,

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<sup>53</sup> The amendment is available at: <https://government.ae/en/about-the-uae/the-uae-government/political-system-and-government> (accessed 03/08/18). According to the expert interview (A3), this has affected several high-level officials and the Public Prosecutor in Dubai has placed fighting corruption as a top priority in the government mentioning that any official making use of his position to benefit illegally will not enjoy immunity.

<sup>54</sup> During the expert interview (A3), it was mentioned that the government has renewed its anti-corruption policy and focused on applying strict regulations on corrupt acts. It has generally implemented an anti-corruption framework and the federal emirates implement the UAE Penal Code which criminalizes corruption in both public and private sector. But the UAE witnessed a decline in its ranking in Transparency International during 2008 and later, as the legal framework for fighting corruption is disseminated among many laws and codes of conduct.

such as offenses to the government or corruption cases of high profiles in the government. In this context, it can be said that even though the country lacks a proper democratic system in place, there is respect for the rule of law, which might be a reason for the low levels of corruption in the UAE.

Moving to the political rights and freedom of association, the regime has maintained total control over the political scene, with no organizations or groups overstepping its hegemony during the 40 years of the country's existence as a federation. In this regard, political parties are banned, civil society is not active and there is no political opposition in the country. Hence, there are no legal channels to express any political views or dissatisfaction. Trade unions are not allowed to be established, and despite the country is a signatory to several human rights conventions - delivering for the first time its human rights report before the UN Human Rights Council in Geneva in 2008 - the UAE rejects to adopt recommendations put forward regarding the establishment of trade unions. Some non-state associations exist in the UAE and their number has grown over the past years, but they are mainly semi-governmental ones like the Khalifa Foundation<sup>55</sup> and Al-Maktoum Charitable and Humanitarian Foundation.<sup>56</sup> These foundations along with many others carry out welfare services, development programs and cultural activities. Another point worth mentioning in this realm, is that there is a UAE Human Rights Association that is accessible for nationals and non-nationals. Yet, the government has scrutiny over its activities, acting promptly if any risk on domestic stability is encountered. Strikes, protests and civil disobedience actions are put down instantly and expatriates involved are prosecuted and deported, and during the years from 2002 to 2008, many were arrested, while others were laid off losing their jobs due to the precautions put in place by the government (BTI: UAE, 2010).

Reflecting on this, the country sustained a score of (6) in political rights, categorized as 'Not Free' during the 12 years of study. Even though there is no political competition or participation, along with the limitations on political and civil rights, the country does not face any opposition and throughout its existence it has not experienced any risks of instability, political discontent or popular

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<sup>55</sup> Available at: <http://www.khalifafoundation.ae/> (accessed 03/08/18)

<sup>56</sup> Available at: <http://www.hamdanfd.ae/en/> (accessed 03/08/18)

dissatisfaction.<sup>57</sup> That being said, it implies that the absence of political rights has no clear effect on corruption levels in the country, since the masses - in the first place - are not interested to be active politically or take part in the decision-making process in the UAE.

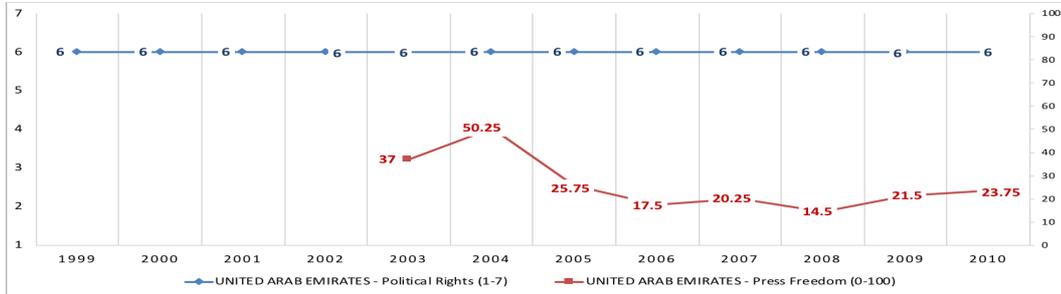


Figure 7: Regime Characteristics in UAE

The constitution guarantees freedom of opinion and expression and generally media environment in the UAE is ‘supposedly’ free in which local political debates coverage is increasingly growing. Journalism matters fall under the criminal law, and there has been an extended discussion over formulating and drafting the country’s media law, but it remained unclear until 2010. The majority of journalists in the country are non-nationals and they are fully aware of the political setup of the country; therefore, they practice self-censorship in order to stay away from any political disputes. Media outlets have grown significantly with the establishment of Dubai Media City which is composed of several broadcast channels and printed media, where the focus on some domestic issues of concern (expatriate issues, environmental issues and wages) has emerged for discussion on those platforms (BTI: UAE, 2010). Reflecting on these developments, in the 2007 World Press Freedom Index, the UAE notably advanced displaying a tendency to be a more liberal society according to the report published, scoring (23.7) in 2010 compared to (50.2) in 2004. In this regard, the press freedom variation over the years does not correspond to the changes in corruption levels in the country, which shows no clear causal relationship between both variables.

Relying on this overview, the political scene in the UAE presents a blend of an autocratic regime, absence of political participation of the masses, banned political parties, and limitations on the freedom of association and expression in every aspect. Still, the causal relationship between the three variables on regime

<sup>57</sup> This has been evident from the literature review on the UAE as well as the expert interview (A5).

characteristics and corruption is not clear, but it can show an indirect relationship. The first hypothesis concerning rule of law does not indicate a definite relationship as the indicators are absent. However, there exists a general respect to the rule of law in the country which in turn might explain the lower levels of corruption in the country. The second hypothesis on political rights indicates that there is no relationship between political rights and corruption, as the regime practices full control not allowing any means of participation or assembly. The same idea applies to the third hypothesis on the freedom of expression which does not reflect a direct relationship between press freedom and corruption levels, where the obvious changes in the press freedom scores in the country doesn't correspond to the minor variation in the levels of corruption over the years of study. However, looking at the regime characteristics grouped together, they indicate a negative relationship with corruption, meaning that the autocratic features of the regime along with the 'biased' rule of law in sensitive issues, lack of political participation, competition and the restricted press freedom indicate the presence of political corruption. This nexus shows that grand corruption might be taking place at the higher levels of authority as the elite is not accountable or even prone to be challenged by any means; be it legal, legislative or the press - that should be acting as a watchdog.

❖ Economic Status

The UAE has witnessed huge economic developments over the previous decade. The national GDP has increased tremendously from 46 billion dollars in 1995 to reach 240 billion dollars in 2008, mainly due to the combination of natural resources endowments and a tiny national population of around one million citizens (at that time).<sup>58</sup> The country promoted a progressive economic plan for economic liberalization and diversification, it has also invested heavily in infrastructure with a wide scale of services, transforming it into a developed economy. And even though the path to growth halted in 2008 due to the global financial crisis, the country has managed to achieve modest growth afterwards reflecting well-formulated plans and sound policies implemented. On a side note, the financial system in the country is efficient and stable, with an advanced

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<sup>58</sup> Available at: <https://data.worldbank.org> (accessed 03/08/18).

banking system and capital markets having many local and international banks present in the country (Herb, 2009).

Apart from its oil wealth, the UAE's economy is more diversified compared to its neighboring Gulf states. Huge investments were pushed forward with non-oil contribution to the GDP reaching 61% in 2007, but the country still remains an oil dependent one, in which the oil sector constitutes a high percentage of the country's GDP totaling around 30%. The country owns almost 10% of the world's oil reserves and has the fourth largest proven world gas reserves. This makes it among the wealthiest in the world, where in 1985 the UAE reached the highest GDP per capita in the world, when the oil share of its total revenues reached 90% (Ayubi, 1995). And despite oil revenues are allocated through the federal budget, the natural resources are owned by the emirates individually.<sup>59</sup> In this regard, there is no reporting on the natural resources oil revenues and the overall budget lacks transparency since the oil revenues are not included in the federal budget (BTI: UAE, 2014). Transparency is absent regarding the UAE's budget, where Foley (1999) estimated that 29% of the country's oil revenues in the 1990s have not appeared in national accounts. This implies that nepotism can easily take place since connections between the ruling family and the government are the basis of rule in the country.

Reflecting on this, the natural resources rents have varied across the years from 1999 (scoring 11.1%) until 2010 (scoring 20.8%), but these changes do not correspond to the variation in corruption levels in the country, which reveals an unclear relationship between both variables. Still due to the high secrecy over the budget and revenues in this sector, it can be said that the natural resources endowments might have had an effect on the intensity of corruption in the UAE, especially clear taking the form of grand corruption where the high levels officials are the ones involved in the whole process of rents and management of those resources.

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<sup>59</sup> Four out of the seven emirates have proven oil and gas reserves. Abu Dhabi alone owns around 92% of the country's natural resources, and only 2% are in Dubai. Sharjah has 5% of the country's gas reserves that are utilized domestically, and Ras Alkhema owns around 1% of gas reserves. This is mirrored in the individual emirates financial and economic statuses (BTI: UAE, 2014).

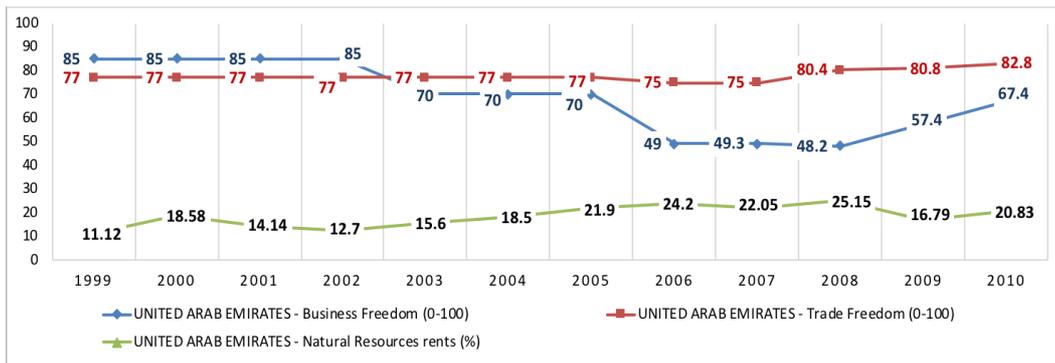


Figure 8: Economic Status in UAE

While the country defines itself as an open market economy with less bureaucratic practices; the state’s role in the economy is strong and extensive.<sup>60</sup> The government owns major industries and corporations (National Oil Company ‘ADNOC’, Dubai Ports World, Emirates Airlines, Etihad Airlines). The government represented in the ruling families is the recipient of the oil reserves, this control over the national oil companies denotes that the regime has dominance over the vital sectors within the economy. The government regulates monopolies and oligopolies maintaining the ruling families’ control over the main activities, leaving sectors like telecommunication open for competition (Gause, 1994; Noreng, 1997). Reflecting on this, the UAE has generally maintained good scores on the economic indicators, showing some fluctuations. For the business freedom, the country has been ‘mostly free’ until 2005 (70) when it moved backwards scoring worse until 2009 (49.3). This shows the regime’s strong control of the business sector in which the ruling family is actively engaged in its activities, illustrating less economic competition and limited economic liberalization in many sectors in the economy. In this regard, the variable of the quality of regulations does not display a strong relationship with corruption levels in the country, as both indicators do not correspond in their variation over the years. But it can be said that, the quality of regulations has a catalyst effect on corruption levels - mainly grand corruption - as it gave ground for the ruling elite and its clans to manage the economy deliberately with less abundance by procedures, allowing limited competition in specific sectors. This is evident as the leading families are the ones

<sup>60</sup> V-Dem data on the state ownership of the economy indicator is missing for the UAE. However, during the interview (A4) with a high-profile professional working in the oil field in the country, he mentioned that the government has a ‘strong grip on the economy’ allowing competition in very few sectors even though the country - especially Dubai - is becoming an international economic hub for the Middle East.

holding the central positions in the economy and managing its main sectors.

Concerning trade in the UAE, the country has been a member of the World Trade Organization since 1996, and the government considers free trade a prerequisite for productivity and promoting liberalization measures. The export centers in the UAE are free zones offering several financial advantages for companies. The country has been open to trade and investments following clear regulations and processes, which is visible on the trade freedom index as the country scored fairly good averaging (75) during the years under study. There is a clear causal relationship between openness and corruption, as both indicators have shown similar changes that correspond to each other. This means that the more openness the country has witnessed the less corruption levels were perceived.

The economic variables of UAE emphasize controversial outcomes, where the three hypotheses show have shown different findings. Still, taking into consideration richness in natural resources and investments in the non-oil field indicate that there are two sides for the analysis. One side is related to the regime's control over the oil sector and other major economic activities where grand corruption can take place, especially with the secrecy over the budget and revenues. In that sense, regulations are not transparent, which in turn can impact the levels of corruption. The other side is related to economic openness and competition - mainly in trade - indicating higher performance over the last decade corresponding to the less levels of corruption perceived in the country. Therefore, it can be said that the economic variables do have an effect on corruption all together as a group considering the specific circumstances and setup of the UAE's economy and how the government functions in the various activities.

#### ❖ Development Status

The country has maintained good records of human development averaging (0.80) which is apparent in the government's continuous strategic planning covering many socio-economic areas. During the 2000s, the country sustained a high GDP per capita ranking second among the Arab countries (after Qatar), reflected in the Human Development Index, and the country has constantly been among the high human development countries (Ayubi, 1995). With regards to services, the government has moved steady steps towards enhancing education and health services with increasing budget allocations for both sectors. The majority of

the population were illiterate when the federation was established in 1971, and expenditures for education has witnessed sound increases since then, where nationals were even granted financial incentives in order to send their children to schools (Heard-Bey, 1996; Yamani, 1997). During the past decade, the UAE managed to bring the world's best educational institutes to offer better quality education that meets the market needs and the country grants free education for both genders from kindergarten to university. The latest data on literacy rates in the UAE is scoring (95%), where it is worth noting that the quality of education in the country is very good compared to the North African and Mashreq countries educational outputs. Still, it is worth noting that the literacy rates have no clear effect on corruption, however taking into consideration the quality of education in the country, it might have a positive impact on the less corruption levels witnessed in the UAE.

One clear feature in the UAE is the unbalanced population, where the citizens only comprise 15% of the total population, while non-citizens account for the rest. The UAE constitution mentions that foreigners have rights and enjoy freedoms agreed upon in international contexts and those in which the country is part of ((UAE Constitution, 1996: article 40; Al-Qudsi, 1998). Also, the constitution guarantees equality of all before the law with no distinction on basis of nationality, religion, color, race or social status (UAE Constitution, 1996: article 14). In addition, it guarantees freedom of worship, religion, speech, movement and residence and assembly rights within the limits of the law (UAE Constitution, 1996: articles 29 - 34), but still there exist some discrimination in this regard, where the regime practices restrictions of people's freedom in many aspects.<sup>61</sup> The human resources are a persistent fundamental problem in the UAE as the country - like the other Gulf states - has relied intensely over the last three decades on foreign expatriates to achieve its development and economic growth (Bonine, 1997; Winckler, 2000). And though the country is an active member in the international trading system, the WTO has demanded a freer movement of labor and the International Labor Organization has also tried to urge the UAE as well as the Gulf states to accept the basic international labor standards and respect human rights (Kapiszewski, 2001).

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<sup>61</sup> As noted during the expert interview (A3), this is evident as some ethnic and religious minorities are denied their civic rights in the country, as well as many stateless people who have been residing in the country for years without any legal resolution for their status.

Another dimension of the problem is that the citizens are more interested in having positions in the public sector (representing 41% of government labor force in 1998) rather than the market industry (representing 7.8% in private industry in 1998) (Kapiszewski, 2001). The government secures positions for the citizens in the public sector as its 1980 Federal Labor Law (Article 9) states that: “work is an inherent right of Nationals of the United Arab Emirates. Non-nationals may not engage in any work within the State except in accordance with the conditions stipulated in this Law and its executive orders”.<sup>62</sup> This has also been part of implementing the policy of ‘Emarisation’ in order to nationalize the labor force and rely less on foreign labor, which has resulted in overcrowded state offices (Zeffane/ Kemp, 2012). This social structure has led to clear discrepancies in social services as well as income between the nationals and expats. The nationals enjoy huge benefits and a tiny percentage of the citizens are poor (mainly due to their residence in the less resourceful emirates). They enjoy comprehensive welfare benefits, including social security, subsidized or free housing for low income employees, interest-free loans for housing, allowance for families, health care, education along with other benefits that are exclusive for nationals. They face no problems in accessing education, jobs and other services, as the government has a well-established system of welfare for its nationals, while the expatriates generally enjoy good quality services (Kapiszewski, 2001). There is no taxation on income in the country, but taxes apply in housing fees and tourism areas.

In relation to this, the data on poverty rates and income inequality is absent, however, there is lack of evidence on the spread of petty corruption due to the high incomes of public officials on all levels of the administration. Taking into consideration the above overview on the social benefits for the citizens and lack of any rights for the non-citizens indicates that income inequality is high - this has been also mentioned during the expert interview (A5) - where the citizens earn so much more compared to the non-citizens who hold parallel positions in the government bureaucracy. Preferential treatment to citizens exists on all levels, and not only in the wages. Still, concluding a direct causal relationship between

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<sup>62</sup> UAE Federal Labor Law. Available at: [https://www.moid.gov.ae/Laws/UAE\\_Labour\\_Law.pdf](https://www.moid.gov.ae/Laws/UAE_Labour_Law.pdf) (accessed 03/08/18).

corruption and income inequality and poverty cannot be assured due to the absence of data in this concern. But, it can be said that clear social inequality persists in the country which gives ground for corruption to take place in the forms of nepotism and preferential treatments.

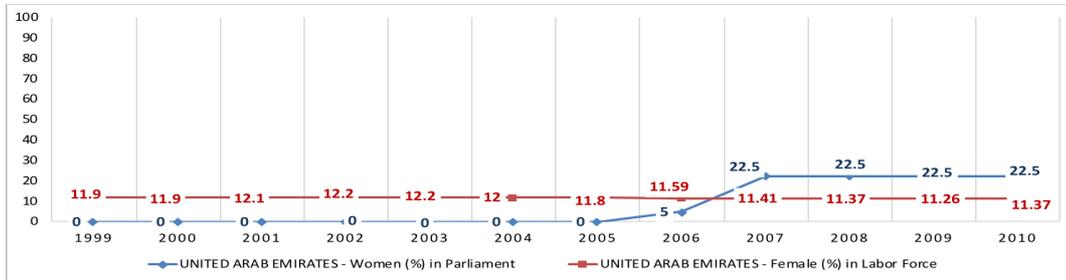


Figure 9: Women Empowerment in UAE

As for women, their role has increased witnessing more empowerment and involvement in the political scene beginning in 2006 when they gained access to the parliament through elections and appointments, occupying (22%) of the seats in the Federal National Council in 2007, and their numbers in the Cabinet has been increasing as well. And although women have made some advancement in the country, there continues to be many cultural and traditional barriers to their full active participation in politics and the society (Aguirre et al., 2011). This is clear in the percentage of women in labor force averaging (11.7%) for the years under study. In this regard, this implies that there is no direct causal relationship between women empowerment and corruption levels, however the mere inclusion of women in the UAE's political scene goes in line with the less corruption witnessed in the country. Therefore, it can be said that the UAE's progress in women empowerment might have an impact on the lower perceived levels of corruption in the country.

Looking at the development variables grouped together, the human development in the country shows a clear relationship with the lower perceived corruption in the UAE. Also, the quality of education might be a catalyst for witnessing lower levels of corruption, but literacy rates has no effect. As for the income inequality and poverty variables, both are missing in the data, but the general analysis offers that inequality is present on all levels especially between the citizens and expatriates who constitute the majority of the population but do not receive many benefits including fair wages compared to the citizens. This gives an impression that the obvious social inequality can be a cause of corruption

in the country. Adding to this, during the expert interview (A3) it was mentioned that petty corruption is not common due to the high income of the citizens where they do not need to conduct any illegal acts by any means, while the noncitizens refrain from getting involved in such activities, so they do not face deportation or imprisonment. As for women, the clear progress to assign bigger role for women gives a glimpse that the more women empowerment, the less corruption is witnessed.

### Brief

To sum, the UAE has been successful in achieving development since establishing the federation, proving capacity to address social and economic challenges and putting in place development strategies that takes national interest as a priority. The leadership and the ruling families enjoy high degrees of legitimacy and acceptance among the population, where the stability and preservation of the status quo along with economic privileges for the citizens have increased the support of the people to the government. This was assured during the interview (A3) with a non-national expert, highlighting that there is a general consent among the UAE citizens that political reforms or democratic initiatives are favorable ‘unless it comes at the expense of national stability.’ Also, the masses prefer a system that is ‘structured along national priorities and local traditions and not imported from outside.’ With the absence of any political competition and representation in the political system, the social consensus relies mainly on the patron-client networks that have maintained the stability of the country and enhanced its consolidation. And even though civil society is underdeveloped with no real civic engagement or voices of reform - except the existing professional and voluntary associations - still social and political polarizations are very limited with no clear conflicts or risks of domestic instability. The regime has been able to rule uncontested maintaining high levels of economic growth and social well-being. This has been conducted through incorporating the views of influential tribes and merchant families into the policies of the country, ensuring loyalty while at the same time enjoying high degree of legitimacy, being viewed as working for the welfare of the society as a whole.

Petty corruption is not common due to the well-paid civil servants and the efficient provision of services in an ethical environment, where the masses are living in a

welfare society and are not willing to engage in such acts. Hence, corruption in public office in the lower levels of the administration is not common, as well as the illegal payments connected with awarding contracts. However, in the higher-level positions and bigger scale services, corruption is apparent where many have reported on corruption in the public procurement process, especially in the bid tendering or vendor selection. Also, the government tendering according to international standards are not conducted and retendering is a common trend (BTI: UAE, 2014).

Looking at the different variables related to corruption, the political regime in the UAE does not present any democratic characteristics lacking political competition, political rights and freedom of expression. Nevertheless, those variables do not have a direct causal relationship to corruption. Many explanations can be said in that realm but the most appropriate is that people are passive politically and do not have any interest to take part in the political process, leaving the ruling families to manage the country affairs deliberately. In that sense, political corruption might take root at the higher levels of the decision-making process where there is not accountability or any challenges facing the regime's domination or domestic powers. As for the economic variables, the natural resources richness and the quality of regulations do not offer a strong relationship to corruption, but both imply the existence of grand corruption in the country where high secrecy is practiced over the budget and revenues besides the state's control over the oil companies and the key economic activities in the country. However, the economic openness present in trade freedom indicates a clear negative relationship with corruption in the UAE, where the country has been open to trade without barriers and in effect less corruption has been perceived over the years of study. Moving to the development variables, the general human development shows a negative relationship with corruption clearly manifest in the high quality of life and especially education in the country. Women empowerment has been in line with the less perceived corruption levels in the country, but still it does not offer a robust relationship with corruption. However, social inequality prevails in all aspects between nationals and non-nationals, which can imply the existence of nepotism, favoritism and preferential treatments, since huge privileges are given to the citizens while the expats are offered less benefits.

Based on the above analysis, the most apparent causes of corruption in the UAE are the political variables grouped, while by and large trade freedom and human development are clearly related to the less corruption levels perceived in the country; indicating a strong negative relationship with corruption.

## Oman

### ❖ Regime Characteristics

Oman is a hereditary monarchy that has been ruled by Al-Said family since mid-eighteenth century. Sultan Qaboos came to power in 1970, ousting his father in a bloodless palace coup. His reign has marked a turning point in Oman's modern history, as Qaboos has followed a gradual development path and led the country through the past four decades towards modernization relying on oil revenues to establish a solid infrastructure and reform the government structures. Unlike the other Gulf countries, Qaboos has practiced a centralized authority that is less shared with his family, without having a clear succession of authority or even nominating his heir. The monarch rules by a royal decree issued in 1996, which is considered the country's first written constitution as it disseminates the basic law. It provides a layout of the powers for each branch of the government, states the provisions for reforming the system and outlines the direction of the government in both political and economic matters (Royal Decree, 1996; BTI: Oman, 2010; Polity IV: Oman, 2010).

Under the royal decree, the monarch enjoys wide authorities. He is the head of the government, chief of state, the commander-in-chief of the armed forces, the minister of defense, foreign affairs and finance, chairs the Supreme Judicial Court and the Omani Central Bank. While the decree provides for an appointed prime minister, the Sultan has held this position since 1972. Regarding the cabinet of ministers, Qaboos has been keen to appoint the ministers from the country's diverse tribes, ethnic groups and regions to create a balance among those groups in the cabinet, in order to secure their loyalty and consensus on key political issues (BTI: Oman, 2010; Human Rights Report, 2014). As for the legislative authority, the decree established a bicameral legislature, with an upper house 'the State Council' that functions as an advisory body, consisting of 72 members appointed by the Sultan from the different tribal and ethnic groups. And a lower house 'the Consultative Council' that has limited authorities to propose legislations and comment on bills, consisting of 84 members elected by universal suffrage for 4 years term (Royal Decree, 1996). The lower house has been active during the period from 2007 to 2009, enhancing the powers of the committees that have

oversight on several ministers. But the elections have constantly witnessed less public participation as the masses acknowledged that the council has no real powers. And while both houses do not practice any real checks on the executives, they reveal the monarch's willingness in establishing a framework for governance. As for the judicial authority, article 60 of the royal decree states that the "judiciary shall be independent", and article 61 states that "there shall be no power over judges in their ruling except law" (Royal Decree, 1996). Nonetheless, in practice the courts are strongly influenced by the executive power since the Sultan appoints all the judges and presides over the Supreme Judicial Council which is supposed to supervise the judiciary and formulate its policy. With respect to anti-corruption legislations, the UN Convention against Corruption was ratified in 2013 with the Sultan's royal decree. And in this area, Oman has no specific agency for fighting corruption as the responsibility falls under several entities in the country like the police, internal security services and the Ministry of Palace Office. Also, there is no legislation for whistleblowers in the country (BTI: Oman, 2010; Human Rights Report, 2014).

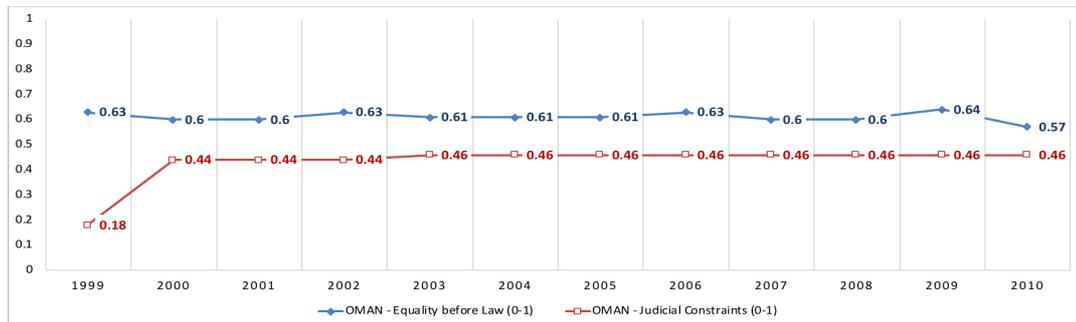


Figure 10: Rule of Law in Oman

Reflecting on the above, the regime has been categorized as an 'autocracy' scoring between (-8) and (-9) according to Polity IV for the years under study. This holds true as the three branches of the government do not enjoy parallel powers; the executive branch has a free hand to manage the country affairs with very limited democratic input. And while the legislative branch has somehow increasing influence, it cannot address critical issues like national security, foreign affairs or domestic political matters. It sustains an advisory role in economic and social matters, proposes amendments to laws submitted for the Sultan's cabinet, cannot legislate any laws and can only question the ministers in areas related to public service. In this regard, the checks on the executive powers come mainly from the

big tribes of Oman, as highlighted during the expert interview (A6). Regarding the rule of law indicators, both show varying scores. While equality of citizens before law has maintained high scores averaging (0.62), judicial constraints on the executive has witnessed a rise from (0.18) in 1999 to (0.46) in the following years. This implies that the legal system is relatively independent and capable of conducting its power without government intervention except in security related issues or other sensitive cases. Therefore, judicial branch is not totally independent especially concerning cases linked with the high profiles in the country. Thus, it is not autonomous from the executive influence on its impartiality. Hence, there is lack of balance in the political system with no separation of powers since the power is centered around the Sultan himself.<sup>63</sup> Looking at corruption levels in Oman, it shows no corresponding changes to the rule of law indicators, but still as the country maintained low corruption scores compared to many other countries in the region, this indicates that the relative respect to the rule of law can be a reason for the less perceived corruption in the country.

As for political rights and freedoms, the basic law in Oman allows freedom of association and assembly 'within the limits of law'. Political parties are banned and even though the Sultan in 2002 extended voting rights to all citizens above 21 years old - voters were earlier chosen from tribal leaders, intellectuals and businessmen constituting around 25% of population empowered to vote - this step towards more political participation did not fundamentally change the political scene or the profiles of the parliament's members. This is because tribal networks maintained their power to determine the success of particular candidates in the elections. Moreover, Qaboos maintained domination over the political scene, where there are no opposition groups threatening the legitimacy of his regime. Another point of concern is that lobbying in the parliament is only permitted for specific matters like justice, education and health. However, the political influence of these groups has been weak or non-existent. And any social interests in the community are channeled to the parliament through informal means (families, tribal ties and connections with public officials). In the same realm, the government bans any kind of politically oriented civil society organization -

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<sup>63</sup> This has been asserted during the interview (A7) with a non-Omani Arab professor working in Muscat as well as another academic who has lived there for few years.

managing this through issuing licenses only to the non-political organizations - and human rights abuses remain a persistent issue in the country. Furthermore, government approvals are required for any conduct where legitimate objectives need to be presented, consequently any challenging activities to the social order are prohibited. Hence, the civil society has a minor influence and there is lack of proper civic engagement. In this concern, during the expert interview (A7) it was mentioned that it is widely thought that citizens welcome more political participation with a more powerful parliament to be in place despite the dominant culture of respecting the patriarchal leadership, which is well-reflected in the percentage of voters (30% or less) taking part in the 2007 elections. The citizens by and large fully support the state with an exception of Ibadhis<sup>64</sup> who call for traditional religious leadership even though Islam is the religion of the state. Further, while Oman's labor law does not provide for having unions in the public sector, a ministerial decree was issued in 2006 as a significant amendment to the labor law giving rights for establishing trade unions for private workers to enable them to collectively bargain, settle disputes and peacefully strike.<sup>65</sup> Still, there is lack of clarity on the labor law leaving many issues imprecise. In addition, Oman is a member of the International Labor Organization, but it has not ratified the conventions related to the freedom of assembly, or the ones on eliminating discrimination regarding employment and professions (Jeremy/ Ridout, 2005; Valeri, 2009; BTI: Oman, 2010; Hassan, 2010; BTI: Oman, 2014).

Based on the above, political rights in Oman sustained a score of (6) being categorized as 'Not Free' according to Freedom House. This is due to the absence of real political competition, the limitations practiced on all the political activities and the general lack of well-established channels of participation. Relating this to corruption, the high restrictions on political rights causes corruption to take place, where the limits to engage in the society in any political, civic or professional manner give ground for the regime to have a free hand without being questionable. Therefore, the constrained political rights witnessed in Oman might be a cause for political corruption in the country.

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<sup>64</sup> For further details on 'Ibadhis', see: (al-Nami, 1971).

<sup>65</sup> International Labor Organization, Ministerial Decree, Oman Freedom of association, bargaining and industrial relations. Available at: [http://ilo.org/dyn/natlex/natlex4.detail?p\\_lang=en&p\\_isn=75402&p\\_country=OMN&p\\_count=123&p\\_classification=02&p\\_classcount=8](http://ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=75402&p_country=OMN&p_count=123&p_classification=02&p_classcount=8) (accessed 03/08/18).

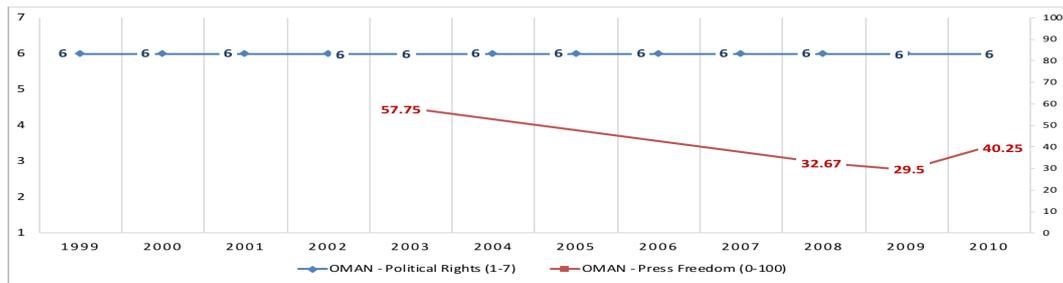


Figure 11: Regime Characteristics in Oman

As for the freedom of opinion and expression, it is guaranteed unless it threatens the security of the state or leads to any kind of public conflict. The 1984 Press and Publication Law is restrictive, giving authority to the government to censor all publications; domestic and international. And it was only in 2004 when a royal decree was issued allowing Omani citizens to establish private radio and television enterprises, and the first private broadcasting channel aired in 2009. Moreover, the regime can undertake legal action against any offensive political, social or cultural material. Therefore, many of the privately-owned press agencies practice self-censorship where publications are generally in harmony with the regime's views as the government also offers subsidies to these editorials. Adding to the constraints on freedoms, there has been lack of public opinion polls in the country to assess the government's conduct and the degree of satisfaction of the masses. And there is no public access to information where a sense of intimidation is limiting the freedom of opinion and expression (BTI: Oman, 2010; Human Rights Report, 2014; Freedom of the Press Report, 2015). This might explain why the press freedom index has only few scores for Oman for the years under study (2003, 2008, 2009, 2010) reflecting differing scores in the freedom of press in the country where better scores were witnessed after 2003 when the private radio and television started to be in place. Relating this to corruption, there is no clear correspondence between the varying levels of corruption and press freedom scores, yet the lack of press freedom enhanced corruption where high scrutiny is practiced over media in general. This gives an impression that the elite cannot be questioned or ever criticized for their actions and the masses are not informed through the fourth authority in the country, which is media. That being said, the less press freedom, the higher the corruption levels witnessed, and this is especially clear in grand corruption among the elite who have high degree of control over press and media outlets. Therefore, the absence of press freedom gave

ground for political corruption to spread.

Looking at the regime characteristics in Oman, it is clear that Qaboos follows a strict governing manner where there are even no succession procedures for the heir in Oman. The executive powers maintain centralized authority, the legislative has an advisory role and while the judiciary is impartial, sensitive matters are highly influenced by the sultan. Therefore, rule of law is not always being respected in matters related to high profiles or security issues. Adding to this, the country is governed by the basic law, that does not allow the citizens to actively engage in the political process, and freedom of expression is hindered due to the restrictions imposed by the regime. Hence, grouping all the political variables, it is clear that the non-democratic regime characteristics give ground for grand corruption, as the sultan and the big tribes are the ones enjoying limitless powers in the country and are not accountable to the citizens by any means.

#### ❖ Economic Status

Compared to the other GCC countries, Oman is a modest oil producing country with dwindling reserves for the long run. While the government has worked on reaffirming economic diversification and liberating the industry to give a bigger role for the private sector and move towards a post-oil economy, it continues to rely on oil presenting the big share of the country's GDP. Natural resources constitute 76% of the economic activity of the country, where the average rents from oil resources reached (40%) for the years under study, showing huge amounts in the GDP. In this realm, the country has witnessed significant budget surplus and increase in the GDP during 2007-2008 due to the oil revenues and investments in non-oil sectors.<sup>66</sup> Looking at the data on corruption levels and natural resources rents, both do not correspond clearly to each other. However, the high rents can still explain the existence of high corruption in the country, compared to Qatar and the UAE which have less perceived corruption levels and less rents percentages as well.

During the late 1990s, Oman has focused on enabling a free and competitive market economy, initiating laws to encourage and ease foreign investment besides privatizing some of the state-owned enterprises. On a side note, Omani's financial

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<sup>66</sup> World Bank data, available at: <http://www.data.worldbank.org/> (accessed 03/08/18).

system is well developed and functioning in a modern way. As part of its economic plans, small and medium enterprises started to grow in the country accounting for part of the employment as well as a considerable share of the GDP. Later on, this was supported through establishing ‘Al Namaa Fund’ to assist in the SMEs Development.<sup>67</sup> Still the business environment is not well-developed, the government bureaucracy is not smooth for conducting business for non-citizens, however starting a business in Oman is considered timely and less costly compared to the other states in the Gulf region. The laws guarantee private property and in 2006 the GCC citizens gained the right to own residential or commercial properties in Oman. But for non-citizens, property is only assigned for specific tourism projects (Valeri, 2009; IBP, 2013; US Department of State, 2014). On another level, anti-monopoly laws are not implemented, since the sultan and his family possess huge powers in the decision-making process in the country and the management of monopolies even though the laws enacted state otherwise (BTI: Oman, 2010; IBP, 2013). The basic law forbids the cabinet members from conducting business or holding interests in public enterprises while being in office (Royal Decree, 1996: article 53). Still, many officials work directly or indirectly in the business sector, and while they are supposed to file annual financial disclosure reports about their activities, ambiguity prevails even though the law emphasizes on not pursuing private interest while in office. This is because the Omani law provides neither a clear definition nor a penalty for misconduct. Nevertheless, the sultan has stressed repeatedly on the intolerance regarding the abuse of powers by the officials and in 2008 two high level public officials (the president of the Muscat municipality and the minister of manpower) were dismissed after rumors spread on corrupt acts and misusing their powers (BTI: Oman, 2010; Human Rights Report, 2014; BTI: Oman, 2016).

Reflecting on this, the business freedom indicator reveals varied performance of the country for the years under study. Oman has been scoring (70) until 2005 being categorized as ‘mostly free’ while later on it scored lower. This clearly corresponds to the changes in corruption levels of the country. In that sense, there is a negative relationship between the quality of regulations and the intensity of

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<sup>67</sup> Small and Medium Enterprises Fund of Oman website, available at: <http://www.smeofoman.com/entreneurial.html> (accessed 03/08/18).

perceived corruption in Oman. The low quality of regulations - illustrated in business freedom indicator - has been affecting negatively the levels of corruption in the country. Another indicator is the state ownership of the economy index in which Oman has scored (1.5) from 1999 until 2010. This also mirrors the above-discussed state capture on major activities in the economy directly or indirectly, as the sultan and his close circles had tight control over the economic activities where they do not even abide by law in such matters.

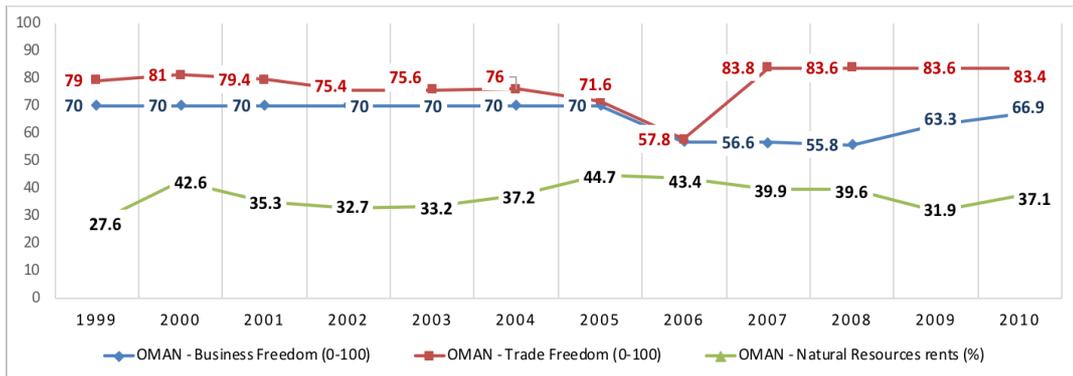


Figure 12: Economic Status in Oman

Regarding trade freedoms, the country accessed the WTO in 2000, being open for trade and scoring fairly good in most of the years under study in the trade freedom index averaging (77). The government has worked on establishing free trade zones as part of its infrastructure development plans for ports and its facilities to encourage investments opportunities with high incentives (US Department of State, 2014). In this regard, the changes in trade openness indicator do not correspond to the changes in corruption levels in the country. Therefore, there is no clear relationship between the economic openness in Oman and corruption.

Looking at the economic status of Oman, the country relies mainly on its oil richness in achieving economic growth, showing less business freedom and more state capture of the major economic activities along with lack of effective regulations. This implies the existence of a negative relationship between natural resources rents and corruption, and the quality of regulations and corruption; indicating the spread of grand corruption in the economy. Given the above discussed economic environment in Oman, Qaboos and his circles enjoy monopolistic advantages not abiding by the laws when it comes to their conducts. Trade does not have a clear impact on the intensity of corruption, but still the

country is not very open and competitive hindering many chances of investments and limiting its capacities to flourish in that aspect due to the dominance of the regime over the economy.

❖ Development Status

Oman has moved from an upper middle-income country to a high-income country in 2007 maintaining significant human development progress. This is clear in the good quality services that the government offers for its nationals, who enjoy extensive social benefits, with improved infrastructure. They have privileges in education, health, employment, pensions and social insurance. Oman has been focusing on education since the 1970s, where a big portion of its budget has been allocated for this sector to upgrade and improve basic, technical and vocational education along with higher education. The literacy rates have reached (97.7%) in 2010. And while the government was successful in utilizing its available economic resources, the use of its human capacities did not achieve the attained goals due to the lack of skilled nationals required for realizing the needs of the economic and industrial sectors. Moreover, the regime has been focusing on ‘Omanization’ policy to increase the number of nationals in the private sector. This has not been managed efficiently resulting in less qualified profiles leading the industry many times, mainly because appointments were done to balance the tribal presence in the economy and maintain kinship. Therefore, many unskilled calibers were part of the decision-making in the country; being in the cabinet and other important positions centered in Muscat (BTI: Oman, 2010; IBP, 2013). With regards to the relationship between literacy rates and corruption, the country has high literacy rates, but during the interview (A7) with an academic non-national, he mentioned that the regime has a strategy to educate its people until they finish high school diploma mainly while further higher education is not of an interest to the government. In this regard, higher education and especially scientific studies are not developed and only few can join these studies based on ‘selective criteria’. This also explains why the ‘Omanization’ policy is not succeeding so far, where there is lack of qualified staff in the high-level positions of the country. Reacting to this problem, the Omani government grants nationality to high profile foreigners to integrate them in the society and assign them to top positions in the government. Building on the above analysis, it can be said that the lack of proper

and adequate education can be a catalyst in increasing corruption levels in the country. In light of this, even though literacy rates are high in the country, it doesn't reflect the reality of the Omani education system that aims at producing masses who do not voice their demands or think critically.

As for income inequality and poverty rates, data is missing for both indicators. The citizens in Oman are guaranteed minimum monthly wages, unlike foreign workers who are not offered such income security. This reflects unfairness especially because non-citizens constitute around 40% of the population in the country. During the expert interview (A7), it was mentioned that poverty is not rampant in the country, but it might be more common among the low-level civil servants who are mainly expatriates. And it has been highlighted that Indians have a clear impact in the country, culturally and economically where many citizens can even speak the Indian language. This is due to the fact that Indians occupy the lowest levels in the bureaucracy over all the sectors in Oman. In this regard, these calibers are corrupt, and it is a common - but hidden act - to offer an Indian a bribe to get your service done promptly. Therefore, it can be said that poverty can be a trigger for corruption in Oman, taking the form of petty corruption spreading among the lower levels in the bureaucratic structures in the country. In addition, social inequality can be a cause for grand corruption where the huge discrimination against non-citizens in contrast to the secured welfare of the citizens in every aspect of life presents a catalyst for the spread of preferential treatments as well as grand corruption where the regime decides the benefit allocation as well as the beneficiaries. To further elaborate on this point, even though discrimination is prohibited - on the basis of gender, color, language, religion, ethnicity, or social status - people are not treated equally in Oman. Tribal ties, ethnic backgrounds and affiliations play significant roles in getting job opportunities or any other benefits in the country. Sectarian groups are respected and the religious institutions in Oman are under strong state control and can hardly express any views without the consent of the regime (BTI: Oman, 2010).

Also, women in Oman face discrimination, where traditions have impacted their status, for example they are not entitled to certain state benefits like housing loans. And even though women have been successfully integrated in the public and private jobs, allowing more equal opportunities for them, in practice women

along with other groups in the country like Africans - Zanzibaris - who are not Arabs, face barriers in their proper inclusion in the society especially in the formal activities (BTI: Oman, 2010). That being said, women do not have a manifest role in the political scene with (2.4%) presence in the parliament during few years, and an average of (18%) presence in the labor force. This reflects lack of equal chances for all and the absence of gender equality in the society. There is no clear relationship between women and corruption in terms of variation between both indicators, but gender inequality and discrimination against specific groups in the society can be a catalyst to enhance corruption chances in the country.

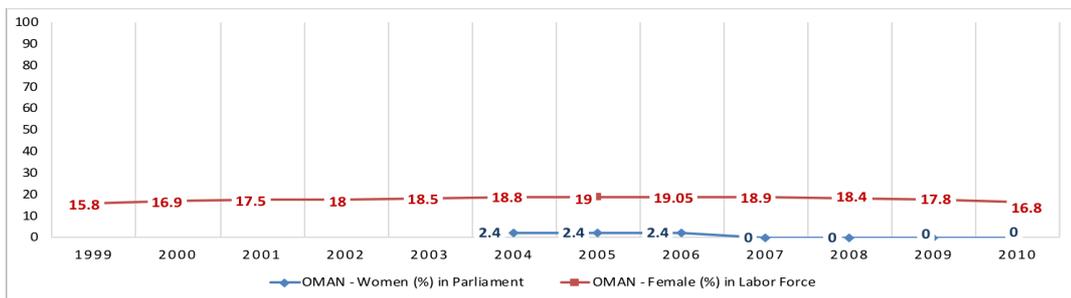


Figure 13: Women Empowerment in Oman

Looking at the variables on development and the society, it can be said that grouping the quality of education, income inequality (even though data is absent) and social inequality have given chances for both types of corruption to take place. Even though literacy rates and human development are high, the general societal circumstances have been catalysts for higher corruption to take place in Oman, where the regime decides allocation of resources and benefits, offers preferential treatments to the tribes and families to ensure their loyalty.

### Brief

Oman presents a clear authoritarian regime, in which the sultan has no heir and rules by a Royal Decree issued in 1996 practicing absolute control over the country and its resources. There is no space for political, civil or professional participation in Oman due to the limitations enforced by the government on any activities that might threaten the stability of the regime, therefore people can only voice their demands through traditional means. And while the government has recently allowed private media and publication houses to be established, it has the authority to censor all publications, including the international ones. Looking at the political variables in Oman, it is clear that the lack of political rights as well as

press freedom can have a negative relationship with corruption in the country. However, rule of law has been respected except for sensitive cases. Adding to this, the sultan heading the Supreme Judicial Court hinders the judicial impartiality in issues related to the monarch or his close circles; which leaves a hidden zone in which grand corruption can take place. This gives an indication that the rule of law is not strong enough, as laws are not always respected in every incident.

As for the economic variables, the country is an oil dependent economy relying mainly on revenues from natural resources. The regulations are not well articulated and implemented, which can be a direct cause of corruption along with the vagueness in some laws as well as limitations on conducting business in the country. Another trigger of corruption is the strong grip of the government on the economic activities in Oman giving a free hand for the elite to manage economic affairs. This indicates a negative relationship between the quality of regulations and corruption in Oman. As for trade, the country has been open to trade showing good performance. However, grouping the economic variables suggests that given the autocratic political regime and the lack of appropriate regulations, this gave room for more grand corruption to take place.

Regarding the development variables, looking at literacy rates, poverty rates, income inequality and women empowerment show clearly that these have no direct effect on corruption levels in Oman. Nevertheless, the presence of income inequality indicates the presence of grand corruption where the regime decides on the allocation of benefits for the people, while the persistence of poverty among the low-level civil servants indicates petty corruption occurring among expatriates. This is enhanced with the lack of good quality higher education, discrimination against non-citizens in the society - unfair wages, benefits and services compared to citizens - as well as the less engagement of women in the society implying an indirect negative effect on corruption in Oman.

Given the above analysis of Oman, it can be said that the low quality of regulations as well as the lack of judicial independence present robust causes of corruption in the country. Restrained political rights and press freedom along with social inequality present catalysts for corruption to wide spread in the society.

## **Bahrain**

### ❖ Regime Characteristics

Al-Khalifa family has ruled the country since the late eighteenth century, dominating all the dimensions of the government and society. Emir Hamad succeeded his father in the reign assuming the title of the king in 1999. Since his accession to power, Sheikh Hamad has initiated political and economic reforms. He has liberalized the political scene compared to his father's era, reestablished an elected parliament that was banned since 1972, issued amnesty for political detainees and encouraged exiled political activists to return back to the country (Nonneman, 2006; Wright, 2008).

Bahrain has become a constitutional monarchy after a national referendum in 2001 and the new constitution was enacted in 2002 providing wide authorities for the king. He can rule by decree, has veto rights in legislative matters, has the right to amend the constitution and propose laws, appoints the president of the Consultative Council, can dissolve the parliament, appoints and dismisses the prime minister<sup>68</sup> and the ministers (Bahrain Constitution, 2002: articles 33;35;39;40). Thus, ultimate powers reside with the king while sharing some with the executive branch. As for the cabinet; critical ministries (like defense, foreign affairs, interior and oil) are assigned to the ruling family members. This privilege enjoyed by the ruling family is combined with other ones, like the impunity of monitoring, questioning and accountability under the so-called 'Khalfana' policy.<sup>69</sup> The legislative authority has a bicameral parliament, each house seats 40 members. The Council of Deputies (lower house) members are elected on a four-year term, while the Consultative Council (upper house) members are appointed by the king. The parliament has the power to propose legislation,<sup>70</sup> pass it with absolute majority, question the cabinet, investigate and remove officials from their

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<sup>68</sup> who has been his uncle and holding this position since 1971 until date. Available at:

[https://www.bahrain.bh/wps/portal!/ut/p/a0/hcq9DoIwFEDhV-nCfAtEgiMxBsNCojFiF3IhIV4pt\\_wU4uMbBmfHc\\_KBggoU40YdenKMdm-V1JdSJmGURkUa32OZlcnpejzLMJcHuGmG4h-q4EnvaVIZqNax1x8Ple7cNrrZo601B9K4QQdyWqnthSXul0Bi41YvGjQz0i5mI8aZuNWIn2jphaIhFgvaAVmg\\_V0Y-zxBW1EFcA!/](https://www.bahrain.bh/wps/portal!/ut/p/a0/hcq9DoIwFEDhV-nCfAtEgiMxBsNCojFiF3IhIV4pt_wU4uMbBmfHc_KBggoU40YdenKMdm-V1JdSJmGURkUa32OZlcnpejzLMJcHuGmG4h-q4EnvaVIZqNax1x8Ple7cNrrZo601B9K4QQdyWqnthSXul0Bi41YvGjQz0i5mI8aZuNWIn2jphaIhFgvaAVmg_V0Y-zxBW1EFcA!/) (accessed 03/08/18).

<sup>69</sup> This policy - named after the ruling family - grants royal family members the high-level official positions in the government.

<sup>70</sup> The lower house can only initiate legislations, while the executives are the actual ones drafting laws.

positions. The Council of Deputies enjoys the same powers of the Consultative Council, but the president of the later can cast a tie-breaking vote in case of a deadlock. Hence, the Consultative Council - appointed by the king - has veto powers over the decisions of the elected Council of Deputies. In 2002, the first parliamentary elections were held, and many political societies<sup>71</sup> have participated. Opposition as well as human rights organizations have noted irregularities taking place and international supervision for the elections was not permitted.<sup>72</sup> And during the following elections in 2006 and 2010, all the major political societies have taken part. Some changes were introduced before the 2010 parliamentary elections to acknowledge a bigger role for the legislative authority, however in reality these were all shallow with no actual political change. Regarding the judiciary, the legal system is based on British and Islamic laws, civil and traditional codes and regulations. The country has two independent court systems, one is civil and the other is a Shari'a law court. The Sunni family and personal status law was codified in 2009 offering an improvement of the legal status of the Sunnis, yet it widened the gap between the Shi'a and Sunnis Muslims.<sup>73</sup> Even though the king has established the Supreme Judicial Council that should have enhanced the separation of powers; this is interrupted since he chairs the Higher Judicial Council and appoints all the judges (Bahrain Constitution, 2002: article 33). Therefore, courts are subject to the regime's pressure especially when political cases are under investigation. And since 2006, this pressure has been increasing steadily with some challenges facing the government mainly by the Shi'a majority in the country.

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<sup>71</sup> Political societies/ associations are substitutes of political parties (this is explained below).

<sup>72</sup> There exists a hegemony of Sunnis stemming from the adherence of ruling family, which in effect has widened the gap and deepened the frictions between both Muslim communities in the country. And throughout the era of Hamad, Shi'a were causing unrest and often protesting against their status and religious discrimination in the country boycotting the 2002 parliamentary elections in a protest against privileges given to Sunnis. They also called for boycotting the parliamentary elections in 2010, where during this year many were arrested and stood for trials being charged with plotting for a coup. In earlier years they were cracked down harshly by the government. Still they managed to win the majority of seats in the 2006 parliamentary elections. For detailed discussion on the Sunni-Shi'a conflict in Bahrain, see: (Ramazani, 1986; Fuller/ Francke, 1999; Nakash, 2006).

<sup>73</sup> There is no law that directly prohibits discrimination, but the tensions were raised when the government has codified the family law as 'Sunni Family Law' late in 2009. This left the Shi'a majority under the un-codified Shari'a Court rulings. While riots and demonstrations have erupted frequently resulting in violent clashes between the security and protestors especially the among Shi'a community, the regime's power was not threatened. However, public resentment prevailed among the Shi'a in response to the unequal treatment in all matters in the country; being in employment, economic inequality and deep-rooted perceptions of deprivation (Bahry, 2000; Wright, 2008; BICI, 2011; Neumann, 2013; Chayes/ Matar, 2013).

Reflecting on this, Polity IV scores for the country moved from (-9) in 2001 to (-7) in 2003. This is because Bahrain has witnessed political changes since 2002 when the new constitution was enacted, and elections took place. Still the country is categorized as an 'autocracy' as the government has been oppressing opposition who constitute the majority of the population, in addition, the 2002 elections that came after 31 years of an abolished parliament did not change the political scene profoundly. It only laid the basis for a constitutional system of governance. Moving forward, there is absence of data for Bahrain in the V-Dem indices, however the researcher has relied on studies and the expert interviews in this regard. During the expert interview (A9), it was highlighted that rule of law and equality before law are guaranteed by the constitution, but this is often unapplied as members of the ruling family are not prone to be sued, also foreigners are disadvantaged if they file a case against citizens. Adding to this, the Shi'a population face a lot of discrimination where the hegemony of the Sunni minority is evident in all aspects in the country. Also, legal discrimination exists in matters related to gender and social equality between Sunnis and Shi'a in terms of recruitment in public office (Bahry, 2000; Wright, 2006; 2008; BTI: Bahrain, 2012). Reflecting on that, it can be said that rule of law is not respected due to the several perspectives mentioned above. Among which, the most evident are the hegemony of the king over the judicial authority and the legal discrimination against the Shi'a population. This hinders the impartiality of the judiciary and the equality of citizens before law, therefore there is a negative relationship between rule of law and corruption in Bahrain, presenting a direct cause of increasing the intensity of corruption in Bahrain.

On another level, the Bahraini regime shows more tolerance towards political participation and civil activities compared to some of the Gulf countries. Despite formal political parties being illegal as such, 'political societies/associations' are allowed and participate in the parliamentary elections presenting an equivalent alternative to political parties. According to a law issued in 2005, political associations/ societies should not be affiliated to class, sects, ethnicity, geography or occupations. However, the ones active in the country are mostly based on religious and sectarian agendas. In this sense, Shi'a and Sunni associations are strongly present in the political scene, also secular associations

exist but with less popularity and political powers. Each of these has its own political aspirations and goals in the Bahraini regime. With regards to civil liberties, civil society organizations have been increasing in number after the constitution was implemented in 2002, with a wide range of professional and social interests but their activities remained restricted by law. They are required to obtain a license from the government in order to operate and generally licenses are granted even to the organizations that are critical to the government. But, whenever their work is perceived to violate the regime's purposes, the government withdraws the license and the entity quits its activities instantly.<sup>74</sup> Labor unions are also allowed in the country and foreign workers can join them. Strikes or protests should be announced in advance, and in critical sectors (such as security, defense, transportation, health care, communications and infrastructure) it is not allowed to hold any strikes. Generally, law restricts the right to assembly, where citizens must obtain an approval and license to hold protests and if any occurs without permission, the police uses violence to terminate these assemblies (Wright, 2006; BTI: Bahrain, 2012).

According to Freedom house, political rights have been witnessing varying scores ranging between (5) and (7) where the country is ranked as 'Not Free'. This reflects the changes taking place in the political scene in Bahrain. Nevertheless, those indicators show generally that the political system has been under the tight control of king Hammad where electoral democracy was nonexistent, and members of the ruling family sustained top positions in the government. Besides, a Sunna-Shi'a conflict has been always prevailing; the Shi'a has been discriminated against and marginalized in the country on all levels due to the dominating Sunni elite and the big role of sectarian affiliations in the system. And even though political associations and civil organizations in the country are common, and some are split along religious lines while others overlap, the most prevailing conflict is the Shi'a majority who demand equal rights, better integration and more inclusion (Bahry, 2000). That being said, the varying political rights scores along with the different levels of corruption throughout the period of study indicate that there can be a negative causal relationship between both variables, even though their

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<sup>74</sup> For example, in 2004, the Bahrain Center for Human Rights was prohibited after its critical view on the government calling its prime minister to resign (BTI: Bahrain, 2012).

changes are not directly corresponding to each other.

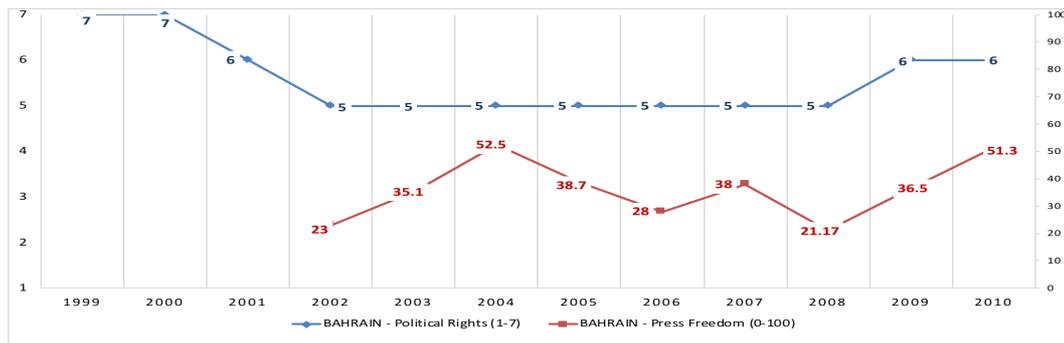


Figure 14: Regime Characteristics in Bahrain

As for freedom of expression, it is guaranteed by the constitution but subject to the regime's authority. No actual change has been witnessed on the ground in spite of calls to remove restrictions and penalties on press regulations, where journalists often faced imprisonment for violating the press law during the years under study. There are public and private broadcasting and radio channels, which are allowed to be critical to an extent while practicing a high level of self-censorship. And even though the country is a signatory of the International Convention of Civil and Political Rights and other agreements that protect the freedom of expression, but the government does not comply with such codes of conduct (Sakr, 2006; Katzman, 2017). In a 2010 report by Reporters without Borders, it stated that the imprisonments of bloggers and activists is increasing in Bahrain where the country is also scoring among the highest in internet penetration rates in the Middle East, with restrictions on the online flow of information. The country has scored differently throughout the years ranging from (23) in 2002 to (51.3) in 2010, due to the regime's disparities between allowing more freedom of expression and suppressing the people in many instances. The variation in press freedom scores are corresponding to the perceived levels of corruption for several years, demonstrating a negative relationship between press freedom and corruption in Bahrain. The censorship and lack of capacities to freely express the people's opinions on state matters give a clear indication that the country is not functioning as a democracy or even a hybrid democracy.

To sum this section, the political indicators vary on a similar path throughout the years under study, displaying the changes after the constitution was enacted in 2002 and the elections taking place during the same year. Still, no huge change is witnessed where the regime has sustained its authoritarian character, practicing

full control and allowing very less participation from the people. Even though not all the indicators directly correspond to the changes in corruption levels, there is causal relationship between the less respect to rule of law, restricted political rights and constrained press freedom on one hand and the intensity of corruption levels in Bahrain on the other hand.

❖ Economic Status

The economic reforms in Bahrain have had a sound impact assisting the country to become a market economy and gradually liberalizing the state-owned enterprises. Being a small oil producing country, Bahrain has sought to rely on privatization as the country does not provide a huge public sector. This has enabled small and medium enterprises to grow constituting a big portion of the private sector supported by the king himself through several government initiatives like “Tamkeen”.<sup>75</sup> Still, the dominance of the hydrocarbon sector is sustained constituting around 80% of the GDP. The country has a tiny share of natural resources rents in the GDP with an average of (5%) throughout the years under study. In this concern, there is no clear relationship between natural resources endowments and corruption levels in Bahrain, where the changes in the percentages of rents are very minor and do not correspond to the changes in corruption levels in Bahrain.

The government has been taking several steps towards opening up to global trade and developing the financial market, lowering taxations in order to become more competitive. The king has followed a gradual top-down process to diversify the economy through industrial production, tourism and financial services that were reflected in the state revenues. Bahrain has established a well-functioning legal and regulatory system, becoming a regional center for banking, insurance and other financial services. And international institutions have mentioned that the kingdom’s economic environment and investment atmosphere is a key competitive advantage among the Gulf countries. For example, the IMF evaluated the Bahraini system generally as effective and enjoying modern and comprehensive regulatory system. And according to the Heritage Foundation’s 2010 report, the key indicator for the macroeconomic stability in Bahrain is its encouraging business

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<sup>75</sup> Available at: <https://www.tamkeen.bh> (accessed 03/08/18).

environment, the tax system, low cost of doing business and the practical regulations as well as its strong financial sector (Gengler, 2012; BTI: Bahrain, 2012; Al Haddad, 2015). In 2002, an anti-monopoly legislation was enhanced with administrative measures of transparency and monitoring, and in 2004 other laws dealing with competition and commerce matters have been implemented. Comprehensive laws exist to prevent monopolistic activities, but the regulatory structures in this regard have not always functioned efficiently. Generally, the market functioned well although the policy of 'Khalfana' has given privileges to the royal family enjoying monopoly over manufacturing and distribution of certain goods and services. Through the privatization process the royal family and its clans reaped most of the benefits, and foreign investment stayed limited in specific fields such as transportation. Property rights are restricted to foreign investment in specific sectors. Nationals of the GCC can own 100% of the shares of firms, but non-GCC nationals have a limit of 49% of stock exchange. Foreign ownership is allowed in new industrial fields and distributive services. It is worth noting that, property rights' laws are still underdeveloped and not well institutionalized in the country. Also, public procurement has been developed in 2002 through a new law to ensure transparency in the whole process, but corruption still persists in the tendering process (Gengler, 2012; BTI: Bahrain, 2012; Al Haddad, 2015). Reflecting on this, Heritage Foundation has scored Bahrain generally high on its Economic Freedom index over the years (80) with regards to business freedom, but the country has lower scores in 2009 and 2010. Even though the country has a tiny economy, yet the records were well-maintained reflecting a good quality of regulations and clear intentions of the government to follow a market economy structure. In this regard, there is no clear relationship between the quality of regulations and corruption in Bahrain since indicators for both variables have not been showing corresponding scores. However, the ruling family's control over many economic activities in the country indicate that there are chances for grand corruption to take place.

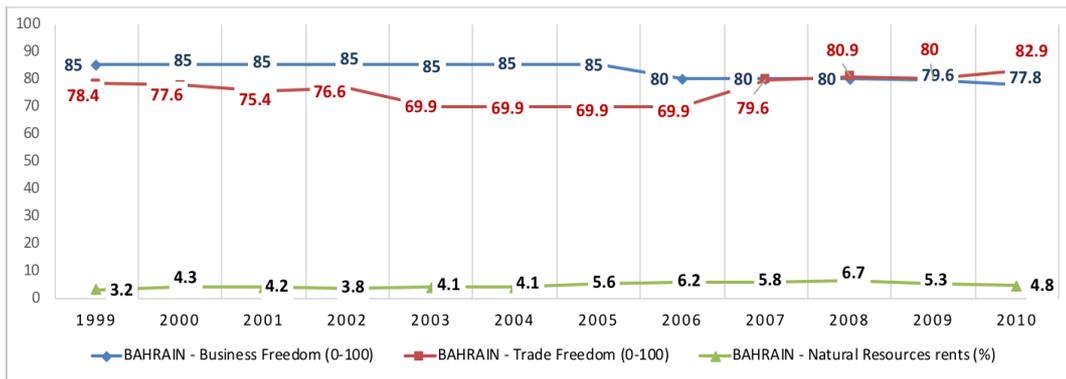


Figure 15: Economic Status in Bahrain

Being a member in the WTO since 1995, the country has been acting in accordance with the organization's regulations. The Economic Freedom Index of 2010 ranked Bahrain 13/179 with a score of (1.5) being the freest in the Middle East (followed by Qatar) and among the top 20 globally. Also, Fraser Institute ranked Bahrain as the most liberal among the Arab countries in its 2010 report on economic freedom in the Arab world.<sup>76</sup> Looking at the trade freedom scores of Bahrain, the country has performed well witnessing some variations over the years, but it does not directly correspond to the changes in corruption levels in Bahrain. In that sense, there is no obvious relationship between economic openness and corruption in Bahrain.

Grouping the economic indicators together, there is no direct causal relationship between any of the variables and corruption, either by individually or grouped. However, it can be said that the ruling family's control over many economic activities, the enforcement of 'Khalafana' policy and the vagueness in some regulations can explain the existence of corruption in the country; taking the form of grand corruption. This has also been mentioned during the expert interview (A8) with a high-level non-citizen official, who clearly said that no one can question or trace the activities of the ruling family members in the different economic activities, where many transactions and/or business deals can be carried out unnoticed or documented.

#### ❖ Development Status

The Bahraini human development has witnessed a significant rise between 1980 and 2010, with the country ranking 39/169 in 2010. Literacy rates are very high reaching (98.1%) in 2010 along with the provision of good quality education

<sup>76</sup> Available at: <https://www.fraserinstitute.org> (accessed 03/08/18).

in the country, with a high record of human development averaging (0.80) for the years under study. Relating this to corruption, there seems to be no causal relationship between literacy rates and corruption. Nevertheless, the welfare state of Bahrain and the high human development scores indicate that the population is enjoying a good quality of life having secured jobs that pays them well, which suggests that they are not prone to be involved in corruption acts. In that concern, Bahrain has a welfare system of services, as the citizens enjoy a good national security system with several free and subsidized services accessible for all Bahraini citizens (unemployment benefits, housing, health care and education). Expatriates are excluded from most of the benefits offered exclusively to the citizens, but they do receive free health care (Lahn, 2016). In that sense, inequality is obvious between citizens and foreigners, as many human rights organizations have been critical on the exclusion of expatriates from labor market reforms. These expatriates constitute around 54% of the population and 76% of the employed. The country follows sponsorship system like its Gulf neighbors and the government has worked on the labor market and some reforms has taken place in 2008, with a new labor law replacing the sponsorship system coming into force in 2009 (Fakhro, 2005; BTI: Bahrain, 2012). This new law was intended to improve the working conditions of the foreigners in payments, housing, women rights and other critical issues for their living, but so far progress has been less, compared to the expected outcomes according to the UNDP human development report in 2010 highlighting several improvements and other drawbacks that still require more government effort.<sup>77</sup> The citizens are paid more than foreigners and they also receive a minimum wage, while non-citizens do not have a minimum wage scale. Citizens enjoy employment in the public sector (around 90% are nationals), while the private sector is mainly dominated by non-citizens (around 80%). In that realm, the government has been exerting efforts as part of ‘Bahrainization’ to replace expatriates with nationals in the workforce (Lahn, 2016). In relation to this, the 2009 quality of life index by the Economist Intelligence Unit has presented clear income inequality in Bahrain between genders, citizens and non-

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<sup>77</sup> UNDP Report, available at: [http://hdr.undp.org/sites/default/files/hdr\\_2010\\_en\\_summary.pdf](http://hdr.undp.org/sites/default/files/hdr_2010_en_summary.pdf) (accessed 03/08/18).

citizens, and public and private sector employees.<sup>78</sup> A dimension of discrimination is related to the expatriates' status who - resembling the neighboring Gulf countries - are excluded from being part of the country as they do not enjoy any benefits, even though they constitute around half of the population size. And while there has been a 'political nationalization' initiative by the government granting citizenship to around 60,000 expatriate Sunni Muslim in a step to balance the religious adherence in the country, the government has not announced that hidden motive and constantly denied such charges<sup>79</sup> (Wright, 2008; BICI, 2011; Neumann, 2013; Chayes/ Matar, 2013).

Another face of discrimination is inequality as ethnicity and sectarian adherences, along with networks play key roles in defining the opportunities for the people. Even though the 2002 constitution guarantees equality between men and women, providing citizens with all the basic rights of education, health, property, housing and work, in practice this is not applied. Also, according to the constitution, Islam is the state religion and even though the Bahraini law is generally secular, religion plays a critical role in the country, where political associations and movements, actors and opposition always identify themselves with their religious adherence and sects as mentioned earlier. Social and political pressures have often taken place due to the Sunni-Shi'a continuous tensions. The population is having a majority of Shi'a while the rest are Sunnis and few Christians.<sup>80</sup> And even though the Shi'a is the majority, they feel discriminated against and treated as second-class citizens, where the Sunnis have been dominating the country on all social, political and economic affairs<sup>81</sup> (Bahry 2000; Wright, 2008; BICI, 2011; Neumann, 2013; Chayes/ Matar, 2013). And while the indicators for income inequality and poverty are absent, the studies conducted on this issue in Bahrain has assisted in reaching the point that both - income

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<sup>78</sup> Quality of life index by the Economist Intelligence Unit, available at: <http://www.eiu.com> (accessed 03/08/18).

<sup>79</sup> Whereas figures prove the aforementioned issue as the population has witnessed sudden growth in 2010 reaching 1.2 million.

<sup>80</sup> Non-Muslims account for around 20% of consisting of Christians, Hindus and Buddhist; who are mostly non-citizens. They practice their faith freely and are allowed to form groups that generally take the form of cultural clubs. Available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/ba.html> (accessed 03/08/18)

<sup>81</sup> According to the Bahrain Independent Commission of Inquiry, there is an obvious wealth inequality in Bahrain since poverty and unemployment are concentrated among the Shi'a Bahrainis (BICI, 2011).

inequality and poverty - exist in the country on the basis of the sustained discrimination against Shi'a and expatriates on different levels, which indicates a positive relationship with corruption as the maltreatment of the majority of the population and the inability of people to voice their demands openly gives room for corruption to flourish. This has also been confirmed during the expert interview (A9), however reaching conclusions on the spread of petty corruption was not feasible.

The participation and empowerment of women are of no significance in the country. Their share in the labor force is averaging (20%) - like Kuwait and doing better than all the Gulf states - with tiny presence in the parliament. Women empowerment has been on the agenda of the regime, since the king has appointed 10 women in the Consultative Council in 2006 and 11 in 2010. Also, some entities were established for that aim, like the MENA Businesswomen's Network, Bahrain Women's Society (BWS), the Awal Women's Society and the Mustaqbal Society. The Women's Union in Bahrain aims to develop the political role of women in the society, promote entrepreneurship and spread awareness of their rights to push the government for realizing more equal rights. Still, women in Bahrain do not enjoy equal opportunities especially with regards to their personal status, as laws in the country do not support gender equality. Further, even though Bahrain is part of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the government has made it clear that the implementation has to abide by the Islamic law and traditional restrictions. Therefore, women are still underrepresented in the political scene, and discrimination is clear in the workplace as well as the legal status, where the UNDP report on gender inequality index scored Bahrain with a value of (0.51) for the year 2008<sup>82</sup> (Ahmed, 2010; BTI: Bahrain, 2012; Katzman, 2017). That being said, women in Bahrain lack empowerment in the society and their presence in the politics is very minor, however, it is hard to reach a relationship between corruption and women empowerment as the country has been steadily following the same path towards women empowerment, while corruption has increased throughout the years.

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<sup>82</sup> Human Development Report 2010. 20th Anniversary Edition, The Real Wealth of Nations: Pathways to Human Development. UNDP. Available at: [http://hdr.undp.org/sites/default/files/reports/270/hdr\\_2010\\_en\\_complete\\_reprint.pdf](http://hdr.undp.org/sites/default/files/reports/270/hdr_2010_en_complete_reprint.pdf) (accessed 03/08/18).

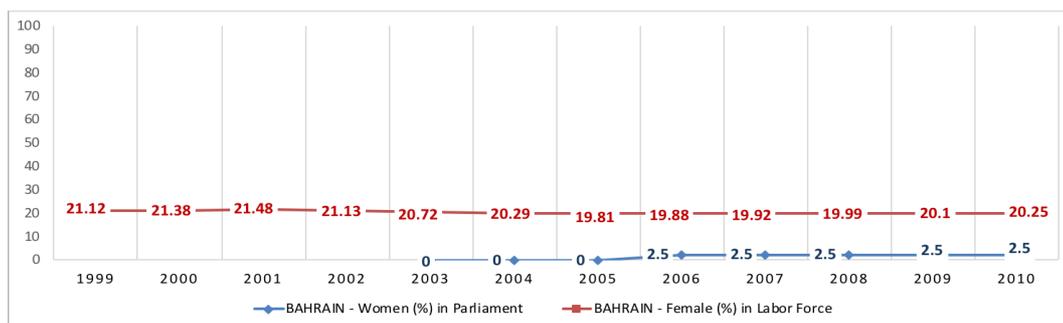


Figure 16: Women Empowerment in Bahrain

Looking at the development indicators, literacy levels does not reflect a causal relationship with corruption, but the high human development in Bahrain has an impact on the less corruption levels witnessed in the country. Compared to the Gulf states, stark inequality presents a direct cause of corruption where the minority (Sunni) are leading the country and the majority of the population (Shi'a) are facing discrimination on all levels in the society. And like the other Gulf states, expatriates and women are not integrated in the society, but this does not relate directly to corruption in the country. However, it might be a catalyst for preferential treatments and nepotism.

### Brief

In light of this, Bahrain is an authoritarian regime since the constitutional monarchy - in which the king rules but does not govern - is not properly functioning. Even though the constitution guarantees the separation of powers and has clear institutional set up for the three branches of the government, the executive authority has been privileged with wide powers in the constitution and in reality. This led to less or even absence of checks and balances in the system. The regime clearly hosts grand corruption in both, the political and economic scenes.<sup>83</sup>

Generally, while the constitution guarantees freedoms and respects human rights, political freedoms have been regularly restricted in Bahrain. And the existing associations are tolerated in Bahrain and have firm roots but do not have enough capacity to influence the political decisions in the country. Even though elections took place in 2002 and the constitution was enacted, no vivid change has been witnessed in how the political system is functioning. This is due to the sustained

<sup>83</sup> In relation to this, it was in 2009 when the Bahraini parliament ratified the UN Convention against Corruption.

authoritarian character of the regime allowing less input from the political societies. The economy has been diversified with clear trade openness, but many economic activities remained restricted under the government control directly or indirectly. This gave much room for interpreting the existence of grand corruption in the economy. Also, the 'Khlafana' policy has strengthened the rule of the family in all areas and economic activities, where the regulations were not always respected. And the strong Sunni minority rule enhanced the inequality and discrimination against the Shi'a population who constitute the majority among the population. This has been the most significant aspect within the analysis of Bahrain. Sunni minority rule has been affecting all aspects in the country, being quite clear in job assignments, biased rule of law, benefit allocations, and the general opportunities offered to the masses within the country. In this regard, Shi'a were generally deprived fair treatment and equal chances, since preferential treatments have always determined the outputs offered for the population.

Based on the above analysis, the main causes of corruption in Bahrain are obvious in the less respect for rule of law, the lack of freedom of expression and the minority rule which sustained social inequality and discrimination against the majority of the population in legal, political, economic and social matters.

## **Kuwait**

### ❖ Regime Characteristics

The country is a constitutional hereditary monarchy and has been under the rule of consecutive Sheikhs and Emirs descending from Al Sabah family ever since it was established. The 1962 constitution in Kuwait is widely seen as the cornerstone for the political system's stability and there is a wide consensus on the leading role of Al Sabah family.

Kuwait functions with secular bureaucratic institutions and modern settings, but according to the constitution, Islam is the state religion and Shari'a is the main source of legislation. And Islamic law is primarily significant in personal matters (Farah, 1989; Crystal, 1995; Herb, 2010). According to the constitution, the Emir appoints the prime minister and the cabinet. All ministers are members of the parliament and are accountable to the legislative authority, which can cast a no confidence vote, impose political or legal penalties and inquire about their actions. Regarding the legislative authority, Kuwait has the oldest elected parliament among the Gulf countries since 1963. The National Assembly comprises the ministers and 50 directly elected members (Kuwait Constitution, 1962). Restrictions on voting are done for police, army and naturalized citizens (who are allowed to vote only after 20 years of citizenship). Generally, the legislative authority has been effective ever since its existence, usually challenging the executive authority<sup>84</sup> and the parliamentary elections have been fair and competitive. It can discuss critical matters and has been regularly pressuring the executive for more transparency in financial matters and oversight over oil policies and foreign defense (BTI: Kuwait, 2012). The constitution provides for an elected legislative branch, giving the Emir the authority to dissolve it and rule by decree; nonetheless he has to call for new elections within 60 days.<sup>85</sup> Yet, the constitution also gives the parliament the right to overturn any decree issued by

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<sup>84</sup> It is worth mentioning that the prime minister Nasser Al Sabah was forced to resign four times, each in a context related to corruption acts, but the Emir re-appointed him in all the four times. This indicates that the legislative authority has been powerful, yet accountability of the ministers remained limited (BTI: Kuwait, 2012).

<sup>85</sup> The disbanding of the National Assembly has taken place several times since the existence of the parliament in 1976, 1986, 1999, 2006, 2008 and 2009 (BTI: Kuwait, 2012).

the Emir during its period of dissolution (Kuwait Constitution, 1962). This has created a regular conflict between the executive and the legislative authorities causing blockages in the political scene especially evident during the late 2000s when the Emir dissolved the parliament three times.<sup>86</sup> Even though there has been a regular suspension of the parliament by the Emir, the constitution has always served as a reference for new elections to take place. As for the judicial authority, it is autonomous but moderately transparent since the Emir and the executive branch have constantly influenced it, consequently the judges are often in line with the officials' stands (Farah, 1989; Crystal, 1995; Herb, 2010). During the expert interview (A10), it was mentioned that cases involving non-citizens and citizens are mostly biased towards the citizens, while cases filed against political figures rarely make it to the court halls and are resolved behind closed doors.

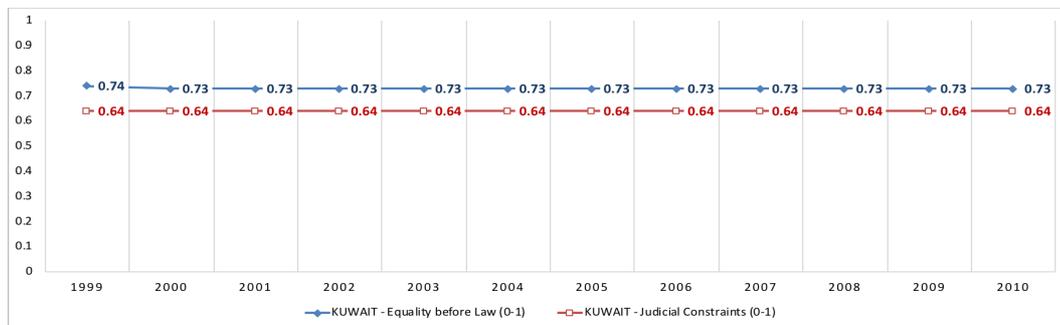


Figure 17: Rule of Law in Kuwait

Reflecting on this, even though Kuwait is categorized as an ‘autocracy’ scoring (-7) in the Polity IV project during the years under study, the country presents an active political system compared to the other Gulf states - except Bahrain, in which its citizens are politically active in political groups, trade unions and professional associations present in the society. Moreover, according to the expert interview (A11), the traditional means of debate held in the ‘Diwanias’<sup>87</sup> among the different tribes and political activists are strong in the country and influential.

<sup>86</sup> The year 2006 marked a significant step in the political scene in Kuwait, when the Emir dissolved the parliament after the parliament’s demand to question the prime minister in an issue related to a corrupt act, but the Emir objected on that procedure. Later on, in 2009 the Emir agreed on questioning the prime minister, which was a sign of the expansion of the parliament’s powers, holding the government accountable through a meaningful legislative role. One of the most evident achievements has been passing the privatization bill in 2010, and introducing a new electoral system being decisive in the succession crisis within the ruling family. It is worth mentioning that the regime has signed the UN Convention against Corruption in 2003 and ratified it in 2007 (Farah, 1989; Crystal, 1995; Herb, 2010).

<sup>87</sup> Traditional means are basic to the Kuwaiti system since public debate and consultations exist in the ‘Diwanias’ in which families and tribes gather; political discussions are held and debated among civic and political activists (Herb, 2010).

However, the constant tensions and conflict between the government and the parliament present a clear obstacle in the proper functioning of the political system. Adding to this, the absence of organized political parties - explained later - make it hard for the government to engage in negotiations and agreements with the parliament, due to lacking a reliable majority in the parliament that determines the cabinet formation. In effect, this had a negative impact on policy making process even though there exists a system of checks and balances (Herb, 1999; 2009). As for rule of law, the country scores high on the V-Dem indicators, sustaining a score of (0.64) on judicial constraints on the executive and (0.74) on equality before the law. This shows that there is no apparent causal relationship between rule of law and the perceived corruption in Kuwait, but there are some cases where the judiciary is not functioning in complete impartiality, which might explain the presence of political corruption in the country in certain areas linked to the high-level profiles in the regime. Generally, the political conflict between the legislative and executive authorities proposes the main reason why corruption in Kuwait is higher than its neighboring countries, even though the country presents the most liberal compared to its Gulf neighbor in terms of the existence of checks and balances and scrutiny over the executive authority. Still, it is clear from the above review that most of the cases of questioning and inquiring conducted by the parliament were related to corrupt acts carried out by the executives, where in turn the parliament was suspended several times. This gives a vivid picture that grand corruption takes place in the country among the political elite and goes without being questioned due to their wide powers. In this sense, rule of law is not fully respected and hence corruption levels increase, taking the form of grand corruption.

Regarding the freedom of association and assembly, the constitution makes no reference to political parties and they are not officially recognized. Nevertheless, 'political groups' exist and function as political parties in Kuwait. These political groups are active before elections, operate openly and announce their agendas publicly; they also serve the interests of certain social groups. And opposition in Kuwait is mostly well-educated, wealthy businessmen and tribal leaders who seek a bigger role in the decision-making process in the country. The majority among them voice demands on their rights in oil shares, more freedom of

expression on various matters and a stronger role of Islam in politics. As for the National Assembly elections, members of the political groups run for elections as independent and are members of the unofficial groups of moderates and conservatives who do not enjoy any majority in the parliament. In this regard, legislations are based on coalitions between the members to reach the majority vote on decisions. As for the civil society in Kuwait, it is developed compared to its neighboring Gulf states, comprising trade unions, women entities, professional associations and cultural clubs. These organizations are newly introduced in the society, therefore some of them are not well rooted and lack strong links with the elite. They regularly get engaged in the political process expressing their demands openly, along with the informal networks of tribes and families that play crucial roles on all political and socio-economic levels (Herb, 2010). In 2006, the right for assembly has become legal when the Constitutional Court has issued a law on such matter. Even though the ruling elite has placed restrictions on the political participation of the masses, they were able to channel their political and civil demands to the government unlike the rest of the Gulf countries, and this has been clear on the political rights indicator as Kuwait has scored (4) for the years under study denoting the country's better performance with regards to political rights compared to its neighboring Gulf countries. That being mentioned, political rights have no clear relationship with corruption, since Kuwait has functional political groups and active civil society organizations which are relatively able to voice their demands and oppose the regime through dynamic political participation.

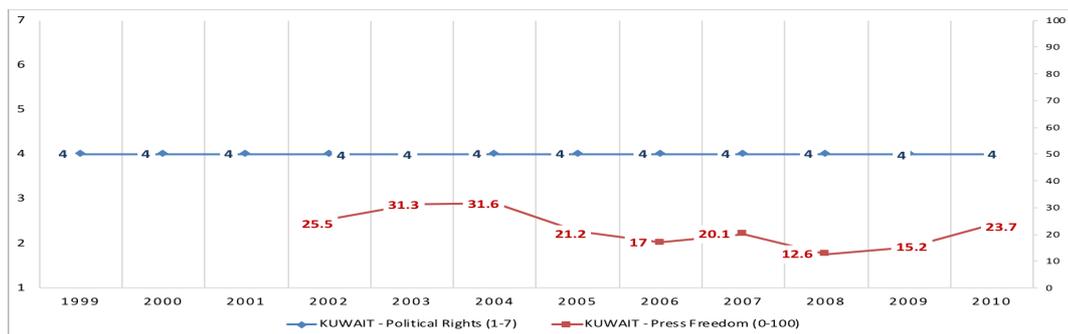


Figure 18: Regime Characteristics in Kuwait

Concerning the freedom of expression, journalists in Kuwait are the most liberal among the Gulf region countries (scoring an average of (25) for the years under study on the Press Freedom Index) in spite of the restrictions on addressing critical issues - like religion and criticizing the Emir - resulting in some degree of

self-censorship. However, the ranking of Kuwait was downgraded due to the arrests of journalists who were accused of damaging the national interests and the Emir's status (Odine, 2011). This has also been iterated during the interview (A10) with a non-national government advisor, who stated that the government has prosecuted persons on nonviolent speeches, academic writings and halted public gatherings, which has also been reported to the Human Rights Watch. In this regard, there is no clear causal relationship between freedom of press and corruption, where the variation in both indicators do not correspond to each other, but the practices of the regime give an impression that it can be a cause of corruption. The regime has constrained the people's freedom of expression revealing that the government has denied the basic rights of the people to openly discuss any matters that affect their lives in the country.

Looking at the regime characteristics in Kuwait, each variable on its own does not clearly impact the levels or intensity of corruption. However, grouping the variables together and observing the linkage between them mirrors a negative causal relationship between rule of law, political rights and press freedom on one hand and corruption on the other hand. Corruption exists in the form of grand corruption among the ruling elite. This is clear due to, first; the continuous hegemony of the executive authority over the National Assembly and suspending it many times showing a constant political conflict. Second; the absence of organized political parties which take the form of groups in the parliament having no real influence as a majority. And third; the restrictions on the press freedom and the regime's practices against anyone challenging the stability of the system, which has also been affirmed during the expert interview (A11). These aspects grouped imply the existence of political corruption in the country, initiated by the less respect for rule of law, constrained political participation and limited freedom of expression.

#### ❖ Economic Status

Kuwait is one of the oil rich countries among the Gulf countries owning around 8% of the world's known oil reserves. Its economy is a welfare one heavily dependent on oil and petrochemical industries which generate nearly half of the country's GDP, where rents from natural resources have reached (45%). This

percentage does not correspond directly to the intensity of corruption, but the control practiced by the ruling family over the oil sector can imply the presence of grand corruption. In contrast to the other Gulf states, the ruling family does not receive much profit from oil, as the parliament's approval is required for the royal salaries. The market is relatively competitive, with the exception of state monopoly over the oil and petrochemical industry having full state control. Still, the royal family along with few merchant families controls the main economic activities in the country, where informal monopolies and oligopolies exist in sectors like tourism, communication and telecommunication. Privatization policy of the country is not progressive, and the parliament has usually stood against some initiatives of privatizing certain assets accusing the government of concealing hidden interests. And it was in 2010, when the parliament approved a law on privatization of specific state-owned companies under certain conditions.<sup>88</sup> Still, economic diversification is not progressing, and debates were ongoing for further opening up and developing other industries to reduce dependence on oil. The economic scene in the country has presented an unfair competition in all economic activities. Property rights are clear, and the constitution forbids foreign ownership of the country's natural resources. Non-citizens can own stocks but cannot own real estate. And the informal economy is very limited even though taxes are low as the government faces no urgency to generate taxes. The financial sector and banking system are modern and capitalized with a clear supervisory role for the central bank. Several commercial banks exist that are stable and generally well managed (Herb, 2009; BTI: Kuwait, 2012).

In this regard, state ownership of the economic sector is high according the V-Dem index scoring (1.92) indicating that the major sectors are directly under state control while others are indirectly supervised. Corruption might take root in this realm, due to the elite's monopoly over key sectors in the country and less diversification and openness in the market. Business freedom has been varying over the years averaging 70, showing some correspondence with the changes in corruption levels in Kuwait. This implies that the low quality of regulations in Kuwait might be a cause of corruption in the country, since economic activities

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<sup>88</sup> Such as the government shares to be the highest in the enterprises and secure employment guarantees for Kuwaiti citizens (Herb, 2009; BTI: Kuwait, 2012).

are not diverse, many barriers exist, and some regulations are not well-articulated.

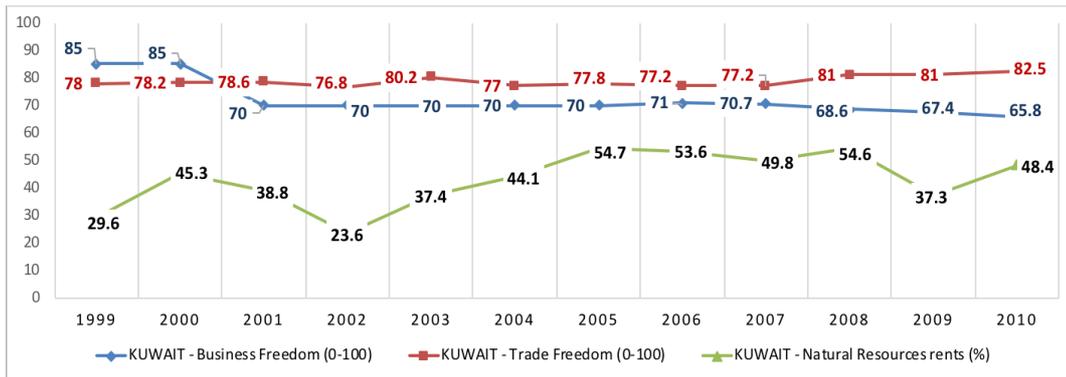


Figure 19: Economic Status in Kuwait

The country is a member in many international organizations and has accessed the WTO in 1995, and with regards to its regional integration Kuwait has removed trade barriers and initiated investment within the Gulf Cooperation Council in 2008. The country has been performing well on the trade freedom index, scoring an average of (77), however these scores do not correspond to the varying levels of corruption. Still the country has not been doing very well with regards to executing the regulations and being economically open compared to the other Gulf states (BTI: Kuwait, 2012).

The economic status in Kuwait demonstrates the ruling family's control over the major economic activities, which hinders real economic competition. And even though some openness is observed (according to the data) but there is absence of diversification in the market with lack of strong regulatory institutions within the different economic fields. The country's economy is reliant mainly on oil which is under state control and less information is available on the revenues and all aspects within this field. This can indicate the presence of grand corruption within the economy; linked to the ruling family and its close circles.

#### ❖ Development Status

The combination of oil richness and a small national population has helped in modernizing the country and achieving significant economic development. Still, human development in Kuwait is a moderate one compared to all the Gulf countries, where the country ranks 47<sup>th</sup> in the 2010 Human Development Index. The population has reached 2.9 million in 2010 and is fragmented between citizens who constitute 35% of the population, while the rest are foreigners. The citizens occupy the public sector with around 79% of the workforce, and the

government has introduced the “Kuwaitize” policy in the private sector to attract citizens to hold positions in order to lessen the public-sector overemployment. The state assumes the primary responsibility of the citizens’ welfare, offering them diverse goods and services under the oil-funded welfare state. This includes free health services, education, guaranteed employment, housing and financial assistance in many aspects. Other services like electricity, water, gas and telecommunication are highly subsidized. Education spending is high in Kuwait amounting to 13% of the budget, as the government tries to constantly improve the quality of education to match the needs of the market to reduce the dependence on foreign workers (Herb, 2010; BTI: Kuwait, 2012). The country has high literacy rates reaching 94.5% in 2007, where the citizens enjoy good quality education. Reflecting on this, there is no clear relationship between corruption and literacy rates, as the people have access to education and are well educated but the perceived levels of corruption are high.

As for income inequality and poverty rates, data is missing. And even though poverty figures are not available, but there are few cases of poverty among citizens since tribes and family networks play a big role in complementing the state support for its citizens, where the civil society organizations do not have a role in society matters (Herb, 2010). The GNI per capita in Kuwait is very high due to the oil richness in the country combined with the small number of citizens. However, social inequality is evident taking the form of discrimination against certain groups among the population. To elaborate, the country does not violate human rights, but the main problems are apparent with regards to the absence of legal protection, civil rights and equal opportunities for expatriates and minorities (like Bidoons and Shi’a). In that sense, the population in Kuwait consists of a majority of foreign labor (around 67%), who have no right for citizenship and thus are deprived from many benefits in the country. Also, the Shi’a minority (around 140,000) has often faced conflict and tension with the Sunni Muslim majority, and their disagreement with the ruling family is believed to be the main source for fueling tension. Bidoons (around 100,000) have a stateless identity, even though they are residents in the country (Farah, 1989; BTI: Kuwait, 2012). That being said, inequality is present among the population in legal, economic and social aspects.

As for women’s empowerment in the society, it was not until 2005, when the Emir granted women the right to vote and run for election and the first woman was appointed as a minister in 2005.<sup>89</sup> In 2009, four women gained seats in the parliament. Freedom House, however, noted that gender inequality is still persisting as women are not allowed to serve as judges and there exists gender discrimination in several social matters.<sup>90</sup> Moreover, according to the World Bank data, female participation in the labor force is averaging 20% for the years under study. In this regard, there is no clear relationship between women empowerment and the intensity of corruption in the country as women has not enjoyed any vivid roles over the years of study to be able to draw a relationship with corruption or correspond to the corruption levels.

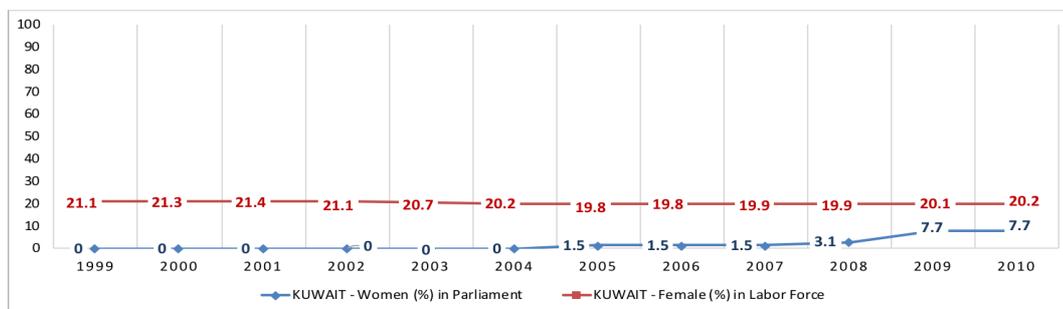


Figure 20: Women Empowerment in Kuwait

At the first glance, development variables do not imply causal relationships with corruption, yet a deeper look indicates that social inequality has been clearly impacting the social setup of the country. Bidoons, Shi’a, immigrants, expats and women lack proper means to fully participate and be socially engaged in the community. This has impacted the whole scene, reflecting the existence of preferential treatments, nepotism and kinship in the country, indicating the presence of corruption, where nationality and gender have been key to determine the benefits offered to the persons. This nexus is clear based on the literature, data and the expert interviews (A10; A11).

<sup>89</sup> This development was influenced by Qatar and Bahrain which has been highlighted during the expert interviews (A10; A11).

<sup>90</sup> Available at: [https://freedomhouse.org/sites/default/files/inline\\_images/Kuwait.pdf](https://freedomhouse.org/sites/default/files/inline_images/Kuwait.pdf) (accessed 03/08/18).

## Brief

In contrast to many countries in the Gulf region, the political process in Kuwait is largely guided by the constitution. Therefore, Kuwait is not totally authoritarian where it scores (-7) on the polity IV. The legislative authority has been constantly in tension with the executive, challenging the executive authority and the Emir's supremacies. Still, the Emir managed to have hegemony over the regime politically in many instances. Rule of law has been respected, but its impartiality is questioned when it comes to certain cases. Political parties are not present yet are organized unofficially in the form of 'political groups', civil society organizations exist and are having good basis compared to the other Gulf neighbors, and the freedom of expression is guaranteed but people have faced several restrictions when criticizing the regime in any way. This implies that grand corruption persisted in politics where many officials have been accused in corruption acts and it is also evident due to the above-mentioned dynamics within the regime and the constant conflict between the legislative and executive authorities besides the lack of impartial rule of law.

The government's efforts in investments and economic openness are not significant compared to the Gulf countries. The ruling family has been intervening heavily in the economic activities, in monopolies and oligopolies. There is secrecy over the oil sector spending and revenues where this gives room for corruption to take place. Also, with the lack of diversification in economic activities and less openness to trade and competition, this shows that grand corruption can easily take place in the economy due to the lack of appropriate regulatory procedures and the existence of barriers to market entry.

The country is doing well with regards to human development and its citizens are enjoying a luxurious life, however inequality is persistent in the discrimination against women, expatriates and the minorities of Bidoons and Shi'a. This implies that corruption exists as the legal, political, economic and social rights of those people are hindered due to the political interests of the elite.

Given the above analysis, it can be said that the main causes of corruption in Kuwait are the less abidance by the rule of law and the lack of proper regulations in the market. And another catalyst for corruption is present in the social inequality taking place in the society among the different classes.

## Saudi Arabia

### ❖ Regime Characteristics

Saudi Arabia is considered an absolute monarchy in which the Saud family has been ruling its territories since the 15<sup>th</sup> century proclaiming the Kingdom of Saudi Arabia in 1932 with no other authority ruling over since then. By the 1950s, oil started to play a central role in the state formation and the council of ministers was established. Both, Quran and Sunna serve as the formal constitution, while the basic law issued in 1992 serves as an informal constitution.<sup>91</sup> The later states that Quran and Sunna are the country's constitution. Powers are vested in the monarchy; the king has absolute authority over the country without any legal restrictions, legislative constraints or limitations by the constitution. There are no checks on the authority of the king since he only seeks consensus among the royal family members. Therefore, there is lack of any formal accountability and he enjoys wide discretionary powers. He serves as the head of the state, holds the prime minister position, appoints the ministers and religious figures. Moreover, the king has exclusive powers to name the heir of the throne. In this regard, King Fahd has ruled the country more than two decades (1982 - 2005) followed by his brother King Abdullah (2005 - 2015). In 2006, King Abdullah has formalized the royal succession process to prevent conflicts among the princes and ensure a smooth transfer of power in the dynasty. He passed a law establishing an Allegiance Commission comprised of princes of the Saud family. Within this arrangement, the rulers would need the approval of the Commission for the choice of the future crown prince, and it is a secret internal process with no public input (Ross, 1999; Herb, 1999; Aarts/ Nonneman, 2005; Al-Rasheed, 2010). The Cabinet is composed of royal family members who are concerned with advising the king on political matters. It is more of an informal decision-making process since the executives are mostly family members of the ruling elite. In 1992, King Fahd - after several calls for developing the political system - has established the Consultative Council with appointed members providing a quasi-legislative figure, that has no political powers. The Council only reviews legislations since the king

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<sup>91</sup> The 1992 Basic Law, available at:

<http://www.mofa.gov.sa/sites/mofaen/aboutKingDom/SaudiGovernment/Pages/BasicSystemOfGovernance35297.aspx> (accessed 03/08/18).

has the final word on any political matter. The first legislative elections took place in 2005, with a total of 592 seats contested, in which women were not permitted to take part in the electoral process. As for municipal elections, it took place in 2003 on a limited scale starting when the government allowed elections to be held for half of the seats in the municipal councils trying to introduce political reforms. And full municipal elections were scheduled to take place in 2009, but were postponed (Ross, 1999; Okruhlik, 2010).

The state is officially defined as Islamic, with Quran presenting its constitution and the Muslim Clergy 'Ulama' being an essential part of the state apparatus wielding significant influence on all social aspects in the country; be it public morality, personal status law, education or culture. In 1994 the Supreme Council on Islamic Affairs was established to be an advisory body parallel to the Muslim Clergy Council 'Ulama' (Okruhlik, 2005). The king appoints the head of the Supreme Court and leads the judicial authority; presenting the final court of appeal and a source of amnesty. A royal decree was issued in 2007 in a step to overhaul the judiciary, creating specialized courts represented in a Supreme Court, Appeals Court and other general courts to replace the Supreme Judicial Council. These reforms aimed at establishing more firm control and recognized processes of appeal. Generally, courts have wide powers to judge according to their own interpretation of Shari'a law and Islamic stands, therefore the separation of religion from state matters is out of question by both the government and public. Many laws are based on the Shari'a jurisdiction; however, some modern administration exists like in procedures and regulations governing the banking system. It is worth noting that, the judiciary in Saudi Arabia is seen to be independent, but often subject to the ruling family influence where 'fatwas'<sup>92</sup> by the Muslim Clergy can be ignored at times when the regime finds it inconvenient to its aspirations<sup>93</sup> (Aba-Namay, 1993; Aba-Namay, 1998; Echague, 2009; Okruhlik, 2010).

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<sup>92</sup> An interpretation/ opinion given by a legal Muslim scholar based on religious stand.

<sup>93</sup> This was also mentioned during the expert interview (A13), stating it is a well-known practice in the Kingdom and that 'Fatwas' can change according to the regime's will, to serve the elites' aims.

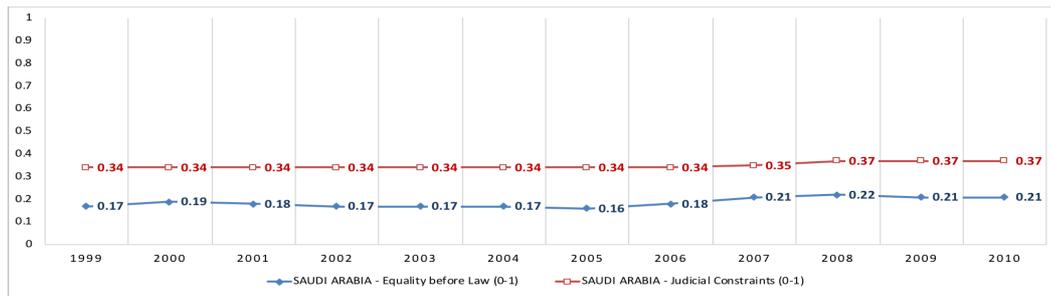


Figure 21: Rule of Law in Saudi Arabia

Reflecting on this, Polity IV categorized the Kingdom as an ‘autocracy’, scoring (-10) for the whole period under study. There is no alteration of powers, since the royal family with its Islamic foundation provides for legitimacy in the country, and the family enjoys high consensus among the tribes on its control over the territories. Regarding rule of law, the country scores very low in the V-Dem indicators. It has scored between (0.17) to (0.21) on equality before law indicator and between (0.34) to (0.37) on judicial constraints on the executive indicator, presenting the worst scores among its Gulf neighboring countries. The slight change in the rule of law indicators corresponds to the legal reforms introduced in 2007. Still, these reforms have not been of significance to a better functioning legal system; being independent and impartial. That being said, with the minor change in the rule of law scores and the slight variation in the levels of perceived corruption in the country over the period of study, it is clear that both variables have a negative relationship, as the less respect for rule of law, the higher corruption witnessed in Saudi Arabia.

Regarding political rights, the political system in the kingdom is a closed one, with no political parties to challenge the royal dynasty. Also, the strict implementation of Shari’a laws restricts the freedom of assembly, expression and speech. Citizens lack the capacity to change the government; and there are no institutions to channel their demands. The 1992 basic law has no explicit statements on political or civil rights, and the freedom of assembly and/or association is not addressed as well. However, there are few professional and voluntary associations under state supervision, and civil society institutions are legalized and granted a license to operate through the government, where the later often declines the requests from citizens to establish organizations. Public expression of beliefs other than Islam is illegal, but private worship is allowed. Even after the municipal councils were elected in 2005, some bureaucratic

constraints hindered the effective functioning of these councils. The connection between the citizens and the government is more obvious in the tribal, family and professional groups at the ‘majilis’, which serves as an open-door meeting held by the ruling family to hear from citizens or foreigners on any topics of grievance or opinion matters (Okruhlik, 2010; BTI: Saudi Arabia, 2010). In light of that, the country has sustained a score of (7) in the political rights indicator for the whole period of study mirroring the tight control over people’s freedom, as they are only allowed to voice their demands through informal traditional channels. This shows how strict the regime is with the political and civil participation of its people which can be a cause of corruption as the masses are unable to take any part in the decision-making process or even express their opinions openly. This also gives ground for the regime to act freely because they are not accountable or even expect alteration, which in turn allows political corruption to easily take root and flourish among the ruling elite who are not questioned or challenged by any means.



Figure 22: Regime Characteristics in Saudi Arabia

As for the freedom of expression, there is an ‘unspoken consensus’ on refraining from being critical to the government and the royal family. In 1982, a media policy has been issued by the government urging journalists to support Islam and stand against atheism, uphold Arab interests and the national cultural heritage. Moreover, the government must approve the appointments of all high-level editors and has the power to remove them. The printed media practices self-censorship and the government can guide newspapers regarding controversial issues. The broadcasting channels are supportive to the regime and act as its mouthpiece. And it was only recently when the independent newspapers started to discuss sensitive issues like women, social reform and the role of religion. These restrictions are highly reflected on the Press Freedom Index as the kingdom has

scored an average of (68) with no strong improvement over the years, ranking worst among the Gulf states. This lack of freedom of expression goes in line with the regime's hegemony over the political scene not allowing any means of expression or participation. Therefore, there exists a causal negative relationship between both variables.

The regime characteristics in Saudi Arabia reflect concentration of powers in the ruling family witnessing an internal decision-making process, where there is no public participation through any means. The legislative authority has an advisory role and the judiciary is under the king's control in many occasions. There are no checks and balances, and there is lack of government accountability towards the people. The 1992 basic law does not address explicitly freedoms. Political parties are not allowed, and high censorship is practiced over all media outlets. Altogether, the political variables indicate a negative causal relationship with corruption in the country, especially in light of the full control of the Saud family over the country since the 1930s and the reliance on religion as a 'legitimate' basis for their rule.

#### ❖ Economic Status

The kingdom accounts for more than half of the total output of oil among the GCC countries. According to the 1992 basic law, 'all the country's natural resources as well as the revenues of these resources are state-owned'.<sup>94</sup> In this realm, Saudi Aramco has the exclusive control over the kingdom's oil.<sup>95</sup> The natural resources rents have been varying ranging from (24.2%) and reaching (55.9%) in 2008. No clear explanation exists for the data as there is secrecy over revenues and information in this field. Nevertheless, this can reflect that oil richness might be a catalyst for corruption especially in light of the regime's secrecy within the oil sector management and operation.

The economy is relatively a free market one having liberal policies with few and low rates of taxes and lack of constraints on capital movements. But some vital sectors in the economy are under state control like telecommunication,

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<sup>94</sup> The 1992 Basic Law, available at: <http://www.mofa.gov.sa/sites/mofaen/aboutKingDom/SaudiGovernment/Pages/BasicSystemOfGovernance35297.aspx> (accessed 03/08/18).

<sup>95</sup> Saudi Aramco is the state-owned oil company of the KSA. Available at: <http://www.saudiaramco.com/en/home.html> (accessed 03/08/18).

electricity and banking. A capital market law was introduced in 2003 to lessen the barriers to foreign financial institutions, and during the same year the government's monopoly over the insurance industry came to an end (Al-Rasheed, 2010; Ross, 2011; Ross, 2013). The regime has focused during the 2000s on strengthening private investments, diversifying the economy and enhancing the efficiency of its industrial capacity. But the government's involvement in business remained a blocking stone to both investments and higher economic competition. Private industries take part in the economic activities, and key economic decisions have been discussed like privatizing state-owned assets (water, electricity, airlines and others). Nevertheless, the process has not been fully realized as the government holds shares in many companies - like the national insurance company (30% are state-owned), and telecommunication company (70% state-owned) - and the private sector is not always willing to buy some shares of the state assets, as the decision-making powers are left to the government. During the expert interview (A13), the professor has noted that there is a 'paternalistic private sector' taking place in the country in which the government is involved in many economic activities with significant shares, leaving fewer private investments to operate freely. As for private property, it is highly guaranteed in the country; however, some corrupt acts may exist among royal family members where property is obtained outside the framework of laws and regulations. There is no regulation for mortgages and hence difficulties exist in governing property, assets liquidation and evictions. Foreigners own small enterprises while citizens have the cover up businesses. As for the monetary system, the banking system is stable and well regulated, with many national and international banks (recently established in 2003), among which many conform to Islamic law (Al-Rasheed, 2010; BTI: Saudi Arabia, 2010; Ross, 2013). In that regard, the V-Dem index scores government ownership of the economy averaging (1.27) for most of the years which means that the country has stretched control over the economy directly owning and controlling major sectors. Data on economic freedom in the kingdom are indicating good performance with regards to business freedom scoring (70) over most of the years. But it can be said that major government control on the economic activities can be a catalyst for grand corruption to spread. Even though the country has been recently modernizing its bureaucratic structures and opening

up the economy, the economy is less diverse compared to Qatar and UAE, relying mainly on the rents of natural resources which are under the control of the Saud family.



Figure 23: Economic Status in Saudi Arabia

While concerning trade freedom, the kingdom has performed better after 2005 which was the year of its joining the WTO, since accessing the organization has given a boost for market liberalization and reform. Both indicators do not correspond clearly to the changing levels of corruption in the country. This means that trade has no direct impact on corruption, however the late accession to the WTO shows that the country has not liberated and was having barriers to open up smoothly until 2005.

The case of Saudi Arabia shows a negative relationship between economic openness, diverse industry and higher patronage networks among the ruling family which has been highlighted during the expert interview (A12). This indicates grand corruption taking place in the economic activities especially with the lack of data over the revenues of oil resources and the full government control over that sector.

❖ Development Status

In 2009, the country witnessed the largest public spending on human resources development, education, technology, services and infrastructure to boost its economic activities. The Human Development Index for 2007/2008 scores the kingdom (0.81) ranking 61/179. In this regard, the government has transformed its oil wealth into wide welfare programs for the citizens, offering free medical care,

education, housing programs along with other services.<sup>96</sup> The literacy rates in Saudi Arabia have reached (98%) in 2010, but the quality of education is not good enough compared to countries like Qatar and UAE. Still, citizens enjoy good education opportunities (Okruhlik, 2004; BTI: Saudi Arabia, 2010). But there is no clear relationship between literacy and corruption levels in the country, however, the awareness levels of the people in the kingdom is not very high due to the huge restrictions practiced by the regime over media, internet and freedom of expression. Therefore, this deprives the people their capacity to develop their intellect through various means of knowledge, leading to their being passive on all levels in the society. In this sense, it can be said that the lack of proper means of education on different scales (not literacy but awareness and education on civil rights) can be a catalyst for corruption to take place in the country.

As for equality in the country, an aspect of tension is the Shi'a who constitute 15% of the population, facing restrictions on practicing their faith and are discriminated against in all aspects. Other minorities like Asir assume their status as second-class citizens, while Shi'a are third-class subject to the government's maltreatment. This is besides the fact that foreign labor lack any rights in the country similar to the other Gulf neighboring countries. And it is worth noting that the first human rights conference was held in 2003 in the kingdom, followed by establishing the first human rights organization; the National Human Rights Association (NHRA) to handle citizens' complaints. Still, the country does not comply with its clauses and the Association lacks powers to respond properly to the complaints received (Okruhlik, 1999; 2002; 2004; Nasr, 2007). The country lacks data on income inequality and poverty rates, but during the expert interview (A13); the professor mentioned that poverty is clear in the country on many levels, precisely evident among the low skilled Asian labor force who barely have their basic needs satisfied; they get paid very less and have low quality of life compared to citizens. Also, income inequality is clear when looking at the payrolls of expatriates and citizens; the later are receiving higher wages than the earlier and

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<sup>96</sup> But the country lacked a system of unemployment insurance, and social security insurance is conducted on a case-by-case basis. In this concern, Saudi Arabia has a youthful population (38% below 15 years old) who needs many services and employment opportunities; being a challenge for the government during was the last few years. And despite huge investments in infrastructure, housing and job creation, the process has not yielded its desired goals. And the policy of 'Saudization' of the labor market was also introduced to include more citizens in the labor force and rely less on expatriates.

enjoy full benefits in the country. In that regard, it is hard to conclude a relationship between poverty and income inequality on one hand and corruption on the other hand, but it can be said that both are catalysts for corruption to take root due to the unfair treatment towards expatriates and minorities.

Regarding the status of women in the country, they have low share in labor force averaging 14%, they lack many basic rights in the society and are barely empowered politically having no rights to vote or be present in the parliament. Only a deputy minister has been appointed in 2009. The Gender Empowerment Measure (GEM) scored Saudi Arabia too low (0.235) in the Human Development Report in 2007/2008.<sup>97</sup> The country has banned women their political rights not only to participate in running for public office, but also to vote. This indicates high discrimination against them, but it has no clear relationship with corruption levels in the country.

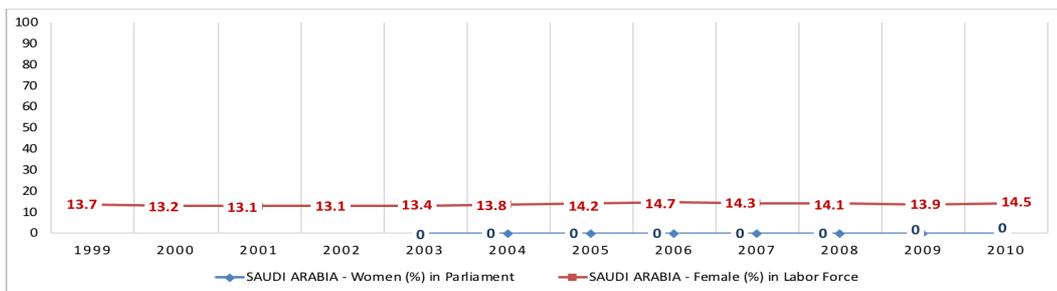


Figure 24: Women Empowerment in Saudi Arabia

Looking at the development variables grouped, the social inequality among the population, the lack of basic women rights and the low awareness levels of the citizens (apart from their levels of education) act as catalysts for higher corruption to take place in the country. The deprived society of Saudi Arabia gives a raw ground for grand corruption to exist given the authoritarian ruling family and the passive obedient masses.

### Brief

In a nutshell, Al Saud family has maintained power and legitimacy based on religious grounds and oil wealth in the country, which have enhanced the regime's stability. The country is the most authoritarian among the Gulf states (based on data and analysis) not allowing any political rights, civil liberties,

<sup>97</sup> Available at: <http://www.gaportal.org/global-indicators/gender-empowerment-measure> (accessed 03/08/18).

freedom of expression, and hindering women's empowerment with male monopoly over power and in the society generally. Shari'a courts are vital in the judicial system and the judiciary has not been independent most of the times due to the royal pressure on it as well as the judges' personal interpretation.

There is complete government control over natural resources with less diversified economy and unclear regulations in many activities. The economic analysis of the country shows that it has been performing worse compared to the neighboring Gulf states. This is due to a combined set of realities, which include the secrecy practiced over revenues, late openness to trade and accession to the WTO in 2005 and a direct control of the economy through owning big share in almost all the vital sectors with limited private sector involvement.

The country sustained good human development ranking, but there is clear underrepresentation and oppression in the society, this is due to the religious legitimacy of the regime and its capacity to redistribute income among the population along with sustaining its patronage networks. Also, there is clear absence of equality among the population on many levels which presents unfairness and discrimination against certain groups. The variables grouped indicate the presence of grand corruption, as the ruling family has maintained strong control over all the political decisions and economic activities in the country. Petty corruption has been mentioned during the expert interview (A12) where it takes place on a limited scale and in high secrecy among the less paid expatriates in the lower levels of the bureaucracy.

Building on this, it can be said that corruption is deepened primarily due to the 'sacred rule' of the Saud family ever since the country came to existence as a nation-state. And the most apparent causes of corruption in the kingdom are the absence of strong rule of law, the lack of freedom of expression and the low quality of regulations.

## **Causes of Corruption in the Gulf Region: A Cross-National Comparative Analysis**<sup>98</sup>

The Gulf represents a homogenous region reflecting very similar political systems and socio-economic circumstances. The six countries are ruled through royal families who assume ultimate control over politics in their countries. The economies of the Gulf countries also reflect similarity due to their richness in natural resources. Generally, the economies of these countries are controlled to a great extent by the ruling families and their close circles, since there is a monopoly over the oil and gas industry, coupled with secrecy over this sector. While proper market regulations are in place, investments are restricted to certain defined fields, and the tribes and big families in these countries enjoy preferential treatments in economic activities. The markets across most of those countries are open, mainly due to their oil wealth and they are all members in the WTO. The Gulf region enjoys high human development scores compared to the rest of the MENA region. They are welfare societies where the citizens enjoy high quality of services, high standards of living, secured jobs in the public office and the income levels of the populations are very high.

This section addresses the 10 hypotheses of the study, through a cross-national comparative analysis in the Gulf region countries to give a broader outlook on the causes of corruption in this region.

*Hypothesis 1: The higher the respect for the rule of law, the lower the levels of corruption in the country.*

The V-Dem indices have been employed to assist in analyzing this hypothesis for the countries relying on two indicators: the equality of citizens before law and the judicial constraints on the executive authority. Kuwait and Qatar have performed better on both indicators scoring relatively above (0.50), while Saudi Arabia scored below (0.50) on both indicators. Oman has performed poorly on the judicial constraints on the executive index scoring below (0.50) indicating different scores in the abundance by the rule of law in the society. Looking at the

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<sup>98</sup> The section in the sub regional chapters is primarily the author's own analysis of the dimensions of corruption across the countries within the sub regions, based on the previous analysis of each of the case-studies, observations as well as the expert interviews.

Gulf countries (excluding Saudi Arabia), they had rather higher scores on rule of law and lower levels of corruption compared to the rest of the MENA region. The least corrupt country (Qatar) has performed relatively better than the rest on the rule of law indicators, while the most corrupt country (Saudi Arabia) has scored quite low. And though, UAE and Bahrain have been missing on the V-Dem indices, the interviewees of both countries (A3; A5; A8; A9) have iterated that rule of law is strictly followed and highly respected in both countries. In this regard, there is a negative relationship between rule of law and corruption.

Elaborating on this, the Gulf countries have not scored close to (1) on both indices, where rule of law is generally strong among most of the countries, but the judiciary lacks impartiality in many instances. This is because appointments for the judges are mostly carried out by the monarch, cases between nationals and non-nationals are often biased towards nationals and critical cases that might involve high profiles in the country are resolved outside court halls. Authorities are highly centralized within the regimes in the Gulf, where the region's rulers have enjoyed discretionary powers. More specifically, in all the cases, even though there is general respect for rule of law, distinct features caused higher corruption in Oman (biased judiciary), Bahrain (minority rule discriminating against the majority), Kuwait (judiciary influenced by the ruling elite) and Saudi Arabia (personal interpretations of laws and Fatwa).<sup>99</sup>

*Hypothesis 2: The higher the respect for political rights, the lower the levels of corruption.*

The political rights index of Freedom House index has been used to analyze this hypothesis, where the Gulf countries have scored between (5) and (7), except Kuwait which has scored (4).<sup>100</sup> The lack of variation among the case-studies reflects that they are all authoritarian regimes, witnessing restricted political freedoms and constrained political participation. Big tribes and families have influential positions in the decision-making processes, and the 'traditional' means of political participation are followed, since political parties are banned in all the countries in the region, with limited parliamentary elections taking place (Kuwait

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<sup>99</sup> These aspects are thoroughly analyzed within each of the case-studies.

<sup>100</sup> Kuwait has scored better due to the existence of a constant challenging parliament to the government's power (please refer to the case for further details).

and Bahrain allow political societies/ communities to function instead of political parties). Therefore, political rights within these countries (except Kuwait and Bahrain) are hindered, as the masses cannot have any significant role, while the ruling families and big tribes are the main actors within the political system. The powers of the rulers were never challenged or contested during the period of this study. In this regard, the limited parliamentary elections held in the countries of the region have led to the existence of loyal profiles to the royal family. Moreover, the civil society organizations have been mostly governmental, while the non-governmental ones had meaningless existence within the societies, being unable to influence the agendas of the ruling elite or even address certain issues.

Considering the general features of these non-democratic regimes, and the high restrictions practiced by the governments on political competition and participation indicate that these countries' settings give ground for political corruption to flourish, since the political elites have managed to run the countries affairs without being accountable or facing any challenges to their extensive powers.

The less variation in the political rights scores and the similarity between the six regimes do not assist in reaching a strong relationship between political rights and corruption in the region.

*Hypothesis 3: The higher the freedom of press, the lower the levels of corruption.*

According to the Reporters without Borders Press Freedom index, Kuwait, Qatar, UAE and Bahrain have better rankings compared to Oman and Saudi Arabia during the period under study. This goes relatively in line with their scores on the Corruption Perception Index. Looking at the case-studies concerning this variable, freedom of opinion and expression is not guaranteed, due to the restrictions on tackling certain issues related to the ruling families and their legitimacy, along with other sensitive topics. Therefore, the governments practice high censorship over different media outlets and publications.

Still, among many of the Gulf region countries, the freedom of press has scored relatively good, due to the passive publics who lacked interest in assuming an active role in the political scene, therefore they refrained from addressing any critical issues and journalists have abstained from getting into trouble for tackling

these matters. Additionally, the limited freedom of press has caused higher perceived corruption in both Bahrain and Saudi Arabia, both of which are among the most corrupt within the Gulf region. Still, this variable does not show a strong negative relationship with corruption due to the nexus of distinct contexts in those countries.

*Hypothesis 4: The better the quality of regulations, the lower the levels of corruption.*

The Heritage Foundation Index has been employed to analyze this variable, relying on the 'regulatory efficiency' in its Business Freedom indicator. It is worth noting that the lack of precise data on the quality of regulations has hindered reaching a strong conclusion on this hypothesis. The countries have reflected varying scorings, where Bahrain sustained free business environments over the period of study. The rest of the countries have had differing scores where some case-studies have indicated a negative relationship with corruption.

Generally, the economies of the Gulf region are controlled to a great extent by the ruling families and their close circles, since there is monopoly over the oil and gas industry, coupled with secrecy over this sector. While market regulations are in place, investments are restricted to certain defined fields, and the tribes and big families in these countries enjoy preferential treatments in economic activities. The markets across most of those countries are open, mainly due to their oil wealth. Therefore, corruption might flourish due to the regimes' control over most of the sectors in the economy, paralleled with secrecy over many activities.

In this regard, the lack of sufficient economic competition in the market has been the main cause of corruption in Qatar, while the modest quality of regulations and/or the non-abidance by regulations has been a cause of corruption in Oman, Kuwait and Saudi Arabia.<sup>101</sup>

*Hypothesis 5: The more the economic openness, the lower the levels of corruption.*

The Trade Freedom index and the membership of the country in the WTO have been used to show how far the country has been integrated in the global trading community. The Gulf countries have generally scored good in the Trade Freedom

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<sup>101</sup> This is elaborated upon within the analysis of the case-studies.

index (averaging 70) due to their oil richness which presented their main trading activity. And the six Gulf countries are members in the WTO, however Saudi Arabia joined later in 2005. This late accession to the organization corresponds to its being the worst performing on the CPI.

Even though this variable does not clearly correspond to corruption levels in the Gulf region countries, it might have an impact on the less levels of corruption witnessed among its countries due to their openness and integration in global trading.

*Hypothesis 6: The more natural resources endowments, the higher the levels of corruption.*

This variable has been analyzed based on the percentage of natural resources rents from the GDP - as an indicator - to present the amount of rents of the natural resources in a given country. Looking at this variable across the cases, it has not indicated an imprecise causal relationship with corruption. The data on rents has not offered a clear explanation for the variable, and it has also been challenging in light of the lack of data for the oil and gas sectors in the Gulf region, since these countries manage their industries in high secrecy, where even natural resources' revenues are not stated in the government budget documents.

And in contrast to the above-mentioned hypothesis, the Gulf countries - being rich in natural resources and enjoying a considerable percentage of the world oil and gas reserves - have been scoring better than the rest of the case-studies on the Corruption Perception Index. Even though this variable has not shown a direct relationship with corruption, but it has demonstrated other outcomes. The first outcome is that the Gulf countries (except Saudi Arabia) being rich in natural resources, have witnessed less corruption compared to the rest of the countries. This can be due to the higher GDP, the small population sizes who enjoy high GNI per capita, the good institutions in place which also ensure the welfares of their citizens. The second outcome is that these governments' full control over natural resources gave more opportunities for 'undocumented' grand corruption to occur, where most of the Gulf countries have had clear controls over the oil sector through state-owned enterprises, in which the ruling family members are holding the highest positions, with no transparency regarding this sector.

Furthermore, the natural resources endowments in the region have two sides for analysis in relation to corruption. On one side, this wealth provided for the existence of welfare societies that fulfilled the demands of their citizens and hence, petty corruption is less common in these countries, as the citizens live in luxury and have no urge to get involved in such acts. However, on the other hand, the regimes' control over the oil and gas industries and the secrecy practiced in regulating and managing this field, implies the existence of grand corruption, especially in light of the appointments of the ruling family in the leading companies and investment facilities affiliated to the field.

*Hypothesis 7: The higher the level of income inequality, the higher the levels of corruption.*

This study has relied on the World Bank Gini coefficient as an indicator to analyze income inequality. Reaching a robust finding on this variable has been difficult, since data is lacking for the Gulf countries, which made conducting a systematic comparison over the whole region rely on reports, observation and interviews. Some observations are worth highlighting where the high human development, the welfare societies and the high income of these countries can generally be a cause of the lower corruption scores (compared to the rest of the MENA region). Also, the less perceived petty corruption can be explained due to some interrelated aspects. These are the good quality of life offered to those populations, the high levels of income of the citizens, their dependence on the state to manage their lives. Altogether, this have resulted in developing homogenous attitudes towards the state, consequently leading to the lack of interest among the population to assume an active role in the political process of the countries, as they enjoy welfare benefits offered by the government, not paying any taxes which is considered a substitute for their participation in the political scene.<sup>102</sup> In this regard, income inequality has no direct causal relationship with corruption among the Gulf countries.

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<sup>102</sup> This goes in line with the argument of 'rentier states' discussed earlier in this research and elaborated upon in the writings of Beblawi (1987).

*Hypothesis 8: The higher the poverty rates, the higher the levels of corruption.*

As for poverty rates, there is also lack of data for the oil producing countries. However, in some of the case-studies this matter was elaborated on based during the interviews. One conclusion is reached regarding this variable, which is the Gulf countries being high-income countries with high GNI per capita, they have generally witnessed less petty corruption instances and lower levels of corruption compared to the rest of the MENA region.<sup>103</sup>

Another aspect needs to be highlighted related to income inequality and poverty rates. Even though the populations in the Gulf region generally include a minority of citizens and a majority of expatriates, the wide range of privileges are denied to the expatriates, who constitute the majority of the population. Therefore, this indicates ‘social inequality’ among the populations taking many forms, where those expatriates are in many ways disconnected from the country, lacking any state identity or means to express their opinions, witnessing constrained rights; be it legal, social or economic. Moreover, there are no integration plans for the expatriates in society, and all of the Gulf countries have been recently following national plans to fill in the high-level positions of the private sector industries with nationals in order to replace the expatriates. Hence nationality plays a great role in the employment process, hindering any fairness or equal opportunities. Considering the privileges granted to nationals and the discrimination against non-nationals who contributed actively in the development of the Gulf countries, it is obvious that there is a huge social gap between nationals and non-nationals. Still, as long as there is no record of the income inequality or poverty rates across these countries, it is difficult to assume the existence of a relationship between corruption and poverty rates on one side, and corruption and income inequality on the other side. It can only be said, that the vivid ‘social inequality’ triggers more chances for corruption to take place (being apparent in widespread favoritism and nepotism networks in society), since non-nationals have no laws to secure their interests and they are not allowed to express their demands openly. Additionally, minorities face discrimination in these countries (except for Bahrain where the

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<sup>103</sup> Qatar, UAE, Kuwait, Bahrain and Oman are the least corrupt countries in the MENA region and have the highest GNI per capita respectively (World Bank Data). Also, these countries have shown less or no existence of petty corruption, which has been ascertained during the expert interviews and has been barely reported in the literature.

ruling family is Sunni and the Shi'a majority are discriminated against). In this regard, a distinct feature has been clear in Bahrain where the sustained discrimination against the Shi'a majority has been a main cause of corruption due to the Sunni minority rule. Consequently, this has deepened the practices of preferential treatments and absence of some political and civil rights for the majority in the country.

*Hypothesis 9: The higher the literacy rates, the lower the levels of corruption.*

Literacy rates are high across all the cases reaching an average of 90% among most of the countries. Therefore, the hypothesis on the existence of a negative relationship between literacy rates and corruption is not applicable on the six countries. However, throughout the analysis of each country, it has been obvious that the 'quality' of education presents a valid variable in relation to corruption in some cases.

To elaborate, Qatar, UAE, Kuwait and Bahrain - which rank better regarding corruption levels - have good education systems in place, offering quality basic and higher education for all the citizens. While Oman and Saudi Arabia have revealed - through analysis - that education lacked many aspects to be of good quality and accessibility to all members of society, where both countries have witnessed petty corruption within their lower levels of bureaucracy.

*Hypothesis 10: The better women's empowerment, the lower the levels of corruption.*

As for women's empowerment, the World Bank data on the percentage of women in labor force and the percentage of women in the parliament for the countries during the years under study, have been relied upon as indicators for women's empowerment. Women have no significant role in the society due to the traditional and cultural standpoints within these countries, therefore, there is no clear causal relationship between women's empowerment and corruption. Throughout the analysis of the case-studies, it has been clear that women have been deprived of many their social and political rights in the respective countries (especially in Saudi Arabia). Moreover, there exists discrimination against certain groups within the societies (i.e. minorities, religious sects, indigenous groups and immigrants) which denotes that there is lack of social equality - not only gender inequality -

giving more room for corruption to take place due to the preferential treatments and nepotism based on personal affiliations in the countries under study.<sup>104</sup>

To sum, the regime characteristics in the six countries show high resemblance in the general features, where the political variables grouped (rule of law, political rights and freedom of press) have reflected a clear negative relationship with corruption, especially the rule of law variable which has shown a strong relationship with political corruption among most of the case-studies. In this regard, the political variables grouped have been a cause of corruption in the UAE, clearly implying the existence of grand corruption among the ruling family and its close circles, since a negligible percentage of the population is represented among the decision makers in the country. Therefore, looking at the political regimes in the Gulf region, it is clear that grand corruption among the political elites is common since the ruling families lack accountability towards their publics; enjoying ultimate powers in the country. There is less room for political participation and freedom of expression as the general masses are deprived from taking any active political role in the country, unless they belong in a way or another to the royal family or its close circles and tribes, and they cannot openly express their opinions or criticize the government. This also reflects the widespread nepotism and favoritism in the whole ruling process across the countries within the region. One exclusive feature is in the Saudi Arabian regime regarding the 'sacred authority' of the Saud family which added another layer of legitimacy to their uncontested rule in the country, displaying a main cause of corruption in the kingdom.

Looking at the economic variables grouped (quality of regulations, economic openness and natural resources endowments), they reflect a negative relationship with corruption, also showing the presence of grand corruption among the six countries, due to the less openness to investments, monopoly of the government over the natural resources industries, widespread nepotism and preferential treatments in the market and hence, the non-abidance by the regulations in many instances.

Furthermore, the Gulf countries have been scoring better than the rest of the MENA countries, having higher human development, better country

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<sup>104</sup> This has been iterated during all the expert interviews.

classifications and higher income levels. This implies that, generally the better the human development in a given country, the less the levels of corruption. Looking at the development variables grouped (income inequality, poverty rates, literacy rates and women empowerment), they show no strong causal relationship with corruption. This applies in a way to the literacy rates, where the six countries have had high literacy rates, but this did not help in reaching a causal relationship with corruption across the region. However, the quality of education offered some explanation in relation to corruption. By and large, the four variables acted as catalysts for higher corruption to take place in the form of preferential treatments, nepotism and favoritism. This in effect has intensified social inequality among the populations within these countries.

In conclusion, the Gulf countries have presented the most constrained political systems in the MENA region, lacking the mere existence of any political competition or political parties, but their lower levels of corruption have been mainly due to the better functioning political institutions and the wide acceptance of the public for the ruling monarchs. This is accompanied by negligible political interest among the masses to take part in the political processes, which may explain why these countries in particular scored better on the other two indicators of equality of citizens before the law and press freedom. The phenomenon of corruption had distinct presence among the Gulf region countries, indicating strong occurrence of grand corruption among the ruling elites, tribes and their close circles. The ruling families in these countries have been in total control of the political and economic scenes, holding all the high-level positions, limiting the political participation which was aided by the political passivity of the masses to take any role in the decision-making processes (except in Kuwait and Bahrain).<sup>105</sup> Among the Gulf countries, each of the variables had a different impact and effect on the intensity of corruption. Yet the strong hegemony of the royal families over the governments in those countries has presented the main trigger of corruption across these countries, which in turn resulted in the less openness in the economies and direct control over the main industries, leading to more opportunities of grand corruption to take place, along with the existence of different forms of nepotism, favoritism and preferential treatments.

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<sup>105</sup> Refer to the case-studies for further elaboration on such aspect.

## Chapter VII: Causes of Corruption in North Africa



Figure 25: Map of North Africa

The five North African countries as shown on the map are namely: Algeria, Egypt, Libya, Morocco and Tunisia. These countries have witnessed relatively close levels of corruption during the period under study (1999 - 2010), except Libya which has been the worst performing among them. Many variables have intermingled, creating a concrete base for corruption to spread deeply in North Africa, due to the unique political and socio-economic dynamics in the region. This has been obvious during 2011 after the Arab uprisings took place in Tunisia, Egypt and Libya. These countries have shown huge political corruption under their three presidents, witnessing widespread patronage networks and nepotism (Raghavan, 2011; Chrisafis, 2011; Saigol, 2011).

The political systems in four of the countries in North Africa are presidential systems, while Morocco is the only hereditary monarchy in the region. The five countries are categorized as authoritarian regimes with a single party dominating the political scene, where the executive is the most powerful authority enjoying hegemony over all aspects in these countries. Political parties are allowed to organize, and electoral systems are in place, however this has been only cosmetic leading to the existence of illiberal democracies. Elections were neither competitive nor fair during almost all rounds over the period of study (Khashan, 2000; Human Rights Watch, 2000). The opposition groups and mainly the Islamic ones have faced severe oppression (banned in most of the countries), and civil society organizations and media have been very often ineffectual in spreading awareness and pressuring the governments. In addition, judges have been

nominated by the government, which hindered the impartiality of the judicial authority, and the executives have had extensive powers interfering in the rule of law impeding the civil rights and political freedoms of the masses. This has resulted in the spread of political corruption, due to the centralized powers in the hands of the four presidents and the monarch along with their ruling parties, where no true political competition or participation has taken place across those five countries.<sup>106</sup> The security institutions and the military have played important roles in the political processes and decision-making within the five countries. They have presented the supporting pillar for the powers of the executive branch, and they have been used to impede any challenges that might threaten the stability of the presidents and the monarch (World Bank, 2003; Chêne, 2008).

Elaborating on that, although the countries' constitutions have allowed for the existence of parliaments and elections have taken place regularly, there has been less room for proper political participation, where most of the times the electoral processes have been criticized for being unfair and favoring the ruling parties of the regime. This in turn has delayed the whole concepts of political competition and equal political rights. Moreover, the oil wealth in Algeria and Libya has enhanced the 'rentier states' concept, allowing both governments to be more authoritarian and reducing the political demands of their masses for participation and representation (World Bank, 2003; Dunning, 2007; Di John, 2007; Schwarz, 2008; Gilpin, 2011).

The civil society organizations have increased during the past two decades across the North African countries, but they lacked the capacity to influence the regimes or foster any real participation in the governance processes across these countries. They have faced several constraints on the scope of their activities in society, operating on low profiles most of the time, having no significant role in promoting, lobbying for or pushing any topics on the agenda of the political elite. This has resulted in their incapacity to have any impact on the public policies of the government (Transparency International, 2009). In theory, the five countries have an independent media and press; but in practice these have faced many restrictions on their work, including censorship on published content, boundaries

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<sup>106</sup> See: the comparative study of Arab parliaments prepared within the framework of a Symposium on Arab Parliamentary Development, Beirut, 2000: <http://www.pogar.org/publications/legislature/lcps1/section5.html>. (accessed 06/08/18).

on addressing sensitive issues that might threaten the political stability of the regime, and harassment and imprisonment of journalists.<sup>107</sup>

Political corruption has been deeply rooted among the elite, as laws have been occasionally tailored to satisfy the regimes' aims (i.e. extending presidential terms, age of the candidate, enacting emergency laws, banning opposition groups). In this regard, there has been clearly lack of governance among the five countries, since the nature of their political regimes have embedded practices that ensured the presidents' and the monarch's controls over the legislative and judicial branches, hindering the independence of the political institutions. This has resulted in weak dysfunctional institutions, along with the absence of accountability of the government which was enhanced with the nonexistence of any mechanism to monitor their conduct, where the executives are immune to being questioned (World Bank, 2003).

The economic structures of the five countries have been heavily affected by their political scenes. They are generally not well developed, having inefficient institutions and unclear policies. Since the 1980s, Tunisia, Egypt and Morocco have initiated economic reforms attempting to align with the international organizations programs (IMF and the World Bank) designed to assist with liberalizing trade and allowing the private sector to flourish. The governments have essentially planned to allow for increasing investments and enhancing their trading capacities. These plans have moderately succeeded - especially in Tunisia - in achieving economic growth for some time, but the regimes have not sustained growth or development. Generally, the economies of Tunisia, Egypt and Morocco have been relatively diversified compared to Algeria and Libya, which relied mainly on their richness in natural resources as their main economic activity, witnessing less competitive markets and inadequate trade openness. In fact, both countries have not joined the WTO until today. Still, the governments of the five countries owned significant shares in the economic sector, since the elites and their close circles have enjoyed preferential treatments, surpassing regulations and having unconstrained access to the state resources. The governments have had business interests, owning big shares in the industry through monopolies and oligopolies. Also, during the processes of privatization of the economies in those

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<sup>107</sup> Available at: [http://www.rsf.org/article.php3?id\\_article=24024](http://www.rsf.org/article.php3?id_article=24024). (accessed 06/08/18).

countries, the elites had the final say, giving privileges to their clans and big economic tycoons. This has left the economies controlled by the tiny ruling elites and their inner circles. Regulations and procedures within the five countries are not transparent, which have allowed corruption to easily flourish within all levels of the administration ranging from grand to petty corruption, with the spread of crony capitalism across the North African regimes (Nadgrodkiewicz, 2008).

As for the societal dimensions in this region, the services have been neither well maintained nor adequately delivered to the general masses (Ross, 2006; Holmberg/ Rothstein, 2011; Gerring, 2012). The quality of education is still poor compared to the Gulf states, poverty rates have averaged 20%, income inequality has been vividly persistent among the different classes of the societies in the five countries, the wages among most of the public-sector servants are too low to satisfy the people's needs and secure a decent living standard, and discrimination against women and minorities is clear, in all countries with the exception of Tunisia. In these countries, petty corruption is a common act, in most cases where public officials in the lower levels of the bureaucracy are bribed to get the services done for the masses. This is due to the lack of awareness - except for Tunisia - as well as the acceptance of the whole illegal act, viewing it as a normal behavior, besides the low wages which has presented a huge incentive for conducting corrupt acts.

Apart from the above-mentioned similar features among the five regimes in the region, differences prevail within each of the political, economic and social statuses between these countries which consequently led to witnessing different levels of corruption across the region. Therefore, the coming section tackles each of the five countries separately to provide an in-depth analysis of the causes of corruption in each case. And the last section addresses the 10 hypotheses of the study in a cross-national comparative analysis for the five countries.

## Tunisia

### ❖ Regime Characteristics

Since its independence in 1957, Tunisia has witnessed only two presidents until 2010. In 1959, Habib Bourguiba established a presidential political system after abolishing the monarchy. He consolidated his power through a single party regime in which his party (the Socialist Constitutional Party) has become the only legal party in 1963. The Labor Unions that have been the main actors in the Tunisian struggle for independence were integrated in the regime afterwards, and Bourguiba was declared president for life. In 1987, Zine El Abidin Ben Ali took over the presidency after proclaiming Bourguiba unfit for office due to medical reasons. Soon after, he changed the party's name to the Democratic Constitutional Rally (RCD) - to reflect the government's new direction - and amended the constitution in 1988 to allow for a multiparty electoral system (Murphy, 1999).

Throughout his rule since 1987 until the revolution took place in 2010, Ben Ali managed to win the five presidential elections. In 1989 and 1994 he was the only registered candidate, and in 1999 a multiparty election was held having three registered candidates, still he won with 99% of the votes. Afterwards, a constitutional amendment was passed that requires the presidential candidate to be endorsed by 30 legislators/ mayors, therefore this excluded all the non-RCD candidates from running for office, as virtually all of those legislators/ mayors belonged to the RCD. And after a referendum was held in 2002, numerous constitutional amendments were enacted including: cancelling the limit on presidential terms, extending the age of the presidential candidates to 75 years old, granting former presidents judicial immunity for life, and establishing a second legislative body 'Chamber of Advisors' to complement the Chamber of Deputies' role. And in the presidential elections of 2004 and 2009, Ben Ali gained 90% of the votes in both years<sup>108</sup> (Murphy 1999; Layachi, 2000; Sadiki 2002; 2003; Boubekour, 2009; Gobe, 2009).

The 1959 Constitution has been weak with regards to separation of powers and

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<sup>108</sup> It is worth mentioning that in 2008, a new law has introduced a condition for presidential candidates, stating that the candidate has to be leading a party for a minimum of two years. Consequently, this deprived the two main opposition parties from running for presidential elections in 2009 (Boubekour, 2009; Gobe, 2009).

checks and balances. Even though Tunisia had a bicameral parliament, a president and a government appointed by the president, the legislative branch has had less powers compared to the executive. In addition, the hegemony of the ruling RCD party in the parliament - holding around 80% of the seats throughout most of the electoral rounds in the consecutive years - made the separation of powers between the government and parliament only theoretical. There has been less capacity of the parliament in contributing to the legislative process since the president can rule in the legislative branch by decree. And while a second Chamber was established in 2005 to enhance the role of the legislative branch, bills have almost always originated from the executive and usually passed with very minor changes. The Chamber of Advisors' existence has blurred the parliament's functions even more. The executive branch seemed more powerful and in control, showing much capacity and influence on the president than the parliament (King, 2009). As for the judicial branch, the judges are 'constitutionally' independent, however since the president appoints them after being nominated by the Council of the Judiciary, this made them subject to political pressures. In reality, it has been intensely influenced by the executive especially in sensitive political incidents and cases. The autonomy of the judicial authority was almost always limited whenever it clashed with the interests of the president or his clans. During Ben Ali's rule, most of the public servants and officials shared a 'quasi-secular' notion of the state. And despite Islam is the official state religion and is indeed an essential part of the Tunisian identity, the state has been defined as secular and civil society and criminal laws are based on European models. Hence, any potential of political demanding of a more apparent role of Islam in Tunisia faced repression (King, 2009).

The scene in Tunisia throughout Ben Ali's era remained authoritarian in every aspect, presenting a blend of harsh steady oppression. Polity IV database has categorized Tunisia during Ben Ali's era as an 'autocracy' and a 'closed anocracy' scoring between (-3) and (-4). It is partially true that the government has attempted to democratize since 1987 as already mentioned, but these reforms failed to fulfill a pluralistic multiparty system with a liberal political environment that allows real political competition and fair elections. A minimal separation of powers and checks and balances were not present to control the executive powers. Presidential

elections were held at fair intervals, but Ben Ali won all presidential terms running always uncontested, practicing hegemony over the country. This lack of a system of separation of powers is reflected in the rule of law indicators of the V-Dem. Tunisia has scored (0.51) in the equality before law for most of the years under study, and the judicial constraints on the executive index scored very low sustaining (0.19) for almost all the years doing slightly better only in 2010 (0.33). The lack of judicial autonomy and less constraints over the executive shows the absence of respect to the rule of law which was highlighted during the interview (A15) with a government official, who stated that: “the whole legislative branch was corrupt, and the executive has been controlling all the processes within the political scene”. In this sense, the witnessed corruption in the country is caused by the lack of respect and abidance by the rule of law in many incidents especially regarding the judicial independence and balance of powers.

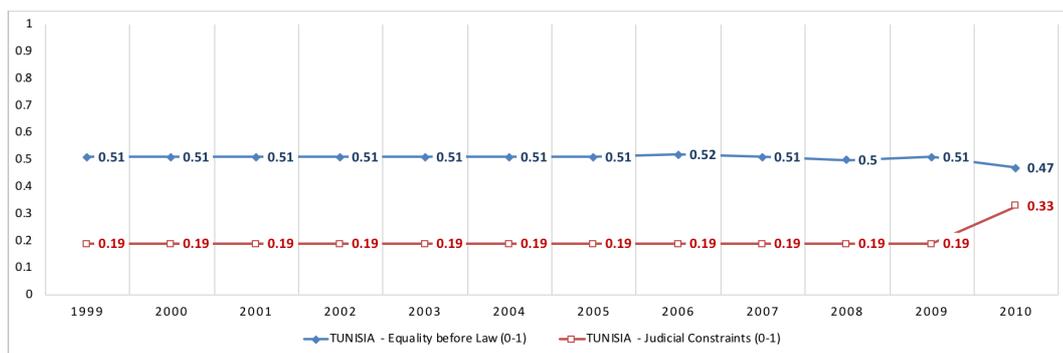


Figure 26: Rule of Law in Tunisia

Regarding the freedom of association and assembly, Ben Ali initially allowed a multiparty system in 1988 prohibiting parties established on religion, race, language or regions. But there has been a consensus - among all the political parties even the opposition ones - on recognizing the prominent role of the RCD in the political scene. In 1991, An-Nahda (Renaissance) - an Islamic opposition party - was banned and identified as a terrorist organization.<sup>109</sup> In a superficial effort in 1994 to pluralize the parliament, the government has provided opposition with a ‘fixed minimum representation’ in the Chamber of Deputies regardless of the

<sup>109</sup> Many of its members were arrested and accused of attempting to overthrow the regime. It has been suspected with linkage to violent Islamic movements, and by mid 1990s, it was completely dismantled. The regime continued over the years to stand against legalizing An-Nadha as an official party using the extremist Islamic threat to gain the support of the citizens and the international community in order to justify the oppressive acts against its activists. Many other opposition parties faced significant limitations to access public office institutions and compete fairly due to the ruling RCD party’s hold on power (Sadiki, 2003; Kausch, 2009; Human Rights Watch, 2010).

votes they get, and later on in 2009 the opposition parties' minimum representation became 25%. While six parties were present in the parliament, only three among them were acting independently and were critical to the regime. The legal political parties were constantly unable to influence the government policies as the legislative branch lacked any capacity to be powerful facing high restrictions on their activities. In addition, the Tunisian General Union of Labor (UGTT) has been incorporated in the regime since Bourguiba's era and remained subject to the government's intervention in its leadership appointments, and the conducts of its independent members were prosecuted. Largely, there was no freedom of association in the society and the associations and networks existing were more concerned with general issues like gender, development and environmental matters. Adding to this, the ruling party has cooperated with associations and interest groups in a state-controlled manner (Sadiki, 2003; Kausch, 2009; Human Rights Watch, 2010; EMHRN, 2010).

And even though the constitution gave the stamp of a multiparty system, this was dysfunctional. Legalized political parties were always incapable of assuming any role on the political scene and have been suppressed later on through the strong regime's intervention. In this regard, political rights in Tunisia scored between (6) and (7), where the country has been categorized as 'Not Free' through the 12 years under study. The opposition was not effective; it was more of a cosmetic legal opposition and civil organizations were also superficial, being highly controlled by the government. And the legalized parties were mostly integrated in the regime to represent a 'fake' diversity that responds to the needs of the regime. Foreverymore, the limitations practiced on the freedom of association signaled a huge block in the face of the masses, hindering the concept of political participation (Sadiki, 2003). Still it is worth noting that political movements were actually active in Tunisia way earlier than other countries in the whole region. The previous active bodies like labor unions which helped in the Tunisian independence offered solid ground and structure for further awareness and activity to take place in the society. Even if they had no clear influence at that time, they were aware and alerted on the ongoing suppression. This has created the base for strong social changes coming afterwards through several demands by the people. (Sadiki, 2003). The government has continuously taken legal steps to ensure its liberalization and

pluralism, which were mainly ‘symbolic’ in reality. The abuses and political restrictions have been sustained towards human rights activists and opposition parties which prevented fair competition. This presented manipulation of elections that impeded impartiality in the electoral process. The opposition parties were powerless, banned, dismantled, oppressed or fully submissive to the regime and its party. That being mentioned, political corruption has been intensely witnessed in the country due to the absence of free and fair elections, the constitutional restrictions, the hegemony of the RCD which lead to the lack of proper political participation, political and civil rights. The country has been performing slightly worse over the years in corruption and political rights, which reflects a negative causal relation between both variables.

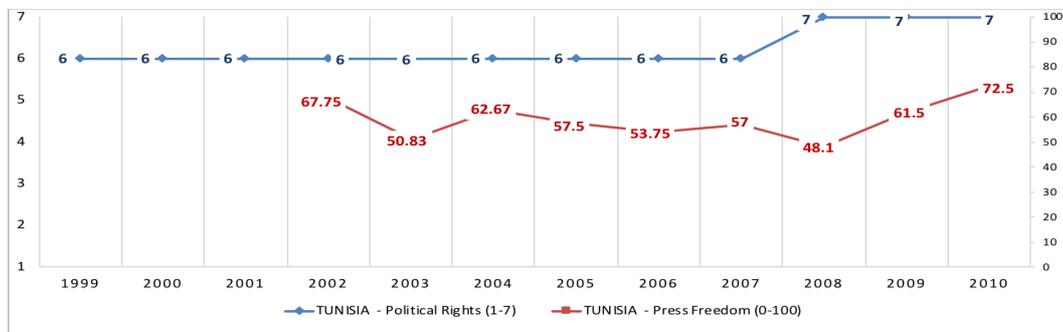


Figure 27: Regime Characteristics in Tunisia

As for the freedom of expression, the 1959 constitution mentioned that freedom of expression (Chapter 8) is ensured as long as ‘it does not address the regime’, and civil rights (Chapter 5) are guaranteed ‘within the limits of the law’ (Tunisia Constitution, 1959). The lack of freedom of expression was emphasized during the interview (A14) with a former government official, who mentioned that the constitutional clause of securing civil rights ‘within the limits of law’ has always been abused by the authority to repress opposition and imprison whoever stands against the regime, adding that this was a main reason for the revolution. In effect, these restrictions stalled any critical opposition to the regime, denying journalists and independent organizations their civil rights being subject to the regime’s pressure. Building on this, freedom of press was not guaranteed especially when voicing criticism to the regime. The government used to screen the press releases before their publication to make sure they are in line with the

regime's objectives, however, later on self-censorship was practiced.<sup>110</sup> And despite minor legal reforms for the human rights status during the 1990s, there was a continuing series of unfair trials, arrests and confrontations with journalists who were critical to the government. Also, the opposition from politicians or judges was faced with harassment (King, 2009; Mills, 2010; Hibou, 2011; Ayeb, 2011). And even though Tunisia is a well-connected country with regards to the internet-based media, it was ranked - by Reporters without Borders - among 12 countries across the world that are seen as 'enemies of the internet'.<sup>111</sup> According to the Press Freedom Index, the scores for press freedom ranging between (48.1) to (72.5) illustrate high restrictions on journalists in Tunisia. This lack of freedom of expression goes in line with the corruption levels in the country, reflecting the severe limitations on the masses to voice their opinions openly, with a constant threat of the regime's oppression on any critical view. Also, the Gafsa social unrest is a clear example of political corruption in the regime, while the masses have been oppressed after revolting against the government's corruption and nepotism (Gobe, 2010).

In that realm, the Tunisian regime reflects low respect for the rule of law, absence of political rights and restricted freedom of press. Ben Ali's regime has practiced severe controls on the public input, limiting the abilities of the people to have an active role in politics. Elections were not fair, and political competition was manipulated to serve the government's interests. Altogether, the political variables combined have been a cause of corruption in the country, especially with the tight hold of Ben Ali and his party on power and their hegemony over the political scene.

#### ❖ Economic Status

Economic development started in the 1970s, when Bourguiba launched a set of policies to attract foreign investments and promote the private sector development. The country was successful in stimulating the internal market as well as the export sector. This was enhanced by its closeness to Europe, the low paid labor, political

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<sup>110</sup> The Gafsa's social unrest in 2008 has shown how the regime handled social discontent, as journalists who presented a critical coverage of the event stood for trials afterwards. For further details, see: (Gobe, 2010).

<sup>111</sup> Available at: <http://www.refworld.org/docid/4a38f9841e.html> (accessed 06/08/18).

stability and the existence of infrastructure. During Ben Ali's era, the economy has sustained good progress compared to its North African neighboring countries. Generally, the government maintained macroeconomic stability along with economic growth achieving around 5% growth rate, with an increase exceeding 3% yearly in the GDP per capita. The economy was somehow diversified, with significant growing service and manufacturing sectors, contributing to the GDP share (World Bank, 2007; Bchir et al., 2009; Achy, 2011).

The president and his clans controlled the main segments of the economy and were the most privileged during the economic reforms and privatization processes. They exercised control over the industry through taxation, exemption from customs and several preferential policies to inhibit their independence. This has hampered the competitive private sector resulting in limited openness, high inefficiency and less economic gains to be distributed among the masses (Hibou, 2004). Adding to this, the foreign direct inflows in the country were focused on privatization rather than creating new investment opportunities. As a result, this limited the chances for job creation among the unemployed youth. Another setback resulting from the inadequate economic reforms was the high dependency on the EU in many economic activities.<sup>112</sup> Even though the government has offered economic and social gains for a long period of time, the country faced several challenges as well as fluxes. The economy witnessed growing instability due to its incapacity to create jobs for the educated calibers and the poor payments in the informal sector which resulted in increasing income inequality and regional disparities (World Bank, 2010; Paciello, 2010).

In light of that, according to the V-Dem index of state ownership of the economy, Tunisia has scored (2.72) for the years under study reflecting that Ben Ali and his close circle have had a tight grip on the economic activities through direct and indirect control, while leaving few sectors free of state domination. As for the business freedom indicator, Tunisia has been performing good categorized as 'Mostly Free' for the years under study averaging (74). While the country scored well, the analysis shows otherwise. During the expert interview (A14), it was

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<sup>112</sup> Tunisia was highly reliant on the EU for trade, revenues from tourism, remittances and FDI inflows. Therefore, the Tunisian economy was affected severely with the global economic crisis in 2008 compared to Algeria and Morocco (economic growth in 2007 was 6.3% and declined in 2008 to 4.5% then to 3.3% in 2009). This crisis also contributed to further dramatic rise in youth unemployment (World Bank, 2010; Paciello, 2010).

mentioned that the government has not set up proper regulations in the economic sector, where the president and his inner circles enjoyed the main economic gains in various activities, manipulating the procedures to serve their economic interests. This has been vividly reflected in the Gafsa mining protests against nepotism and favoritism practiced by the regime (Gobe, 2010). Therefore, the low quality of regulations in Tunisia caused higher corruption in the country, especially clear in grand corruption.

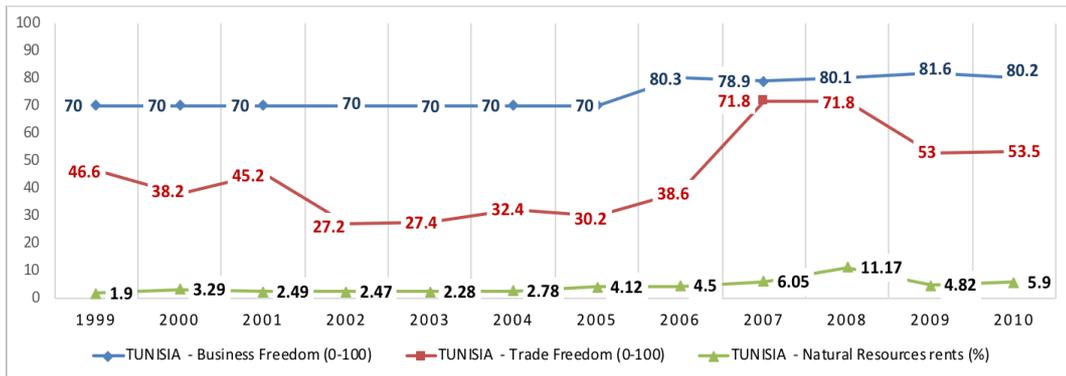


Figure 28: Economic Status in Tunisia

While the country has become a member in the WTO since 1995, witnessing more openness in trade compared to its neighboring countries, the scores on the trade freedom index were low during many years showing a ‘repressed’ category of Tunisia. This indicates that there was neither fair economic openness nor competition due to the government control over the economy in many aspects. This less openness reflects a negative relationship with corruption in the country.

As for the natural resources in Tunisia, the country has insignificant shares of natural resources, and the rents has been very low averaging 4% for the years under study. Therefore, there is no clear causal relationship between natural resources and corruption in Tunisia.

That being said, the economic variables grouped show that the regime witnessed less economic openness, limited trade freedom and low quality of regulations in the economic sector to offer fair competition and flourishing private sector. This has been paralleled with the high government control over the economy indirectly or indirectly. Therefore, the quality of regulations and economic openness reflect a negative relationship with grand corruption in Tunisia.

## ❖ Development Status

The support to Bourguiba's regime stretched in the early years of Ben Ali's era which was able to deliver opportunities for large segments of the population resulting in a growing middle class that comprised more than 40 % of the population in 2010. In line with the early economic growth in Tunisia, the society witnessed general improvements in many fields; among which were the better access to education with increasing levels of education for both genders, improved health and housing facilities, developing infrastructure for water, electricity, social services along with extended subsidies. This meant having a more complex social structure with a highly skilled and educated labor force presenting the main social class. Moreover, it is worth highlighting that education in Tunisia is of very good quality and literacy rates are very high, reaching 97.1% in 2010 (Ben Romdhane, 2007; Harrigan/ El-Said, 2009). Relating this to corruption, literacy rates has no clear effect on corruption, whereas, the well-educated masses have been a catalyst less petty corruption due to their higher awareness and developed intellect. This good quality of education goes in line with the earlier mentioned arguments on the civil rights and political participation of the Tunisian society, which has contributed to its less perceived corruption compared to its neighboring North African countries.

The regime took credit and legitimacy from its economic boost and the benefits it brought to the people, where the socio-economic status was stable and developing. But, the authoritarian regime's legitimacy was eroding when its positive socio-economic impacts started to decline. The government was incapable of satisfying the people's needs in terms of employment opportunities and offering welfare services. The ineffectiveness of the regime to deliver a well-balanced development was due to various administrative, economic and political reasons. To explain this, although the country started the process of economic liberalization since 1987 proving success, the reforms did not consider many aspects like job creation for the growing number of highly skilled youth, regional equality in resource allocations and a decent level of wages. This has created a big middle class - with highly skilled and educated labor force - which later on faced unemployment and the poor payments in the informal sector resulted in a huge gap where income inequality reached (40) (Achy, 2011). The market was focused on

low skilled labor manufacturing activities that offered fewer prospects for the new labor force to enter the market. This has created insufficient employment opportunities for the growing number of the well-educated youth. An additional problem caused by the inefficient economic policies was the growing regional disparities in Tunisia in spite of the general progress of the economy. While the overall inequality has relatively dropped, the rural regions remained the main contributors to the overall inequality.<sup>113</sup> As a result, the country witnessed a gradual erosion of the middle class, this is due to the above discussed setbacks that had negative implications on the living standards of the Tunisian middle class. The increasing number of unemployed youth deprived a big sector of the population of social security benefits derived from having a job in the formal economy. Also, the cost of living was rising compared to the low wages of the public sector, adding to this the global crisis negatively affected the remittances from Tunisians working overseas, worsening the living standards of the families in Tunisia (Ben Romdhane, 2007; Amnesty International, 2009; Harrigan/ El-Said, 2009; Mahjoub, 2010; Marzouki, 2011).

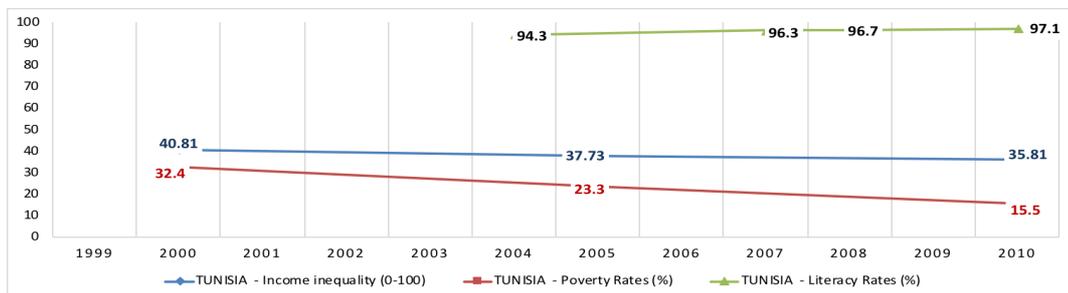


Figure 29: Development Status in Tunisia

Another point of relevance is the regime's discrimination against certain groups within the society. Elaborating on this, since Tunisia's development was in the hands of the president and his ruling party, the party itself used to approve the lists of families benefiting from the social services of the country. Consequently, the ones identified as opponents to the regime were excluded from those benefits while the silent passive citizens were compensated for their 'political passivity'

<sup>113</sup> Poverty and regional disparity are a result of the unequal distribution of public services' resources and investments on a countrywide scale, which is an outcome of the ruling class and its clans who favor their own regions. The north and center-east regions benefited most from tourism, investments and employment opportunities, while the south and center-west regions witnessed higher levels of unemployment and consequently higher poverty levels. This has widened the regional gap and income inequality. Other manifestations of inequality are evident in poor basic infrastructure, health and education qualities in many less privileged rural regions which had less facilities (Ben Romdhane, 2007; Amnesty International, 2009; Achy, 2011).

(Ben Romdhane, 2007; Boubekour, 2009). This might have contributed to income inequality and the high poverty rates - reaching 23% - in 2005.

While petty corruption is less visible in Tunisia compared to other countries like Egypt and Morocco due to the awareness of the people, their being well-educated which made them recognize the illegality of abusing office, but it started to take place on a limited scale due to the neediness of the people and the shrinking unstable economy. The culture of corruption is not deeply inherited in the society compared to a country like Egypt, as there has always been an active civil society that created awareness. Still looking at above mentioned givens in the society, petty corruption has taken place as people felt the need to satisfy their needs and the malfunctioning of the system in favor of the regime and its clans has pushed them to seek other means to enjoy a decent life. This has been emphasized during the expert interview (A16), while at the same time, the professor mentioned that petty corruption has not been deeply rooted in the society and it generally was shamed. But the regime's inability to respond to the people's demands has made corruption a resort of action for the masses. Still, based on the above view on the socio-economic circumstances, grand corruption has been the main trigger of the spread of petty corruption; the abuse of the national resources has deprived the masses from the fair allocation and distribution of benefits. Therefore, it can be said that the rising and poverty rates have contributed to intensifying corruption in the country due to the above-mentioned analysis.

Moving forward, Tunisia is one of the most homogenous among the Arab countries. The majority are Sunni Muslims and the tiny Christian and Jewish citizens (0.3%) enjoy freedom of religion and practice. Regarding gender equality, Tunisia is the only country among the Arab ones where women have had a very good status in the constitution since Bourguiba's era. Women have been integrated in the society in all fields and attained an internal quota system in the political field, however the percentage of women in the prominent political positions are not high compared to what they aim for in the country. Still, their share in the parliament is higher than all the Arab countries under study, and since the 1980s women in Tunisia have been granted political powers and basic rights in terms of education, employment and political participation witnessing a more advanced status compared to all the other countries in the MENA region. During the

interview (A14) with a previous government official during Ben Ali’s regime, the interviewee mentioned that: “women during Ben Ali were empowered as around 36% of public sector heads of departments were women and around 40% of the ministry of interior employees were women”. This is besides the increasing number of women in the parliament especially during the years 2004-2010 reaching 27.6%. Still, women empowerment has no direct relationship with corruption in the country, where even though the government has enhanced their rights in the society early in the 1980s this had no correspondence to corruption intensity in Tunisia over the years of study. There is, however, an indirect relationship between women and corruption, where the more empowerment of women in Tunisia acted as a catalyst for less corruption in the country compared to its neighboring North African countries (in which women have less roles in the society and politics).

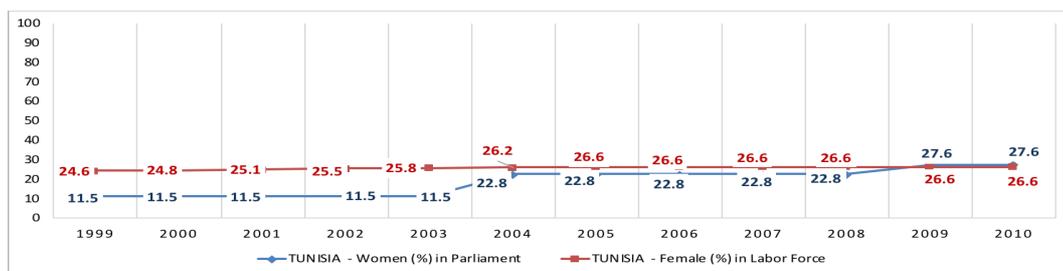


Figure 30: Women Empowerment in Tunisia

Looking at the development indicators as a group, Tunisia has maintained a ‘Medium Human Development’ status on the HDI. The country has witnessed development in many aspects which has impacted its societal progress over many years, but the economic malfunctioning of the system has led to increasing income inequality and poverty rates among the population. Both variables show a negative relationship with corruption in Tunisia, combined with the drawbacks of the regime’s policies and abuse of resources by the political elite and its clans which hindered the fair distribution of resources and enhanced both, grand and petty corruption. Still, petty corruption is not rooted in the society, due to the good quality of education in Tunisia as well as the high degree of political awareness of the public of their rights in the society. This is also clear in the women’s empowerment and engagement in the society since early 1980s, where the majority in the society are politically aware and active even though the regime practices high restrictions.

## Brief

The political scene is centralized around Ben Ali and his ruling party. The government managed to achieve sound socio-economic performance maintaining amplified development for quite some time. This helped in strengthening the government's legitimacy and political stability among the majority of the citizens, hence securing the regime's grip on power, but setbacks were clear especially towards the end of Ben Ali's regime. The development process during the period from 1960 until 2010 has benefited the Tunisians generally, offering good quality of education, gender equality and gradual opening up of the economy. However, this had not been sustained as during the last decade, levels of unemployment among youth has increased, regional disparities and poverty have persisted reaching around 30% during the period 2007-2010.

During the interview (A14) with a former government official, he stated that there has been a 'democratic corruption' theme, meaning that the regime has abused the resources openly and this has led to inflation, jobless youth and less economic gains for the public. In that sense, grand corruption is evident in the country through the centralized political and economic powers, lack of political participation and integration of the opposition in the political scene, the spread of nepotism in the economic sector benefiting the president and his clans while the masses were deprived of any economic benefits (Hibou, 2004; Nucifora et al., 2012).

Relying on the above analysis, the main cause of corruption in Tunisia is the lack of political participation and press freedoms, which were also highlighted several times during the interviews (A14; A15; A16; A17) held with an academic, politicians and a political activist in the country. Also, the less economic openness combined with the low quality of regulations present other reasons that came in later on in Ben Ali's regime enhancing the increasing inequality and the shrinking middle class (this triggered petty corruption), which gave chances for more corruption to take place in the country (evident in grand corruption).

## Morocco

### ❖ Regime Characteristics

After its independence in 1956, Morocco's first constitution was adopted in 1962 defining the country as a 'constitutional democracy and social monarchy'. King Mohammed VI led the country in 1999 succeeding his father King Hassan. The country is a unique one among the MENA region having sacred authority since the king in Morocco derives his legitimacy from a spiritual authority, assuming descent from the prophet, therefore he is the 'Commander of the Faithful' (Waterbury, 1973; Boukhars, 2010). The Moroccan executive, legislative and judicial authorities are clearly differentiated in the constitution. The executive branch includes the hereditary monarch 'king', who is the head of the state and the prime minister. The king enjoys vast authorities according to the Moroccan constitution. He is the supreme representative of the nation, commander-in-chief of the Royal Armed Forces, heads the Council of Ministers, chairs the Council of State (that approves all bills before it passes to the parliament), sets the agenda for the parliament through an annual speech, chairs the Supreme Council for Judiciary, appoints the prime minister, approves ministers, issues laws, signs and ratifies international agreements. He has the authority to dismiss the ministers, dissolve the parliament, call for new elections, and appoint the Supreme Court judges and chief religious figures (Morocco Constitution, 1996). As for the Cabinet, it has a so-called 'sovereignty ministries' (justice, foreign affairs, home affairs and Islamic affairs) which are directly controlled by the Royal palace.<sup>114</sup> The legislative authority has a bicameral parliament; the Chamber of Representatives and the Chamber of Counselors. The powers of the parliament are limited in spite of the 1996 constitutional amendments that established an elected bicameral legislative authority. It has scrutiny powers over the government, including the duty of budgetary matters, the right to approve bills, hold ministers accountable, conduct investigation and inquiries on the government actions. And even though separation of powers is entitled in the constitution that has been revised several times - in 1970, 1972, 1992, 1996 and 2011 - the king sustained his

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<sup>114</sup> This has negatively affected the credibility and trust of the masses in the government. Besides, the existence of clientalism in the political and administrative structures under the name of 'Makhzen' enhanced corruption activities and increased inequality (Layachi, 1998).

central role in the government maintaining significant hegemony over the executive authority with considerable influence over the legislative authority. The judicial authority headed by the Supreme Court is independent according to the constitution; however, the king chairs the Supreme Council of Judiciary that appoints the Supreme Court judges. This makes the autonomy of the judiciary impaired by the king's influence. The legal system in Morocco is based on Islamic law combined with French and Spanish civil laws, and several steps have been taken to improve the legal system and simplify its procedures to enable a smooth access to justice, with less lengthy trials (Layachi, 1998; Boukhars, 2010; USAID, 2010; Maghraoui, 2012).

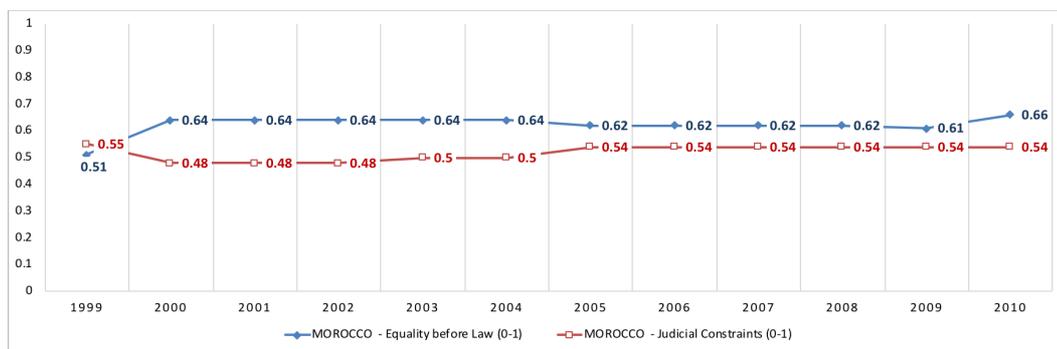


Figure 31: Rule of Law in Morocco

Reflecting on this, Polity IV categorizes Morocco as an ‘autocracy’ for the 12 years under study scoring (-6). As for the rule of law, the country has been performing better than all its North African Neighbors on the V-Dem indices of equality before law (0.6) and the judicial constraints on the executive (0.5). However, the judiciary lacks independency as the king chairs the Supreme Council of Magistracy (the highest judicial body) and appoints the judges, which basically undermines the impartiality of the judiciary. And during the interview (A19) with an academic, he mentioned that even though the country scores well on the rule of law indicators, corruption persists in the political scene as the king has wide authorities; not constrained by any legal boundaries.

Regarding political rights, the Moroccan constitution (1996) guarantees a multiparty system, and the parties receive funds from the state based on the votes they get for the seats in the parliament. Around 29 parties are active in the country, but few among them are powerful having influential coalitions in the parliament. Nevertheless, the parties’ functioning is highly dependent on the personalities of its members rather than the institution itself. In the parliamentary elections of

2002, international observers viewed the process as the first transparent, free and fair elections in Morocco. Besides, it was the first time that more than 30 women got elected due to introducing the system of national women-only lists. Also, the 2007 elections were positively viewed. However, 37% of the voters were turned out and 19% casted blank ballot, reflecting less interest of the citizens in the process and a popular mainstream recognition of the powerlessness of the parliament. The constitution guaranteed the principle of freedom of association and assembly, but the government banned the Islamic opposition - Al-Adl wal-Ihsan political organization (Justice and Charity) - and several thousands were arrested and prosecuted.<sup>115</sup> And in 2002, a new legislation was issued simplifying the rules for association formations making them more transparent. However, in practice this was not fully implemented, as the Ministry of Interior has to be informed beforehand about the public meetings and demonstrations. Still, according to Moroccan official documents, the number of associations has increased significantly working in many fields like social work, economic development and democratization and human rights issues. These are in constant contact with the government authorities to make their voices heard, yet their impact is very limited on the political ground. They also lack sufficient sources of funding and organization. Regarding trade unions, they are ratified by the government and guaranteed by the constitution, where workers enjoy the freedom to organize and join trade unions.<sup>116</sup> And with regards to human rights, the king took some steps which gave him more legitimacy, like the reconciliation with activists<sup>117</sup> (Sater 2007; Maghraoui, 2008; BTI: Morocco, 2010; USAID, 2010).

In light of the above, the multiparty system has been active but not influential, being more dependent on persons which affected its efficiency. That is why the

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<sup>115</sup> The regime cracked them down following the Islamic terrorist attacks in Casablanca in 2003. The movement often conveyed its stands in street demonstrations on several issues like constitutional reforms and the support of certain political stands. In that regard, human rights activists asserted that Morocco oppressed and even tortured those political prisoners (BTI: Morocco, 2010; USAID, 2010).

<sup>116</sup> However, unions with less than 35% of the workforce are not recognized as a negotiating partner, and the rights of agricultural labor and judges are limited compared to others.

<sup>117</sup> And it is worth noting that, since Mohammed VI succeeded his father to the throne, the Moroccan civil and human rights records has witnessed ups and downs. Once he claimed power, King Mohammed VI has freed thousands of political prisoners and reduced the sentences for others, besides setting up an arbitration committee and establishing a Reconciliation Commission in 2004 to compensate the families of victims, He also looked into cases of involuntary disappearances of political activists, and others facing detention to reach resolutions.

political rights scored (5) and the country is categorized as ‘Partially Free’ (performing better than its neighboring states). A limited border of freedom was allowed for specific groups and calibers with determined percentages to establish associations. And while the constitution guaranteed the freedom of assembly, constant contact with the government was required. Even though there is no direct causal relationship between political rights and corruption in Morocco, the limited political participation, banning the Islamic opposition group and the restrictions on associations imply the strong control of the king on the political inputs. This enhanced political corruption where there is lack of accountability of the government towards its people.

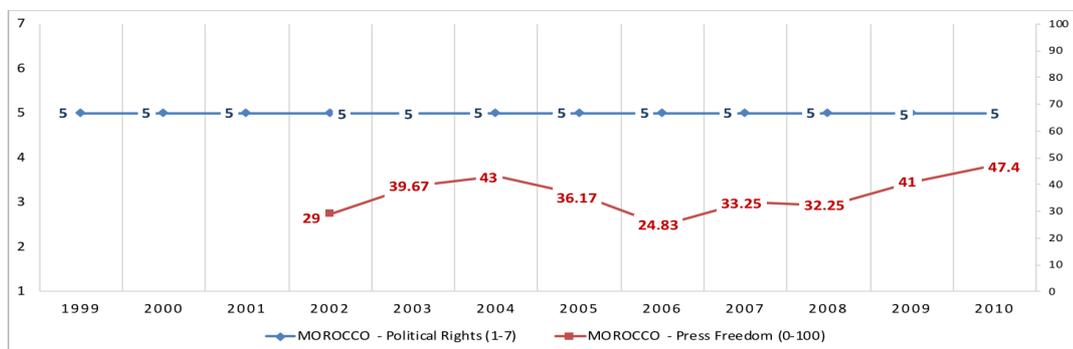


Figure 32: Regime Characteristics in Morocco

Regarding freedom of expression, it is relatively free and few reforms on the press code took place in 2002. Yet, the government owns the main media outlets in radio and television. High restrictions on press freedom have been imposed and many journalists got imprisoned on offense charges, where the violations on such matters are not clearly defined by law. In light of this, journalists practiced self-censorship, being cautious when tackling political and societal issues, and highly reserved - not even permitted - when tackling topics like the monarchy, human rights, Islam and the Western Sahara’s issue.<sup>118</sup> Even though the government has practiced high control on media output, it has been scoring generally better than the North African countries with an average of (36). There is no correspondence between the changes in press freedom and the perceived levels of corruption in Morocco, still both indicators did not vary much over the years of study. And the limits on press freedom generally imply the strong grip of the regime over the freedoms of the people to openly express their

<sup>118</sup> For further details on the Western Sahara issue, see: (Amnesty International, 2005).

opinions, which in turn can be a cause of political corruption.

Looking at the regime in Morocco, the power is centralized, and legitimacy has a unique religious dimension, barring any opposition in this sense. The system lacks checks and balances, where the king enjoys extensive authority on all aspects\_(Maghraoui, 2012). In that respect, there is low abidance by the rule of law, political freedoms are allowed with limitations to act and join associations and the freedom of press is also restricted having taboos that shouldn't be addressed openly. The three variables grouped show a negative relationship with corruption in the country, where political corruption is clear due to the lack of constraints on the king's rule and the absence of any kind of accountability towards the masses.

#### ❖ Economic Status

Morocco is a developing economy, categorized as a lower middle-income country according to the World Bank. It has witnessed general improvement of its GDP growth in the 2000s, along with higher investment and reform in many sectors after a period of stagnation during the 1990s. The economy in Morocco is a small one compared to the other North African countries with less diversified activities. It is primarily dependent on the agricultural production - constituting around 17% of the GDP yet employing more than 40% of the population - which is volatile due to the irregularity of rainfall throughout the year. Therefore, the GDP growth is vulnerable to any meteorological conditions (BTI: Morocco, 2010).

The king has wide dominances in the economy; approving investments in the country and being the largest investor and owner within the agricultural sector through the family. The king and his clans have been controlling key sectors in the economy (agribusiness, insurance, real estate, telecommunications and technology), which came parallel to the wave of privatization in 1999 that called for 'a new concept of authority'. To clarify, these transformations have given rise for a new class of middle and small size independent entrepreneurs. The profound involvement of the royal palace in the economic activities has triggered the term 'Alaouziation' derived from the name of the royal family to describe the latest

economic status of the country<sup>119</sup> (Maghraoui, 2012). And despite efforts of liberalizing the economy and the financial system since the early 1990s, the state remained involved in many industrial activities and economic institutions. Moreover, with all the red tape policies, high degree of centralization and relatively weak regulations, foreign direct investments have flourished in the country. And foreign and local investors are permitted to take ownership in most sectors (foreigners cannot invest in mobile telecommunications, while they can invest but not own lands in the agricultural sector). Also, despite reforms in the regulatory structures and bureaucratic procedures, the public-sector administration has been generally characterized by high degree of centralization and non-transparent procedures, which has led to poor accountability and further opportunities for mismanagement of resources and corruption to take place. Still the indicators showed high business freedom scoring an average of (70). Also, according to the V-Dem index of state ownership of the economy, Morocco has the value of (2.94) over most of the years under study which indicates that valuable shares are directly controlled by the state while the rest is free from direct state control. In that regard, Morocco is performing better than its North African neighbors with less scored state ownership of the economy. During the interview (A18) with a former high level official, he mentioned that: “the state-owned businesses for many goods and services resulted in less competition”, which contradicts with the data. The main explanation is that there is an indirect control of the king and his clans over the economic activities which does not show on the indices, where the elite enjoys much privileges in the economy especially in light of the poor quality of regulations. Therefore, the low quality of regulations in Morocco has intensified the spread of corruption, clearly illustrated in the domination of the royal family over the economic activities.

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<sup>119</sup> Reflecting on that trend in the country, King Mohammed VI was among the World Richest Royals ranking the 7<sup>th</sup> according to a 2009 Forbes report. See: Tatiana Serafin. The World’s Richest Royals. Forbes, June 6, 2009. Available at: <https://www.forbes.com/2009/06/17/monarchs-wealth-scandal-business-billionaires-richest-royals.html#6376a5165955> (accessed 06/08/18).

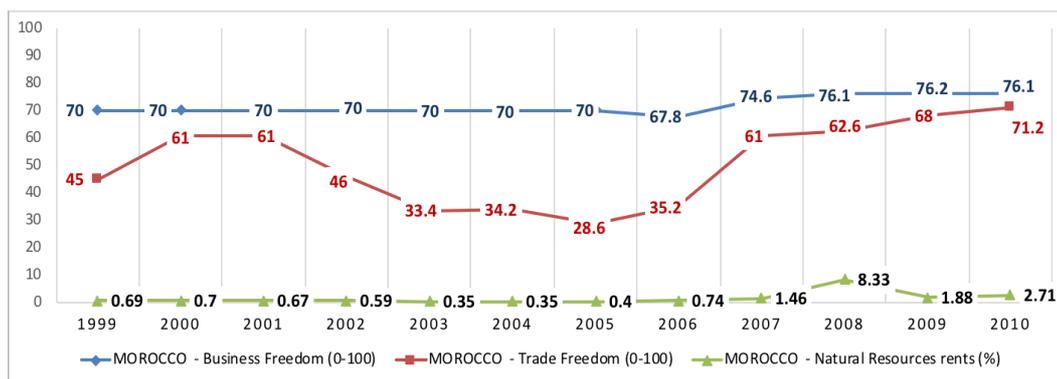


Figure 33: Economic Status in Morocco

Moving to trade, Morocco is considered a well-integrated country in the international trading system. It has free trade agreements with the U.S., E.U. and other bilateral agreements. The country has also been a member of the WTO since 1995, but still it did not perform well with regards to trade freedom scores, being categorized as ‘repressed’ during most of the years under study. In this concern, the trade freedom varying scores do not correspond to the corruption levels, which makes it difficult to assume a causal relationship between both.

Morocco’s endowment of natural resources is not remarkable, with insignificant production of oil and natural gas. However, it is the top exporter of phosphate owning two-thirds (75%) of the world’s reserve of phosphate (BTI: Morocco, 2010). In this respect, the government has monopoly over the phosphate mining. And the rents from natural resources do not have a remarkable share. Relating this to corruption, there is no direct relationship between the natural resources endowments and corruption in the country, but the government’s monopoly over the phosphate mining and production gives room for grand corruption to take place especially with the king’s tight control over many of the economic activities.

Looking at the economic variables grouped, it can be said that the small, less diverse economy along with the king’s control over many areas in the public and private sector, resulted in its being a weak economy. The less economic openness and unclear regulations in the market gave ground for grand corruption, indicating a negative relationship with corruption. However, the data for Morocco indicate otherwise which makes reaching a conclusion on the causal relationship between the economic variables and corruption difficult.

## ❖ Development Status

Being a lower middle-income country, Morocco had a fair human development score ranging between (0.51) to (0.61) throughout the period of study, with literacy rates reaching (79.4%) in 2009. Generally, despite the government spending around 6% of its GDP on education, illiteracy has been persistent, and the quality of education and outreach remained a challenge. The World Bank data estimates that 2.5 million children do not attend schools and the percentage is higher among girls, along with high rates for dropping out. That being mentioned, there is a poor quality of education in Morocco, which deteriorated the intellectual capacities among the masses; being less capable and aware of their rights in the country. Therefore, this produced a passive population that assumes no role in the country's decision-making process. In fact, literacy rates have no direct relationship with corruption, but the lack of good education opportunities presents a catalyst for corruption to take place in the society.

And even though the country has subsidized several goods and services for the people through many state-owned businesses, it did not succeed in lessening income inequality which has reached (40) in 2007. To explain this, the worker's minimum wage in Morocco is insufficient to maintain a 'decent standard of living', and the economic reforms, growth and liberalization efforts were not sufficient to face the challenges of increasing unemployment and higher inequality<sup>120</sup> (Boutayeb, 2006; Richards/ Waterway, 2008; Boukhars, 2010; UNDP 2013). Reflecting on this, the extent of income inequality explains the unfair allocation and misuse of resources. Therefore, this indicates a positive causal relationship between income inequality and corruption in Morocco. Because of the regime's control over the major resources and the absence appropriate policies that ensures the welfare of the people, grand corruption has taken place depriving much of the society from public goods and the basic economic needs.

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<sup>120</sup> In addition, the government's progress has been negatively affected by the global financial crisis, decreasing tourism revenues, less remittances and exports. Other factors are related to the over dependence on agriculture as a main sector for the labor force. Poverty remained a serious problem especially in the rural areas where the count of poor people is almost double those in urban areas. Also, unemployment has been increasing among youth, as the economy was unable to face those problems in order to lessen the burden stemming from the rapidly increasing labor force.

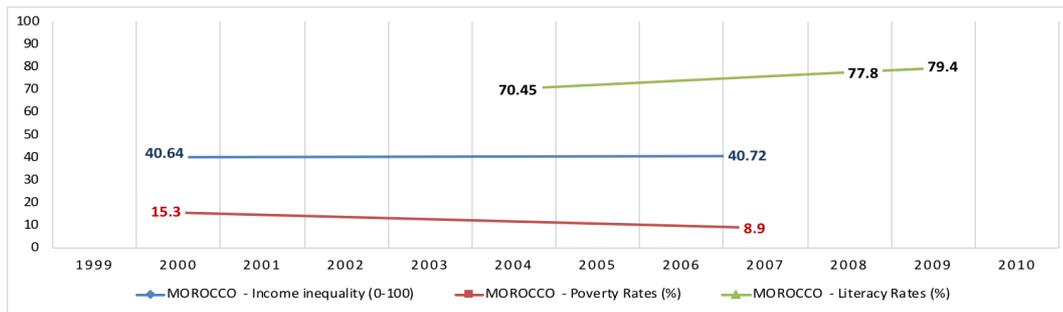


Figure 34: Development Status in Morocco

In relation to the above analysis, during the interviews (A18; A19) with a previous official and a Moroccan scholar, both highlighted that petty corruption is becoming a ‘social behavior’ that people are familiar with, due to their being under paid and also because there is no clarity on the legal consequences on such acts. It is obvious that petty corruption is imbedded in the society since there is a viscous cycle of increasing unemployment, higher poverty rates, income and gender inequality. An additional factor is the insufficient minimum wages of labor to guarantee a decent standard living, which gives more chances for petty corruption to take place. This is even intensified with the lack of good services and quality education especially in the rural areas. In accordance with this, in a survey on corruption by the Global Barometer for Corruption in 2006, 60% of the respondents said they have paid a bribe in the year before, where public administration scored highly corrupt in this survey.<sup>121</sup>

As for the Moroccan population, it is 99% Arab-Berber, and Arabic is the official language. Berber dialects are spoken by 60% of the population who claim to have Berber origins. Their dialectic had no official status and its use was very limited in many levels in the society, until 2001, when the Royal Institute for Amazigh Culture was established, in response to subsequent demands of recognition of the Berber-speaking people cultural rights. It succeeded to push forward and introduce the Berber Language as a language of instruction in primary schools in 2003 and later on it developed to all education levels. As for religion, Muslims constitute 99% of the population and a minority of Christians and Jews. Freedom of religious worship is guaranteed; however, limitations apply to Christian proselytizing as well as political activities under the label of Islam as discussed earlier.

<sup>121</sup> Global Corruption Barometer 2006, available at: [https://www.transparency.org/whatwedo/publication/gcb\\_2006](https://www.transparency.org/whatwedo/publication/gcb_2006) (accessed 06/08/18).

As for the women status in the country, the government has taken steps to improve their status through reforms in the family code ‘Moudawana’ during the 2000s. The reforms included new rules for women on the Personal Status Code to improve their social rights. These new steps were guided with establishing new family courts and family aid fund. However, when put into practice, it faced several drawbacks such as the non-strict application of laws and the inability of the judges to be pragmatic and rule rightfully with the new laws enforced, which led to the persistence of women inequality (BTI: Morocco, 2010). Still, female participation in labor force is averaging (26%) witnessing presence in the political sphere and reaching around (10%) in the parliament in 2010. And despite efforts to enhance the conditions of women in the country, gender indicators show high disparities. Reflecting on this in relation to corruption in Morocco, it is unclear whether women empowerment has an effect on increasing the levels of corruption in the country, but the lack of proper laws and equal status for women in the country indicates the inequality among citizens in the society which implies the prevalence of gender inequality within the society.

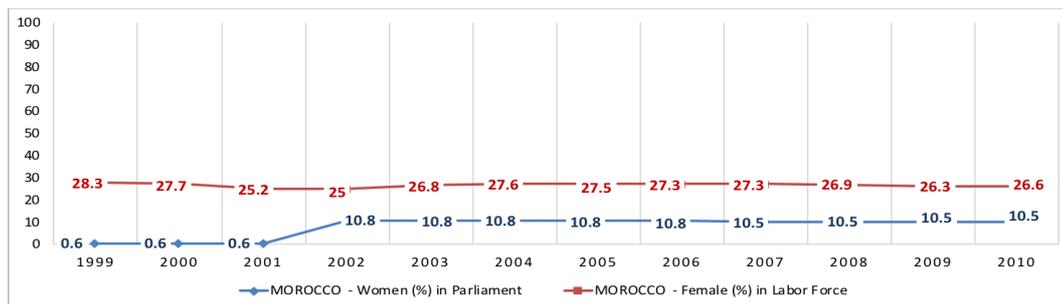


Figure 35: Women Empowerment in Morocco

Grouping the development indicators, it is clear that the poor quality of education, high poverty rates and income inequality do have causal relationship with the perceived levels of corruption in the country. These variables have intensified on one hand the spread of petty corruption among the less paid civil servants, and on the other hand the spread of grand corruption among the elites who have abused the national resources for their individual benefits which resulted in huge social gaps in the society. This has been reiterated during the interview (A19) with a Moroccan law scholar who mentioned that: “corruption is no more a monopoly to a certain social group or officials, it is present on all levels”.

## Brief

Morocco presents a clear authoritarian regime with the king's control over all the political and economic domains in the country. The regime earns its legitimacy from a 'spiritual divine' basis, which in turn deprives the masses to question the king and his authority. The rule of law, political rights and freedom of expression are not allowed to great extent. This is due to the king's influential powers over the judiciary, the very limited space for political participation and association and the censorship practiced over media. Moreover, the economy is very small with less competition and low quality of regulations. This is even enhanced with the king's monopoly over phosphate mining in the country along with some economic activities.

Both grand and petty corruption persist in the country, where the tight controls practiced by the king hinders the accountability of the government allowing political corruption to take place. The king's controls over the main economic activities in the country gives so much room for grand corruption. Income inequality also implies the spread of corruption indicating the misallocation and abuse of resources. The low paid civil servants triggered petty corruption to take root in the society, which is reinforced due to the poor quality of education and lack of awareness among the population.

That being said, the main causes of corruption in Morocco are present in the 'divine legitimacy' of the king which hindered primarily the respect for the rule of law. Also, the low quality of regulations and income inequality present significant causes of corruption the Morocco.

## Egypt

### ❖ Regime Characteristics

Egypt has been under the rule of three Presidents since the 1952 revolution, which overthrew the monarchy and the colonial influence that accompanied that era. Nasser's rule was sought to be a socialist one supporting agrarian reforms and state-capitalist economic system, nevertheless it was an authoritarian regime characterized by a single-party system giving Nasser excessive powers. Despite early gains of the economic policies of socialism, this progress lagged in the 1960s due to major political drawbacks. In the 1970s, only after extensive pressures to allow political competition and open up the economic sector, President Sadat - Nasser's successor - allowed a cosmetic multi-party system and adopted policies of economic openness. During his era, the country witnessed limitations on political activities and the economy was not progressing well, benefiting only certain strata of the society. Sadat's rule ended with his assassination by the hands of the Muslim Brotherhood (who constituted the main political opposition for the government and were facing severe suppression).

In 1981, Mubarak - the vice-president - succeeded Sadat in ruling the country. Since then the state of emergency was in action and Mubarak stayed in office for 30 years, following a similar path of his predecessors, introducing minor reforms in the political and the economic areas. Since the 1980s, the government started facing the unresolved issues of the earlier regimes. These included a growing population, huge economic subsidies, increasing foreign debt, political and civil restrictions - which were practiced under the law of emergency to maintain security and monopoly of political powers in the hands of the existing government. Theoretically, democratic institutions with political liberalization were intended, however extensive authoritarian powers were practiced (BTI: Egypt, 2003; BTI: Egypt, 2010; Brown/ Shahin, 2010; Bakr, 2012).

To begin with, the 1971 Egyptian constitution states that Egypt is an Arab Republic with a democratic, multiparty system. It further outlines the several authorities, roles and duties of the different government institutions within the country. Generally, it provides for a strong executive authority, with concrete powers to the president, fewer powers for the parliament, and the judicial authority

is formally independent, not allowing interference by other authorities in its functions. Nevertheless, President Mubarak and his ruling party - the National Democratic Party (NDP) dominated most of the government institutions, hindering the notion of separation of powers where checks and balances were absent within the political system (Brown/ Shahin, 2010; Bakr, 2012; MacQueen, 2013). Until 2005, the presidential candidate was nominated by two-thirds majority in the parliament and confirmed in a national referendum, hence, this ensured sustaining Mubarak in office as the NDP has always enjoyed the majority, while few seats were for opposition parties in the people's assembly. In 2005, some constitutional amendments were introduced and ratified in a public referendum; these reforms came after international pressures and rising domestic demands to allow political participation and competition within the political scene. The reforms seemed to be the most substantive during Mubarak's presidency, but in reality, served the hereditary rule of Mubarak, centralizing power in the hands of the NDP that would never be challenged due to its domination on the seats within the parliament. This is due to the fact that there were some provisions in the constitutional reforms that hindered the idea of political competition.<sup>122</sup> Nevertheless, the 2005 parliamentary elections witnessed a real political change in the composition of the legislative authority, when the ruling NDP lost some of its seats for the 'illegal' Muslim Brotherhood; whose candidates ran for elections as independents. This increased their presence from 17 seats in 2000 to 88 seats in 2005. Consequently, the legal secular parties and minority representations lost ground in the parliament. In spite of this political openness and diversity, the dominance of the NDP was still strengthened by the fact that president Mubarak is both the head of state and leader of the party, and hence the parliamentary elections as well as the local ones for the administrative divisions were mostly in favor of the ruling party (BTI: Egypt, 2010).

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<sup>122</sup> For example, only parties with more than 5% of seats in the parliament and has sustained this percentage for more than five years have the right to nominate a candidate. This was only applicable to the NDP, as none of the opposition parties have had this percentage, while independent candidates needed signatures including some from the members of parliament and administrative divisions (BTI: Egypt, 2010).

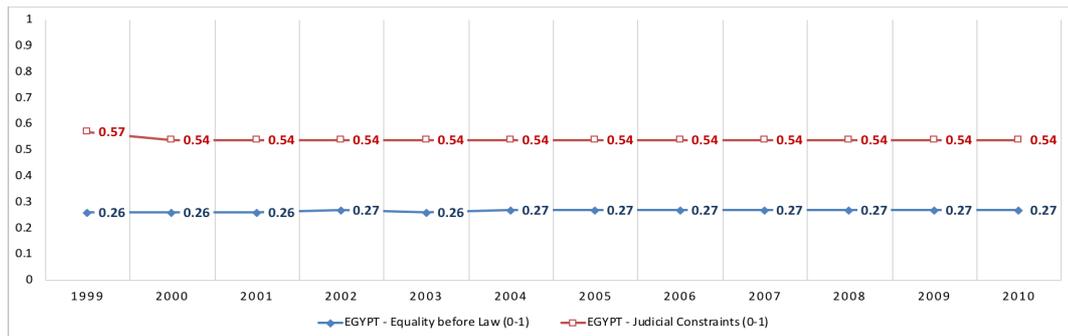


Figure 36: Rule of Law in Egypt

Looking at this political setup, Egypt - according to the Polity IV project - sustained its category as a ‘closed anarchy’ scoring between (-7) to (-3) throughout the years from 1952 until 2010. The country has witnessed a shift from (-6) to (-3) during the years from 2005 until 2010, which goes in line with the slight progress in political competition and participation of political parties. Moving to the rule of law, it can be said that the existence and extension of the ‘emergency law’ for 30 years gave no chances for the full abidance by law. This state of emergency has been first imposed since Sadat’s assassination in 1981 and regularly extended throughout the years of Mubarak’s rule, which allowed the government to act freely without any abidance by law or domestic restrictions.<sup>123</sup> This is reflected on the data for the rule of law indicators showing no significant change over the years, with equality before law sustaining a score of (0.27) as well as the judicial constraints on the executive scoring (0.54) for almost all the years. Therefore, the lack of abidance by the rule of law implies a negative causal relationship with the levels of corruption in Egypt, where the judicial independence has been hindered on several occasions with a clear executive interference in its functioning. This has been highlighted during the interview (A20) with a professor, who has also mentioned that corruption is high within the judicial authority, where “the more power and status you possess in the country, the less prone you are to be imprisoned in any case even if you are guilty”. In this realm connections and preferential treatments play a central role in the judicial processes.

<sup>123</sup> BBC News, Egypt Renews Tough Emergency Laws. Published: 12/05/2010.

Available at: <http://news.bbc.co.uk/2/hi/8675856.stm> (accessed 06/08/18). Story from BBC NEWS:

[http://news.bbc.co.uk/go/pr/fr/-/2/hi/middle\\_east/8675856.stm](http://news.bbc.co.uk/go/pr/fr/-/2/hi/middle_east/8675856.stm) (accessed 06/08/18).

As for the right of assembly and association in Egypt, the uninterrupted state of emergency restricted basic political rights and civil liberties, imposing censorship on almost every aspect of life in the society. This has justified the forceful and brutal practices at times against opposition political parties (mainly the Muslim Brotherhood) and civil society activities that might get close to criticizing the regime openly. And even though a margin of freedom of expression was present during Mubarak’s regime compared to the previous presidents; the general theme of his rule was authoritarian. The regime has not allowed much space for people to express their opinions freely on certain matters, and there was an increasing number of arrests of bloggers and journalists whose opinions stood fiercely against the regime, besides the government has been in control of a huge part of media outlets (Ismael/ Ismael, 1991; Brown/ Shahin, 2010; BTI: Egypt, 2010; Fadel, 2011; Bakr, 2012; MacQueen, 2013). In this regard, the country is classified as ‘Not Free’ in political rights according to Freedom House scoring (6) for all the years under study, scoring low on the freedom of press index averaging (45) for the years under study. The lack of political rights in the regime has intensified the presence of corruption, indicating a negative relationship between both variables. And the several constraints practiced by the regime over the journalists and bloggers gives ground for political corruption to spread, since the masses are not allowed to criticize the regime or hold it accountable in any occasion.

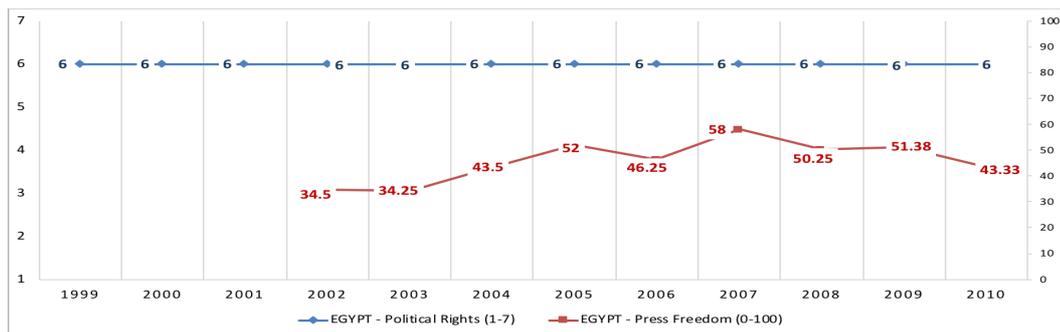


Figure 37: Regime Characteristics in Egypt

The political settings in Egypt generally stamped the regime with an authoritarian classification, no matter how many political reforms were introduced. It gave the executive authority, mainly the president, extraordinary powers and served to safeguard the monopoly of his power. The political variables grouped together show a clear negative relationship with the perceived levels of

corruption in the country. The persistence of emergency laws offered the government a free hand to interfere in all the domestic and civil affairs, not respecting law and limiting the freedoms under the argument that certain acts are conducted for security reasons.

❖ Economic Status

Since late 1970s, the Egyptian government has begun a privatization process in the economy, but the major state-owned enterprises remained untouched. Privatization continued on the agenda of Mubarak (following Sadat's policy of economic openness) and its scope increased in 2004 in some major sectors like telecommunication. Several measures were undertaken aiming at restructuring specific economic institutions, and simplifying business related to property rights and registration of property. On the same line, in 2005 an anti-monopoly law has been enacted to establish for the first time a legal framework and policy to ensure economic competition. In spite of that, deficiencies were persistent, and major sectors remained under the state control, such as water, public transportation and energy (including fuel). It is worth noting that, allowing economic competition gave rise to a class of businessmen who were extremely rich and well connected to the government's high-level officials; some of those in business have held influential positions in the government, being either ministers or members of the parliament. Adding to this, the enforcement of laws relied heavily on the influence of the business elite and whether or not they have power in the government or are able to access those in power. During 2000s, there was clear preferential treatment for the business elites who benefited much from the reform policies introduced by the government. The links between the businessmen and government officials, besides the possibility of obtaining both at the same time - businessman and an official - gave more opportunities for grand corruption to take place easing the conduct and growth of investments and benefiting certain profiles. There was also wide government interference in the economy even though there were efforts to enable a competitive market atmosphere. In that sense, privatization processes marked high corruption; which has affected the popularity of the state selling its companies (Global Integrity, 2010).

This is reflected on the business freedom indicator where during the years after the introduction of those reforms in 2004, no significant progress was witnessed, and

the country's performance worsened for the years 2006 and 2007. This is due to the lack of a structured market with well-defined regulations. Generally speaking, the state ownership of the economy has maintained a score of (2.08) for most of the years indicating direct state capture of the main economic activities. Also, the regulatory reforms along with the privatization policies have not been translated into an encompassing growth in the economy as planned. During the expert interview (A22) it has also been highlighted that, all the economic reforms have intensified grand corruption which was widely acknowledged by the masses, as the businessmen who were often part of the government have worked on issuing or even surpassing laws and regulations to increase their private investments and wealth in the country.

Moreover, with regards to small and medium enterprises in Egypt, in a 2009 study, 42% of the SMEs owners surveyed indicated that they had to pay bribes in cash or in kinds in order to obtain their business license, and 29% had to offer illegal payments or gifts during the operation of their business (CIPE, 2009). In this survey, low wages came as the first choice when the citizens were asked about the main causes of corruption in Egypt (CIPE, 2009). Adding to this, there is lack of a clear system of monitoring and evaluation over officials in the public office, where nepotism is common (salaries and positions in many instances are not based on competency and expertise, but on personal networks). On top of that, there are no effective means to fight petty corruption in the country. Therefore, low wages of the public servants combined with the absence of a clear monitoring system and means to fight petty corruption, all have given ground for intensifying petty corruption among the public officials in the lower levels of bureaucracy.

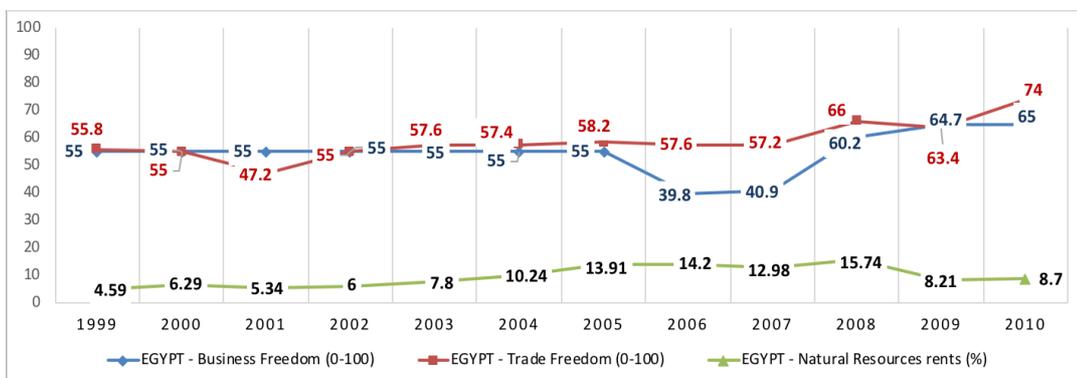


Figure 38: Economic Status in Egypt

As for trade and economic openness, Egypt has signed several trade agreements with other countries worldwide, attempting to establish economic cooperation and integration. In light of this, Egypt has become a member in the WTO since 1995, and the country is also a member in the International Monetary Fund (IMF), the Common Market for Eastern and Southern Africa (COMESA), the African Union, The Greater Arab Free Trade Area (GAFTA) and the Nile basin Initiative (NBI).<sup>124</sup> This gives the impression that Egypt has exerted efforts to remove trade barriers and open its market to international trade and investments, but the indicators show that limitations on trade existed. The country's scores remained more or less similar throughout the 2000s, witnessing better performance during the years 2007, 2008 and 2009 in light of the whole economy's better functioning, flexible exchange rates, expanding exports and attracting foreign investments. Therefore, there is no clear causal relationship between economic openness and corruption in Egypt, as the data on both do not correspond to each other. However, the lack of openness in trade and the existence of economic barriers can be catalysts for corruption to take place in the country.

Concerning natural resources endowments, the natural resources rents scored higher during the years from 2005 until 2008, which witnessed the poor functioning of the government in those years with regards to the regulatory policies, but due to the lack of transparency and accountability besides the monopoly and hegemony of the government over most of the major economic activities, it is not easy to tell how those rents affected the corruption levels in the country.

Reflecting on the economic status in the country, the quality of regulations, economic openness and freedom of trade have not been progressing well. The three variables have benefited the elite who enjoyed the fruits of economic growth and managed to establish huge investments, while the general masses were deprived those benefits having less welfare facilities in the country. Therefore, there exists negative relationship between on one side the quality of regulations, economic openness and trade freedom and corruption on the other side. This is evident with the spread of grand corruption within the corridors of the government

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<sup>124</sup> Available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/eg.html> (accessed 06/08/18).

and economic institutions where the rise of a very tiny class of businessmen and political elites has been dominating the scene in Egypt. And at the same time petty corruption has very deep roots where there are no clear regulations or monitoring mechanisms over the public official in the lower levels of the bureaucracy to fight the wrongdoings in those offices.

❖ Development Status

The authoritarian regime's control is obvious in the economic status of the country being classified as a 'low-middle income' country during most of the years under study, where the country has not witnessed significant growth and development, being also classified among the 'Medium Human Development' countries throughout the years from 1990 until 2010. To elaborate, Egypt is the most populated country in the MENA region with 80 Million inhabitants in 2011. And even though some economic growth was achieved later in 2007 reaching 7.1% after 4.1% in 2004,<sup>125</sup> the general development was still minor, as growth was not translated into increased incomes for all the strata of the population, resulting in widening the gaps between the rich and the poor. The population is composed of 90% Sunni Muslim and 9% Coptic Christian, and the ethnic and racial groups are mainly located in Upper Egypt, Sinai and tribes in Western Egypt.<sup>126</sup> These groups share grievance and a sense of inferiority and hence they feel isolated and neglected in the country. Also, poverty is higher in Upper Egypt compared to the rest of the population being deprived from the fruits of development in the country. This shows that some areas in the country being far from the center are also too far from the attention of the policy makers, indicating unfair distribution of resources. In that regard, during the interview (A21) with a former government official, it was mentioned that wealth is concentrated among the elite who constitute around (5%) of the population and are more focused on their personal interests ignoring the obligation to serve the masses and satisfy their needs.

Throughout the years (1999- 2010), income inequality reached (30) and poverty rates reached (20%). Hence, social justice and income redistribution

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<sup>125</sup> Available at: <http://data.worldbank.org/country/egypt-arab-republic> (accessed 06/08/16).

<sup>126</sup> Available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/eg.html> (accessed 06/08/18).

remain as major challenges in the society. Another point related to this is the large, inefficient, poorly paid public officials. There is no minimum wages law, and the public servants' incomes are too low to satisfy their needs which makes them vulnerable to accept other sources of income. This gave a raw ground for petty corruption to be a widespread phenomenon in Egypt among the major strata of the society who work in the middle and lower public office bureaucracies. And it allowed opportunities of bribe taking and giving under the name of a facilitation fee to get things done for the clients. Therefore, it can be said that income inequality enhanced corruption in Egypt, and the same goes for poverty causing petty corruption to spread widely among the different society levels; becoming a socially accepted behavior.

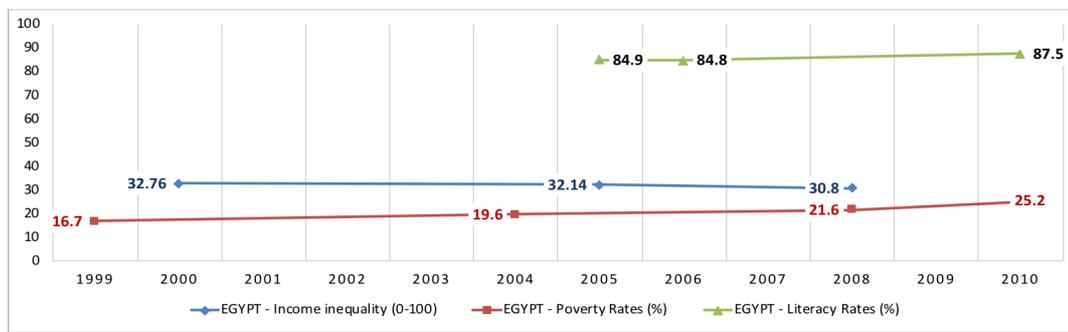


Figure 39: Development Status in Egypt

As for illiteracy, it has significantly dropped due to the wide awareness campaigns of the importance of education, and the percentage of literate population reached around (85%). Nevertheless, this does not reflect a good quality of education that offers the citizen the ability to get a decent job in the market and develop their intellect. The education system in the country is highly defective where according to the Global Competitive Report (2013-2014), Egypt has ranked last in the education quality showing the low quality of education in the country. This goes in line with the insignificantly low expenditures on education and research in Egypt; which is around 4% of GDP for those years.<sup>127</sup> In this regard, it is worth mentioning that illiteracy is higher among women especially in rural areas which reflects another dimension of discrimination against women (Schwab, 2013). That being said, literacy rates do not correspond to the intensity of corruption in the country, but the lack of proper education

<sup>127</sup> Available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/eg.html> (accessed 06/08/18).

opportunities, the poor quality of education and consequently the low levels of awareness among the masses made the spread of illegal acts a common accepted behavior giving ground for petty corruption to be widespread in the country.

Regarding women empowerment, women are politically marginalized, and their calls for more political inclusion are widely ignored. In labor force they are more present - especially in the informal economic activities - due to the family social needs. Still, their political participation in the government is barely noticed for the years under study with (2%) presence in the parliament. This is also the case with the minority Coptic representation in the government, which resulted in their sense of discrimination and having minimal roles in the government generally throughout the years. In relation to corruption, women empowerment data do not correspond to the changes in corruption levels, where this implies no direct relationship between both variables. However, the lack of women empowerment, discrimination against Coptic masses as well as some groups in the society being marginalized indicates that inequality can work indirectly to enhance the spread of corruption in the country, where there is lack of social equality among the masses.

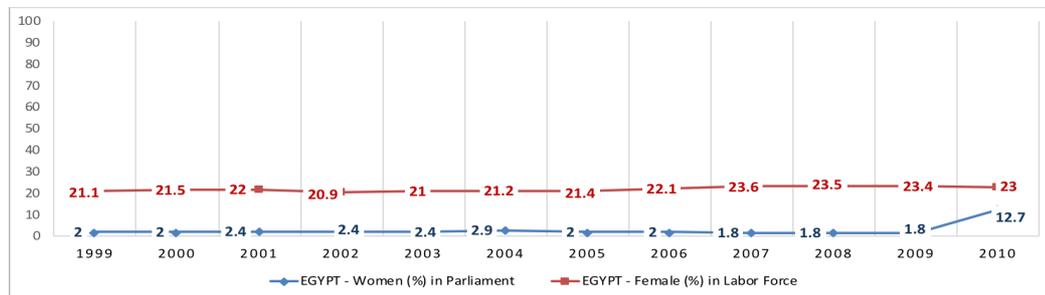


Figure 40: Women Empowerment in Egypt

### Brief

Generally, the three successive presidents who came from a military background enjoyed centralized political powers, restricted political participation, but provided more economic openness during Presidents Sadat and Mubarak. The deeply inherited corrupt practices in Egypt have taken years to gain roots throughout the three leaders, and the reforms introduced were cosmetic. Mubarak's regime sustained the state of emergency for the whole period of his rule (30 years) which has allowed his government to act freely hindering the basic political and civil rights of the people and not allowing any room for real political

change to take place. Political corruption has been taking place, since the main theme of the political system is centralization of political powers in the hands of the president and the ruling elite, allowing limited political participation, along with the NDP maintaining hegemony over the political and economic scenes.

And even though there is plenty of human and natural resources in the country, these were not exploited effectively to achieve the aimed growth and development throughout the years. The economic restrictions remained obvious and privileges were mainly granted to the elite and the tiny circle around it. The vagueness of economic regulations has assisted in the spread of corruption, along with the less economic openness and competition in the market. There was a privileged group in the society who enjoyed all the economic gains and benefits, while the rest of the population were generally deprived. Also, it is clear that poverty, low quality of education and less participation of the minority as well as women in the society show why Egypt is ranked low in the human development index, sustaining (0.6) scores since 1990 until 2010. This generally implies that the lower levels of human development in Egypt can be a cause for corruption.

While petty corruption is persistent in Egypt due to the above-mentioned set of interrelated reasons. There is a culture of acceptance of corruption among all levels of the society, enhanced by the poor education output, which reflects on the lack of social awareness of the illegality of corrupt acts along with other issues. Also, the low wages of the public servants made them complement this insufficiency with illegal payments and corrupt behaviors. People generally, clients or agents, do not feel they are wrongdoing as they are not well paid and feel their rights are hindered in the society which gives them an excuse for those actions. Therefore, the growing gap between the rich and poor as well as the decaying middle class has enhanced inequality in all aspects. A big reason for this, is the regime's strong grip on the country's resources and their unfair distribution. Given the above analysis on corruption in Egypt, the most significant cause of corruption is the absence of rule of law due to the emergency law being enacted for more than 30 years. Moreover, the vague regulations and income inequality enhanced the levels of corruption in the country.

## Algeria

### ❖ Regime Characteristics

In 1962, Algeria gained its independence after an 8-year bloody war of liberation from the French colonization. Since then the country has gone through several alterations in its political scene. The ‘Front de Libération Nationale’ (FNL) party was established in 1954 and has developed as the main driving force for liberation, composed originally of a mixture of different segments in Algeria - secular, Islamists, socialists and nationalists - who came together against the French rule. Therefore, when the country gained its independence, the new republic was established under the FNL’s authority which has been sustained for almost three decades supported by the military; both have enjoyed significant domination over the country (Malley, 1996; Boserup, 2013). Ben Bella has become the first Algerian president after independence, setting up a constitutional republic with a multiparty system in 1963, however in reality he monopolized power through a single party rule. Afterwards, due to the gap in the structures of the system, political transformations have taken place over the years.<sup>128</sup>

Later in 1999, Bouteflika ran for presidential elections supported by the military. He managed to stay in power uninterrupted through all the consecutive presidential elections; the last was held in 2014.<sup>129</sup> And despite the gradual

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<sup>128</sup> A coup d’état took place in 1964, as the army was the sole power remaining after the war. Colonel Boumédiène claimed power (1965–1978) and introduced ‘Arab nationalism and socialism’ as the FNL’s identity. Upon Boumédiène’s death, Colonel Bendjedid has ruled the country leading the FNL (1979–1998) basing his power on the party supported by the army. In 1988, Algeria witnessed widespread riots due to the growing discontent with the regime’s policies. While the society benefited from the socialist economic programs enacted after independence, the regime was incapable afterwards of offering more opportunities and reached a stagnant economic status. And in 1989, Bendjedid introduced a series of economic and political reforms along with constitutional amendments to help the regime survive, this has included among other reforms: introducing a multiparty system and confirming that Islam is the state religion. This step opened a period of political pluralism which did not last long, as during the 1990 parliamentary elections, the ‘Front Islamic du Salut’ (FIS) party won around 55% of the votes which came as a surprise to the president, the ruling FLN and the army. Consequently in 1992 the military carried a coup d’état that has overthrown the government and canceled the local elections. The FIS was banned and Bendjedid was forced to resign. The Coup d’état did not only end the democratization process and reverse back to an authoritarian regime, but it led to a civil war that lasted 8 years between the army and some armed Islamic forces claiming beyond 100,000 lives and leaving the country chaotic. The state of emergency was enacted since 1992 after the civil war erupted (BTI: Algeria, 2010; Driessen, 2012; Kilavuz, 2015).

<sup>129</sup> During the 1999 elections, all other presidential candidates withdrew claiming systematic vote rigging and fraud by the government favoring the FNL candidate Bouteflika. In the 2004 elections, a competitive election took place and the military - even - suggested at the time that it would

openness in the electoral process since 1999, the FLN party has maintained hegemony over the system supported by the military, while opposition parties were not able to achieve any significant role in the political scene (Polity IV: Algeria, 2010; BTI: Algeria, 2010).

According to the 1963 constitution, the president is the head of the council of ministers, chief of the armed forces, appoints the prime minister and the president of the Upper House, in addition he appoints and dismisses other critical administrative positions in the country. He can legislate through a presidential decree, declare presidential amnesties and intervene in judicial convictions (Algeria Constitution, 1963). The wide privileges offered to the president in the constitution limited the other authorities' performance and hindered the accountability concept in the administrative sphere, besides undermining the credibility of the parliament. The legislative branch is bicameral, consisting of the National Assembly (Assemblée Populaire Nationale) and the Senate (Conseil de la Nation). The 2002 parliamentary elections witnessed a clear lack of competition, and violence erupted which flawed the process, where parties boycotted the elections and fewer voters came out. Also, the 2007 elections faced a prevalent boycotting of elections resulting in less crowds averaging 35% of the eligible voters. Banning the Islamic party (FIS) as well as a limited masses support for the regime were clearly reflected in both rounds of the parliamentary elections. Generally, the political system witnessed the strength of institutionalized FNL which has been strongly organized for more than three decades, being able to control the executive as well as the legislative branches. And regarding the judiciary, it is recognized as an independent authority according to the Algerian constitution, however in reality it has been subject to the executive authority. The appointments and promotions of judges to all positions are done through the executive (Djilali, 2007; Kilavuz, 2015).

According to the World Economic Forum and Human Rights Watch, the Algerian judiciary is not autonomous, as it has been always subject to political influences and interference from officials. The WEF's Global Competitiveness Report (2012-

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support an Islamist candidate as long as they abide by the constitution. This election was widely seen as free and fair, still Bouteflika won with 83% of the votes. In 2009, the parliament voted to amend the constitution allowing Bouteflika to run for a third term as a president, and during that year's elections he won with over 90% of the votes, and again many opposition groups boycotted the elections (Polity IV: Algeria, 2010).

2013) ranked Algeria 126th out of 139 countries on the independence of the judicial authority, scoring below its North African neighbors (World Economic Forum, 2012). Another dimension that is worth highlighting is the role of the armed forces in the political system that is seen as a blocking stone towards realizing liberal democracy in the country. The military has been enjoying hegemony over the government since independence. And since 1999, the influence of the army continued with Bouteflika, though he managed to enhance the president's role in the decision and policy making of the country, expanding his authority and limiting the influence of the Army's High Command. But the process of democratic governance remained a challenge due to the excessive power in the hands of the president as well as the role of security forces in the domestic politics to maintain peace.

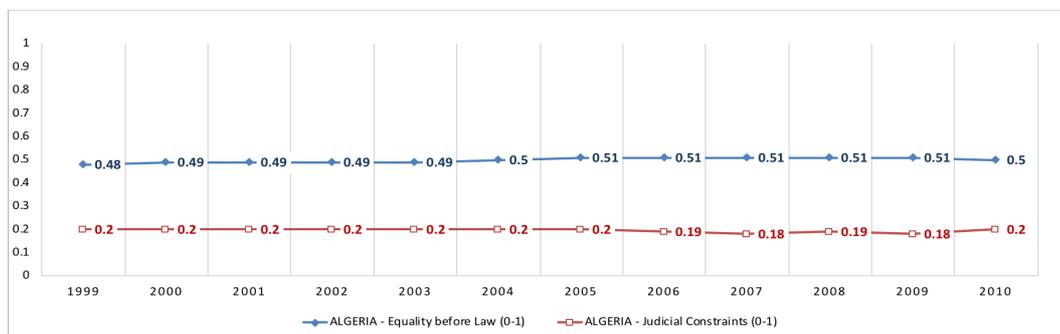


Figure 41: Rule of Law in Algeria

In this sense, in Algeria the executives had no real constraints over their power, where the legislative and judicial branches had been systematically subordinates to the executive branch. Moreover, the country has witnessed long years of political instability due to the civil wars and coups throughout the past decades. This has resulted in enacting the state of emergency since 1992 accompanied by significant military control (Achy, 2013; Boserup, 2013) where on the Polity IV, Algeria is categorized as an 'open anocracy' scoring (-3) until 2004 when the presidential elections took place, it scored (2) on the Polity IV corresponding to these elections. The rule of law has low scores on the V-Dem indices, where the equality before law scored (0.50) and the judicial constraints on the executives scored (0.20) for most of the years. This is reflecting the above analysis, as the executive power supported by the military have had full control over the political scene. In this regard, the low respect for rule of law has intensified corruption in the country, since there has been no proper checks and balances system due to the

predominance of the president and his party over the political system, as well as the strong military role in the ruling process. During the expert interview (A23), the Algerian scholar has indicated that deterring corruption in the country is not possible since ‘the ones who are supposed to stand against it are the most corrupt’; referring to the president and the high-level officials in the country.

As for the freedom of assembly and association, the prevailing one-party rule in Algeria with the strong military support hindered the chances of a more democratic system with opposition parties and an active civil society. Even with the constitutional reforms of 1989 that allowed opposition parties to run for elections, only few parties were representing a real opposition to the government. Afterwards, the 1992 coup stalled the chances for a more democratic transition, banning the Islamic Front Party (FIS) besides the 8 years long war that magnified the severity of the whole scene in the country. The state of emergency which has been enacted since 1992 allowed the government to restrict any demonstrations they sense might disturb public order, which has resulted in significant human rights abuses. Regarding the civil society, its activities has neither been a vibrant nor an effective force in Algeria since independence, reflecting relative weakness to propose demands or oppose the regime. Nevertheless, labor unions were more influential especially during the 1980s under Bendjedid’s regime, as strikes and protests were increasing until 1988 when widespread protests took place leading to some important constitutional reforms. However, this civil activity did not last long, especially after the 1992 coup d’état. Since then, there have been higher restrictions on civil liberties and limited influence of the opposition parties (Djilali,2007; Kilavuz, 2015). Reflecting on this, political rights in Algeria has scored (6) throughout the years of study ranking Algeria as ‘Not Free’. This can be a cause for corruption to take place among the political elite, where the prevalence of security forces in the Algerian politics hindered any democratic governance notion, limiting the capacities of the political parties and civil society in the country due to the tight control especially during the civil war period of the 1990s.

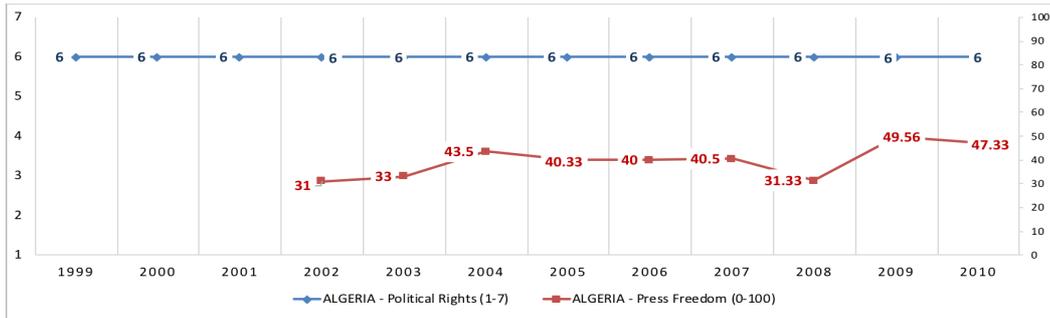


Figure 42: Regime Characteristics in Algeria

As for freedom of expression, the Algerian media has developed generally but witnessed weaknesses as well as constraints on media and journalists. Media started to be liberalized after the constitutional reforms between 1989 and 1991 introducing private ownership of printed media for journalism and businessmen, however audio and visual media remained monopolized by the state. And the 1992 coup left severe consequences on journalists, where military constraints and partial state censorship have been practiced on topics related to the ‘state security’. And during the 1990s, many journalists were assassinated in a series of targeted bombing of media institutions. Regarding the internet, it developed slowly, as the government has opened investments during the end of 1990s with a number of obligations on internet providers, which resulted in a lengthier development of the online critical media networks, unlike the other North African countries (Boserup, 2013; Kilavuz, 2015). In this regard, Reporters without borders defined Algeria as a ‘difficult situation’ even though it scored and ranked better than Egypt and Tunisia in many years on the Press Freedom Index. Still, taking into consideration the analysis above, it is clear than huge restrictions were practiced over freedom of expression especially in the critical years of transformations, which can be a catalyst for deepening corruption among the political elite.

Looking at the political regime in Algeria, it demonstrates a clear executive control supported by one party rule and a strong military interference in the state affairs. This stalled the abidance by law most of the time, which has been even ignored due to the emergency laws enacted in 1992. Also, political rights and freedom of expression were restricted over the years with the hegemony of the FNL party over the political scene, banning the Islamic opposition group and the targeted bombings of media outlets. Grouping the political variables - rule of law, political participation and freedom of press - indicate a negative relationship

between them on one hand and corruption levels on the other hand, implying huge political corruption taking place within the country.

❖ Economic Status

In 1971, Algeria emerged as an oil exporting country after the nationalization of hydrocarbons, affirming its intention to make use of its oil revenues to support economic development strategies. The country is one of the biggest exporters of oil and gas in Africa and worldwide. It is dependent on oil as a main source of revenues, where hydrocarbons make more than one third of the country's GDP, and two thirds of the government revenues. For more than four decades, there has been no significant alteration in the economic policies to reduce the dependency on hydrocarbons and diversify the economy even though the country has gone through high volatility of oil prices where the resource curse impacts have been witnessed (Chekouri/ Aderrahi, 2016). The government sustained control over the country's oil and gas sector through its public companies, since the major industries has been nationalized<sup>130</sup> (Entelis, 1999; Auty, 2003; Darbouche, 2011; Teulon/ Fernandez, 2014). The natural resources rents have been increasing throughout the years, but the changes in the natural resources rents do not correspond to the corruption levels in Algeria, indicating no direct causal relationship between natural resources endowments and corruption.<sup>131</sup>

In the 1989 constitutional reforms, the reference to 'socialism' was removed and acknowledging the private entrepreneurship role complementing the public sector was mentioned. Later in 1994, the IMF introduced a structural adjustment plan for Algeria to adopt a free market economy and liberalize trade (Teulon/ Fernandez, 2014). Nevertheless, the intentions of opening up the market were never accomplished entirely especially following the coup in 1992, the terrorist attacks and the falling of oil prices. In this sense, the government has failed to introduce

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<sup>130</sup> SONATRACH is a state-owned oil company, while SONELGAZ is a state-owned electricity and gas company. Both companies are responsible for the whole processes of production and sales of oil, gas and electricity in the country. Available at: <http://sonatrach.dz> ; <http://sonelgaz.dz> (accessed 06/08/18).

<sup>131</sup> A wide range of explanations were offered for determining the impact of natural resources endowments on the Algerian economy - like: Dutch Disease (Corden, 1984), a 'rentier' state (Beblawi, 1987), a patrimonial state (Lowi, 2004), natural resources revenue volatility - which resulted in weak economic institutions and poor governance.

reforms for a more integrated economy, where the state's tight control over the economy and lack of good governance along with the huge structural dependence on hydrocarbons hindered economic reforms and diversification (Entelis, 1999; Auty, 2003; Darbouche, 2011; Teulon/ Fernandez, 2014). The V-Dem indicator of the state ownership of the economy reflects this as Algeria had scored (0.67) until 2003 then moved towards less state ownership scoring (1.50) until 2010. This change is clear in introducing subsidies and investments in the infrastructure between 2001 until 2014. These efforts maintained good economic growth and in parallel unemployment fell significantly. Nevertheless, that did not promote the private sector growth, where Algeria is considered among the least diversified economies in the Arab world. Still, the country has witnessed better scoring for business freedoms averaging (70) which does not go in line with the economic environment in the country. And according to a survey conducted in 2003 by the World Bank, corruption seemed to be a major obstacle in the Algerian economy, where 75% of the companies surveyed has indicated paying a bribe (Hallward-Driemeir/ Stewart, 2004). In other reports by the OECD and the African Development Bank, both mentioned that corruption is a rooted problem in Algeria (OECD/ African Development Bank, 2005). In light of the controversy data and analysis, it is difficult to assume a direct causal relationship between the quality of regulations and the intensity of corruption in Algeria.

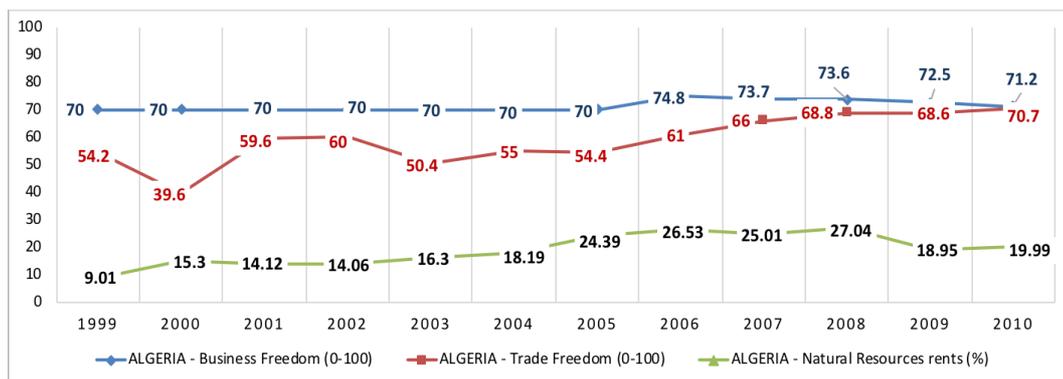


Figure 43: Economic Status in Algeria

As for trade, the country has not been able to become a member in the WTO until data, and it is still in the accession process. Algeria is scoring low on the trade freedom index from 1999 until 2005 but opened up during later years where the higher emphasis on the natural resources investments has hindered much of the trade opportunities especially with its neighboring Maghreb states

(Chauffour, 2011). Reflecting on this, it can be said that the delay of the Algerian integration in the international trade system presents a cause of corruption, where its inability to access the WTO suggests that the country is not ready to give up trade barriers and open up for international competition.

Looking at the economic status in Algeria, the country has relied heavily on its natural resources wealth, having a less diversified economy with limited economic openness. Those variables grouped together indicate the presence of grand corruption in the economic activities of the country due to the political regime's control over the major activities in the economy and the government domination over the oil and gas sectors.

#### ❖ Development Status

Algeria is an upper middle-income country, with human development scoring between (0.63) to (0.72) for the years under study. This status is mainly due to the wealth in oil resources. With regards to education, literacy rates are high reaching (93.7%) in 2008 but the quality of education is not remarkable. In this respect, there is no direct causal relationship between literacy rates and corruption levels in Algeria.

As for poverty, there is no data available on it, while income inequality reached (35) according to the latest data available in 1999. This high inequality indicates that the economic plans initiated since independence were incapable of addressing the needs of the society. Less data is available on poverty and income inequality in Algeria, however what has been written so far gives a glimpse on the dynamics of poverty in the country. Laabes (2001) has portrayed the profile of poverty in Algeria arguing that it is deeply rooted since colonialism, averaging 54% in 1966 and dramatically declining to 28% in 1980, where the oil revenues contributed to improving the living standards of the people over the years. Benhabib et al. (2007) contended that poverty rates are high in Algeria arguing that the average of poverty is around 25%. In this regard, it can be said (based on the above view) that both income inequality and poverty have a positive relationship with corruption, intensifying the gap between the social classes and favoring the ruling elite and its domination party.

The Algerian population is a mixture of Berbers and Arabs (like Morocco), with Berbers constituting 20% of the population. Berbers have long aimed for

cultural and official recognition of their language (Tamazight), and it was in 1998 when the government issued a law mandating the exclusive use of Arabic in the public life, which consequently led to the conflict between Berbers and the government. They have become increasingly on the side of the opposition to the authoritarian regime, and the year 2001 witnessed political unrest and various riots in the Kabylie region, these were faced with huge government killings and repression. Few years later, the government approved Tamazight a national language (though not official) and increased economic support to the region in order to diffuse the unrest (Djeral/ Hamou, 1992). As for women empowerment in Algeria, they have remained greatly unskilled constituting less percentages of graduates and high-level professions in the country. Many debates have taken place over the Family Code as it put women under the authority of men, affecting many dimensions of women's lives, even though the social practices evolved towards more participation and recognition of women rights and their various roles in the society. The Family Code has delegated men authorities over women with regards to their practices in public life, which needs approval by the husband or father, therefore the government has legalized gender inequality in the society (Djeral/ Hamou, 1992). Women's share in labor force averaged (15%) for the period under study, while in the parliament it reached (7.7%) in 2010. That being mentioned, the gender inequality as well as the discrimination against certain groups in the society imply that there is lack of civil rights and hence lack of legal equality among the population.

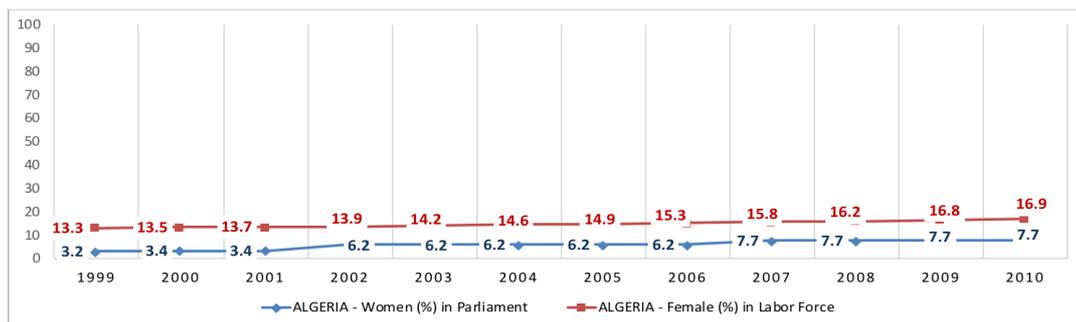


Figure 44: Women Empowerment in Algeria

Looking at the development status in Algeria, there is a positive relationship between income inequality and poverty rates on one side and corruption on the other side. The government has been unfair, not allocating the national resources for the welfare of the people and social inequality was obvious. During the

expert interview (A24), it was highlighted that corruption has become a widespread phenomenon in the society during the late 2000s, when the financial crisis took place. The general masses have taken part in unethical acts, seeking easy profit after the socio-economic conditions worsened in 2008. Nevertheless, corruption is not a common accepted behavior within the society, compared to a country like Egypt.

### Brief

Since its independence Algeria has gone through building a model of development, trying to achieve legitimacy and economic growth. The government has not been able to manage its political powers efficiently after independence, as power has remained in the hands of the military - whose legitimacy is linked to the armed struggle for liberation. Arriving to power in 1999, Bouteflika has witnessed the population's lack of confidence in the government, that was reflected in the declining electoral participation throughout the elections that took place over the years. This exposed less certainty in the political elite and was evident with the continuous unrest and public discontent.

Algeria has maintained its one-party system rule, military hegemony and undermined liberty and freedoms. This led to huge fragmentation in the Algerian society shaking the legitimacy of the regime. There were constant struggles between the military and civilians, rivalries between secularists and Islamists, Algerian nationalists and Berbers, where every segment distrusted the other. The challenges facing Algeria have been rooted in the nation and the way the elite has been managing the resources of the country. Being defined as an 'authoritarian state' there has been many concerns about the revenues from hydrocarbon resources (Lowi, 2004).

The extent of corruption and patronage has been imbedded in the whole political system. This is besides the army's involvement in the whole scene. There is evidence that grand corruption is high in the country due to the government's tight control over the political as well as the economic areas. The regime has total dominance over the natural resources and economic activities in the country, while limited economic openness and trade barriers have been in place (Achy, 2013). During the expert interview (A23), it was emphasized that grand corruption has

wasted any chances for 'credibility' of the regime among the masses, and that petty corruption is not rooted in the society that much compared to grand corruption. In that sense, the Algerian government have not deterred corruption because the elites are the ones in charge of the whole corruption taking place, leading to high inequality among the masses.

Relying on the above analysis, it can be said that the significant cause of corruption in Algeria is the enacted state of emergency and the unstable political environment which has embedded the strong control of the president, the ruling party and the military over the country and all its political and economic activities. Therefore, both, the low respect for rule of law and increasing income inequality among the population have presented main causes of corruption in Algeria.

## Libya

### ❖ Regime Characteristics

For almost four decades, Libya has sustained a military dictatorship regime under Colonel Mu'ammār Al Qadhafi who has dominated the political scene and determined the direction of the government since 1969 until 2011.<sup>132</sup> He was proclaimed the 'leader of the revolution', which overthrew the monarchy of King Idris in 1969. Soon afterwards, Qadhafi initiated a series of political and administrative steps - including the 1969 Constitutional Proclamation, the 1975 Green Book, the 1977 Proclamation of 'State of Masses' or 'Al Jamahiriya' - to overcome the weaknesses of the previous monarchy and establish a system based on the 'Authority of the People' through popular congresses. These steps were intended to lay out the basis for direct democracy with Islamic roots, through a vertically organized system composed of a set of local, regional and national bodies of congresses (Pargeter, 2012).

Qadhafi initiated his own ideological brand of Arab nationalism combined with socialism and has established the political system relying on his personal interpretation which has been outlined in the 'Green Book'; that is based on his speech delivered in 1975. It served as the ideological basis, manifesto and the 'unofficial constitution' of the political system since then (Qaddafi, 1975). He assured that: "the mere existence of a parliament means the absence of the people, but true democracy exists only through the participation of the people, not through the activity of representatives" (Qaddafi, 1975:9). This meant for him in practice that the means of participation in decision-making are to be done through the people's congresses that are under the control of the Revolutionary Committees. The Green Book assured that the congresses are the only means of accomplishing popular democracy. Thus 'Al Jamahiriya' (the republic) was established on the

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<sup>132</sup> Libya's political system since the 1969 revolution has shown significant stability even though it went through some critical transformations and international conflicts that hindered any chance for political reform. These include: the 1990s U.N. sanctions in response to Lockerbie bombing in 1992, war with Chad, conflict with the U.S. and other tensions with foreign nations. Adding to this during the early 1990s, there was increased Islamist violence towards the secular oriented government, thus the state was too involved in repressing the militant Islamist groups and lifting the sanctions (Martínez, 2007; Oliveri, 2011).

principles of political decentralization, allowing all decision-making to be processed to the citizens through direct democracy.

Later in 2000, the political evolution for Qadhafi's personal ideology has occurred when he spelled out his vision for transferring power among government bodies in what he called 'The General People's Congress'. This divided Libya into 26 governorates 'Sha'biyah', decentralizing power to more than 300 popular congresses; in order to eliminate central government functions (St. John, 2011). According to the Libyan law, the country is among the most politically decentralized systems in the region. Nevertheless, on the ground the revolutionary leadership decides upon the powers of the institutions. Adding to this, the oil revenues distribution was highly centralized to the government, which impeded the notion of decentralization. Moreover, practice proved to portray a different scenario than that proclaimed in the rhetoric ideology of popular participation and direct democracy. Qadhafi practiced tight control on political power, and instead of offering an egalitarian system that serves the masses and voices their wills, the congress system served to consolidate the powers of Qadhafi's regime and individuals were appointed based on their loyalty to him. The constitution guaranteed citizens rule; however, the regime dominated almost all the country's political, economic and social aspects (Davis, 1987). Regarding the judicial authority, Libya lacked appropriate separation of powers in the government, this is due to the ability of the revolutionary leader to intervene in the three branches of the government without limits. For instance, the judicial authority did not work independently whenever faced with political issues as it remained subject to the interference of the 'revolutionary leadership'. Shortcomings were obvious in this area due to the numerous incidents of imprisonment without prosecution, torture, exile and execution. Other issues like common criminal proceedings and personal statutes were far from political influence (Pargeter, 2012).

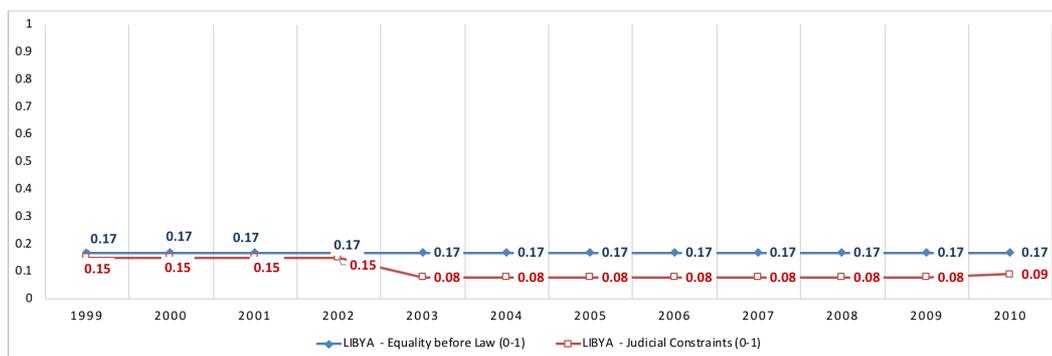


Figure 45: Rule of Law in Libya

Therefore, the political scene was centralized throughout the entire period of Qadhafi’s leadership, not aiming at introducing any kind of political reforms or democratization according to the known criteria. And it should be noted that the tribal ties and family circles were very powerful and has been a cornerstone of the Libyan institutions and decision-making process, where interests of the country’s big tribes and close circles were always taken into consideration in the political and economic decisions.<sup>133</sup> Besides, Qadhafi’s sons were also involved in the economic and political scene, as three of his sons (Sair Al Islam, Mu’tasem and Khamis) have played active roles in the Libyan government (BTI: Libya, 2010). Reflecting on this, the country sustained a (-7) ‘failed’ category since 1959 until 2010 according to Polity IV. There was no separation of powers or checks on the authority of the president, which is also clear on the V-Dem scores on rule of law, where the country scores the least among its North African neighbors. Libya sustained the score of (0.17) on the equality before law index and (0.08) on judicial constraints on the executive powers for most of the years. Therefore, the lack of respect for the law of law negatively affected corruption levels in Libya. This implies that the system consolidated the powers of Qadhafi, and even though the constitution guaranteed the citizens right to rule, reality proved an unlimited authority for Qadhafi being the ‘revolutionary leader’, who did not respect or abide by law.

Regarding political rights during Qadhafi’s regime, Libya has witnessed restrictions on the freedom of association and assembly. In 1972, the Prohibition of Party Politics Act banned political parties in Libya and the only legal

<sup>133</sup> This is due to the fact that Qadhafi came from a small tribe, therefore he always relied on consolidating with other large tribes to support his power, hence compromises have occurred, and tribes even had shares in the resources of the rent-seeking state. This has been mentioned during the expert interview (A25).

organization was Qadhafi's 'Arab Social Union' party. Besides, the only political participation channels were the associations for professionals which were incorporated into the state apparatus. Thus, these cannot be considered unions since they cannot voice their demands freely or independently. And according to the Association Act of 1972, NGOs could be established as long as they abide by the revolution goals. Independent organizations as well as civil society associations were prohibited (Davis, 1987; BTI: Libya, 2010). Still, few NGOs existed having less visible impact in the society as the tribal system in place substituted that notion of social support organizations. And even though different penal laws were enacted, no progress has been witnessed on any level. The government continued imprisonment without trials reflecting huge abuse of human rights. The vague wordings of laws on civil liberties and freedoms allowed the government to act more freely (Davis, 1987). This is reflected on the political rights index, where the country was categorized as 'Not Free', scoring (7) for all the years under study. In light of this, the lack of political rights has intensified corruption since civil society and non-state actors were continuously repressed, political parties were banned, and Islamic opposition were cracked down constantly, revealing severe abuses of political and human rights.

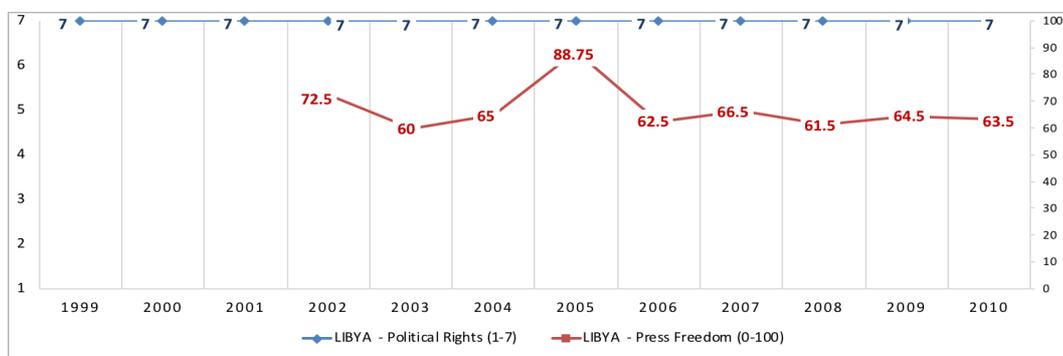


Figure 46: Regime Characteristics in Libya

Regarding the freedom of expression, the government had monopoly over media outlets, be it broadcast or newspaper. And it was not until mid 2000s when Sair Al Islam who was seen as the 'reformist son' got involved intensely in the political scene to open up the economy for foreign investments as well as reforming the Libyan society in an effort to establish a freer platform. He established a media firm that aimed at freedom of expression, however, this step ended with a huge conservative opposition from the government. Other steps were

initiated by some Libyan activists who succeeded in launching an appeal for press freedom and established two independent daily newspapers and another media channel owned by Sair's media firm. In spite of such progress, these efforts were impeded as the government opposed them, and thus the Libyan opposition faced police questioning, imprisonment and exile (Reporters without Borders, 2009; Freedom House, 2009). In this concern, Libya scored very low on the press freedom index which can explain the persistence of corruption in the country where people were not allowed to speak openly and express their opinions. Therefore, the higher restrictions practiced by the regime on the freedom of press indicates a direct causal relationship with the higher intensity of political corruption in Libya.

Looking at the group of political variables in Libya, the country being an authoritarian regime under the leadership of Qhadafi, who did not abide by laws and established his own way of rule and manifesto (based on the Green Book). He consolidated his powers limiting any public input, having no political competition or presence of opposition along with limited freedom of expression. These variables grouped increased political corruption in Libya, where the president and his government were not accountable to the people by any means.

#### ❖ Economic Status

Qadhafi sustained state socialism for almost 20 years and the state monopolized all the sectors of the economy. The leader eliminated the formal private sector and banks were state-owned. After more than two decades of a centralized economy, the government began to liberalize the economic activities and some openness was witnessed during the last few years of Qadhafi's regime. Being one of the rich countries in oil and natural gas, Libya's economy and wealth relied mainly on natural resources, where oil and gas constituted about 80% of the GDP and almost 99% of government revenues.<sup>134</sup> In that concern, the natural resources rents have had an average reaching (50%) for the years under study. The variation in the rents does not correspond to the corruption levels in Libya - which did not vary much over the years - but still implies that the natural resources endowments can be a cause of corruption especially with the government's control

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<sup>134</sup> World Bank Data, available at: <https://data.worldbank.org/country/libya> (accessed 06/08/18).

over this field practicing high secrecy in management and operations.

As for the economic openness, several state-owned enterprises were privatized, and foreign investment was permitted. These came in line with uplifting the U.N. sanctions on Libya in 2003, which gave some fresh air to the economy. And during 2007 and 2009 the Libyan Investment Authority began deploying huge amounts of capital on the international market to promote investments. The privatization initiative by Qadhafi left different impressions and explanations; some were suspicious about the main intentions behind opening up the market for private businesses to operate, while others claimed that it was merely 'renting' not selling the government corporations (Pargeter, 2012). However, what is agreed upon during that phase of opening up the markets is that the standards, regulations, bureaucratic structures and legal frameworks for the whole process were not reliable. Also, tariffs and taxes were vague and discriminatory practices took place. This wasted progress as the inefficient guidelines and fragile administration resulted in lack of competency and accountability. In light of this, in 2009 the Heritage Foundation Index of Economic Freedom categorized Libya as 'repressed' and was ranked among the last ten countries on its index. The country has scored worse after opening up the economy (20), as even though efforts were exerted to break up Qadhafi's centralized economy; many vital industries remained state-owned such as crude oil production, aviation and energy production. That is also clear on the V-Dem state ownership of the economy indicator where Libya sustained a score of (0.71) throughout all the years under study, implying full state control over the economic activities. Therefore, looking at economic competition based on the above review, the Libyan centralized economy allowed less integration of the private sector. There was minor openness and lack of proper set of regulations within the economic institutions which presents a cause for the high levels of corruption perceived in the country.



Figure 47: Economic Status in Libya

Moving to trade openness - after the government ceased all activities related to the acquisition of weapons of mass destruction - in 2003 a declaration of integration with the Union for the Mediterranean, along with other decisions to lift up Libya's isolation offered a positive step for economic gains. Consequently, Libya got engaged in regional cooperation frameworks to enhance trade, such as the Greater Arab Free Trade Area (GAFTA), the Arab Maghreb Union (AMU), the common market for Eastern and Southern Africa (COMESA). Moreover, Libya began establishing relations with the U.S. and the west during the second half of 2000s after years of isolation and sanctions, which encouraged foreign investments in the country in sectors like banking and infrastructure. In this regard, trade freedom has scored better only towards the end of Qadhafi's regime in 2009 and 2010. In light of this, the restrictions and sanctions imposed on Libya have limited the country's ability to establish trade relations with foreign countries as well as to be an active member in any of the international organizations, which has persisted even after the isolation phase was over (BTI: Libya, 2010). Thus, this explains why Libya has not accessed the WTO until today; having an observer status. Based on the above view, it can be said that there exists a negative relationship between economic openness and corruption in the country, where generally Libya witnessed progress in its transition towards a free market to the degree that Qadhafi tolerated. But the whole system remained highly centralized dominated by the regime, and even the financial system has been run by the Central Bank and other governmental financial institutions.

Looking at the economic variables, corruption has been widespread due the big role of government in running and owning the economy, monopoly of the main economic activities, secrecy over the oil and gas sectors and inefficient

regulations. Moreover, the U.N. sanctions imposed on the country has intensified its limited integration in the international trading community, hindering a lot of chances for progress and openness. The three variables grouped indicate a direct causal relationship with the high levels of corruption in Libya.

❖ Development Status

Being an upper middle-income country scoring (0.72) on the Human Development Index, Libya performs very well on the index of human development - compared to its North African neighboring countries - and the income levels are high, but in reality, the case is different. Generally, the Libyan society relied on social security that came in two forms; either through the tribe and family ties who provided a sense of social status and benefits or the subsidy welfare policies offered by the government. Under Qadhafi's rule, almost all necessary goods and services were subsidized. As for education, though more than (99%) of the population are educated, the quality of education in Libya lags behind. There is no clear causal relationship between literacy rates and corruption levels, but the poor quality of education produced an unaware population, who are unable to acknowledge their basic civil and political rights. In return, this gave the regime a free hand to manage the country without being accountable to the masses deepening the corrupt practices among those in the high-level positions.

Regarding lack of data for poverty rates and income inequality, this is due to the government's strong grip on data collection and limitations on the international organizations to work on such topics. This goes in line with the above-mentioned political restrictions and prohibitions. Still, when it comes to inequality, it is more evident between the northern and southern regions as most of the population distribution is centered around Tripoli area, while those in the south are deprived from the fruits of development. Adding to this, there has been severe discrimination against the Berbers, Toubous and foreign African workers, who do not belong to the tribal system, which rules along with the revolutionary leadership. Also, there is inequality between the population based on the tribal affiliations to the revolutionary leadership. Elaborating on this, minorities of Berbers who constitute 20% of the population and non-Arab Toubou tribes faced discrimination by the Libyan government. They have often expressed dissatisfaction regarding the dominant Arabic language and discrimination against

their language. However, in 2007, Berbers were given the right to hold a congress in Tripoli. Also, foreign African workers were not enjoying any benefits. And the state did not work on fair labor rights of foreign workers who could not even voice their demands or express their needs (BTI: Libya, 2010). During the interview (A25) with a professor in Tripoli University, he mentioned that corruption was widespread during the whole era of Qadhafi, who was in control of everything, many people lacked jobs and unemployment was high because of the absence of the private sector in the economy. In addition, he highlighted that ‘you cannot access any job or position without having connections with the major tribes and those in power positions’.

As for women empowerment, Qadhafi himself supported women widely, being an advocate for women’s engagement in the society, however the social traditions hindered the presence of a significant role for women in the government which remained very minor, reaching only (7%) in 2010.

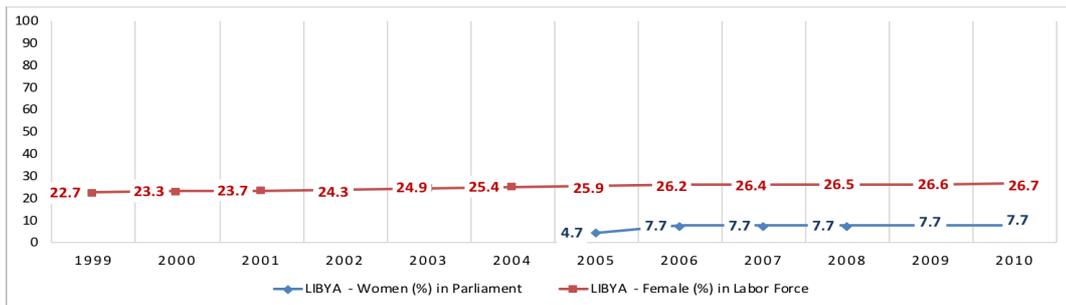


Figure 48: Women Empowerment in Libya

That being said, the general inequality among the masses gives ground for unfair treatment and corruption to take place over all the levels in the society which has been asserted during the interviews (A25; A26) as well. In other words, social inequality has been evident in the preferential treatments that tribes receive based on their loyalty to Qadhafi himself, where nepotism and favoritism managed how the resources and benefits are distributed among the society. That being said, the development variables grouped show that the low quality of education coupled with the social inequality among the masses, enhanced the illegal and unethical practices within all levels of the society; rooting both grand and petty corruption.

## Brief

Even though the government was established to be a direct democracy and the constitution invested sovereignty in the people, the revolutionary leadership - coming to power by virtue of being part of the revolution in 1969 - practiced absolute power and could not be ousted from office. Qadhafi's socialism aided to keep away any challenges to the regime's supremacy and control or undermine loyalty to his personalistic leadership. The country has survived 42 years of a non-democratic regime under Qadhafi, banning political parties and limiting the freedom of expression and association.

Libya is among the oil rich countries in the whole MENA region, it offers a different dimension of corruption that the neighboring countries in North Africa in the sense of the rule of Qadhafi with his Green Book presenting the basis of his rule. And even though Qadhafi started introducing economic reforms after the U.N. sanctions were lifted in 2003, these reforms demonstrated limited capacities to diversify the economy that was overly dependent on oil and directly controlled by the regime. And like the other petro states and Algeria, the country has high human development records, with the absence of data on poverty and inequality, but social inequality has been obvious in the society which indicated more corrupt practices conducted by the regime in light of the absence of strong rule of law and restrictions on voicing any rights by the masses.

The main features of corruption which are clear in the country are the political and tribal ties that were vivid in all areas for the whole term of Qadhafi. This had a clear impact on increasing social inequalities among the masses, mainly based on the tribal affiliations. This has been also confirmed during the interviews (A25; A26; A27) with Libyan experts who asserted that 'systematic corruption' was a rooted feature of the Libyan regime, which is a main reason for the uprisings taking place in 2011.

To sum, the hypotheses of the study all prove to be valid for the Libyan case, and the oil richness as well as the rule of law stand more clearly linked with the spread of grand corruption in the country. During the interview (A25) with a professor, he stated that: "there has been no rule of law and no one is allowed to criticize the leader, where the 'sha'byat' have been based on tribal ties", concluding that "it was like a big family ruling and owning the country".

## **Causes of Corruption in North Africa: A Cross-National Comparative Analysis**

The governments in North Africa demonstrate common features from a wide lens, yet they expose variation in the details of running their political and economic systems. The five countries are authoritarian regimes, with centralized powers around the rulers, in which the president/king has stayed in office without alteration during the period under study. And they enjoy strategic locations for trade and economic activities along with considerable natural resources in some of the region's countries. In spite of this, the regimes have maintained monopoly over the major sectors in the economies, allowing investments in certain industries and offering preferential treatments for the inner circles around the ruling elites. Concerning the development status in the five countries, they have witnessed different levels of development and social circumstances. But, generally, they do not enjoy abundance of services for their populations (unlike the Gulf region countries).

This section addresses the 10 hypotheses of the study in a comparative analysis for the five countries in North Africa aiming to give an analytical overview and better understanding of the causes of corruption in North Africa.

*Hypothesis 1: The higher the respect for the rule of law, the lower the levels of corruption in the country.*

Morocco has been the best performing - on both indicators of the V-Dem - scoring relatively above (0.50) and Libya has scored rather below (0.50) on both indicators. Tunisia, Algeria have performed poorly on the judicial constraints on the executive index scoring below (0.50) indicating different scores in the abundance by the rule of law in these societies. Whereas, Egypt has scored better on the judicial constraints on the executive and low on the equality before law indicator. These varying scores do not correspond directly to the levels of corruption in the five countries; but show the low respect for rule of law in the region.

In this regard, the North African countries had constitutions and laws that are well-articulated, but abidance by law has been weak especially among the high-level officials, where the executive authorities have been dominant; not facing any constraints by the legislative or the judicial authorities.

In this sense, the low respect for rule of law has been a robust cause of corruption across all the North African countries, where the ruling elites have generally hindered the impartiality of the judiciary. The distinct features within the different countries have triggered the non-abidance by the rule of law in various way. This has been clear in the strong presence of the military and the enacted emergency laws in Egypt (since 1980s) and Algeria (since 1990s), which have posed a real blocking stone to the abidance by law in both countries.<sup>135</sup>

*Hypothesis 2: The higher the respect for political rights, the lower the levels of corruption.*

All the five countries have scored between (5) and (7) on the political rights index, where Morocco has been the best performing in the region. However, the lack of variation among the case-studies reflects that they are authoritarian regimes, witnessing restricted political freedoms and constrained political participation. Opposition political parties have faced harassment from the governments. Syndicates, labor unions and civil society organizations have been restrained in their political activities. Hence, considering these features across the five countries, political rights have been challenged, where all countries in the region have sustained a single party supremacy over the political system, and opposition groups have had insignificant political presence - weak, less organized or only present to reflect a feature of democracy - since they lacked any influence on the decision-making processes. Moreover, Algeria and Libya have maintained wide controls over the countries, abusing their authorities to restrict any political opposition or criticism to their power, presenting the most restrictive countries in North Africa.

That being said, political rights do not have a clear causal relationship with corruption, but the restrictions practiced by the regime on political participation enhanced the chances for political corruption to flourish among the five countries.

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<sup>135</sup> Refer to the case-studies for further details.

*Hypothesis 3: The higher the freedom of press, the lower the levels of corruption.*

According to the Reporters without Borders Press Freedom index, Libya have been ranking worst among the five case-studies. The rest of the cases (Egypt, Tunisia, Morocco and Algeria) had varying rankings and scorings, which goes comparatively in line with their scores on the Corruption Perception Index (except Tunisia).

Freedom of expression is guaranteed by law in the five countries, but severe censorship has been practiced by the regimes and some issues were taboos and off-limits for public debates, and journalists have been imprisoned when openly discussing the unfair practices of the regimes. In Tunisia, the lack of press freedom and the high restrictions practiced over journalists have been the most noted cause of corruption in the country. Therefore, there exists a negative relationship between press freedom and corruption, giving ground for the elite to act freely without being accountable or questionable.

*Hypothesis 4: The better the quality of regulations, the lower the levels of corruption.*

Tunisia, Morocco and Algeria have sustained better regulated business environments over the period of study compared to Egypt and Libya which have scored relatively low over most of the years. In relation to this, the V-Dem state ownership of the economy indicator has shown strong government intervention in the economies in Algeria and Libya, while the government in Morocco has been the least in control of the economy. Both indicators are not precisely measuring the quality of regulations, however, assisted in giving a glimpse of how far the economies are functioning well.

In this regard, the quality of regulations reflects a strong negative relationship with corruption in the North African region, as the lack of efficient economic institutions allowed grand corruption to take place in the five countries. The ruling elites and their close circles have benefited greatly; receiving preferential treatments and surpassing the bureaucratic procedures to run their businesses without following rigid processes and formalities. This has been eased due to the

poor quality of regulations which consequently led to more corrupt practices to amplify within the economy.

*Hypothesis 5: The more the economic openness, the lower the levels of corruption.*

Tunisia, Egypt, Morocco and Algeria scored low on the trade freedom indicator, and Libya has been the worst performing in this region. And looking at the WTO membership; Tunisia, Morocco and Egypt are members, while Libya and Algeria did not gain access to date.

That being said, Tunisia, Morocco and Egypt have enjoyed more economic openness, diverse activities and all are members of the WTO. Whereas, Algeria and Libya have not joined the organization to date, which corresponds with their being the worst performing on the CPI in North Africa. Both countries have hindered economic openness and integration in the world trading system, imposing clear barriers to open up their economies, not being able to access the WTO, along with direct state control over the oil and gas industries with high secrecy over its management. And while both countries had substantial natural resources endowments, they have done limited efforts to open up their economies and diversify their production activities.

Therefore, it is clear that the hypothesis on economic openness have demonstrated a negative relationship with corruption across most of the countries in the region.

*Hypothesis 6: The more natural resources endowments, the higher the levels of corruption.*

The data on rents have not offered a clear explanation for this variable, and it has also been challenging in light of the lack of data for Algeria and Libya, since both countries manage their industries in high secrecy. Looking at the five countries in a comparative perspective, natural resources richness shows a positive causal relationship in Algeria and Libya, which have been the most corrupt across the North African region. In both countries, the lack of diversity in economic activities, the absence of economic openness and the reliance on their natural resources as the main source of income, have intensified their levels of corruption. And in Morocco, the government's monopoly over the phosphate mining and production gave big space for illegal acts owing to the king's dominance over

many economic activities in the country. Whereas, in Egypt and Tunisia, this variable has not indicated a causal relationship with corruption.

*Hypothesis 7: The higher the level of income inequality, the higher the levels of corruption.*

Tunisia, Egypt and Morocco witnessed high income inequality according to the Gini coefficient. The data available for the three countries is for one/ two years, while data is missing for Algeria and Libya. In light of this, the experts have emphasized the existence of stark inequality where the resources are not allocated appropriately to serve the needs of the people, resulting in either the waste or abuse of these resources for the benefit of those in power and their close circles especially in the oil rich countries.

More specifically, income inequality is evident in Tunisia, Egypt and Morocco since the income levels are low in those countries and the masses are deprived from the fruits of development in the country. This indicates the misallocation of resources, along with its abuse from those in power which resulted in the emergence of widely underprivileged publics, giving ground for petty corruption to be deeply rooted in Egypt and Morocco. Libya has also witnessed the proliferation of petty corruption, due to the disadvantaged masses who do not receive good education nor are they well-paid, and hence are prone to petty corruption, especially with the absence of a clear monitoring system in the public office. Unlike the situation in Tunisia, since its masses are well educated, socially aware and not involved much in corrupt illegal acts even though income inequality has been high. Relying on expert interviews, my own observations, literature review and the available data, there exists a causal relationship between income inequality and corruption among the five countries, having different manifestations across the societies in North Africa.

*Hypothesis 8: The higher the poverty rates, the higher the levels of corruption.*

As for poverty rates, there is also lack of data for Algeria and Libya, while Egypt and Tunisia had poverty rates reaching 20%, and Morocco reaching 8% for the years available. To make up for the missing data, reports and expert interviews have been reflecting on this variable, where it was clear that the persistence of

poverty in Egypt, Morocco and Libya has given extensive ground for more petty corruption to take place in these societies. While Tunisia witnessed less petty corruption due to the well-informed and knowledgeable masses who refrain from taking part in illegal actions.

That being said, poverty rates do not offer a strong causal relationship with corruption, but it still acts as a trigger for petty corruption to spread among the masses, especially clear in Egypt and Morocco.

*Hypothesis 9: The higher the literacy rates, the lower the levels of corruption.*

Literacy rates are high across all the five cases, where Algeria, Libya and Tunisia had literacy rates exceeding 90%, while Egypt and Morocco averaged 80%. This variable has not shown relationship with corruption throughout the case-studies, where the hypothesis on the existence of a negative relationship between literacy rates and corruption was not strong. However, throughout the analysis of the five countries, it has been obvious that the ‘quality’ of education presents a valid variable to explain corruption levels.

Tunisia - which rank better than the rest of the North African countries on the CPI - has good education systems in place, offering quality basic and higher education for all the citizens. While the rest of the countries revealed - through analysis - that education lacked many aspects to be of good quality and accessibility to all members of society, which have negatively affected corruption levels in these countries. This has resulted in the lack of awareness and widespread ignorance among the general masses in Egypt, Morocco, Algeria and Libya.

Therefore, the good quality of education has mirrored less petty corruption levels taking place among the well-educated societies, since education generally raises the critical ability of individuals, offering the basis for a rational way of thinking. Thus, Morocco, Egypt and Libya have been witnessing widespread petty corruption among their masses, where engaging in unethical actions is widely accepted and normal in these societies.

*Hypothesis 10: The better women's empowerment, the lower the levels of corruption.*

As for women's empowerment, women across the five countries have been deprived of many their social and political rights in the respective countries. Yet, Tunisia was the only exception, since women are highly recognized in the constitution but still, on the ground lacked political powers compared to men. Contrary to the situation in Tunisia, women face a lot of legal boundaries and are deprived many rights in the society in Morocco. Nevertheless, this gives a general indication that within these countries, the lack of properly integrating women, especially in the political scene, implies the absence of impartiality, where gender inequality prevails widely.

Still, the women empowerment variable has no clear causal relationship with corruption, but the discrimination against women, minorities, indigenous, ethnic or religious groups has indicated the lack of social equality within the societies of the five countries. The governments have practiced preferential treatment in many aspects including: civil rights, political privileges, appointments in public office, employment opportunities and general social benefits. This has clearly manifested favoritism and nepotism, where some social groups within these five countries have been unprivileged and enjoy less benefits in their countries.<sup>136</sup>

To sum, the North African regimes are characterized by the hegemony of the president/king, along with a single ruling party. And even though the five regimes have always portrayed their political systems as democratic or moving steadily towards democracy; features of illiberal democracy have delayed any political reforms. The five countries have introduced reforms during the 2000s to allow for more political participation and competition to take place, but these were superficial with no actual improvements in the political scene. The opposition groups faced constraints on acting as real opposition in the political scene, where even the Islamic political groups have faced severe limitations on many occasions in all of these countries; and many of their leaders were imprisoned. Moreover, the military has been the supporting backbone in Algeria, Egypt and Libya, since the three countries have had presidents with military backgrounds. As for the economic conditions in the North African region, there has been clear lack of

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<sup>136</sup> For further discussion on this aspect, please refer to the individual case-studies.

efficient institutions to run the economies, where the ruling elites have unaffected ability to manage the resources freely. This resulted in establishing monopolies and oligopolies that served the interests of the ruling elites and their close circles. Consequently, this led to grand corruption as well as less privileged masses, who were deprived a lot of welfare services due to the abuse of the national resources. Furthermore, the spread of poverty and increased income inequality, accompanied by the poor quality of education among the masses have triggered widespread petty corruption within these societies, where the lack of awareness coupled with the needy masses gave raw grounds for illegal acts to expand especially in Morocco, Egypt and Libya.

Looking at the distinct causes of corruption in some countries also helped to give a better outlook on the phenomenon in its proper context, where the absence of an appropriate constitution in Libya and Qadhafi's reliance on the 'Green Book' - the unofficial constitution - as his reference for rule, has deepened corruption in the country, where he has enjoyed a free hand in managing the country's affairs not being constrained politically or legally, due to the virtue of his being the 'revolutionary leader'. He has also announced his party as the only legal party in the system which enhanced his unlimited authorities in the country. As for Morocco, the king derives his authority from a spiritual one, descending from God and the prophet being the 'Commander of the Faithful'. This has given him a distinct 'divine legitimacy', adding a thick layer of unchallenged powers of the monarch. Moreover, the judiciary in Morocco lacks independence, as the king chairs the Supreme Council of Magistracy (the highest body of Judiciary) and appoints the judges, which in effect undermines the impartiality of the judiciary. This has hindered any challenge towards the rule of the king, increasing his powers in the country without being accountable by any means. And the reliance on military support in both, Egypt and Algeria have strengthened and consolidated the authority of the presidents in the two countries, maintaining wide powers for the regimes.<sup>137</sup>

Reflecting on this, the political variables grouped (rule of law, political rights and freedom of press) indicate a strong causal relationship with the intensity of corruption in the five countries. Also, the economic variables grouped (quality

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<sup>137</sup> Please refer to the detailed analysis on each country's unique aspects in the case-studies.

of regulations, economic openness and natural resources endowments) indicate a causal relationship with corruption among most of the countries in the region. And the development variables (literacy rates, poverty rates, income inequality and women empowerment) show an indirect relationship with corruption, where each variable has affected corruption differently. Elaborating on this, literacy rates do not indicate any relationship with corruption within the region, but the quality of education across the five North African countries showed a negative causal relationship with corruption. And poverty along with income inequality enhanced the chances for corruption, especially coupled with low quality of education. As for women empowerment, it showed no direct relationship, however social inequality has generally been a feature in the five countries, where favoritism and preferential treatments have been deeply rooted in the region, benefiting some groups while leaving others deprived from many services and welfare benefits.

In light of this, it can be said that the sustained powers of the ruling elites in the five North African countries, the fact that they could not be challenged or altered, has deepened the illegal practices in these countries on the political and economic spheres. Grand corruption has been a definite feature within these regimes, since the ruling elites and their close circles have practiced full hegemony over the political systems in the five countries, enjoying monopolies over the main economic activities, combined with unregulated businesses and investments in the economy. Furthermore, the oil richness in Libya and Algeria have been a catalyst for further grand corruption to take place, where both countries have been the most corrupt in the North African region. Moreover, petty corruption has taken roots within the societies of the region - especially clear in Egypt, Morocco and Libya - due to the lack of efficient bureaucratic structures (with clear sets of policies, procedures and monitoring mechanisms) along with the unprivileged poorly educated masses who lack awareness on basic matters, the spread of poverty and increasing income inequality which have given ground for unethical acts to become an accepted behavior among the masses within these societies.

## Chapter VIII

### Causes of Corruption in the Mashreq Region and Yemen

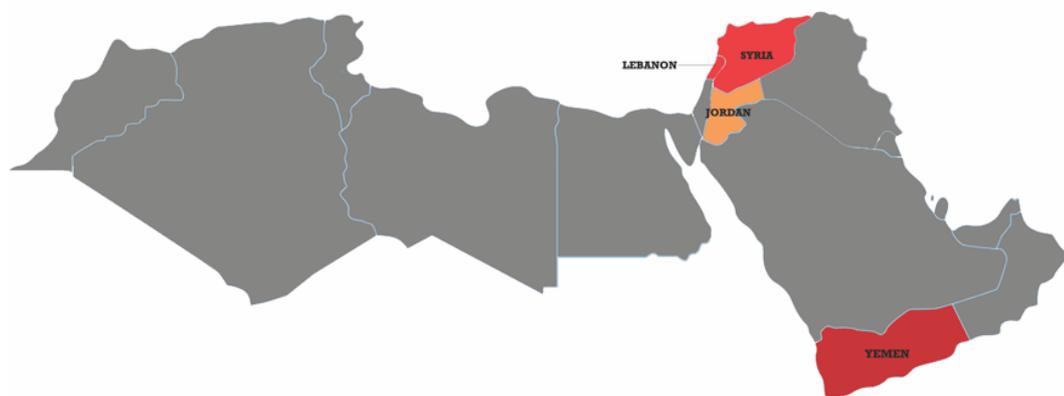


Figure 49: Map of The Mashreq Region & Yemen

The Mashreq region<sup>138</sup> is composed of Syria, Lebanon and Jordan, while Yemen is associated with the Gulf region countries. However, for pragmatic reasons Yemen is analyzed with this group, as it reflects different circumstances from the Gulf Cooperation Council Countries, it is grouped in this chapter with the three Mashreq countries. The four countries have failed to implement sound reforms within the political and economic scenes, their efforts were unsuccessful due to the lack of any will to carry out changes and there was absence of good governance notions across almost all the institutions in these countries. Basically, the four cases are not homogenous, witnessing different political and socio-economic developments. Therefore, in this section the general common features are quite less, compared to the other two regions discussed earlier, however it can be said that all these cases have high levels of perceived corruption, except Jordan. In this concern, the Most Similar Systems Design is not employed when analyzing the causes of corruption across this group of countries, due to the variation in their political and socioeconomic settings.

The region includes a stable monarchy system in Jordan, which is performing better compared to the other countries on all levels. A dysfunctional parliamentary system in Lebanon, representing the only democracy - across the

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<sup>138</sup> It is worth noting that, Iraq and Palestine are geographically included in the Levant/ Mashreq region. But post conflict countries especially in the Arab region - like Iraq - do not provide sufficient and accurate data. And Palestine is not considered a sovereign nation-state with functioning political institutions. Therefore, both are excluded from this study.

whole MENA region - yet it has scored high levels of corruption. A presidential dictatorship in Syria, in which the regime has been tightly controlling all aspects within the country, and the country has witnessed extremely high levels of perceived corruption. And a presidential unified Yemen which is the most corrupt across the MENA region. In this regard, it is worth noting that the Mashreq countries have witnessed a lot of international involvement, along with the existence of terrorist groups, resulting in continuous instability within these countries - except Jordan. This has negatively affected the states' control over their territories since they were challenged by other actors throughout the years under study. These countries have been greatly impacted by identity politics through the tribal, ethnic and sectarian distinctiveness. This has often led to conflicts and severe manifestations on the political ground in each of those countries, leading to constant security and political concerns, as well as high polarization among many of their populations. And as far as this study is concerned, corruption is rampant across the state institutions in the four countries, where the regimes have been strongly dominated by the ruling elites and authority mainly revolved around them.

The economies of these countries have wide service sectors dominated by certain activities and exports. A main feature among them is the central role of governments in the economic sphere; many of the key decisions pertaining to the economy and other guidelines are at the discretion of those in power, since these countries' economies and industries are largely controlled by the ruling elites, either directly or indirectly. This common aspect was coupled with clear unstructured systems and poor regulatory procedures, which have led to inadequate economic openness across this region. The economies had limited production varieties, trade barriers and bureaucratic arrangements, resulting in their weak integration in the international economy. Thus, the government and the economy in each of these countries have been closely linked, where large scale corruption has been taking place in light of the absence of clear regulations, less competition and lack of monitoring mechanisms.

Hence, the peoples of these countries have suffered deprivation, due to the unfair distribution of resources and the diversion of earnings to those in power. The general masses have not received adequate and sufficient services from their

governments, the majority are poorly educated, with increasing unemployment and underemployment. Poverty has been spreading where many people were clearly less privileged, not enjoying a good quality of life. Therefore, petty corruption has been rampant in the four countries due to the socio-economic status of the general masses who are generally not well paid - except Jordan – enhanced with high income inequalities across the cases under study.

Each of these countries reflects distinctive political, economic and social setups, and the next sections address the individual cases in depth to have a clear perspective on the different dimensions which may present causes of corruption for the countries. A concluding section follows the four case-studies, highlighting the causes of corruption across the four countries in a cross-national comparative perspective through looking at the 10 hypotheses of this study, and summing up the causes of corruption in this sub-region.

## **Jordan**

### ❖ Regime Characteristics

The Hashemite family has ruled Jordan since 1921 enjoying a distinct religious legitimacy tracing back to Prophet Muhammed. King Abdullah succeeded his father to the throne of the hereditary monarchy in 1999, and his regime witnessed some reforms compared to the earlier years of his father's rule. Development policies were in place guided by young technocrats who explored the economic potentials of Jordan and its political landscape.

According to the 1952 constitution, the king enjoys discretionary powers. He is "the head of the state and is immune from any reliability and responsibility" (Jordan Constitution, 1952: article 30), therefore he can rule without the consent of the legislative authority. He can convene and dissolve the parliament and can rule by royal decree when the lower house is in recess or has been dissolved. He appoints the judges, provincial governors, and members of the Senate (the upper house). He appoints and dismisses the prime minister, and the later appoints the ministers under the king's supervision (Jordan Constitution, 1952). The legislative branch consists of an upper house (Majilis al Ayan) appointed by the king, and a lower house (Majlis An-Nowab) elected by the masses on a four-year term. The lower house can amend and reject laws proposed by the executive, it has the power to dismiss the prime minister with a two-third majority vote, where the new minister has to win the confidence vote in the lower house and reshuffle the cabinet with the approval of the king to gain a majority (Jordan Constitution, 1952). In this regard, it is worth mentioning that the parliamentary elections have often turned out with voices and figures who are supportive and loyal to the regime, having a conformist influence on the various political and economic affairs in the country. The floor for debate was open for opposition, but all the 'hypothetically' designated legislative powers remained limited owing to the king's authority. And the parliament has particular influence only on the prime minister and his cabinet, but not the Royal Court or the king, where there was absence of a functioning lower house in 2009 (when the king has dissolved the parliament) presenting a strong evidence on the extensive powers of the king

(BTI: Jordan, 2012; Polity IV: Jordan, 2010). The judicial branch is formally independent, operating without interference but it remains subject to political control. Since the king appoints the judges, their conduct of work is usually in line with the royal principles, therefore the judicial autonomy is at hold when the interests of key officials or the elite are at stake. In addition, the Royal Hashemite Court operates as a parallel structure to the state bureaucracy, working under direct supervision of the king. And it is worth stating that the country lacked a constitutional court - that is assigned to resolve the disputes that might arise in the governmental decisions - until 2011. The regime also practiced severe repression on the masses, through initiating anti-terrorism laws in 2005 giving expanded powers to the State Security Courts (SSC), where defendants have no right to appeal and the proceeding are partially open to media and public. Another point worth noting here is that while tribal laws were abandoned during the 1970s, it still has some application which in turn narrows the jurisdiction of the state in several areas (BTI: Jordan, 2012).

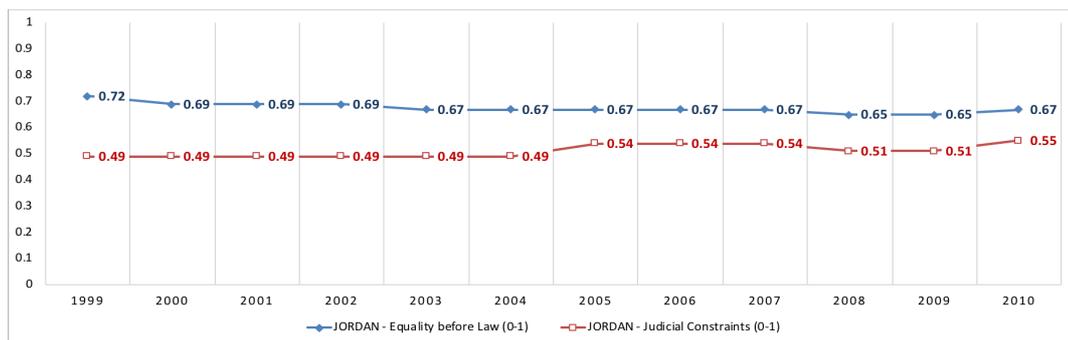


Figure 50: Rule of Law in Jordan

Generally, the authoritarian features of the regime clearly outweigh the democratic elements. In this sense, even though some political actors are directly elected (lower house members, members of municipal councils and local mayors), the king maintains greater authority - stipulated to him by the 1952 constitution - compared to these elected organs. There is minimal separation of powers between the three branches of the government, heavily favoring the executive and particularly the king. The country has scored (-2) until 2008 and (-3) in 2009 and 2010<sup>139</sup> on the Polity IV index, reflecting better status than the Gulf monarch states, but still emphasizing a lack of any democratic features in the system.

<sup>139</sup> The 2009 lower score can be due to dissolving the parliament in 2009 and its being inactive until 2010.

Regarding the rule of law indicators, the country has scored an average of (0.67) on the equality before law index showing a relatively good score compared to many countries in the region, and on the judicial constraints on the executive index it has been ranging between (0.49) to (0.55) for the years under study, implying some judicial powers practiced on the executive authority. However, during the interview (A28) with a Jordanian professor, he expressed concerns on the government's performance regarding rule of law as well as the legal framework for fighting corruption. He mentioned that the national strategy to fight corruption has been launched only in 2008 to establish a culture of transparency among the different institutions signaling no apparent accomplishments on the ground. And has stated that 'there is clear connection between corruption and authority in Jordan', highlighting that some laws were tailored to serve the personal interests of those in power while other legislations have been too vague. This have negatively affected the lives of the citizens, since resources of the country are abused for the benefit of those in a public office positions leading to the citizen's lack of confidence towards the government generally.<sup>140</sup> He has elaborated on that mentioning that this has been clear as the officials in the middle and lower levels in the administration acted as the agents carrying out corrupt activities that served those in the higher levels of the administration. Also, some institutions - like the Royal Hashemite Court, the security service 'mukhabrat', and some Palestinian businessmen - have political presence with obvious influence in foreign affairs, domestic security and economic policies. However, these powers rest on non-official mechanisms, exposing more of informal networks of impact.<sup>141</sup> In light of the above view, there is controversy between the data in rule of law indicators on one side and the analysis of the real political scene and expert interview (A28) on the other side. Therefore, it is difficult to assume a strong negative relationship between rule of law and corruption in Jordan but looking at the whole political scene in the country indicates a negative relationship between both variables; with clear political corruption on the scene.

Regarding the freedom of association, political parties were legalized in 1992 with restrictions on the opposition groups, and when king Abdullah ascended

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<sup>140</sup> It is worth noting that the expert (A28) was too cautious to mention any negative feedback on the king's rule reiterating on the affirmative role of the king in supporting the citizens' rights.

<sup>141</sup> This has also been mentioned in (BTI: Jordan, 2012).

to the throne in 1999 he has slightly opened up the political scene for parties to act more freely. However, the party system in Jordan is generally weak and underdeveloped. The main prominent opposition is the Islamic Action Front (IAF),<sup>142</sup> which faced repression and has boycotted the elections in 2010 due to some controversial political issues of the voting law, election rigging and vote buying especially reported in the 2007 elections. In 2007, a new law has passed imposing more constraints on all political parties in the country which was faced with high criticism by the opposition parties. The law tightened screening on the parties and impeded the emergence of new parties, where a party can be banned if it criticizes a friendly country. This came along with other restrictions that resulted in decreasing the number of parties from 30 to 15 in 2008, and less parties ran for the 2010 elections. Hence, no major political reforms have taken place during the period under study, and while the temporary elections law ‘one man, one vote’ has been announced in 2010, this has favored the traditional pro-Hashemite actors to be in politics at the expense of the opposition, consequently strengthening the regime’s loyal candidates’ presence in the political system<sup>143</sup> (BTI: Jordan, 2010; Polity IV: Jordan, 2010). Additionally, the right of association and assembly is accorded in Jordan to independent political and civil actors under strict limitation by the government and intelligence service. A new law concerning NGOs entered into force in 2008, allowing increased state scrutiny over the bureaucratic and financial activities of the international and domestic NGOs operating in Jordan. The public gatherings law was revised in 2008, where the local governor had to approve demonstrations that are planned. And during 2009 and 2010 the government practiced harsh legal restrains on the activities of the professional

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<sup>142</sup> The IAF is the political party of the Muslim Brotherhood in Jordan. It has played an influential role in the Jordanian political scene, managing to hold around 50% of the seats in the parliament in 2002, but faced repression by the regime. Nevertheless, Jordan is considered the only country giving the Muslim Brotherhood official roles in the politics since all the other countries in the region have banned or oppressed the Islamic groups and movements throughout the years (BTI: Jordan, 2012).

<sup>143</sup> The population in Jordan is somehow fragmented between the East Bank tribes of Bedouins who are supportive to the Hashemite monarchy and the Palestinians who constitute around half the population. Tension has been evident in the growing split between the pro-government secularists and the anti-government Islamists, which resulted in terrorist acts and state suppression on many occasions especially during 2002 and 2006. In effect, the regime has carried out some manipulations in favor of the Bedouin supporters slowing down the democratic reforms in the country, fearing an Islamic majority in the government that might threaten the stability of the monarchy; especially in light of the unsteady political scene in the neighboring Iraq, Palestine and Lebanon (Polity IV: Jordan, 2010).

associations. Yet, there is relatively well-developed cooperative associations, and some informal networks that are largely reliant on kinship have the capacity to influence the government. As for trade unions, these have limited powers like other associations due to the increasingly strict laws enacted. This has been assured during the interview (A29) with a government official, who mentioned that labor unions are weak in the country, not having any influence on the political or socio-economic scenes even though those unions encompass around 650,000 members meaning that a huge portion of the population are parts of these ‘inactive unions’. Moving to another aspect of the political rights, the 1952 constitution states that Sunni Islam is the religion of the state (article 2), and the majority of the population adheres to Islam, while 3% are Christians having the freedom to exercise their religion without any state intervention. Civil rights are guaranteed, since all ethnic and religious groups enjoy equal rights before law. Still, human rights organizations in Jordan have reported arbitrary arrests, and unclear detention, use of torture in prison and police stations. And the Palestinian majority (who are largely holding the Jordanian citizenship) usually face discrimination and negligence in the society (BTI: Jordan, 2012).

Reflecting on this, the legal changes that took place affecting the political parties, NGOs and the general freedom of association have been reflected on the political rights indicator where it has been changing between (4), (5) and (6) over the period of study. This gives an impression that the system has not been allowing the masses to enjoy neither political nor civil rights. During the interview (A29) with a government official, he emphasized that political parties and NGOs were legalized to serve the political aspirations and personal benefits of those in the regime, adding that the opposition parties were ‘fake’ with no real influence on the government and their presence was simply to reflect a feature of democracy. Therefore, it can be said that there is a negative relationship between political rights and the perceived levels of corruption in Jordan.

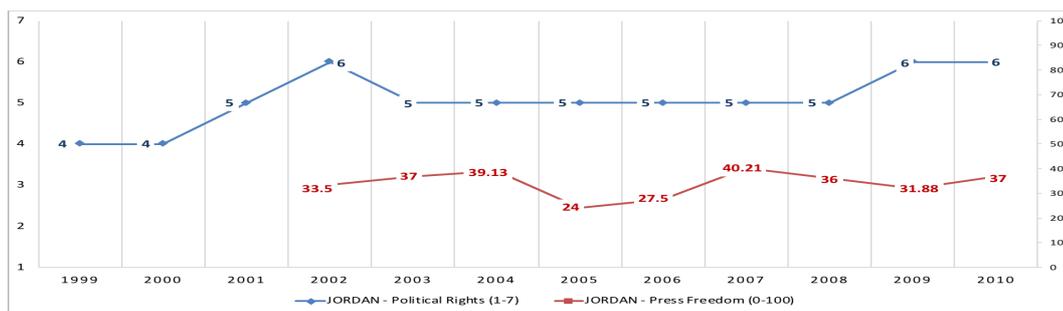


Figure 51: Regime Characteristics in Jordan

As for freedom of expression, it is guaranteed by the constitution but in reality, subject to limitations (Jordan Constitution, 1952: article 15). Journalists cannot publish on the monarch or the royal family without prior approval, also reporting anything that might harm the state's 'reputation or dignity' is strictly forbidden. These are taboos that cannot be bypassed by media. Self-censorship is practiced, and pre-censorship of newspapers and journals is allowed. The government owns the biggest two daily newspapers, while television and radio are subject to high degrees of control and scrutiny. In 2007, press restrictions extended on online publications (BTI: Jordan, 2012). Nevertheless, the country has scored good compared to most of the MENA region countries, with an averaging score (35) on the Press Freedom index. Changes on the index have no clear effect on the perceived corruption levels in Jordan, yet the strict controls practiced over the freedom of expression reflect the huge restrictions practiced by the regime over the freedom of opinion and expression.

Looking at the political scene in Jordan, even though the king has assured democratic reforms, the country has not witnessed real transition towards democracy throughout the period of study. There is no checks or balances between the different authorities which were dominated by the royal powers. The parliament has no real influence; it was not even active from 2009 until 2010, and amendments in party laws and public associations severely restricted political rights and civil liberties. Censorship was common on all the press and media outlets. Therefore, the three variables grouped indicate a negative correlation with corruption, especially clear in political corruption, nepotism and favoritism.<sup>144</sup>

<sup>144</sup> For an extensive view on favoritism in Jordan, See: (Loewe et al., 2007).

❖ Economic Status

Jordan is a landlocked country presenting a small national market, with minor access to the Red Sea and an insignificant share of natural resources. A clear feature of the economy is its strong connection with the royal palace and its affiliated elite, who enjoy oligopolies and monopolies within several sectors of the economy. Some constraints in regulations are high which made the country's economy fragile along with its scarce natural resources. The rents have an insignificant share of the GDP reaching (1.87%) in 2010. The state ownership is high as the government controls the transportation sector, mineral extraction and oil industries. Property rights and its regulations are well defined and widely followed, and some limitations are present on foreign ownership of land. The financial sector, banking sector and capital market in Jordan are well developed, diverse, competitive and in line with the international banking standards (Loewe et al., 2007; BTI: Jordan, 2012).

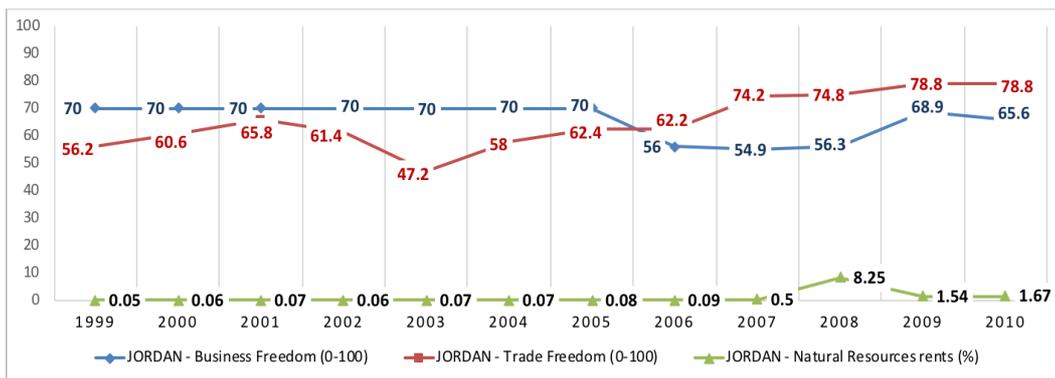


Figure 52: Economic Status in Jordan

During the 2000s, Jordan has placed strong emphasis on the market economy, at least in the public rhetoric. And in 2004, a competition law was enacted to enable competition and price setting with market rules. Later in 2006, the pace of the emergent private businesses has been quick and progressing where large state enterprises have been privatized.<sup>145</sup> Even though policies in macroeconomics have sustained economic stability, the continuation of monopolies and oligopolies created barriers to investment opportunities and the implementation of various policies was vague. Still, the country witnessed a less regulated economy

<sup>145</sup> The telecommunication sector was open for investors in 2005. Also, 35% of the Jordanian Phosphate mines company shares were sold to investment enterprise. Some electricity companies as well as big shares of the national Royal Jordanian Air were open for foreign investors. And the oil sector has gradually been privatized (Loewe et al., 2007; BTI: Jordan, 2012).

compared to many of the Arab countries, as trade has been open, and the overall investment climate has been developing over the last decade (Loewe et al., 2007; BTI: Jordan, 2012; Alawamlah, 2013). And Jordan joined the WTO in 2000 and signed several free trade agreements with other countries, where trade regulations has been liberalized, but some policies hindered the free flow of goods.

Reflecting on the economic status in the country, the indicator of business freedom is generally showing that the reforms on the economic side have been fairly successful in liberalizing the economy, but by 2006 it scored lower. As for the state ownership of the economy index, Jordan has scored between (1.82) to (2.46) where the country has opened up for the private investments while maintaining some state control over important sectors. And the economic openness of the country was progressing, showing better scores on the trade freedom index throughout the years of study. That being said, there is no clear correspondence between the economic indicators and corruption. Yet, during the interview (A28) conducted with a professor, he highlighted that corruption is taking place in the economy mainly because some rules and regulations are vague which allowed for illegal practices to take place leading to the abuse of the state resources for the personal benefits of those in office. He mentioned that this had two effects, 'the first is the country being highly indebted with no explanations from the government on this, and the second is the increasing poverty among the population'. The interview (A28) as well as the literature imply that there is a causal relationship between the quality of regulations and corruption in Jordan.

In light of the above, favoritism plays a very clear role in businesses and economic activities in the country, where the royal palace has a strong impact on the status of the economy too. The economic variables grouped do not indicate direct relationships with corruption. While the quality of regulations has an obvious negative relationship with the perceived levels of corruption in the country, the economic openness and natural resources endowments do not offer a clear causal link with corruption in Jordan.

#### ❖ Development Status

According to the Human Development Index (HDI), Jordan is generally scoring well (0.70) ranking higher than many other countries in the region. The

percentage of literate population is high reaching (98.9%) in 2007, with good access to education as well as good quality of education. And the government has been spending around 10% of its state budget on education in recent years. But, there is no direct clear relationship between literacy rates and corruption in Jordan.

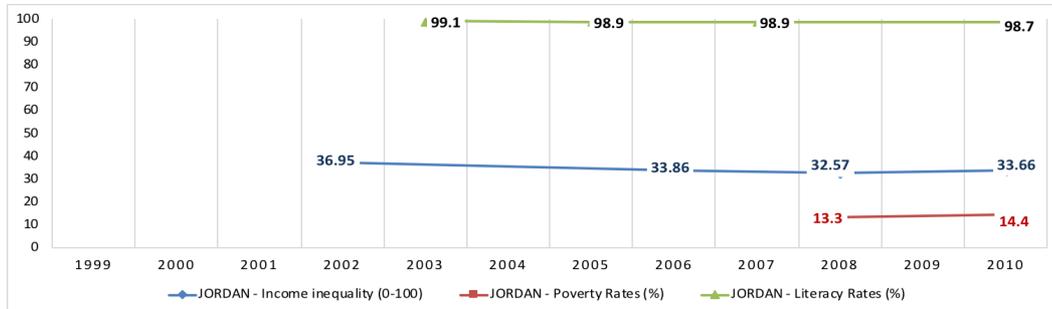


Figure 53: Development Status in Jordan

Regarding the welfare benefits, the country doesn't have a well-structured program for health insurance along with other services that do not reach all citizens. Many basic services and goods are subsidized in the country, resulting in expanding indirect taxation to reduce the fiscal burden on the budget. Poverty rates data available for the years 2008 and 2010 have reached (13.3%) and (14.4%) respectively, however the income inequality scored high averaging (34) during the 2000s. The economic reforms have not led to improving the living conditions of the people, since poverty is widespread among the Palestinian and Iraqi refugees and some services are not covered for those people too. Inequality is apparent between administrative structures, as the capital city is favored over the rural areas, enjoying more political and economic activities, which created a huge gap between the different regions in the country. Besides, issues of favoritism practiced by the regime is very clear, where positions in public office are granted on the basis of tribal ties, kinship and personal networks, irregularities in taxation and distribution of resources also take place (BTI: Jordan, 2012; Alawamlah, 2013). This has been assured during the interviews (A28; A29), as both experts reiterated that corrupt practices in the economic sector have led to worsening the living conditions of the population generally, resulting in increasing poverty rates that might even be higher than the World Bank data. In that sense, the interviewees (A28; A29) shared the view that even if laws exist, corruption would still take place since the 'values' are missing, and awareness is lacking in the society. This has also made petty corruption an acceptable act in the society.

Another point was highlighted related to the lack of culture of transparency and efficient monitoring, combined with a high sense of 'individualism' in the Jordanian society. Altogether, these aspects have assisted in rooting corruption in the country among the different social classes. Therefore, it can be said that there is a positive causal relationship between poverty rates and corruption, and also between income inequality and corruption. This has been enhanced by the acceptance of such unethical behaviors and abuses of the resources in the country. Moreover, it is worth noting that the Jordanian administration mainly employs citizens even though Palestinians account for the majority of the country's population. In this sense, networks play a clear role in the recruitment processes. Also, the refugees face restrictions on granting them citizenship, and are not granted much rights in the country, holding a temporary two years passport. And after the Iraqi war in 2003, many Iraqis have fled to Jordan where an estimate of 200,000 reside there. Even though King Abdullah has taken several public relations initiatives and campaigns since 1999 to create social cohesion among the citizens for a more unified society with a sense of belonging and loyalty to the country, this has not been realized success and an identity crisis raised due to the increasing immigration of Iraqis, Egyptians and southeast Asians to Jordan. In addition, women in Jordan are not enjoying equal rights; the Shari'a is applied in personal status laws including several clauses that discriminate against women placing constraints on their social lives in general (BTI: Jordan, 2012). The calls for reform resulted in having a quota for women and some ethnic minorities in the parliament and in 2003 seven women were appointed in the parliament being the largest representation in the legislature until it reached (10.8%) in 2010. Women participation in the labor force has been around (15%) during the period of study. Therefore, their full empowerment was never realized due to the conservative tribal and religious figures and the culture dominating the society. In that regard, the women empowerment variable has no direct relationship with corruption levels in Jordan, but the general discrimination against women and immigrants gives the impression that the government has not been fair towards the population with regards to the rights, services and integration in the society; witnessing obvious social inequality among the different social groups in the country.

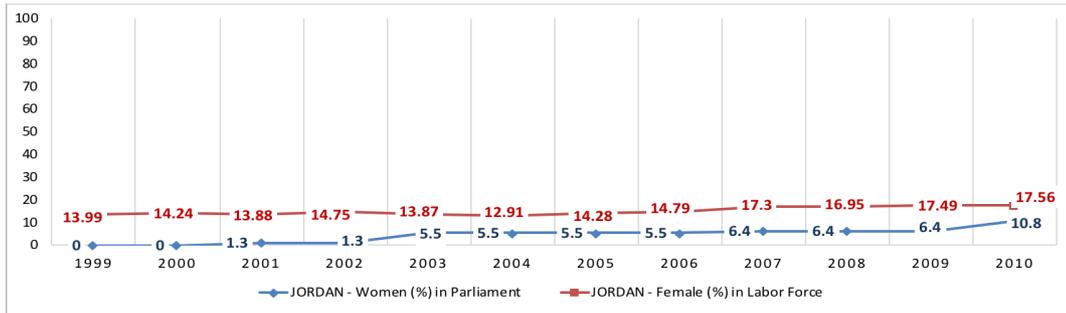


Figure 54: Women Empowerment in Jordan

### Brief

Jordan has a sacred legitimacy (like Morocco), where the king derives his legitimacy primarily from God. The ruling family enjoys wide powers according to the 1952 constitution. And there is lack of an efficient checks and balances system since the king appoints the judges who are mostly in line with the royal principles in their jurisdiction. Therefore, there is low respect for rule of law since there is less judicial constraints on the executive powers of the king. Political rights and the freedom of expression have not been guaranteed, even though the king has often emphasized the government's efforts in realizing democratic reforms to enable a vibrant political system with political competition and participation. This has not been realized where the parliament was not active in 2009 and more restrictive laws on political freedoms have been introduced.

The economy seems to be functioning well compared to the other countries in the Mashreq, but not all sectors have been open for investments. The royal family has enjoyed managing monopolies and oligopolies in the big industries. Even though the country has initiated reforms to open up its economy over the years, some important sectors remained under direct or indirect state control. The rules and regulations in the economy are generally vague, which allowed corrupt acts to be on the rise without facing any legal assaults.

Moreover, even though the country has been doing well on the HDI, the lack of proper economic policies has led to grand corruption. This has in effect increased the income inequality among the masses due to the unfair allocation and misuse of resources, which has given ground for petty corruption to increase as well, enhanced by the lack of awareness among the general masses and the poor quality of education. Women empowerment has been insignificant and there has been

clear discrimination against the Arab immigrants to Jordan. This has hindered some of those people's civil rights in the country. In this concern, it is worth noting a point raised by the expert (A28) who stated that 'corrective laws are always arriving too late to respond to corruption which is already well-rooted in the political system as well as the mindsets of the people'.

Based on the above analysis, it can be said that the sacred legitimacy has been the catalyst for corruption in Jordan, and the main causes of corruption in Jordan are the low respect to the rule of law, the poor quality of regulations and the high inequality.

## Lebanon

### ❖ Regime Characteristics

Lebanon is a parliamentary system and considered one of the most complicated political systems and the only democracy in the MENA region. The current Lebanese political and institutional arrangement is based on a revision of the constitution effected by the 1989 Taif Peace Accord, which initiated accountability means aiming at rebalancing the powers of the executive branch (president and council of ministers) to reflect the sectarian composition of the Lebanese diverse society. The political system is characterized by a complex set of binding processes and consents for ruling. This has resulted in broad coalitions and a consensus-oriented government with less executive powers. It is also worth noting that, there is no majority ruling the country, as it has always been based on consensus among the political elites of the sectarian communities, which contributed to constant tensions and delayed government decisions on all matters. General and competitive elections are held regularly (every four years), and there are no limitations on parties who want to run for elections. However, fraud and voting irregularities have occurred in many cases. As for the legislative authority, power originates from the parliament, and the members who are directly elected as representatives of the masses elect the president of the republic. Afterwards a mandatory consultation with the president is conducted to select the prime minister. The executive power is highly accountable to the parliament and both the parliament and the president can initiate legislation. And there exists a constitutional council along with other additional institutions to act as further checks on the government's conduct (Polity IV: Lebanon, 2010; Lebanese Transparency Association, 2011; BTI: Lebanon, 2012). However, the implementation of this complex political set up has been challenging due to the fragility of the state institutions. The Lebanese parliament is considered weak, corrupt and unaccountable to the public. The decision-making - as mentioned earlier - is done based on compromises between the diverse political elites and coalitions in the parliament. The country even fell in a political crisis between 2005 and 2008 - after the Prime Minister Al Hariri's assassination - and the

political system has been paralyzed. During this period, Lebanon has witnessed a short lived national unity uprising against the pro-Syrian regime, the 2006 war between Hezbollah and Israel and persistent conflict between the political sectarian identities. These encounters as well as the conflict of interests between the sectarian groups have presented the blocking stone against achieving consensus over important issues, causing weakness in the country's political institutions. The conflict has been stilled in the 2008 Doha Accord when the conflicting sectarian parties reached an agreement which provided the basis for the 2009 elections to take place. The elections have ensured national unity for few years and collapsed in 2011. Generally, this instability in the political scene has delayed reforms and hindered development on all levels. The country has witnessed political vagueness between 2006 and 2008, since the parliament did not assemble on a regular basis, hence the legitimacy of the government was questioned (Rigby, 2000; Sidan et al., 2006; Polity IV: Lebanon, 2010; BTI: Lebanon, 2012). Moving to the judicial branch in Lebanon, the constitution guarantees the judicial independence. The judges and professionals are highly educated, and the judiciary also represents confessional quota appointments based on the power-sharing structure of the Lebanese political system. However, the judicial authority has been subject to political intervention and pressure particularly in the highly politicized cases. Intervention is also strong in the appointments of prosecutors and judges. The popular masses find no real equality before the law, and the legal system offers no effective neutrality when challenged with influential adversaries. More than half of the population reported that the judicial authority is corrupt and one third reported paying a bribe to its institutions.<sup>146</sup> This is also due to the dysfunctionality of the Judicial Inspection Authority since 2007 that has been designated to supervise the judicial impartiality (Polity IV: Lebanon, 2010; Lebanese Transparency Association, 2011; BTI: Lebanon, 2012; TI, 2016). Lebanon scores poorly on the rule of law index in World Justice Project indicating that the judiciary is subject to corruption and it is biased in many instances.<sup>147</sup>

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<sup>146</sup> See: (Lebanese Transparency Association, 2011)

<sup>147</sup> Available at: <https://worldjusticeproject.org> (accessed 10/08/18).

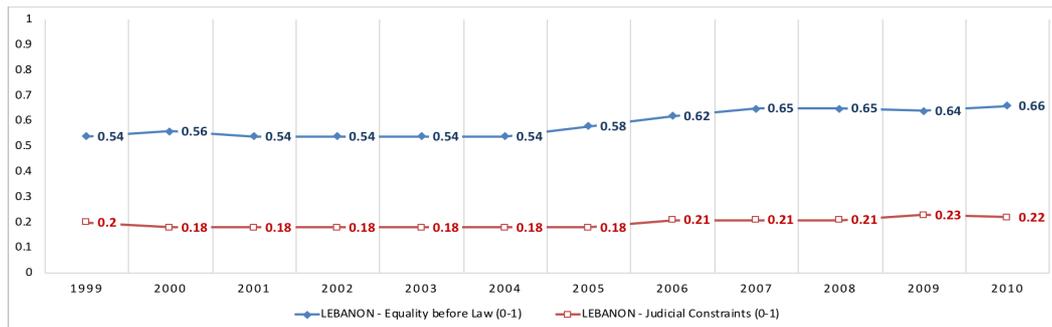


Figure 55: Rule of Law in Lebanon

Reflecting on the above, Polity IV has scored Lebanon (5) in 2005 and (7) in 2006, being categorized as ‘Democracy’ which makes it the only country in the MENA region to have such score and category. As for the rule of law indicators on the V-Dem, equality of citizens before law has scored an average of (0.54) until 2005 while doing better in the years that followed having an average of (0.65). The same goes for judicial constraints on the executives which has scored an average of (0.18) until 2005 and performed better later on with an average of (0.21). This implies that the country has been performing better on the indicators after the political conflicts that has taken place, which goes in line with the variation noticed in some of the years on the CPI. Therefore, this shows a negative relationship between the rule of law and the spread of corruption in the Lebanon, especially with regards to the judicial authority and its checks on the executive powers.

As for the freedom of association and assembly in Lebanon, the country’s political party system is full of organizations that are ‘hypothetically’ political parties but in reality, act to mobilize support for particular political leaders on a sectarian and indigenous basis. Most parties are not institutionalized, and the party commitment is done through a pragmatic blend of clientalism and respect to an inherited leadership of sectarian interest. The major parties can hardly be considered well-functioning political parties. They do not play a meaningful role in developing opinions and political will, but function as mass mobilizers for significantly ‘personalized leadership’. Still the country has been successful in integrating the different sects socially and politically with very minor marginal groups. And the access to power through the power sharing concept and quota for the different sectarian affiliations has lessened discrimination against a particular group in the country. In theory, the Lebanese law preserves civil liberties and

provides a legal stand against abuse at the hands of authorities and security forces. Yet in practice, such protection is restricted to distinct classes in the society having sufficient social power to mobilize intervention, and those are often far from abuse in the first place. Another aspect worth mentioning is that the country has no state religion and the freedom of belief is guaranteed in the constitution. Still, religious groups are institutionalized and have considerable powers in the system especially in the personal status matters. Lebanon has comparatively liberal association law and a long tradition of independent, non-profit civil society organizations operating in the fields of public welfare, culture, education and development. Many of these organizations are in fact part of the patronage systems established by sectarian political leaders, independent and cross-sectarian organizations. Associations suffer, however, from the absence of local funding opportunities and they rely primarily on foreign sources of funding (Polity IV: Lebanon, 2010; BTI: Lebanon, 2012). Reflecting on this, Lebanon has scored (6) in 2004 on the political rights index and scoring (5) from 2005 until 2010. This change show that the political system has given more space for the different groups and parties to take place in the political scene. The variation in the political rights is reflected on the corruption levels where in 2005 the country has also scored slightly better on the CPI. This indicates a negative relationship between political rights and the intensity of corruption in the country.



Figure 56: Regime Characteristics in Lebanon

The Lebanese Constitution recognizes the freedom of opinion and press; both are guaranteed in principle. However, these freedoms are subject to some intervention, in particular with regard to subjects considered offensive to the conservative notions of morality, religious beliefs and sensitivities, or triggering conflicting relations between the sectarian communities. In reality, journalists are not safe when investigating sensitive cases in Lebanon. In this realm, most media

outlets are privately owned by the key political, confessional figures, which made the Lebanese Transparency Association states that “the media is (...) a true reflection of the state: polarized and divided along confessional and political lines” (Lebanese Transparency Association, 2011). Reflecting on this, the country has been performing well of the Press Freedom Index having an average of (25), but this has no direct causal relationship with corruption in the country.

Looking at the political variables in Lebanon, the constitution is generally respected, but the sectarian elites are a reason for weakening the full respect to the rule of law and the institutional checks and balances. The balance between the powers of the sects’ act as the main checks in the system which has contributed to the very high levels of corruption in the country even though it is supposed to be a democratic system. It is apparent that the sectarian affiliations have affected the political system where the rule of law, political rights and the freedom of press have been highly determined according to the powers of those in the political game and their ability to manage the scene according to their own self-interests (Rigby, 2000; Sidan et al., 2006). The low respect for rule of law especially related to the judicial checks on the executive powers has displayed a main cause of political corruption in the country, leading to a ‘dysfunctional’ democratic system.

#### ❖ Economic Status

The Lebanese decision makers have favored laissez-faire liberalism and a minimum of state intervention and regulation, and since the end of the civil war in 1990, successive governments have set consistent long-term plans aiming at integration into the regional and international markets, developing infrastructure, reforming the public sector, privatization and deregulation. Therefore, the economy is a liberal one, with very limited state intervention. Only few strategic sectors (telecommunications, tobacco, energy) are state-owned or under state supervision, and pricing is left to the market except for some basic goods. A significant informal sector exists, but around 60% of Lebanon’s economy is comprised of oligopolies which are rarely regulated. Even in the private sector strong monopolies and oligopolies wield extensive control over fundamental activities in the industry and are frequently able to manipulate the regulatory

institutions in their favor; disadvantaging their competitors. The government has exerted some efforts to reform the administration during the 1990s, but serious challenges have been taking place due to the networks of clientalism which were persistent over all the administrative levels, under the control of leading figures among the political elite (Rigby, 2000; BTI: Lebanon, 2012). Market competition is relatively free in the private sector, but a system of apportionment according to the sectarian quota and political preferences play a key role in determining the contenders for public sector projects where tenders encounter engrained clientalism arrangements. Foreigners can fully engage in the economic activities, whether establishing Lebanese companies and joint ventures or creating a local subsidiary of their existing business enterprise, yet Lebanese involvement is required for certain venture types (joined stock or offshore companies). However, the establishment and registration of economic ventures is complicated by red tape and bureaucratic procedures (BTI: Lebanon, 2012). Reflecting on this, the state ownership of the economy is (2.99) indicating that some capitals belong to the state while the rest is free from state controls. And the business freedom in the country has an average of (60). These scores go in line with the above-mentioned drawbacks in running the economy, where the absence of quality regulations and the control of the political figures over the economy intensified corrupt practices based on the sectarian affiliations and political aspirations.

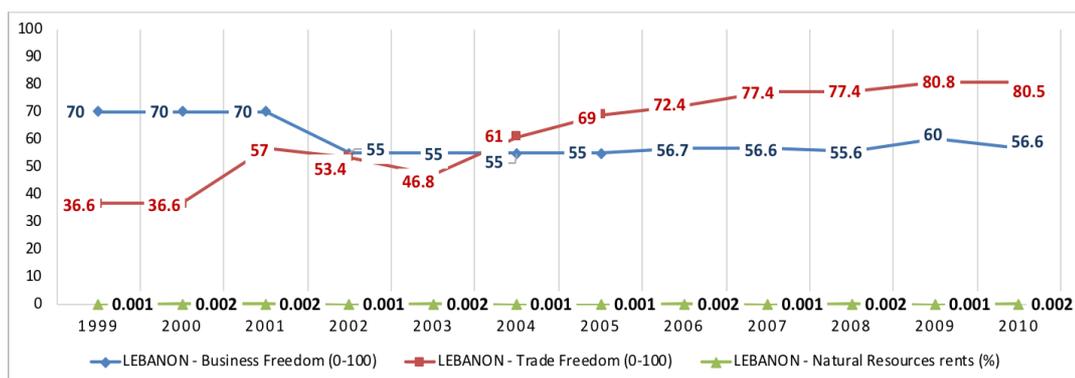


Figure 57: Economic Status in Lebanon

As for trade, the Lebanese government has signed agreements with the European Free Trade Association (EFTA) and the European Union committing itself to improving competition and has moved forward through drafting a competition law. The government did not apply restrictions over foreign trade, and while there are no importation controls, some businesses own ‘exclusive licenses’

for the importation of certain goods and brands (BTI: Lebanon, 2012). Nevertheless, Lebanon is still having an observer status in the WTO even though it has formally applied for accession in 1999, and seven meetings of the working party were held prior to the end of 2009.<sup>148</sup> Reflecting on this, Lebanon has been opening up its economy where it scored (80) in 2010 on the trade freedom index, yet the non-accession of the country to the WTO indicates that the government still needs more efforts to align its regulations and policies with the international standards in order to become a member of the organization. This implies that the economic openness in Lebanon does not reflect the country's full integration in the international trading community, therefore the lack of concrete laws and policies in the economy explain the higher levels of corruption in the country. As for natural resources endowments, the country has insignificant shares of natural resources and the rents from the resources average (0.001%) showing no relationship with corruption.

Looking at the economic variables in Lebanon, the natural resources richness has no effect of the corruption levels, but both the quality of regulations and economic openness have a clear negative relationship with corruption in Lebanon. The continued political tranquility along with the different sectarian interests tend to hinder the economic growth in the country and slow down the process of economic openness. The high profiles among the Lebanese politicians have high shares in the economy directly or indirectly, benefiting much from their political status and thus affecting how the processes are taking place within the economy. During the expert interview (A32), it was also highlighted that the economy in Lebanon suffers from lack of transparency in the business sector, with no auditing practices over their conduct.

#### ❖ Development Status

Regarding human development in Lebanon, the country lacks efficiency in the delivery of public services which is impeded by a combination of bureaucratic inefficiencies, corruption, excessive political influence and lack of sufficient financial allocation for such services. In this regard, the basic infrastructure (such as water, sanitation and electricity) does not reach many areas of the periphery in

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<sup>148</sup> Available at: [https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_liban\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_liban_e.htm) (accessed 10/08/18).

sufficient measure and even in the capital city electricity is not regularly available for the households. In recent years, the government has embarked on reforms to improve the efficiency of social spending and to reduce poverty. Nevertheless, the lack of resources and perpetual political instability continue to hinder progress in planning and implementing any social policies for the welfare of the population. There is absence of insurance against unemployment, a welfare system to assist less privileged citizens, and a public pension system except for the mandatory end-of-service indemnity payments. According to a 2008 study by the International Poverty Center (IPC), roughly 30% of Lebanese live below the poverty line (set at \$4/day) (BTI: Lebanon, 2012). Poverty rates estimates reached (27%) for the year 2012 according to the World Bank, while income inequality data is absent. Relating this to corruption, it is clear from the analysis that the abuse of resources by the elite and the less economic openness have intensified poverty, due to the existence of grand corruption which has triggered petty corruption among the general masses. This inefficient allocation of resources has led to the spread of poverty which pushed the masses to follow unethical ways to satisfy their needs and substitute for the government's improper provision of services.

Education remains the single most important factor prolonging inequality in Lebanon. In principle, all Lebanese citizens have the right to free education, while not everyone have access to it. State and private institutions for education, training, and research and development exist, but improvements in the whole education system; the quality of education, access to education and investment in research activities are deemed necessary. Public expenditure on education declined from an already low 2.6% of GDP in 2006 to 2.0% in 2008. The share of education in the total government expenditures fell from above 12% in 2002 to some 8% in 2010. Thus, existing economic inequalities result in profoundly unequal opportunities for the coming generations, and social mobility is severely constrained (BTI: Lebanon, 2012). Even though literacy rates have reached (98.7%) in 2007, the quality of education persists to be of very poor outcome. Still, there is no direct relationship between literacy rates and corruption in the country.

Generally, women enjoy equal opportunities, but female participation in the

labor force - particularly in the formal sector - is remarkably lower than males. Women are the first victims of poverty and adverse developments in the labor market. Lebanon has no holistic approach to women's participation in social and economic life, which accordingly results in their weak integration in the society over different levels. While there is no institutionalized or legal discrimination or exclusion based on gender, women are largely absent from senior positions in nearly most of the sectors except for the media, advertising, and some aspects of the tourism industry. Concerning the political scene, women who do occupy senior positions typically reach them through family relations and nepotism networks. Overall, the rate of economic activity is estimated at below 20% for women, as opposed to above 50% for men. Still, there is no clear relationship between women empowerment and corruption in the country, but the preferential treatments exist here as well to assign positions based on affiliations and networks (BTI: Lebanon, 2012).

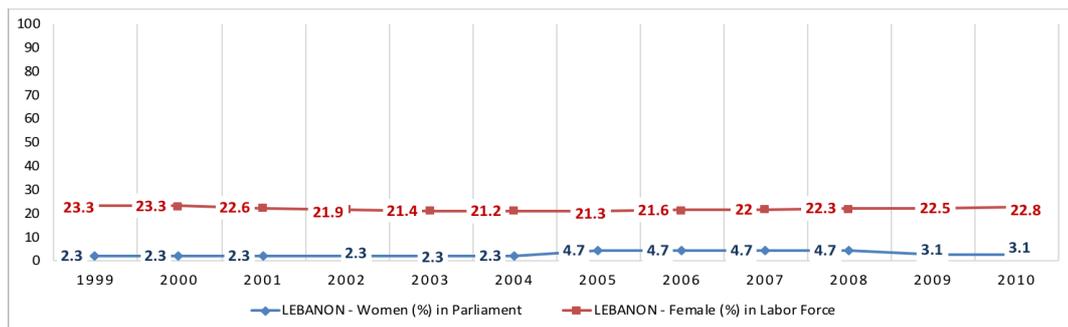


Figure 58: Women Empowerment in Lebanon

Grouping the development variables, literacy rates and women empowerment do not show a clear causal relationship with corruption in Lebanon. However, looking at poverty rates and the lagging behind of the welfares services in the country can be a catalyst for corruption to take place in the country, since the general masses are deprived some basic services while the political and economic tycoons enjoy all the fruits of development in the country hindering social inclusion of everyone.

### Brief

Even though Lebanon is the only democratic system in the MENA region, the persistent clientalism is a core feature of the systematic political and economic corruption in the country. Despite the efforts to assure proper checks and balances

system in Lebanon, in reality this is widely counterbalanced through the different setups assigning many positions to certain sects and communities. Therefore, the political institutions have clearly reflected a comparative power balance between the different sects in the society, rather than establishing efficient practices and ensuring accountability. And even though the political indicators show a relatively functioning political system in place, but the reality reveals otherwise. The sectarian affiliations and religious polarization have played robust roles in running the state affairs where the political figures have constantly abused their official positions. Adding to this, the economy in the country is not developing due to the lack of appropriate and efficient institutions in place. It is mainly run through oligopolies and businesses that benefit its owners primarily with less economic advantages for the general public. This has impacted the socio-economic status of the people generally, resulting in less facilities and basic infrastructure. In effect, poverty rates have reached (27%) causing more corruption to take root in the country, especially with the absence of clear codes of conduct.

Even though the constitution is respected generally, but the sectarian elites are a reason for weakening the full respect to the rule of law and the institutional checks and balances, where the powers of the sects' act as the main checks in the system. Monitoring institutions exist, and the relatively free media sometimes results in opposing public. Yet, as the majority of public officials are part of the power structures maintained by the political elites, they have preserved immunity and are beyond the law, where prosecution of office abuse is unusual. Hence, political corruption is rampant in light of a general sense of impunity. And moral indifference overshadows the whole scene in the country since the elected officials have little reason to fear adverse consequences from allegations of corruption. Engagement in petty corruption to facilitate, ease or manipulate bureaucratic processes is abundant, and the same goes for the use of networks for gaining access to state resources, such as public-sector employment, the contracting of public works, or investment.

During the expert interview (A30), it was emphasized that the deep-rooted patron-client network in Lebanon is based on sectarian affiliations, political identities, religious profiles and loyalties. Those have taken the lead to be representatives of the public interests of the masses becoming the link between the masses and the

state. They abuse their powers functioning as the main channel for clientalism trying to maintain their powers in the country, so they do not fall into the trap of polarization in the society. Also, the integration of militia leadership after the extended civil war, has added a dimension of absence of accountability towards the masses. Another expert (A31) has noted that “what has made life in Lebanon palatable up to now was comparatively the tolerance for individuals with regards to the high level of political, social and cultural freedom. However nowadays, this is under threat where the freedom of expression is facing huge restrictions”.

That being said, the sectarian system has been a main cause of the very high levels of corruption in the ‘dysfunctional’ democratic Lebanon, where this has vividly affected the impartiality of the rule of law, the poor quality of regulations and the lack of economic openness.

## Syria

### ❖ Regime Characteristics

Syria has witnessed a series of military coups over years until the Ba'ath party has become the ruling party in 1963 imposing a state of martial law. The party has been dominating the Syrian political system, consolidating its power through enacting the constitution in 1973 and having Hafez Al-Assad as the president. His rise to power has achieved a cautious balance between the army, the Ba'th party and a largely Alawite<sup>149</sup> dominant security institution. Upon his death, Bashar Al-Assad succeeded his father in ruling the country through a popular referendum in 2000 and was endorsed as a president for additional seven years through another referendum in 2007. Bashar headed the Ba'th party and the armed forces, where the party sustained its central role in the decision-making process presenting the backbone in the Syrian political system (Polity IV: Syria, 2010; BTI: Syria, 2012).

To begin with, the Syrian political system clearly presents a 'hereditary presidential recruitment' kind of regime with the Alawite minority ruling the country and resisting any kind of political reform or alterations. The political power has been highly centralized under Bashar's rule, since neither the legislative nor the judicial branches posed any real checks on the executive authority. The martial law that was intended to be in war times has been enacted ever since 1963. And with Bashar arriving to power, it was expected that the security forces would have less involvement in the political life, but they have frequently imposed restraints on the political activities (Ghadry, 2005; Polity IV: Syria, 2010). As for the legislative branch, it has a unicameral house, composed of directly elected members. The 1973 constitution dictates that the Ba'th party has the majority of seats in the National Assembly. And the party not only resides in the parliament but also controls the major key positions in the military and the intelligence service. Since 1990, one third of the unicameral national assembly seats were open to be contested by 'independent' candidates who have been earlier screened by the security agencies. The rest of the seats were entitled for the candidates of the National Progressive Front (NPF) - a coalition of the Ba'th and small supportive

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<sup>149</sup> According to the literature review on Syria and the expert interviews (A33; A34), the 'Alwaite' constitute a Muslim religious minority of the population who enjoy much protections and benefits holding most of the state high-level positions reflecting clear favoritism in the Syrian political system.

parties to the regime. Therefore, the seats have been guaranteed for parties connected to the Arab Socialist Ba'ath party, or in other words parties in the National Progressive Front (NPF) were the only ones permitted to participate in the elections. This indicates that the regime's political openness has been to sustain its social support rather than moving towards democratization. Moreover, members who crossed the lines were stripped off their parliamentary immunity and imprisoned. This has left virtually all the political powers with the president, making the parliament to a great extent a rubber stamp for initiatives by the president and his small circle of loyal supporters. And it only during the 2005 party conference when the manifested power of the Ba'ath has eased, and a substantial number of the party members were replaced by a new generation who were loyal mainly to the president. In light of the above, even though competitive parliamentary elections were held regularly for the years under study, they had no real impact in determining the members who were already getting the support of the party, army and security services. This also applies to the presidential elections where voters endorsed in the referendum the single candidate who has been chosen earlier by the ruling Ba'ath party in 2007. As for the cabinet, it is hypothetically accountable to the elected parliament, but in reality, it is answerable to the president and the party from one side, and the security forces from the other side. The parliament has censured some ministers but has never been a threat or challenge to the regime policies (Polity IV: Syria, 2010; BTI: Syria, 2012). Moving to the judiciary, it is weak and mostly controlled by the ruling elite. And in spite of the presence of a complex legal framework, the judiciary is not autonomous revealing vulnerability to the executive influence. And Special Security Courts have been active regarding political offenses (BTI: Syria, 2012). Moreover, during the expert interview (A33) it was mentioned that, it is not possible to sue the government or high-level officials by any means. The expert also highlighted that civil cases lack professionalism in handling issues since effective tools of enforcement of contract are missing. By and large, the independence of the judiciary is hindered with the presence of crony capitalism and security barons.

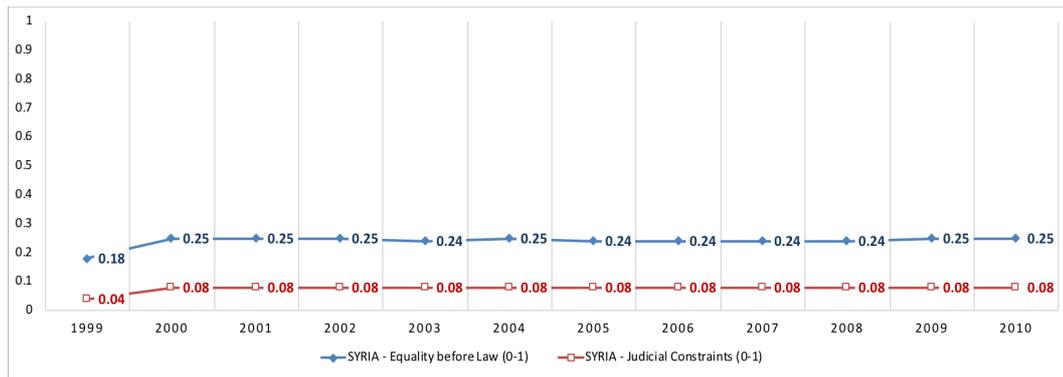


Figure 59: Rule of Law in Syria

Reflecting on this, Polity IV has scored Syria (-7) in 2001 after Bashar took over the presidency showing slightly better performance compared to his father's era which has been scored (-9). In this regard, the Syrian institutions have contributed to the stability of the state but lacked the features of liberal democracy. The three branches of the government were formally differentiated, each having its own jurisdictions, but the ruling party inhabited powers designated to the other two branches dominating the whole political system. Therefore, the principle of checks and balances has been absent. Adding to this, the state relied on its monopoly and effective use of force to deter any challenge to the regime's stability, therefore it was rarely confronted despite occasional conflicts in the neighboring countries that had a spillover effect on Syria (refugees from Palestine and Iraq and Rafik el Harriri's assassination in Lebanon) (Raphaeli, 2007; BTI: Syria, 2012). The rule of law indicators scored very low on the V-Dem indices. Judicial constraints on the executive scored (0.08) for almost all the years, reflecting barely existing controls on the executive's powers, and the equality before law scored (0.25) for most of the years mirroring the unfair trials and lack of civil rights before courts which is clear from the analysis. Therefore, there exists a strong negative relationship between the rule of law and corruption in Syria. In light of the martial laws imposed along with the strong hold of the military over all the political system, there has been hardly any abidance by or respect to the rule of law in the country. The military has viewed Bashar Al-Assad as a stabilizing force allowing them to maintain their hold on power in the country.

Regarding political rights, the presence of political parties has been highly constrained, as the Ba'th party enjoyed constitutional privileges, being the only functioning and dominant party in the system (Haran, 2016). Generally, political

opposition to the Ba'th party has not been tolerated and all the legal parties under the umbrella of the National Progressive Front simply functioned for the interests of the president and the party. Also, parties outside the National Progressive Front have been illegal but were allowed in the political scene and the only real opposition was the Muslim Brotherhood who remained banned.<sup>150</sup> Consequently, even though the country has taken the guise of being a multiparty system, it functioned in a strict single party system sense (Polity IV: Syria, 2010). The civil society has been generally penetrated and unable to freely act, conducting its work through the regime. For a brief period of time, opponents to the regime relied on foreign pressure to call for an end of the emergency laws but were subsequently cracked down by the regime. Regarding the non-political and charity organizations, these have been well established and developed in the country. Also, the informal civil society apparent in extended families, neighborhoods and networks has been strong in satisfying the needs of the people when the government withdrew from fulfilling its welfare responsibilities towards the citizens. Concerning assemblies and associations, they have been granted licenses to operate but under close monitoring from the regime. Trade unions and other interest groups are allowed yet deprived from practicing independent pressure to openly voice their demands and rights in the society. The influence of the unions declined even more with issuing a labor law in 2009 that favored the employers and gave them the right to dismiss employees, signaling a declining influence of trade unions (BTI: Syria, 2012).

The limitations practiced by the regime over the political participation of the masses is clear on the political rights index as Syria scored (7) for all the years under study being categorized as 'unfree'. This suggests a negative relationship between political rights and corruption, owing to the constant scrutiny conducted by the regime on the activities of the parties and the civil society under the martial laws, where the elite has been ruling without any accountability towards the masses which in fact has increased political corruption among the higher levels of authority.

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<sup>150</sup> They have been banned since the government crushed them in 1982 during an uprising in the country; most of their leaders were imprisoned or exiled. And despite the government's lessening suppressive acts towards the organization, still many have faced imprisonment (Polity IV: Syria, 2010; BTI: Syria, 2010).

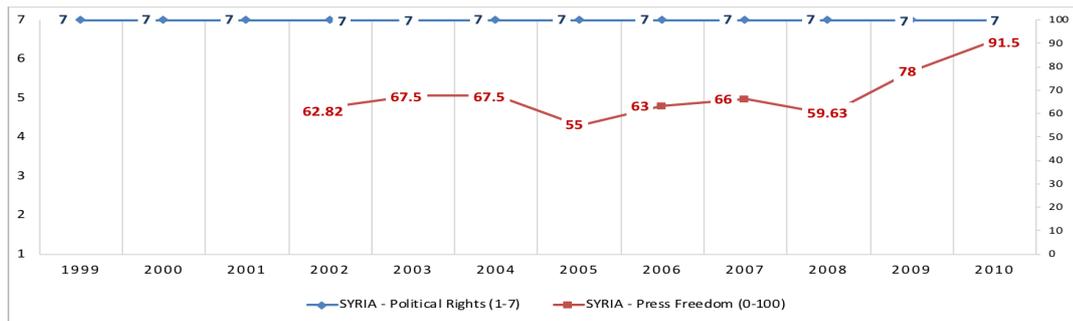


Figure 60: Regime Characteristics in Syria

As for freedom of expression, Bashar’s first years in office witnessed slight liberalization of media. However, media in Syria is state owned and private ownership of printed media is permitted and operates within limits. The internet has witnessed restricted political debates and less opposition was allowed to be voiced generally against the regime’s powers or legitimacy. Even though repression has been eased throughout Bashar’s rule, nevertheless many political detainees were held without charges, exiles took place, and torture continued (BTI: Syria, 2012). In this regard, the Press Freedom index has shown very low scores for Syria being the worst in the region with regards to press freedom over several years. This reflects how the enacted emergency laws hindered the people’s basic rights and freedom of expression, while strengthening the elite’s power in the face of any challenges.

Looking at the regime characteristics, the variables grouped clearly imply a negative relationship between rule of law, political rights and freedom of expression on one side and corruption on the other side. The hegemony of the Ba’th party, the strong political presence of the military and the martial laws enacted have allowed corruption to take place within the political scene taking into consideration the lack of accountability of the regime.

❖ Economic Status

Syria is a middle-income country witnessing periods of stagnation and fluctuating growth rates. The state has been trying to open up the economy introducing reforms under the label of a ‘social-market economy’ but maintained a key role in the economic activities. The vital productive areas in Syria are agriculture, energy and state-owned industries (BTI: Syria, 2012). The state ownership sustained the value of (1.86) for almost all the years under study, which

indicates its direct control over most of the vital sectors in the economy and indirect control over other sectors. The country relied heavily on oil revenues which constituted around 70% of the state income until recently, and with the decline in oil revenues the earnings has reached only 20% with clear collection of compulsory taxes and decreasing the subsidies to be able to fill in the gaps created due to this shortage (Raphaeli, 2007; Haran, 2016). Syria has sustained its development levels mainly due to the rents from oil revenues - where the average of natural resources rents has been (23%) - as well as foreign aid, along with remittances from abroad. The data on the natural resources rents do not indicate a clear relationship with corruption since there is secrecy over running this sector in the country, where less information has been available.

Being aware of the declining oil revenues and the growing population, the regime under Bashar Al Asad has proceeded with opening up the economy, but the reforms introduced have not threatened the presidency and its clans' interests. Many laws and regulations were intended to open up the economy but were mostly ignored leading to slow development (Ghadry, 2005; Raphaeli, 2007). This delayed progress was deepened with the external threats that affected the country significantly; such as the instability in both Iraq and Lebanon and the imposed U.S. economic sanctions in 2004. The government has been keen to improve its investment climate, lowering taxes and tariffs, allowing unrestricted deportation of profits and investment capital. Still, the regime moved ahead with private capitalism enhancing the personal interests of those in power. Even regarding property rights in Syria which are mentioned in the constitution (allowing public, private and mixed property), there were different ways applied to indirectly limit the ability of the opponents of the regime to own lands or run big businesses (Hamad, 2008; Borshchevskaya, 2010). Although the regime has launched successive waves of liberalization, and in the 1990s, Law 10 was issued permitting private enterprises to operate in all fields of the economy. This has generated a new class of elites, presenting crony capitalism who controlled main sectors of the economy. Moreover, public sector monopolies have been transformed to private monopolies, lowering the share of public sector in the Gross National Product (GNP) consistently to the private sector. And regarding financial freedoms, the public-sector banking has been dominating the financial scene. In 2003 private

banks began to operate and in 2010 a new banking law allowed foreign investors to hold up to 60% of Syrian banks. The country witnessed a rapid growth in the banking sector where the IMF has advised supervision on the sector’s development. Also, stock market was introduced after facing huge ideological resistance from the Ba’ath party. Yet, the central bank has not established a consistent monetary policy that was clearly adjusting interest rates and promoting economic growth. Its capacity has been limited, as the government has shown ability to manipulate the money supply (Raphaeli, 2007; Marshall, 2008; BTI: Syria, 2012). Reflecting on this, the business freedom indicator has very low scores for Syria (averaging 55) being categorized as “mostly unfree”, and according to the expert interview (A34), this privatization wave has enabled those in power and close to the political elite to benefit the most, easing patronage networks along with the rise of crony capitalism in the country. Furthermore, the excessive government ownership over the economic activities amplified grand corruption in the country. This indicates a negative relationship between the quality of regulations and the high levels of corruption in Syria.

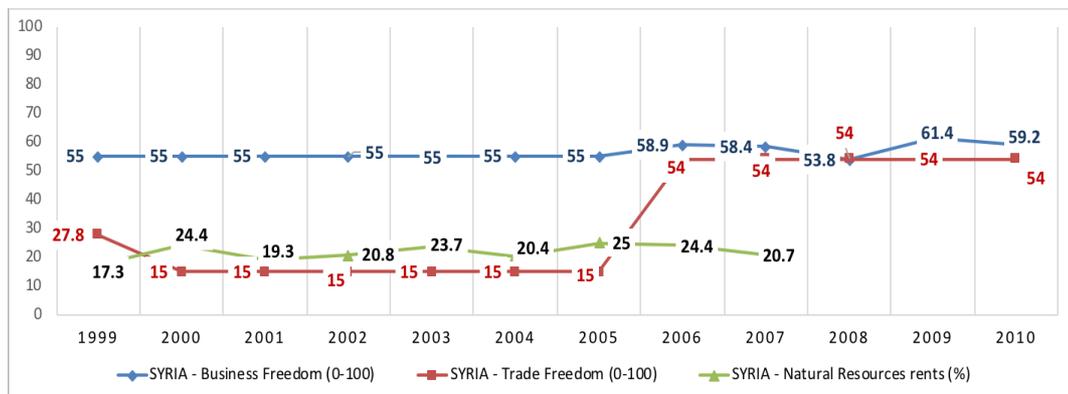


Figure 61: Economic Status in Syria

As for trade, by the 1980s the private trading has expanded but were subject to many regulations. And the country has not been open to trade except through the state, since the public-sector entities imported products needed primarily for public consumption (Perthes, 2004; Raphaeli, 2007). Syria has been part of the Greater Arab Free Trade Agreement (GAFTA) and has applied to join the WTO in 2001 indicating its intention to open up trade and liberalize its economy, but it is still in an observer status until today. In this regard, Syria ranks low on the Global Trade Facilitation Index of the World Economic Forum scoring

low in competitiveness.<sup>151</sup> The country has performed poorly on the economic indicators of the Heritage Foundation scales, ranking “mostly unfree” over many years being below most of the countries in the region. It also scored very low on the trade freedom reaching (54) in 2006 being categorized as “repressed”. This implies the limited open economy in the country since it has not been able to abide by the international trade standards and remove its barriers to enable economic openness. Therefore, there exists a negative relationship between economic openness and corruption in Syria.

Looking at the economic status of Syria shows the elite’s control over the economy with clear restrictions, the absence of appropriate regulations, less integration in the international market and a general lack of economic openness, where crony capitalism is rooted. This enhanced the rise of crony capitalism where the regime has worked on privatization, enriching the personal benefits of its powerful elite. Therefore, there is a clear negative relationship between the quality of regulations and economic openness on one side and corruption on the other side. However, this is no evident relationship between the natural resources endowments and corruption.

#### ❖ Development Status

Syria has conducted redistributive benefits for the large strata of the population during the 1960s and 1970s which was mirrored in an improvement on the Human Development Index scores, and during 2000s the country’s scores were averaging between (0.58) to (0.64) ranking 111/169 among the last quintile countries in 2010. As for welfare benefits in the country, the Ba’ath regime has implemented various schemes resulting in had different outcomes. Education in Syria is open and free - where illiteracy reached 92.4% in 2004 - and over the years the ‘public’ education suffered from less spending, this also goes for health services and medical care which were of low quality. Therefore, those who are less privileged in the country and unable to pay for good quality ‘private’ education and health have suffered from deteriorating government services with poorly maintained facilities. This withdrawal from offering welfare benefits, gave rise to many privately funded civil society organizations that worked to help ease the citizens’

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<sup>151</sup> Available at: <http://reports.weforum.org/> (accessed 10/08/18).

lives. Government subsidies for basic goods have been offered but shrank throughout the years on many items. And even though salary adjustments were introduced in the public sector, this had not drastically improved the lives of the people. The wages have been too less to cover the needs of the people therefore most of the employed population had a second job to satisfy their needs (El Laithy/ Abu-Ismail, 2005; Raphaeli, 2007; Al-Sheikh/ Hamada, 2010). According to the Arab Human Development Report in 2004,<sup>152</sup> the country suffers high income inequalities compared to the other Arab states, where its Gini coefficient reached (35.7) in 2004, indicating a huge gap among the population, and the country witnesses high poverty rates reaching (35.2%) in 2007 with a growing population rate that the economy cannot absorb to satisfy their needs. In this regard, the high poverty rates as well as the rising income inequality reflect a positive relationship with corruption, where the general masses have resorted to illegal means to satisfy their needs. This is enhanced with the lack of proper institutional settings, which eased the spread of corruption in the lower levels of the administration in the country.<sup>153</sup>

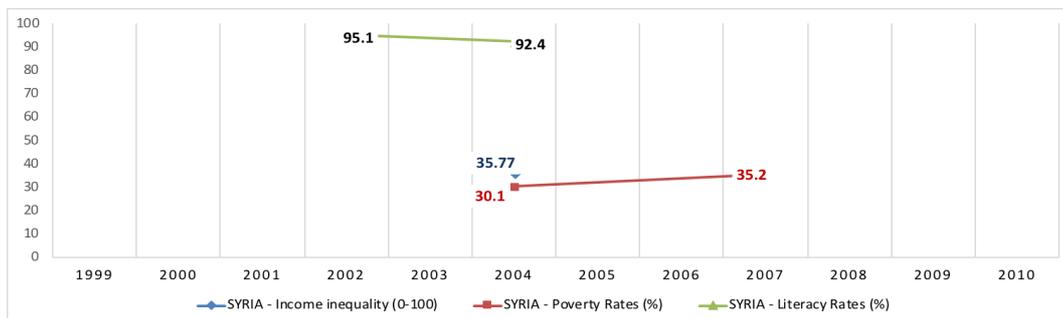


Figure 62: Development Status in Syria

Moving forward, the Syrian constitution accords equality to all citizens, where the country has a majority of Muslim population averaging 90%, and Islamic law is the main source of legislation. There is equal status to all religions and sects, but sectarian affiliations are the main determinant of the political process, where the Alwais who constitute a religious minority of the population enjoy much protections and benefits. Personal status issues are governed by the specific faiths and the minorities enjoy significant autonomy to handle such matters. The regime was able to handle ethnic and religious cleavages through a shared Syrian identity

<sup>152</sup> Available at: [http://hdr.undp.org/sites/default/files/rbas\\_ahdr2004\\_en.pdf](http://hdr.undp.org/sites/default/files/rbas_ahdr2004_en.pdf) (accessed 10/08/18).

<sup>153</sup> This has also been highlighted during the expert interviews (A33; A34).

with a history of tolerance and acceptance. Still there existed clear tension along with neediness of support between the Alwais and Sunnis, as the former enjoyed political and security control privileges while the later has dominated much of the business sector. Another issue of instability has been the Kurdish population (around 100,000 Kurds), who were dissatisfied with the denial of citizenship settling in Syria, which encouraged frequent unrest, where the security forces continuously repressed them (Raphaeli, 2007; BTI: Syria, 2012). This reflects vivid social inequality with regards to the distribution of benefits, giving huge privileges to the minority affiliated to the ruling elite.

As for women, they have witnessed several challenges due to the constant conservative Islamic boundaries on their rights in the society. Even with the introduction of quotas for women in the parliament reaching (12%), this has not changed their status in the society. Their share in the labor force is averaging (17%) for the years under study. However female access to education was fairly equal to males. Still, there is no indication on the existence of a causal relationship between women empowerment and corruption.

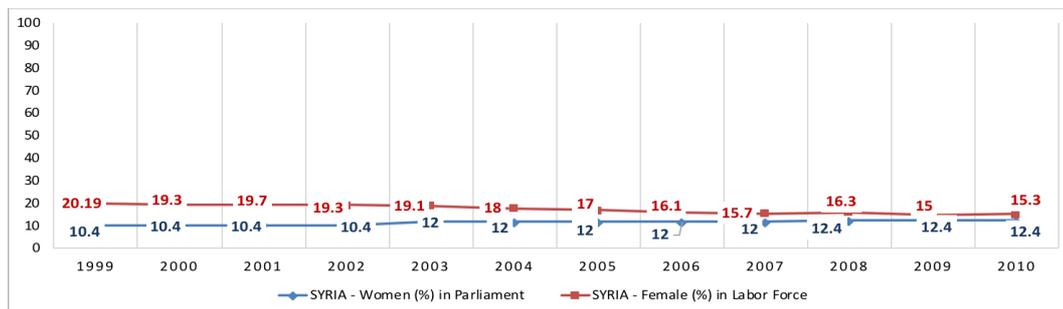


Figure 63: Women Empowerment in Syria

In this regard, literacy rates and women empowerment have no evident relationship with corruption levels in the country, while income inequality and poverty rates propose a clear positive relationship with the high corruption levels on the country. Grouping all the development variables together reflect that the low levels of education of the general masses, along with the high poverty rates, high income inequality, and the privileged Alwaite minority (sectarian privileges) have contributed to the spread of petty corruption in the country. In other words, petty corruption has flourished owing to the low wages of civil servants combined with their being less informed and knowledgeable. And preferential treatments have been vivid within all the aspects in the society where the Alwaite minority

have enjoyed many benefits.

### Brief

The political system in Syria is the only Arab system that succeeded and managed to transform the presidential system to a monarchy one, where Bashar Al Assad followed his father in ruling the country. The country has been ruled by the Alwaite minority with the hegemony of the uncontested Ba'th party, and the military being the main pillar of the regime. The martial laws have been in place throughout the whole period of study. This implies that the three variables of the regime characteristics have a clear negative relationship with corruption, where rule of law was fragile, the political rights were restricted, and less freedom of expression has been tolerable (Al-Sheikh/ Hamada, 2010).

The state ownership of the economy along with the lack of proper regulations and policies in place, hindered economic growth. The economic institutions have been mainly functioning to benefit a small elite who were able to gain the fruits of the privatization wave, giving rise to crony capitalism. Additionally, the country is not able to access the WTO until today indicating the existence of barriers and less abidance to the international standards. Therefore, there is a clear negative relationship between the quality of regulations and corruption as well as economic openness and corruption (Hamad, 2008; Heritage Foundation, 2010; Al-Sheikh/ Hamada, 2010). This delay of economic growth has affected the quality of lives of the people, leading to less welfare benefits, poor quality of education and the general services, high poverty rates and income inequality are witnessed. Consequently, petty corruption has been well rooted among the masses to satisfy their needs in light of the above (Al-Sheikh/ Hamada, 2010).

Systematic corruption has been a clear feature of the regime, and while Bashar has initiated anti-corruption campaigns, his ability to fight the immoral acts were declining given the lack of proper transparent structures, overlapping between private and public sector, supporting or having no clear assault on crony capitalism, allowing rent seeking by political figures, marginalizing Islamic radicals and pushing forward secular and liberal forces to counter them (Heritage Foundation, 2010; Al-Sheikh/ Hamada, 2010).

Given the above analysis, it is obvious that the roots of corruption are the minority

Always rule and the martial status of the country. In this regard, the fragile rule of law, poor quality of regulations, less economic openness and income inequality present the main causes of corruption in Syria.

## Yemen

### ❖ Regime Characteristics

The Republic of Yemen was created in 1990 with the unification of the Yemen Arab Republic (North Yemen) and the People's Democratic Republic (South Yemen). A single party system ruled in each of them, where North Yemen was ruled by the People's General Congress party while South Yemen was ruled by the Yemeni Socialist Party. Both agreed on power sharing after unification, and from 1990 until 1994, the two parties have worked to secure their survival through political pluralism. President Ali Abdullah Saleh has been the president of North Yemen since 1978 and then was designated as the president of the unified country in 1990 and the constitution was enacted. A multiparty system was introduced during the early years of the Republic of Yemen, and parliamentary elections were held in 1993, 1997 and 2003. However, in 1994, the country witnessed civil war between the two former leaderships, which left the political elite with an understanding that pluralism would lead to more fragmentation and separatism. Following this conflict, the 1991 constitution was amended in 1994 setting up a system of direct election for the president (who was earlier elected by the parliament) and at least two presidential candidates would be nominated by the parliament for the popular vote. The country's first direct presidential elections were held in 1999 where Saleh won with the majority of votes. President Saleh was reelected in 2006 and won with majority votes, the elections were viewed as free and open, but marked with some violence (Polity IV: Yemen, 2010; BTI: Yemen, 2010).

The 1994 constitution gave wide powers to the president. He is the Supreme Commander of the Armed Forces, he appoints the vice president, prime minister and the cabinet, the upper house members, appoints and dismisses senior government officials, police and military officers (Yemen Constitution, 1994: articles 105-126). The 2001 amendments to the constitution have consolidated the powers of the president extending the presidential term from five to seven years. As for the legislative authority, Yemen has a bicameral legislature, an upper house nominated by the president and a lower house directly elected by the masses. At times, the parliament has acted in an autonomous manner through initiating minor

legislations, delaying and overlooking presidential initiatives. However, the parliament has not been effective in practicing any checks on the executive due to several reasons. Among these are legal constraints on its role, the hegemony of the president's General People Congress party over the National Assembly seats and most of the leading positions in the government, and the profiles of the members of the parliament - which reflected low levels of education or even illiteracy, and many has come from military and security backgrounds - that did not pose any challenge to the executive power. On another note, the parliament members have bared very diverse personal, tribal and regional interests, hence the Yemeni parliament witnessed indecisiveness in many political issues owing to the very different composition and interests of its members. In light of this, the electoral system served a limited number of citizens in Yemen, favoring local tribal Sheikhs, regional leaders and other personnel who had interests in the public resources of the country (Robinson et al., 2006; BTI: Yemen, 2010). This has also been mentioned also during the interview (A37) with a Yemeni professor, who highlighted that elections were controlled mainly by the tribes and they can never be challenged, mentioning that few are in control of the country's resources and the whole political system. According to the constitution, the judiciary is independent stating that: "the judges are independent and not subject to any authority, except the law. No other bodies may interfere in any way in the affairs and procedures of justice. Such interference shall be considered a crime that must be punished by the law" (Yemen Constitution, 1994: article 147). But in practice courts in Yemen are inefficient - it takes years for cases to be settled - weak and severely corrupt, facing regular obstacles in enforcing law due to the intervention of the executives. Even though the President serves no longer as the head of the Supreme Judicial Court, he appoints its chairperson, therefore the actual situation marked a submissive judiciary to the executive (BTI: Yemen, 2010; Robinson et al., 2006; U.S. Department of State, 2015). During the interview (A36) with a former Yemeni official, he stated that: "the judicial authority is powerless, not taking any role in the Yemeni system".

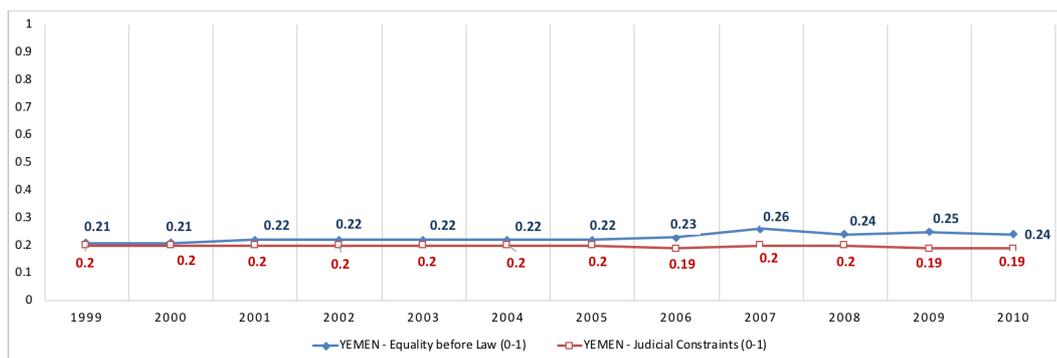


Figure 64: Rule of Law in Yemen

Reflecting on this, Polity IV categorized Yemen as a ‘close autocracy’ scoring (-2) for all the years under study. As for rule of law, the country has been performing among the worst in the region scoring an average of (0.23) on the equality before law index and a score of (0.20) on the judicial constraints on the executive. In this regard, there is no efficient system of checks and balances, since the president has complete dominance over the country which has been more formalized through the constitutional amendments in 1994 and 2001. Also, the overwhelming majority of his party in the parliament and the weakness of the judiciary served to centralize his powers. The expert (A36) has iterated on the existence of patrimonial relations and clientalism, which have been the basis of the political system in Yemen. This was evident since the president’s close circles have held the majority of high-level positions in the government, and he managed to distribute other positions to his sons, military personnel and tribes in order to maintain their political loyalty and support. That being mentioned, the lack of rule of law has deepened corruption in Yemen, which indicates a negative relationship between both variables.

Regarding political rights, even though Yemen is hypothetically a multiparty system, the actual practice reveals its being ruled by a single party - the General People’s Congress party; the former ruling party of North Yemen. President Saleh has been heading the party, enabling it to maintain hegemony over the different government institutions. Also, in municipal levels the General People’s Congress party dominated the administrative positions where during the elections (in 2001 and 2006) they won with absolute majority. The country witnessed a number of elections on municipal, parliamentary and presidential levels since its early establishment in the 1990s. While elections were problematic,

and violence erupted on several occasions, considerable organization and improvements were realized with the supervision of domestic and international observers. Still the election law favored the ruling party and irregularities during voting and registration occurred frequently. Opposition political parties have been tolerated in Yemen, but the president has constantly worked on weakening their activities through institutional and political limitations. The Islamic party - the Yemeni Alliance for Reform (Al-Islah) - has been closely aligned with the General People's Congress presenting a powerful ally but this has changed when the government started to oppress Islamic movements. Another prominent opposition party was the Yemeni Socialist Party - the former ruling party in South Yemen - which has often challenged the hegemony of the General People's Congress presenting the main opposition party (BTI: Yemen, 2010; U.S. Department of State, 2015). Freedom of association and assembly have been primarily allowed as long as they don't get close to the national unity or the president, facing several constraints on their activities. It is worth noting that a strong diverse web of autonomous groups and associations exist in Yemen, which are non-institutionalized but based on tribal and family ties, being restricted to the members of the tribe or family. Those are built on trust relationships and are usually self-organized. The strength of tribes in the country decides the rights given to the citizens and also some of the tribes identify themselves more as tribe members and less as Yemeni citizens. This is due to the restricted state powers practiced over the people, leaving them with limited identification with the state. Contemporary civil society in Yemen is relatively weak with less financial resources and management skills. NGOs are insignificant with basic organizations and the government has no clear stands towards them. However, intellectuals, artists or civil society actors who are critical to the government face harsh treatment, kidnapping and imprisonment. As for civil liberties, all Yemeni citizens are equal, but violations exist, and the 'war on terror' has also negatively affected human rights giving the government the right to take hostages and violate civil rights, which was documented by the Human Rights Watch in 2008. And even though the state functions with modern secular institutions, religious codes have been part of the political scene. Shari'a is the main source of legislation in the country according to the 1994 amendment to the constitution, which negatively

impacts the minor religious groups in the country like the Jews (Robinson et al., 2006; BTI: Yemen, 2010; U.S. Department of State, 2015).

Reflecting on this, political rights have sustained scores between (5) and (6) in Yemen indicating the strict control of Saleh on the political participation in the society. The reality in the country reveals that tribal and religious traditions regulated the public and private life, much more than the political institutions and associations. This has been clear from the literature as well as the expert interviews (A35; A36; A37), indicating that the lack of proper channels for political participations of the masses can be a cause for political corruption, especially with the privileges given to the tribes and the ruling party at the expense of the general masses.



Figure 65: Regime Characteristics in Yemen

As for freedom of press, the 1994 constitution (article 41) guarantees freedom of expression “within the limits of the law”. There is close scrutiny and intervention from the government in the work of journalists who often faced harassment when reporting on sensitive issues like corruption or domestic conflicts. Generally, the media environment as a whole is suppressed and considered not free, functioning under extreme pressure from the government and armed opposition groups. Also, internet censorship is common. Therefore, the ranking of Yemen in the Press Freedom Index has been constantly low (ranking 170/178 in 2010) since the security forces have been violent against demonstrations oppressing harshly political activists. This demonstrates the oppression practiced by the government not allowing any freedom of opinion or expression to be voiced against the regime, which can explain the existence of corruption among the political elite.

Looking at the regime characteristics in Yemen, it is obvious that since the 1990s after the unification, power has been centralized in the hands of the

president and his ruling party, with no parallel powers in the political system or any checks on the executive branch. In this concern, political participation and the freedom of expression have been limited indicating very less input in the political decision-making process from the general masses. Few groups have enjoyed political privileges in the society. This indicates that political corruption has been clearly rooted in the political system with the low respect for rule of law, limited political rights and freedom of press.

❖ Economic Status

During the early years of Saleh's rule, the economy mainly relied on agriculture, local industries and remittances from abroad. Over the years of his rule, Saleh has continuously centralized the distribution of power and wealth establishing a system of patronage based on oil rents and access to business opportunities, where his family members have been appointed to vital positions in the state-owned companies (Hill et al., 2013). In this concern, the V-Dem state ownership of the economy has scored (2.35) for all the years under study denoting direct and indirect state control over the main economic activities. This hold true as the state involvement was clear in many sectors like the wheat market, transportation, telecommunication and media. These enterprises have dominated the market through monopolies and oligopolies. Therefore, privatization has witnessed slow development in the country, with few small-sized public companies being privatized. The big state-owned companies have remained under the control of the government. This suggested a deep-rooted interest of the several groups controlling the economy to keep state monopolies untouched; having the government widely involved in the economy (BTI: Yemen, 2010; Hill et al., 2013).

Moreover, the government has monopoly over the oil sector, in which Saleh himself has been the main actor being in charge of major deals and production agreements with oil companies. The Yemen Petroleum Company dominated the field of import and distribution. International companies have been present in the hydrocarbon sector, but their contracts were reported to the Ministry of Oil and Mineral Resources through the Yemen General Corporation for Oil and Minerals. Corruption in the oil sector has taken place in the allocation of service contracts

and import/export deals. The president has also allocated subsidies on a quota basis in fuel products to his relatives and close elites, who consequently can sell and trade their quotas in the market freely. On a general note, the Yemeni economy became dependent on imports and services that were mainly generated through oil wealth, being highly reliant on the revenues from oil constituting 80-90% of all the government revenues and the natural resources rents had an average of 33% over the period of study. And though oil in the country is limited and expected to deplete in a decade, the country has not worked on diversifying its economic and industrial activities. In light of this, natural resources endowments can present a cause for corruption in Yemen taking into consideration the above-mentioned arguments (BTI: Yemen, 2010; Hill et al., 2013).

During the late 1990s, Yemen has started to liberalize the economy and the banking sector, along with cutting some subsidies. Technocrats under the guidance of the IMF and the World Bank conducted efforts to assist the government in achieving economic liberalization. The elite has largely benefited from those liberalization policies implemented and established big trading networks. The tribes, big families and businessmen have controlled the vital economic activities. During the 2000s, as oil production started to decrease a new generation of investors - lead mainly by Saleh's son - began to rise among the elite to advocate reforms in the economic sector and allow for a post oil economy.

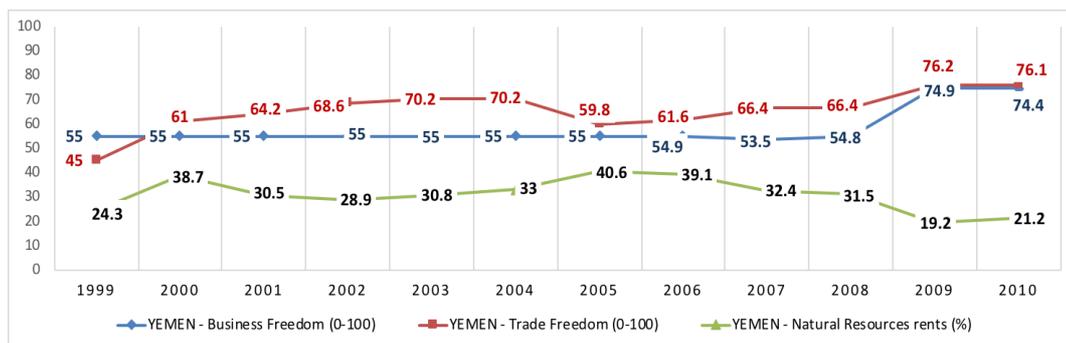


Figure 66: Economic Status in Yemen

Regarding trade, Yemen has applied for the WTO membership in 2000 and has worked since then on liberalizing economic policies, foreign trade and reducing tariffs, and it succeeded in 2014 to become a member in the organization. Competition has opened up slowly and the government has only cautiously initiated uniform rules for the market participants. Reflecting on this, business freedom in Yemen has scored an average of (55) being categorized as ‘repressed’

economy, and trade freedom has scored an average of (65) over the years. This shows that the poor quality of regulations as well as the less economic openness of the country not being able to access the WTO until 2014, have been causing higher corruption levels in the country (Robinson et al., 2006; BTI: Yemen, 2010; Hill et al., 2013). In this concern, during the interview (A36) with a former Yemeni official, he mentioned that: “grand corruption is very clear as well as petty corruption due to the lack of any efficient mechanism to enforce laws or even draft effective ones to regulate the economy. The economy is under the control of the ruling elite, tribes, businessmen, technocrats and the military”. To elaborate, the regulatory and administrative structures in the economy have been less developed with the absence of monitoring mechanisms. The taxation system in Yemen is underdeveloped characterized by less popular trust and widespread reports on bribery, and the low salaries for civil servants gave ground for bribery to flourish. Also, the customs administration lacked a strong system of evaluation, investigation and dispute resolutions mechanisms which made it easy to behave unethically. The procurement process lacked transparency and accountability, encouraging rampant corruption on all levels. This is due to the ministries’ sudden procurement decisions, and renegotiating contracts with winning bidders which has been a common act leading to delays and spread of corruption throughout the whole process. Further, private property in Yemen is regulated but there is lack of proper land administration and clear guidelines where property rights are not honored. Absence of documentation and struggles over land ownership have had severe impacts on investment where fraud cases were reported. As for the banking sector in Yemen, it is underdeveloped but still dominates the financial sector and a stock market doesn’t exist. The country is among the world’s big sources of illicit capital outflows as between 1990 until 2008, huge amounts of money left the country. This gives a clear idea on how corruption has taken root in the country where sovereign domestic wealth has been stolen<sup>154</sup> (Robinson et al., 2006; BTI: Yemen, 2010; Hill et al., 2013).

Looking at the economic status in Yemen, it is clear that grouping all the economic variables shows a strong negative relationship with the perceived levels

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<sup>154</sup> GAN Business Anti-Corruption Portal, Yemen Corruption Report. Available at: <https://www.business-anti-corruption.com/country-profiles/yemen/> (accessed 15/08/18).

of corruption in the country, due to the lack of proper regulations and economic institutions, less economic openness and the tight controls of the ruling elite and its clans on the economy with its various activities, where Saleh himself is a main decision-maker in the oil field activities.

❖ Development Status

Yemen is the poorest among the MENA region countries witnessing low levels of human development. Its political instability along with the depleting oil reserves and weak economic performance has contributed negatively to the society's welfare. The population is around 24 million, and despite development assistance efforts, the country suffers from high rates of poverty and food insecurity. According to the Human Development report 2007/2008,<sup>155</sup> the population living below poverty line of 2 dollars per day reached (45%), where social exclusion is extensive on all levels in the society. The World Food Programme estimated that more than 45% of the population lacks enough food to satisfy their needs with around one million children suffering malnourishment. People without access to clean water and sanitation were estimated to reach 13 million, and people with no access to health care were around 6 million. The majority of the population is farmers living at a low socio-economic status excluded from development. The gap between rich and poor is wide, and the Gini coefficient was (35.8) in 2005. The government expenditures on social insurance are very modest covering only the civil servants. And support for elderly, ill and unemployed is generally taken care of through family and tribal networks which present the informal social structures. International assistance takes a big part to help the government deliver some services because the state capacity proved to be weak and the policies of the different governmental entities are poorly coordinated reflecting the malfunctioning administration (Robinson et al., 2006; BTI: Yemen, 2010; Hill et al., 2013). Altogether, the increasing income inequality and poverty rates show direct positive relationship with corruption, explaining the widespread of both grand or petty corruption in the country.

The education sector witnesses a lot of shortcomings, ranging from low

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<sup>155</sup> UNDP Human Development Report 2007/2008, available at: [http://hdr.undp.org/sites/default/files/reports/268/hdr\\_20072008\\_en\\_complete.pdf](http://hdr.undp.org/sites/default/files/reports/268/hdr_20072008_en_complete.pdf) (accessed 15/08/18).

government expenditures averaging to one percent (in contrast to high spending on arms and military equipment averaging to 6%), with lack of basic infrastructure, poorly trained teachers and the presence of ‘ghost workers’ is reported to be very high in the Ministry of Education along with other forms of corruption. More than half of the population is literate with more literacy among males than females, and in urban areas than rural ones. Also, rural areas are deprived modern institutions of education, as they cannot access it. And research and development facilities are nonexistent. (Robinson et al., 2006; BTI: Yemen, 2010; Hill et al., 2013). This in fact resulted in a low quality of education among the Yemenis. Hence, being a poor country with an undeveloped education system, Yemen has a large percentage of unqualified labor force and government bureaucrats. This is mirrored in the maladministration and the less capacity of the government institutions. The lack of good quality education presents a cause of corruption in the country due to the absence of proper means of gaining knowledge as well as awareness, which explains the spread of petty corruption among the masses in the country.

As for women empowerment, they are underrepresented in the private and public life, with an average of (22%) in labor force mainly in the agriculture sector and around 20% in the public sector as civil servants. The World Bank estimates literacy rates for women to be less than men, and only one woman has served as a member of the parliament and two were ministers during the period of study. There have been many calls for introducing quotas for women in the parliament which remained undecided owing to the conservative politicians stands who discouraged this approach (BTI: Yemen, 2010). Still, women empowerment does not show a clear relationship with the high levels of corruption in the country.

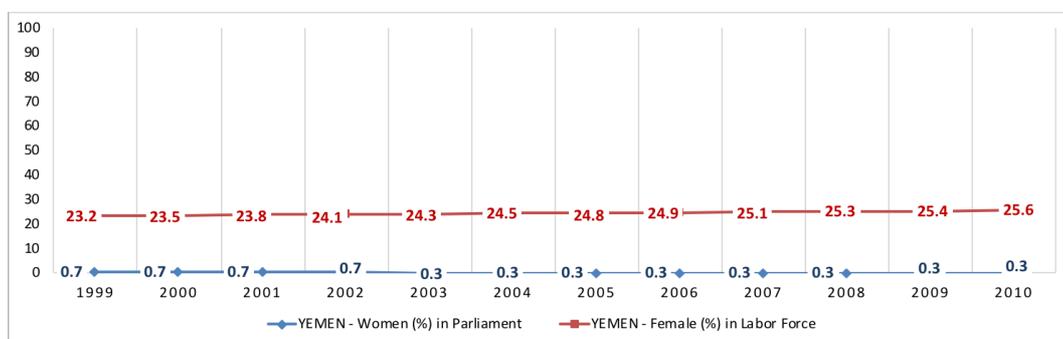


Figure 67: Women Empowerment in Yemen

Grouping the development variables together indicate the widely evident lack of proper welfare benefits for the masses, poor quality of education, high poverty rates and income inequality. In this regard, poverty rates and income inequality demonstrate a clear positive relationship with the levels of perceived corruption in Yemen. While the literacy rates and women empowerment do not reflect a causal relationship with corruption.

### Brief

Despite unification, politics in the country continued to reflect regional and tribal self-interests, which is basically obvious in the distribution of resources in the country. Competition and confrontation between the North Congress Party and the South Socialist Party has remained a constant source of instability in the country. Generally, the population is fragmented along tribal, sectarian and economic levels creating different identities far from the national Yemeni identity. Tribes present a main pillar in the Yemeni state; being a main political and economic actor in the country. And as the political scene in Yemen is based on an elite of military, tribes, and the ruling party, the economic scene is also widely based on the same actors where Saleh's patronage relied on oil rents and access to private businesses. In this regard, the political variables imply a strong negative relationship with corruption, as well as the economic ones.

Being among the poorest and least developed countries, Yemen has fragile institutions, low skilled civil servants, underdeveloped infrastructure, low education quality and deficiencies in services. As for corruption, the most common form of corruption is the acceptance of bribe by a civil servant, where there is no minimum wage, therefore petty corruption is widespread. This is enhanced because of the poor administrative capacities, the poor quality of education which enhanced the lack of awareness and developing a critical intellect. And grand corruption has taken root based on the combination of weak institutions and fragmented elite. Informal networks have increasingly abused the state resources to serve their own interests, where the oil wealth has been a main source of grand corruption. This has even resulted in a weaker Yemeni system in which few groups have been dominating the scene. These groups are: the tribes coming from North Yemen, military officers, the businessmen who are closely

linked to the president, and the technocrats who present the new source of experience in the government (Robinson et al., 2006; BTI: Yemen, 2010).

That being said, the Yemeni regime has been controlled by Saleh, his ruling party and the military being the backbone of the system which have consolidated their powers and enhanced chances for corruption to flourish widely. And the most evident causes of corruption in Yemen are the low respect for rule of law, poor quality of regulations, less economic openness, and high poverty rates.

## **Causes of Corruption in the Mashreq Region and Yemen: A Cross-National Comparative Analysis**

As previously mentioned, the Mashreq countries and Yemen reflect diverse political and socio-economic conditions, unlike the homogenous circumstances prevailing in both, the Gulf and North African regions. Still, the three Mashreq countries and Yemen have witnessed very high levels of corruption compared to the other two regions during the period of study (1999 - 2010).

The political systems in Jordan, Syria and Yemen have been authoritarian, while Lebanon is 'theoretically' the only democracy among the whole MENA region. The four countries have lacked efficient checks and balances systems. This is primarily due to the reality that the political institutions within the four countries have been weak; unable to attain any proper good governance in the face of the executive authority. The four countries lack full integration in the global economic system. Furthermore, they have shared poor administrative structures and incoherent economic procedures that can properly regulate their markets. The countries have witnessed lack of transparent policies which have given ground for the ruling elites and their inner circles to own big shares in the economic activities without facing any restrictions or monitoring. Building on this, the developmental and societal circumstances in this region and Yemen have been lacking many aspects regarding fully satisfying people's needs.

The following section addresses the 10 hypotheses of the study across the four countries to give an overall view on the different causes of corruption within the four countries in this region.

*Hypothesis 1: The higher the respect for the rule of law, the lower the levels of corruption in the country.*

Jordan has been the best performing country on both indicators of the V-Dem, scoring relatively above (0.50). While Syria and Yemen have scored rather below (0.50) on both indicators. Lebanon performed poorly on the judicial constraints on the executive index scoring below (0.50) indicating different scores in the abidance by the rule of law in these societies. Therefore, the most corrupt countries have scored quite low on both indices, where Jordan had rather higher scores compared to the rest of the case-studies and Yemen scored very low on

both indices. This goes in line with the four countries' variations in corruption levels.

By and large, the balance of powers among the three branches of authority in the Mashreq countries and Yemen has been missing, where the judicial constraints on the executive powers have been limited - especially in Syria which scored the worst among them (0.08) on the V-Dem index. This low respect for the rule of law, especially the judicial constraints on the executive powers, has been the most robust cause of the high levels of corruption across the four countries.

*Hypothesis 2: The higher the respect for political rights, the lower the levels of corruption.*

Political parties faced limited freedoms in the Mashreq countries and Yemen. The best performing is Jordan (scoring 4,5, and 6 during the period of study), followed by Lebanon and Yemen (scoring 5 and 6) then Syria (scoring 7). This relatively goes in line with the four countries' corruption levels, indicating a negative relationship between political rights and corruption in these countries.

In this sense, the countries have witnessed powerful consolidated authorities in the hands of the ruling elites, along with the support of significant tribes, religious sects and the military institution. The powers of the rulers were never challenged or contested during the period of this study (except Lebanon). The political systems within the four countries lacked political equality, since political participation has been limited in various ways (central role for the ruling party, repressing opposition parties, influential tribal networks, polarization and sectarian interests). In this regard, the parliamentary elections in the respective countries led to the existence of loyal profiles as members of the parliament. Moreover, there have been clear legal restrictions on association and assembly rights especially clear in Yemen and Syria, and the civil society organizations had mainly focused on nonpolitical roles within the societies, facing restrictions on their conduct.

More precisely, tribes have played strong roles in the decision-making process in Jordan, religious sects determined the authority arrangements in Lebanon, the Ba'th party and the military have been the supporting pillar for the minority Alwaite rule in Syria, and the tribal interests, the military along with the central

powers of president Saleh and his ruling party have controlled the whole system in Yemen.

*Hypothesis 3: The higher the freedom of press, the lower the levels of corruption.*

According to the Reporters without Borders Press Freedom index, Lebanon ranked better than the other three countries during the period under study. Meanwhile, Jordan ranked good compared to Syria and Yemen which have been ranking worst among all the case-studies. In this regard, the varying rankings and scorings goes comparatively in line with the four countries scores on the Corruption Perception Index. Yet, Lebanon presents an exception as it witnessed higher corruption than Jordan, even though it scored way better on the freedom of press indicator.

With the exception of Lebanon, high censorship has been imposed on media contents and restrictions on the freedom of expression were in place in the three countries using varying approaches and degrees of state intrusion. Journalists even faced imprisonment and harassment in Syria and Yemen, and the media has been cautious in addressing sensitive topics. That being said, there is a causal relationship between freedom of press and corruption across the region and Yemen.

*Hypothesis 4: The better the quality of regulations, the lower the levels of corruption.*

Jordan and Lebanon have performed well on the business freedom indicator, meanwhile, Yemen and Syria have scored relatively low over most of the years, showing less regulatory efficiency in the economy. And the countries had similar values on the V-Dem state ownership of the economy indicator, denoting direct and indirect control of the economic activities. This made it difficult to reach an outcome relying on this indicator to explain the relationship between the government control of the economic sectors in the country and corruption. In this regard, even though the indicator is not measuring accurately the variable, it gave an idea on how the economy is running in the countries under study.

Still, in Jordan, Lebanon, Syria and Yemen, the absence of transparent sets of procedures and the poor quality of regulations have given ground for grand

corruption to flourish, where in Jordan nepotism has been a common accepted behavior, in Lebanon the strong existence of patron-client networks has been directing economic activities, in Syria the Alwais minority has extended crony capitalism, and in Yemen the combination of informal networks among the elite, businessmen, tribes and the military have increased corruption within the country.<sup>156</sup> That being said, this variable implies a strong negative relationship with the levels of corruption across the four countries.

*Hypothesis 5: The more the economic openness, the lower the levels of corruption.*

Jordan has been performing better on the trade freedom index compared to the three other countries, followed by Lebanon, Yemen then Syria. The four countries had varying trade freedom scores during the period of study, indicating an unsteady trading system. And looking at the WTO membership, while Jordan became a member in 2000 and Yemen joined recently in 2014, Syria and Lebanon have not become members in the organization to date.

By and large, the presence of trade barriers in the four countries have been vivid, as the late accession of Jordan and Yemen and the non-accession of Syrian and Lebanon corresponds to their being among the worst performing countries on the CPI across the MENA region. These countries have had rigid trading systems, with barriers on investments and fragile institutions. Moreover, the relative dysfunctionality of the economic structures across the four economies has wasted the opportunity to integrate properly in the international markets. Therefore, it is clear that the hypothesis on economic openness have demonstrated a negative relationship with corruption.

*Hypothesis 6: The more natural resources endowments, the higher the levels of corruption.*

This variable has been analyzed based on the percentage of natural resources rents from the GDP - as an indicator - to present the amount of rents of the natural resources in a given country. Looking at this variable across the cases, it has not implied precise causal relationship with corruption.

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<sup>156</sup> Please refer to the case-studies for further discussion on those aspects.

Both, Jordan and Lebanon have minimal natural resources, where the rents have no significant percentage, while Syrian and Yemen are comparatively rich in resources with rents averaging 25% for the years under study. The regimes of both countries (Syria and Yemen) have been in full control over the management of oil resources, where President Saleh himself has been a decision-maker in this field in Yemen. Still, the natural resources endowments have not indicated a strong causal relationship with the intensity of corruption across these countries, where data on management of this field has been missing.

*Hypothesis 7: The higher the level of income inequality, the higher the levels of corruption.*

Data on income inequality is available for one year, where Jordan's income inequality reached (36), Syria and Yemen reached (35), while data for Lebanon is missing. The expert interviews as well as the international reports have been useful in reflecting upon this variable, demonstrating that income inequality has been obvious within the societies of the four countries, especially reflecting on the elites, who have enjoyed all the privileges while the general masses have been deprived of many basic welfare needs. In light of this, the experts have emphasized the existence of severe grand corruption where the resources are not allocated properly to serve the needs of the people, resulting in either the waste or abuse of these resources for the benefit of those in power and their close circles. In this regard, and relying on the data, literature and expert interviews, it can be said that income inequality has caused higher levels of corruption in the four countries.

*Hypothesis 8: The higher the poverty rates, the higher the levels of corruption.*

The percentages of people living below the national poverty lines across the four countries have corresponded to their rankings on the CPI, where poverty rates were 13% in Jordan, 27% in Lebanon, 30% in Syria and 34% in Yemen. In this concern, the experts interviewed have noted that the data on poverty rates is not accurate, where poverty is spreading deeply among the populations of these countries (especially Yemen), reaching higher rates than the documented. The spread of poverty and the very low wages has given ground for petty corruption to spread widely across all levels of the bureaucracy in the four countries, which

have been enhanced with the nonexistence of efficient systems with clear monitoring over the conducts of behavior of the civil servants. More precisely, the persistence of poverty in Lebanon and Yemen has given extensive ground for higher petty corruption levels to take place, where Yemen has been the poorest and most corrupt country across all of the case-studies in the MENA region. Looking at the four cases, this variable shows a causal relationship with

*Hypothesis 9: The higher the literacy rates, the lower the levels of corruption.*

Literacy rates are high across all the cases reaching 99% in Jordan, 98% Lebanon, 92% in Syria and 76% in Yemen. Even though literacy rates have been high across all four countries (except in Yemen), the quality of education has been poor. Also, the services are not adequately delivered, leading to an inconvenient standard of living for the general masses, where some basic services are not well-maintained or even accessible in the first place. And the poor quality of education intensified ignorance among the masses, generating societies that are accepting to conduct unethical behaviors to satisfy their needs. Moreover, the lack of adequate level of awareness resulted in the absence of basic knowledge of their civil rights and therefore lessened the critique of the population towards their governments.

In this regard, it is worth noting that each case-study has not shown a direct relationship between literacy rates and corruption. And throughout the analysis of the case-studies, it has been obvious that the 'quality' of education presents a valid variable to explain corruption levels in the countries under study. To elaborate, Jordan which ranks better than the rest of the countries regarding corruption levels - have good education systems in place, offering quality basic and higher education for all the citizens. While the rest of the countries have exhibited that education lacked many aspects to be of good quality and accessibility to all members of society, which have negatively affected corruption levels in these countries. Lebanon, Syria and Yemen have been witnessing widespread petty corruption among their masses, since the general masses are ignorant and engaging in unethical actions is widely accepted. However, looking comparatively at the four countries' literacy rates in correspondence with their corruption levels, shows that there might be a causal relationship between both variables. By and

large, it can be said that the lack of proper education intensifies the chances for petty corruption to spread among the general masses.

*Hypothesis 10: The better women's empowerment, the lower the levels of corruption.*

As for women's empowerment, the World Bank data on the percentage of women in the labor force and the percentage of women in the parliament for the countries during the years under study, have shown that women have been deprived of many their social and political rights in the four countries, having very less percentage on both indicators. More specifically, there is lack of gender and social equality across the four countries; women are not active in the political scene compared to men. Still, there is no obvious causal relationship between women empowerment and corruption in the Mashreq region and Yemen, where the similar circumstances in the four countries did not assist to reach a conclusion on this hypothesis. Yet, the social inequality and discrimination against some groups in Lebanon and Syria, indicated to be strong causes of corruption, where favoritism and nepotism have been main features in both societies, hindering social equality among the masses.

To sum, the political dimensions across the four regimes had diverse ways in intensifying corruption, through the tight political practices and the complete hegemony over the political system by the ruling elites, leading to very high levels of corruption especially in Lebanon, Syria and Yemen. And the ruling elites had purposefully managed the economic sectors; pursuing their own personal interests. The lack of efficient structures and monitoring systems triggered petty corruption to flourish among the lower levels of administration and at the same time, allowed the elite to manage the economy being unsupervised. The fragile economic institutions and the low performing economies in the region have caused grand and petty corruption to take roots, in light of the combined characteristics mentioned earlier. These countries have also witnessed relatively low standards of living, poor educational systems and low wages, which caused higher corruption levels (except Jordan). And on another note, the vivid social inequality among the populations have wasted various civil liberties and rights within these countries, deepening preferential treatments and depriving some groups from being well

integrated in their respective societies. This indicates the presence of unethical behaviors where there is clear lack of equality among the masses receiving certain services and rights within their respective countries. In Jordan, Palestinian and Iraqi immigrants are discriminated against. In Lebanon, polarization for certain sectarian groups is prevalent in everyday life. In Syria, the minority Shi'a rule versus the majority of Sunni Muslim population has deprived the publics from many benefits. And in Yemen, the North and South regional tribes and loyalties have dominated the scene and distribution of resources.<sup>157</sup>

Therefore, the political variables grouped (rule of law, political rights, freedom of press) have shown an obvious negative relationship with corruption in the Mashreq region and Yemen. And two of the economic variables (quality of regulations and economic openness) have shown a clear negative relationship with corruption across the four countries. As for the development variables (literacy rates, poverty rates, income inequality and women empowerment), poverty and income inequality have shown a positive relationship with the intensity of corruption among the four countries. In this regard, a robust cause of corruption in Yemen is poverty, where it has the highest poverty rates in this group witnessing also the worst corruption scores among the countries in the group.

Looking at each country's unique features that have deepened corruption, the sacred 'divine' authority of the Royal King in Jordan tracing back to prophet Muhammed and his wide uncontested authorities relying on Hashemite family's rule (according to the constitution), cannot be challenged in any way, where the slogan of the country is "God, the nation, the king". This has caused more political corruption to take place, without being questioned. The democratic features in the Lebanese political system has been hindered. This is due to the rooted loyalties in the sectarian political structure determining the political leaders, the polarization of certain sects, the long civil war and the integration of militia leaders within the political system. This nexus caused high levels of corruption in the country. The minority Alwaite rule in Syria through the strong grip of power in the hands of the Ba'th party, backed by the military presence within the domestic political process and the enacted martial laws, have wasted any political inputs from the masses in the decision-making process. This has resulted in an unaccountable political

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<sup>157</sup> See the individual case-studies for further details.

regime which has absolute powers invested in the hands of the president, his party and the military, causing political corruption to be rooted in the system. The unification of Yemen in 1990 has created a system based on the central authority of Saleh, who consolidated his authority with the support of the ruling party, the military and the regional tribes to curb any challenging powers to his regime. The president has enjoyed supreme powers in the country, along with his supporting circles who deepened the corrupt practices in the regime.

In a nutshell, the four countries had strong elites in control of the political and economic scenes, allowing less participation in the decision-making and hindering much of the civil rights and freedoms. They have been unable to develop their economies in a way that allows economic growth, competition and trade openness, where the four countries did not integrate fully in the global markets until today, having fragile administrations, dysfunctional economic institutions and restrictions on investments and trade. The rigid political scene and the poor economic structures have led to higher poverty rates among the masses in these countries and the absence of good quality of life for their peoples. This abuse of resources along with the meagre abundance by the rule of law, where the elites were never accountable to the people, have intensified petty and grand corruption to be widespread in the four countries.

## **Chapter IX: Causes of Corruption in the MENA Region - A Cross-National Comparison**

In order to conduct the systematic cross-national comparison across the MENA region countries, this chapter builds upon the analysis of the causes of corruption in the countries of the three regions (chapters VI, VII, VIII) and the literature review on the causes of corruption (chapter III). It is worth emphasizing that the three regions have exposed dissimilarities regarding several political, economic and social aspects. More specifically, the six countries in the Gulf region shared common features and the five countries in North Africa also displayed similar conditions on several levels, whereas, the three Mashreq countries and Yemen have reflected variations regarding many dimensions. In this concern, the structured focused comparison method has been employed to enable a similar scheme for analyzing the 15 countries and facilitate comparing their causes of corruption systematically. And the Most Similar Systems Design have been employed to assist in comparing the countries within the Gulf and North Africa, as they share similar settings, while excluding the Mashreq and Yemen which expose high variation (chapter IV).

The first section of this chapter addresses each of the 10 hypotheses across the MENA region countries, the second section groups all the hypotheses together to analyze how they might intermingle or relate to each other as causes, catalysts or triggers of corruption, and the third section highlights the distinctiveness in some of the countries regarding their exclusive causes of corruption.

### **Comparing Across each Hypothesis:**

To begin with, the V-Dem public-sector corruption index is used together with the CPI, in order to give an overview on the status of corruption in the countries under study. Nevertheless, the public sector corruption scores for most of the countries did not witness vast changes during the period of study, and most of the other indicators have also scored minor variation from 1999 to 2010.<sup>158</sup> Therefore, the following analysis focuses on addressing the hypotheses directly in

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<sup>158</sup> The longitudinal analysis was intended to assist in analyzing how far corruption can relate to the different variables over the years, in order to grasp a better understanding of the phenomenon in each country.

relation to the countries, not referring to the changes in each country's scores of the indicators, as this has already been analyzed in the case-studies.

❖ Regime Characteristics

Polity IV has been used to reflect on the general regime features in the 15 countries, where all them have scored relatively low (except Lebanon). Qatar and UAE which in theory are the least corrupt countries among the MENA region - according to the Corruption Perception Index - have been categorized as 'autocracies' according to Polity IV scoring (-10) and (-8) respectively, while Libya and Yemen being the most corrupt in the region, have also been categorized as 'closed autocracy' and 'autocracy' in Polity IV scoring (-7) and (-2) respectively. The other countries have not performed well with regards to their political settings, which tells that democracy is absent among all countries in the region except Lebanon (scoring between 5 and 7) during the years under study. Thus, it is not possible to assess the impact of being a democratic state on the level of corruption due to the lack of variance of data on democracy, since almost all countries under study are illiberal democracies.

On a general note, all countries under study have witnessed authoritarian regimes with restricted political competition and mass participation during the period under study. Looking at the hypotheses under the regime characteristics, there are three interrelated variables; which are the rule of law, political rights and press freedom. The following section conducts the comparison of each variable across the 15 countries in the MENA region.

*Hypothesis 1: The higher the respect for the rule of law, the lower the levels of corruption in the country.*

The V-Dem indices have been employed to assist in analyzing this hypothesis for the countries relying on two indicators: the equality of citizens before law and the judicial constraints on the executive authority. Kuwait, Qatar, Morocco and Jordan have been the best performing countries on both indicators scoring relatively above (0.50), while Saudi Arabia, Syria, Yemen and Libya have scored rather below (0.50) on both indicators. Tunisia, Algeria, Lebanon and Oman have performed poorly on the judicial constraints on the executive index scoring below (0.50), while having different scores in the abundance by the rule of law in these

societies. Elaborating on this, the 15 cases have not scored close to (1) on both indices, presenting the bias of the judicial authority in some cases and its inability to hold the executives accountable. This is due to the centralized authorities within the MENA region regimes, where the region's monarchs and presidents have enjoyed discretionary powers not being constrained by any means, and in many countries the president/monarch nominated the judges, which hindered the judicial impartiality in the first place.

Nevertheless, looking at the region, the least corrupt countries have performed relatively better than the rest on the rule of law indices, while the most corrupt countries have scored quite low on both indices. In this regard, Qatar performed well on the rule of law indices, and although UAE and Bahrain have been missing on the V-Dem indices, the interviewees have iterated that rule of law is strictly followed and highly respected in most of the incidents. In contrast, being the most corrupt among the case-studies, Yemen and Libya have scored very low on both indices. Regarding the rest of the countries, the Gulf countries (excluding Saudi Arabia) and Jordan had rather higher scores compared to the rest of the case-studies, which goes relatively in line with their variations in corruption levels.

That being said, the arguments by Ades/ Di Tella (1996) and Sung (2002) on the existence of a negative relationship between the independence of the judicial authority and the levels of corruption, are in line with my findings on this hypothesis referring to the comparative analysis in the MENA region. Therefore, this supports the notion of the existence of a negative relationship between the rule of law and corruption, where the higher the respect for the rule of law, the lower the levels of corruption.

*Hypothesis 2: The higher the respect for political rights, the lower the levels of corruption.*

Freedom House index has been relied upon to assist in analyzing this hypothesis, where all the countries scored between (5) and (7) on the political rights index, except Kuwait which scored (4).<sup>159</sup> The lack of variation among the case-studies reflects that all are witnessing restricted political freedoms and constrained

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<sup>159</sup> Kuwait scored better due to the existence of a constant challenging parliament to the executive's power (please refer to the case for further details).

political participation. Political parties have been banned in the Gulf region countries and faced limited freedoms in North Africa, the Mashreq and Yemen. The powers of the rulers were never challenged or contested during the period of this study. In this regard, the parliamentary elections held in the countries of the region have led to the existence of loyal profiles to the elite being members of the parliament, where the chances of opposition parties to win have been negligible. Moreover, there have been clear legal restrictions on association and assembly rights across most of the countries, and the civil society organizations have had meaningless existence within the societies, being unable to influence the agendas of the ruling elite or even address certain issues. Consequently, this variable has not reflected robust findings due to the similar scores across the case-studies. In other words, the absence of political freedoms across the MENA region countries does not imply a clear causal relationship with corruption due to the similar results, where it is not possible to assess the relationship between political rights and corruption due to the lack of variance on the data on political rights among the countries. And while Treisman (2007) found that political rights are negatively related with the levels of corruption, this research did not arrive at such a clear relationship. Therefore, my finding does not directly support Treisman's argument.

Still, the general features of these non-democratic regimes, and the high restrictions practiced by the governments on political competition and participation indicate that these countries' settings give ground for grand corruption to flourish, since the political elites have managed to run the countries' affairs without being accountable or facing any challenges to their extensive powers. This conclusion directly relates to the argument made by De Mesquita et al. (2002) who contended that political elites in non-democracies sustain power and abuse their countries' resources for their personal interest, leading to higher levels of corruption, unlike democracies where the political figures are contested and strive to gain the people's trust in order to re-run for elections.

*Hypothesis 3: The higher the freedom of press, the lower the levels of corruption.*

According to the Reporters without Borders Press Freedom index, Lebanon, Kuwait, Qatar, UAE and Bahrain have been ranking better than most of the

countries in the region, during the period of study. Meanwhile, Saudi Arabia, Syria, Yemen and Libya have been ranking worst among the case-studies. The rest of the cases (Egypt, Tunisia, Morocco, Algeria, Jordan and Oman) fall in the middle, with varying ranks and scores, which goes comparatively in line with their levels of corruption on the CPI. Yet, Lebanon presents an exception as it witnessed high corruption levels, even though it scored good on the freedom of press indicator.

Still, looking at the case-studies concerning this variable, the analysis in each case demonstrates the robustness of the above stated hypothesis; where the higher the freedom of press, the lower the levels of corruption among most of the countries in the MENA region. To elaborate, freedom of opinion and expression has been highly challenged across the region, where some issues have been considered taboos and off-limits for open debates, censorship took place and criticism to the ruling elites was not allowed. Journalists in many of the countries have faced imprisonment and harassment by their governments and the media has been cautious in addressing sensitive topics. In this regard, the MENA governments deprived their peoples this right, which has given the elites a free hand to run the countries, without being criticized or questioned by the media. And it is worth highlighting that, among many of the Gulf region countries, the freedom of press scored relatively good, due to the passive publics who lacked interest in assuming an active role in the political scene, therefore they refrained from addressing any critical issues and journalists have abstained from getting into trouble for tackling these matters.

Therefore, my finding on the existence of a negative relationship between freedom of press and corruption backs the arguments of Lederman et al. (2001), Sung (2002) and Brunetti/ Weder (2003), who mentioned that a free press has a negative relationship with corruption, for it presents the corrupt and illegal actions of public officials to the general masses, acting as a watchdog over the government conduct.

#### ❖ Economic Status

The MENA countries have presented different economic statuses and structures exposing variance in the analysis of these variables, but some reflected commonality in certain features. In this realm, three variables are analyzed for each case-study throughout this research which are: the quality of regulations,

economic openness and the natural resources endowments. This section conducts the comparison of each variable across the 15 countries in the MENA region.

*Hypothesis 4: The better the quality of regulations, the lower the levels of corruption.*

The Heritage Foundation Index has been employed to analyze this variable, relying on the 'Business Freedom' component in the 'Regulatory Efficiency' indicator. The countries reflected varying scorings, where Bahrain and Tunisia have sustained free business environments over the period of study. Meanwhile, Egypt, Yemen, Syria and Libya have scored relatively low over most of the years, indicating less freedoms. The rest of the countries had different scores where some case-studies have indicated a negative relationship with corruption.

In connection to this, the V-Dem state ownership of the economy indicator has been used to explain how far the government is in control of the economic sectors in the country. This indicator has shown strong government intervention in the economies across all the MENA countries (scoring between 0.71 in Libya being the most in control of the economy and 2.94 in Morocco being the least in control of the economy), where the regimes enjoyed hegemony over the main economic sectors within the MENA countries. This has taken the forms of monopolies, oligopolies and indirect controls by the inner circles to the political elites.

It is worth noting that the lack of accurate data to precisely measure the quality of regulations hindered reaching a strong conclusion on this hypothesis. But given the realities within the countries on the absence of efficient economic institutions, vague policies and procedures and the lack of transparency in the economic regulations across many of the MENA region countries, all indicates that the existence of poor functioning economic structures has given ground for more corruption to take place across the case-studies. Moreover, corruption opportunities have increased due to the regimes' control over most of the sectors in the economy, together with less competitiveness.

Linked to this, the above-mentioned arguments support some of the literature associated to this variable. Lambsdorff (1999) has indicated that the poor functioning institutions cause corruption. Lambsdorff/ Cornelius (2000) and Gerring/ Thacker (2005) have contended that there is a negative relationship

between the quality of regulations and corruption, where vague government regulations cause higher corruption. Additionally, Shleifer/ Vishny (1993), Ades/ Di Tella (1997) and Goel/ Nislon (2010) indicated that more corruption opportunities are created when the government has a bigger role in economic activities, concluding that efficient institutions and good regulatory structures cause less corruption to take place. In this sense, my analysis - on the better the quality of regulations, the less corruption is witnessed - has reached similar conclusions, being in line with those scholars who reached the findings that fragile institutions, low quality of regulations and a bigger role of government in the economy do have causal relationships with corruption.

*Hypothesis 5: The more the economic openness, the lower the levels of corruption.*

This variable of economic openness has been explained through two indicators; the Heritage Foundation Index of Economic Freedom using its 'Trade Freedom' component within the 'Open Market' indicator, and the membership of the country in the WTO to show how long the country has been integrated in the global trading community. The Gulf region generally scored good on the Trade Freedom due to their oil richness which has constituted the main trading activity. Tunisia, Egypt, Morocco and Jordan scored low on this indicator, while Syria and Libya scored extremely low (categorized as repressed for many years). These scores are comparatively in line with most of the corruption levels across the countries in the MENA region. Looking at the WTO membership, Algeria, Syria, Libya, Yemen<sup>160</sup> and Lebanon have not joined the organization to date, which corresponds with their being among the worst performing on the CPI across the MENA region. Those countries have had rigid trading systems, with barriers on investments and inefficient institutions. Therefore, it is clear that the hypothesis on trade openness have demonstrated a negative relationship with corruption the majority of the case-studies.

Linked to this, my findings in this realm support the contentions of Henderson (1999), Treisman (1999a) and Paldam (2002) who determined a negative relationship between economic openness and corruption. Moreover, it supports the findings of Sachs/ Warner (1995), Ades/ Di Tella (1997/ 1999), Leite/ Weidmann

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<sup>160</sup> Yemen became a member in 2014.

(1999) and Treisman (2000) who argued that the more years the country has been open to trade, the less corruption is witnessed. Also, Sandholz/ Gray (2003) indicated that less corruption takes place with more involvement in international and regional organizations, and a longer duration of this integration. This specific finding goes in line with my analysis across the case-studies.

*Hypothesis 6: The more natural resources endowments, the higher the levels of corruption.*

This variable has been analyzed based on the percentage of natural resources rents from the GDP - as an indicator - in a given country. Looking at this variable across the cases, it has not indicated precise causal relationship with corruption. The data on rents have not offered a clear explanation for the variable, and it has also been challenging in light of the lack of information on oil and gas sectors in the six Gulf region countries, Algeria and Libya, since these countries manage their industries in high secrecy. In this regard, it is worth noting that among many of these countries, natural resources' revenues and rents are not stated in the government budget documents, due to lack of transparency. The rest of the cases have not indicated precision on the existence of a causal relationship with corruption. Thus, it has been difficult to assess the relationship between both variables due to the lack of reliable and precise data to enable explaining the levels of corruption referring to the natural resources rents from the GDP.

And in contrast to the above-mentioned hypothesis, the Gulf countries - being rich in natural resources and enjoying a considerable percentage of the world oil and gas reserves - have scored better than the rest of the case-studies on the Corruption Perception Index. Even though this variable has not shown a direct causal relationship with corruption, it demonstrated other outcomes. The first outcome is that the Gulf countries (except Saudi Arabia) being rich in natural resources, have witnessed less corruption compared to the rest of the countries. This can be due to the higher GDP, the small population sizes who enjoy high GNI per capita, the good institutions in place which also ensure the welfare of their citizens. The second outcome is that these governments' full control over the natural resources gave more opportunities for 'undocumented' grand corruption to occur, where most of the Gulf countries managed the oil sector through state-owned enterprises,

in which the ruling family members are holding the highest positions, administering this sector in high secrecy.

In this regard, my analysis does not go in line with the literature in this concern, where Ades/ Di Tella (1999), Leite/ Weidemann (1999), Montinola/ Jackman (2002), Kunicova (2002), Treisman (2003) and Lambsdorff (2006) reached the conclusion that the richness in natural resources gives more ground for corruption to take place through rents. However, my analysis indicates that the richness in natural resources in the Gulf region, Algeria and Libya enhanced the 'rentier state' concept, but due to lack of precise data, it can only be debated that the abundance of natural resources, along with the state's direct control over that sector and the secrecy practiced over the revenues and allocations within these activities, enhanced chances of grand corruption among the ruling elites.<sup>161</sup>

❖ Development Status

There are four interrelated variables within the socio-economic context in the countries under study, through which the case-studies have exposed varying results. These four variables are: income inequality, poverty rates, literacy rates and women empowerment.

The Human Development Index has been used to provide a glimpse on the status of the countries' societies, in order to better comprehend whether or not it is associated with their corruption levels. Looking at the regional groups (Gulf region, North Africa, the Mashreq and Yemen) reveals that the Gulf countries have been scoring better than the rest of the cases, being classified as high-income countries. Whereas, Syria and Yemen have been ranking very low on the HDI, besides being the most corrupt. This indicates that, generally the better the human development in a given country, the less the levels of corruption. This outcome supports the findings by Damania et al. (2004), Brown, et al. (2005), Kunicova/ Rose-Ackerman (2005), Lederman et al. (2005) and Serra (2006) who argued that there is a negative relationship between development and corruption.

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<sup>161</sup> Please refer to the Gulf region case-studies, Algeria and Libya.

*Hypothesis 7: The higher the level of income inequality, the higher the levels of corruption.*

This study has relied on the World Bank Gini coefficient as an indicator to analyze income inequality in the MENA region countries. Reaching a robust finding on this variable has been difficult, since data is lacking for all the oil rich countries and Lebanon, which has hindered conducting a systematic comparison over the whole region. Looking at the rest of the countries (Jordan, Tunisia, Egypt, Morocco, Syria and Yemen), the data is available for one or two years averaging (35) for all them, where these six countries have witnessed relatively high levels of corruption during the years under study. However, the expert interviews have been quite useful in reflecting upon this variable, indicating among all the case-studies that income inequality has been obvious within their societies, especially reflecting on the elites, who have enjoyed all the privileges while the general masses have been deprived of many basic benefits. In light of this, the experts have emphasized the existence of severe corruption where the resources are not allocated properly to serve the needs of the people, resulting in either the waste or abuse of these resources for the benefit of those in power and their close circles. This implies that income inequality has a positive relationship with corruption. And this outcome backs the contentions highlighted by Gupta et al. (1998), Husted (1999), Swamy et al. (2001) and Amanullah/ Eatjaz (2016) who argued that there is a positive relationship between income inequality and corruption.

*Hypothesis 8: The higher the poverty rates, the higher the levels of corruption.*

As for poverty rates, there is also lack of data for the oil producing countries. However, in some of the case-studies this matter was analyzed based on the interviews. Also, the data available for the rest of the countries does not allow reaching strong findings on the existence of a positive relationship between poverty rates and corruption levels. Still, two conclusions can be drawn from analyzing this variable across the MENA countries. First, the persistence of poverty among some countries (Egypt, Morocco, Lebanon, Libya and Yemen) has given extensive ground for petty corruption levels to spread widely, where Yemen has been the poorest and most corrupt country across all of the case-studies.

Second, the high-income countries with enjoying GNI per capita have generally witnessed less petty corruption instances and lower levels of corruption.<sup>162</sup>

The literature regarding this issue, is closely linked to the above-mentioned results where the scholars have tackled this variable through the income levels of the populations. In this concern, my analysis supports the general outcomes by Braun/ Di Tella (2004), Chang/ Golden (2004), Kunicova/ Rose-Ackerman (2005) and Lederman et al. (2005) who argued that income has a negative relationship with corruption. Also, the case-studies' analysis support the argument of Rijckeghem/ Weder (2001) who looked at the wages of public servants, contending that low wages trigger illegal acts to increase the income of those officials.

*Hypothesis 9: The higher the literacy rates, the lower the levels of corruption.*

Literacy rates are high in the region reaching an average of 90% among most of the countries. Therefore, the hypothesis on the existence of a negative relationship between literacy rates and corruption reveals invalidity. However, throughout the analysis of the case-studies, it has been obvious that the 'quality' of education presents a valid variable to explain corruption levels in the countries under study. Many of the case-studies reflected a negative relationship between the quality of education of the people and the levels of corruption. To elaborate, Qatar, UAE, Kuwait, Bahrain, Jordan and Tunisia - which rank better than the rest of the countries regarding corruption levels - have good education systems in place, offering quality basic and higher education for all the citizens. While the rest of the countries revealed - through analysis - that education lacked many aspects to be of good quality and accessibility to all members of society, which have negatively affected corruption levels in these countries.

To explain this, the good quality of education has mirrored less petty corruption among the well-educated societies, since education generally raises the critical ability of the individual, offering the basis for a rational way of thinking. And the above-mentioned countries have witnessed less petty corruption within their societies. Whereas, countries like Oman, Saudi Arabia, Morocco, Egypt, Algeria,

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<sup>162</sup> Qatar, UAE, Kuwait, Bahrain and Oman are the least corrupt countries in the MENA region and have the highest GNI per capita respectively (World Bank Data). Also, these countries have shown less or no existence of petty corruption which has been ascertained during the expert interviews and has been barely reported in the literature.

Lebanon, Syria, Libya and Yemen have shown widespread petty corruption among their masses, since the basic knowledge of the corrupt acts is absent and engaging in such behaviors is widely accepted. This supports the literature findings on the existence of a negative relationship between corruption and development, where education is a main pillar of development. These are discussed through the studies of Damania et al. (2004), Brown, et al. (2005), Kunicova/ Rose-Ackerman (2005) and Lederman et al. (2005).

*Hypothesis 10: The better women's empowerment, the lower the levels of corruption.*

The percentage of women in the labor force and the percentage of women in the parliament have been used as indicators for women's empowerment in the 15 countries. Throughout the analysis of the case-studies, it has been clear that women have been deprived of many their social and political rights in the respective countries. Yet, Tunisia was the only exception, since women are highly recognized in the constitution, still, on the ground they lacked political powers compared to men. The similarity across the MENA region countries regarding to women's statuses, shows the difficulty of comparing the effect of this variable across the 15 countries. Nevertheless, it gives a general indication that within these countries, the lack of integrating women properly, especially in the political scene, merely implies the absence of impartiality, and gives space for illegalities to take place, where there is clear gender inequality. Moreover, there exists among most of the respective countries - if not all - discrimination against certain groups within the societies (i.e. minorities, religious sects, indigenous groups, political groups, immigrants and refugees) which denotes that there is lack of social equality among the masses in many aspects, giving more room for preferential treatments and nepotism to take place based on personal affiliations in the countries under study.<sup>163</sup>

Nevertheless, my above-stated argument on women's empowerment does not directly support the studies of Swamy et al. (2001) and Dollar et al. (1999) who found a negative relationship between women empowerment and corruption. In

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<sup>163</sup> This has been mentioned in the literature, iterated during all the expert interviews and observed by the researcher during the visits to some of the countries under study.

addition, the lack of variance across the case-studies made it impossible to reach a robust outcome regarding this hypothesis. But, my analysis of the case-studies showed that gender and social inequality have been catalysts for corrupt practices to flourish among the societies, specifically obvious in favoritism and nepotism owing to kinships and different affiliations across the countries.

### **Comparing Across the 10 Hypotheses (grouped):**

Grouping the 10 political, economic and societal variables can assist in offering an overall understanding of the causes of corruption across the 15 cases, where the political and socio-economic circumstances are in a nexus impacting the intensity of corruption. All the case-studies have shown high public-sector corruption, according to the V-Dem index on public sector corruption (see country data annexes), where the ruling elites practiced huge controls over both the political scenes and the economic activities. Generally, the MENA countries have witnessed limitations on political participation, competitive elections and freedom of expression. The Gulf countries have presented the most constrained political systems lacking the mere existence of any political competition or political parties, while North Africa, the Mashreq and Yemen have had a small margin of political freedoms and elections have been taking place more often. The socio-economic developments in the MENA region have been different, along with the quality of regulations, openness to trade and the natural resources endowments. Still, the governments among all case-studies have played big roles in the economies, managing the main economic sectors, through monopolies and oligopolies. This has resulted in less openness and less integration in the international markets, across most of the MENA region countries.

First, looking at the causal relationship between political dimensions and corruption, it has been obvious across the case-studies that the MENA countries are non-democratic regimes. However, the Gulf region countries (excluding Saudi Arabia) and Jordan have been ranking better with regards to corruption levels, rule of law and press freedom. This has not indicated that this group of countries is more liberal than the rest of the countries - which is clearly reflected in the Polity IV reports and the political rights scores averaging (6) for most of these countries - but these lower levels of corruption have been mainly due to the better functioning political institutions and the wide acceptance of the public for the ruling monarchs.

This is accompanied by negligible political interest among the masses to take part in the political processes, which may explain why these countries in particular scored better on the other two indicators of equality of citizens before law and press freedom.

Moving to the economic hypotheses, all the regimes have shown clear hegemony of their governments over the main economic activities, accompanied by the lack of proper regulations across many of the MENA countries, reflecting chances of grand corruption to take place especially in the procurement processes, as noted by the GAN business anti-corruption country reports. The economic openness has been lacking among the most corrupt countries in the region, demonstrating that the inability to integrate and abide by international codes of conduct for trading, provides more opportunities for corruption to take place, hindering investments and economic freedom. The abundance of natural resources has not indicated a strong causal relationship with corruption. Therefore, my own analysis reaches the conclusion that the quality of regulations presents the most robust variable among the economic ones, having a clear negative relationship with corruption.

As for the development variables, it is clear that literacy rates and women empowerment have shown no direct causal relationship with corruption, while income inequality and poverty rates have reflected a positive causal relationship with corruption. In this regard, countries enjoying high human development, with high income levels and good quality of education have generally witnessed lower levels of corruption across the MENA region. Whereas, countries suffering from low standards of living, poor educational systems and low wages have shown high corruption levels, coupled with the presence of intense petty corruption within their societies. That being said, poverty rates, income inequality, social inequality and the quality of education present clear triggers for different forms of corruption to take place within the MENA societies.

Therefore, even though the distinct settings in each of the countries have caused corruption to take place with dissimilar manifestations, some common features have shown a strong impact on the intensity of corruption across all the case-studies. These are clear through the sustained powers of the ruling elites in the MENA region, which have presented the main triggers of corruption across the 15 countries due to several intermingled reasons. These are: the lack of

accountability of the ruling elites, their ability to influence the judicial impartiality, the vagueness and often biased economic regulations, the strong governmental presence in the economic sector, the hegemony of the ruling families over the political and economic scenes by dominating the high-ranking positions (i.e. royal family members, tribes, ruling political parties, close loyal clans), the restricted political competition, the less political participation and input from the general masses, the limited civil liberties where the civil societies are prevented from impacting the government policies, the severe censorship on media contents, where no criticism of the governments or the ruling families can be expressed, and some sensitive issues are not tolerable to be addressed in public debates. These features combined have given for more opportunities for grand corruption to take place among the elites and their clans, along with the strong presence of nepotism and favoritism within the political and economic settings, across the MENA region.

That being said, the most robust causes of grand corruption across the countries has been the meagre respect for the rule of law (especially for the legal constraints on the executive powers), limited openness to trade and investments, domination of the government over the main economic activities and the natural resources industries, and the non-abidance to regulations in many instances (poor quality of regulations in some countries) leading to widespread nepotism and preferential treatments in the market.

Moreover, the populations of the 15 countries have also witnessed varying qualities of life, where the Gulf countries have offered their citizens luxurious lives with very high incomes and welfare facilities for the general masses. While the populations of North African, Mashreq countries and Yemen have witnessed less privileged standards of living, whereby people lack some of the basic services and needs. This in turn had a clear impact on the high corruption levels across these countries. Given these arguments, petty corruption has flourished across most of the North African countries, the Mashreq and Yemen. Corruption has been widespread in Egypt, Morocco, Libya, Jordan, Syria, Lebanon and Yemen, and it is often a common and accepted act among the masses, due to a nexus of conditions within the societies. These conditions manifest in the fragile bureaucratic structures, unclear policies and regulations, absence of efficient

monitoring mechanisms, poor quality education and lack of awareness, limited civil liberties, low wages, the spread of poverty and income inequality among the peoples. Therefore, the rigid political features along with the poor quality of regulations, the lack of appropriate education, spread of poverty and income inequality have presented important catalysts of petty corruption becoming a systematic, accepted and society-rooted behavior.

By and large, my overall study on the causes of corruption within the MENA region supports the arguments of Suphacahlasai (2005), Kunicova/ Rose Ackerman (2005) and Lederman et al. (2005) who argued that democracy and corruption have a negative relationship. Also, my research comes to support the conclusions offered by Paldam (1999a), Gerring/ Thacker (2004, 2005), Treisman (2000), Montinola/ Jackman (2002) and Sung (2004) who agreed that semi-democratic or autocratic regimes witness higher levels of corruption due to their hold on power for long periods of time. As noted above, the existence of authoritarian regimes hindered the basic idea of competition and participation, resulting in widespread mostly ‘undocumented’ grand corruption. Grand corruption has been evident across all the cases within the political scene, due to the centralization of power invested in a strong executive authority and its ability to tailor laws and regulations that serve its interest to maintain the political status quo, without facing any competition, challenge or being accountable to the masses. Therefore, the judicial constraints on the executive powers have been minimal across all case-studies. That being said, my own analysis has reached the conclusion that the rule of law variable reflects the most robust in relation to corruption supported by the existence of efficient institutions in place, where there is a clear negative relationship between both variables and corruption across all the MENA region countries.

### **The Exclusive Causes of Corruption within Some of the MENA Region Countries:<sup>164</sup>**

On another level of analysis and more precisely in relation to each country, some unique variables have revealed a clear influence on the intensity of corruption within a number of the case-studies. In this regard, the minority Sunni

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<sup>164</sup> Please refer to the individual case-studies for detailed analysis.

elite rule in Bahrain, as well as the minority Shi'a elite rule in Syria, have presented principal causes of corruption in both countries, where the elites in both regimes have sustained discrimination against the majority of their populations, resulting in practices of preferential treatments and absence of basic political and civil rights for the majority within these societies. An exclusive variable has been present in Jordan, Saudi Arabia and Morocco. The kings in the three countries derive their authority from a spiritual authority, descending from God and the Prophet, assuming a religious political status that is uncontested. Since the ruling monarchs assume legitimacy based on a 'divine' authority, they succeeded in adding a thick layer of sacred unquestioned legitimacy to the royal families, within the three countries. Therefore, holding the kings accountable, through the rule of law, has been very weak. In Egypt, Algeria and Syria, the emergency laws/ martial laws have been enacted for two decades or more. This has constantly given much strength to the executive authority, and allowed them more space to disrespect the rule of law, restrict any political and civil freedoms, by the virtue of relying on the emergency statuses of their countries.<sup>165</sup> In Tunisia, the lack of press freedom has been a main cause of the intense corruption in the country, since this has been a clear concern, reiterated upon during the expert interviews.<sup>166</sup> Democracy has been wasted in Lebanon and corruption has been rooted due to the sectarian structure which determined the political leaders, based on confessional loyalties, along with the long civil war and the integration of militia leaders in the political system. This hindered any democratic practices in the country. Libya under Qadhafi was a country which lacked rule of law. He assumed the role of the 'revolutionary leader', who could not be ousted from office, and the Green Book was too vague to be a blueprint for ruling the country. Altogether, this allowed the president to act without being accountable in any way. And in Yemen, the extreme poverty among the masses has presented the most robust cause of corruption, which was evident in the case-study analysis and reiterated upon during the expert interviews.

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<sup>165</sup> The enacted emergency laws and the abuse of power by the regimes have been major causes of the 2011 revolutions in Egypt and Syria.

<sup>166</sup> The lack of freedom of opinion in Tunisia has been a trigger for the revolution in Tunisia in 2010.

In a nutshell, answering the main question on the causes of corruption in the MENA region, the main variables that stood out to impact the intensity of corruption among all the cases are the rule of law, quality of regulations and trade openness. Poverty rates and income inequality have shown a clear trigger for petty corruption to flourish among many cases. However, natural resources endowments have shown less impact on the levels of corruption in the countries under study. Women's empowerment did not show robust findings. Still, the general discrimination against women, minorities, religious sects, indigenous groups, immigrants, non-nationals, opposition parties and other groups has shown a clear lack of social equality among the masses where favoritism and polarization have obviously taken place in all cases. Also, the literacy rates turned out to have an irrelevant relationship with corruption, but the quality of education exposed a negative causal relationship with corruption. Adding to this, the human development is generally associated with corruption, where the higher the human development the lower the levels of corruption.

## Chapter X: Conclusion

The research efforts and literature on the causes of corruption have been debatable and contradicting, and in the same vein, my own study has come to emphasize this controversy, which made the overall experience of this research and its outcomes worthy. Throughout this study, analyzing the causes of corruption in the MENA region has been challenging on many levels, yet enriching.

This research has followed the structured focused comparison method to systematically conduct a cross-national comparison for fifteen Arab countries in the MENA region (namely: Algeria, Bahrain, Egypt, Jordan, Kingdom of Saudi Arabia, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, Tunisia, United Arab Emirates and Yemen). In this regard, the causes of corruption were studied on a case-by-case basis, through analyzing 10 variables that affect the intensity of corruption in each country, over the period from 1999 until 2010. Therefore, the case study research method was employed coupled with the structured focused comparison method to be able to conduct an in-depth empirical analysis of the causes of corruption across all countries. The case-studies were divided into three sub-regional groups, following a similar scheme in analyzing the phenomenon in the MENA region. Subsequently, the analysis of the various independent variables causing corruption in these countries have shown different and varying intensities in the respective countries. Furthermore, the Most Similar Systems Design was employed to locate the variation in the causes of corruption among the countries included in both, the Gulf region and North Africa, which share similar political and socio-economic features, however they experience different levels of corruption (while the Mashreq region countries and Yemen are excluded, due to their dissimilarity). This research design assisted in offering a better understanding of the phenomenon of corruption within each country on a longitudinal basis and interpret the causes of corruption in the MENA region through a comparative perspective.

The extensive literature on the causes of corruption assisted in deriving an analytical framework, which served as a blueprint for the theoretical framework of this research. It is developed - relying on the wide range of studies that identified different independent variables causing corruption - to comprehend and interpret

the causal relationship between corruption (as a dependent variable) and other political, economic and social variables, which represented the independent variables. The study derived 10 variables - which showed strong agreement among scholars - to be analyzed in relationship to corruption. In-depth explanations concerning country-specific conditions allowed exploring how each independent variable had a positive/negative causal relationship with corruption.

And the operationalization of the variables was done relying on data derived from different international organizations presenting the indicators for the study (World Bank, Transparency International, the United Nations, Varieties of Democracy project, Freedom House, Heritage Foundation and Reporters without Borders). The analysis is also supported by 37 expert interviews for the 15 countries, who gave thorough explanations and elaborations on the causes of corruption in the individual case-studies. These interviews enhanced the whole study providing a better lens; giving a real perspective in explaining corruption within the different societies in the region.

The phenomenon of corruption has had particular presence in the MENA region, and even though the distinct settings in each of the countries have caused corruption to flourish with dissimilar manifestations, some common features have strongly impacted the intensity of corruption across all case-studies. The sustained powers of the ruling elites in the MENA region presented the main trigger of corruption across all the countries, showing several intermingled political, economic and social dimensions. These are: the lack of accountability of the ruling elites, their ability to influence the judicial impartiality, the restricted political competition, the less political participation, the limited civil liberties where the civil societies are prevented from impacting government policies, the severe censorship on media content, where no criticism of the governments or the ruling families can be expressed, and some sensitive issues are not allowed to be addressed in public debates, the vague and often biased economic regulations, the strong governmental presence in the economic sector, and the hegemony of the ruling families over the political and economic scenes by dominating the high-ranking positions. These features combined have given chances of corruption to take place among the elites and their clans, along with the strong presence of nepotism and favoritism within the political and economic settings, across the

MENA region. In fact, the sustained powers of the ruling elites in the MENA countries, and the reality that they could not be challenged or altered, has deepened the illegal practices in these countries on the political and economic spheres, where accountability has been absent. Therefore, corruption has been a definite feature within these regimes, since the ruling elites and their close circles have practiced full hegemony over the political systems in all countries, enjoying dominations over the main economic activities, coupled with unregulated businesses and investments in the economy.

Still, each of the three sub-regional groups (Gulf, North Africa, and Mashreq and Yemen) exposed distinct causes of corruption, owing to the diverse conditions prevailing among the countries within these regions. The Gulf region (except Saudi Arabia) has generally performed better than the other two regions on most of the indicators and ranked better on CPI. This does not imply their being more democratic, yet, the better scores are mostly due to the well-functioning institutions, the high standards of living of their societies and the passive masses who are not willing to be engaged in the political processes. The Gulf region presented the most constrained political systems in the MENA region, where political parties are banned (political societies exist in Kuwait and Bahrain as alternatives to parties), the ruling families are in control of the political and economic scenes (holding all high-level positions), non-nationals are less privileged even though they constitute big portion of the populations, and tribal ties and kinships determine the distribution of benefits. In this sense, the phenomenon of corruption had distinct manifestation among the Gulf region countries, indicating strong occurrence of grand corruption among the ruling elites, tribes and their close circles and less vivid petty corruption taking place.

In contrast to the Gulf region, the five North African countries exposed deep illegal practices on all levels. The presidents/ monarch enjoyed full hegemony over the political systems, skipping the judicial authority, allowing very limited political participation, banning Islamic opposition groups in most of its countries, holding cosmetic elections, and less freedom of expression have been noted. Grand corruption has spread within these regimes, since the ruling elites and their close circles have dominated the vital economic activities, paralleled with the poor regulations in the economy, which led to the abuse of resources for the benefit of

those in power. Furthermore, the oil abundance in Libya and Algeria have been a catalyst for more grand corruption to take place, and both countries scored the most corrupt among the North African countries. Moreover, petty corruption was widespread - remarkable in Egypt, Morocco and Libya - due to the fragile bureaucratic structures, less paid civil servants along with the unprivileged poorly educated masses who lack awareness on basic matters. And with the existence of poverty and the increasing income inequality, unethical acts spread among the masses in which petty corruption became a common accepted behavior.

As for the Mashreq region and Yemen, the four countries also had powerful elites, along with meagre abidance by the rule of law, where the elites were never accountable to the people, allowing less input from the masses and impeding much of the civil rights and freedoms. A clear feature among them is their inability to achieve economic development, open up their economies and integrate properly in the global markets. Unstable organizations and dysfunctional institutions were in place, which led to their poor performance on many indicators. The societies among these countries (except Jordan) witnessed high poverty rates along with general low quality of life since the national resources were abused and misallocated. This has resulted in petty and grand corruption to become common within the four countries.

Furthermore, it is worth emphasizing certain features across the three sub-regions. The Gulf countries, being rich in natural resources encouraged more opportunities for grand corruption among the ruling elites, where there has been high secrecy over the revenues in these fields. While petty corruption has been less documented and witnessed among the societies within these countries, where the people enjoy a good standard of living. Yet, both types of corruption have been widespread in the other two regions, where the elites have misused the resources and distributed the benefits according to their own will, resulting in less privileged populations. The corrupt practices were enhanced with the weak rule of law and the presence of fragile institutions.

Moreover, the populations within the three regions have also witnessed varying qualities of life, where the Gulf countries have offered their citizens luxurious lives; with very high incomes and welfare facilities for the general masses. While the populations of North Africa, Mashreq countries and Yemen have witnessed

less advantaged standards of living, where people lacked some of the basic services and needs. This in turn had a clear impact on the higher corruption levels across those two regions region, and particularly petty corruption flourished across most of the North African countries, the Mashreq and Yemen. It has become an accepted act due to a nexus of conditions within the societies. These are: the fragile bureaucratic structures, unclear policies and regulations, absence of efficient monitoring mechanisms, poor quality education and lack of awareness, limited civil liberties, low wages, the spread of poverty and income inequality in the societies of these countries. Therefore, the rigid political and economic features along with the poor quality of regulations, the lack of appropriate education, poverty and income inequality have presented important catalysts of petty corruption becoming a systematic, accepted and society-rooted behavior, especially obvious in Egypt, Morocco, Libya, Jordan, Syria, Lebanon and Yemen.

To conclude, this study analyzed the political, economic and societal causes of corruption among fifteen Arab countries in the MENA region. In theory, all countries under study had constitutions which referred to the separation of powers and independent judicial authority, but in practice powerful uncontested ruling elites, and lack of checks and balances overshadowed the scene. In this realm, the meagre rule of law among many of the countries under study has resulted in higher levels of corruption, especially as the high level public officials and their clans in these countries, enjoyed extreme immunity during the period under study and were above the law. In this concern, the political causes of corruption across these countries, were clearly evident in the weak legislative authority in the face of the executive branch, the poor performance of the public institutions, which have proved to be incapable of acting independently, the lack of freedom of action among the civil society organizations to work on enhancing transparency and good governance, the shrinking space for citizens to participate actively in the political arena, the absence of free and fair elections, the limited freedom of expression, the inability to access information where huge restrictions are in place. As for the economic causes of corruption, the countries imposing trade barriers, rigid regulations and economic restrictions, have witnessed higher levels of corruption. Indeed, the elites have not been subject to any controls which offered them a free hand on the countries' resources, allowing direct and indirect government

monopolies and oligopolies in key economic sectors. Building upon this, the political and economic circumstances across the MENA region countries, had a profound impact on the socio-economic conditions of the populations. Petty corruption has taken root among some of the countries under study, due to the nexus of rising poverty rates, income inequality, poor quality of education and widespread social inequality. As a result, while the general masses had negligible chances of assuming active roles in their countries' policy making processes - being politically passive, ignorant or restricted -, the elites have enjoyed extended hegemony over the countries' political and economic spheres. This has created a vicious cycle and injustice over all the levels continued to grow across Arab societies.

In a nutshell, the independent variables that showed strong direct causal relationship with corruption are, the rule of law, openness to trade and the quality of regulations. Meanwhile, political rights, press freedom, natural resources endowments, poverty rates, income inequality and women empowerment have indicated diverse direct/indirect causal relationship to corruption within the respective countries.

In this sense, corruption has been persistent in most countries and the fight against it has been mostly wasted due to the lack of necessary good governance notions. Some basic steps are essential in order to deter the root causes of corruption among these countries. Greater political will is required to enforce anti-corruption action plans, along with the existence of clear legal and institutional structures. Also, culture plays an important role in fighting corruption, therefore tailored anti-corruption policies need to be considered, due to the different societal cultures, traditions and settings within each country.<sup>167</sup> Another critical point is paying attention to the 'sensitive political cultures' rooted in the local institutions of the different countries, when formulating anti-corruption programs. Other dimensions need to be addressed, including the weak state institutions characterized by lack of accountability, inefficient monitoring mechanisms and the underpaid public servants, which intermingle and create more opportunities for illegal acts to take place. Hence, to allow for better functioning institutions across

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<sup>167</sup> Several writings highlighted those aspects, among which are: (Klitgaard, 1988; Husted, 1999; Pech/ Debiel 2011).

the MENA region countries, there should be impartial enforcement of laws, openness in the political and economic scenes, active political participation, meaningful civil society engagement, protection of whistleblowers, free media and access to public information (on all aspects and more specific on the government spending, budgets and allocations), along with enhancing the quality of education for the peoples and spreading concrete awareness on their civil rights and accountability notions.

This research has tried to add to the literature addressing the topic in an analytical qualitative perspective, in order to reach some viable conclusions on the causes of corruption in the MENA region. Generally, studying corruption in the MENA region has presented a challenging task due to many factors, including but not limited to, the lack of sufficient and reliable data needed to conduct such research. There is a limited access to information on corruption related topics - since every attempt to access sensitive data is difficult, where security factor has been a main consideration during the whole study. Moreover, travelling across some countries in the region to gather information, collect data and conduct interviews has been extremely demanding. Still, during the years of this research, I had a fresh look on issues related to the particularity of corruption in the region, which I reflected upon within the case-studies. This research is meant to encourage further studies, as it presents a profound analysis in an underexplored region that needs more attention in the literature and specifically regarding the research on corruption, which presents a pervasive phenomenon in the MENA region.

Even though there is a plethora of research on the topic of corruption, more effort is needed to empirically analyze the causal relationship to be able to address it correctly in the first place. In this regard, qualitative empirical research presents a helpful tool to tackle distinct country-specific dimensions of corruption. Efforts have focused on the general and overall means to fight corruption in the region, ignoring in-depth examination of the phenomenon within the MENA region countries, and still the region still faces serious challenges to the efforts of fighting corruption, where most of its countries have ineffective anti-corruption strategies, coupled with the lack of well-defined approaches on establishing functioning institutions (independent and strong enough to enforce laws and regulations). This

region has reflected similar features with regard to the political, economic and societal dimensions, but variation has prevailed considering the distinctive historical developments, political and economic progress, allocation of resources and the special socio-economic conditions within each country. Therefore, when studying corruption in these countries, considerable effort and resources need to be invested in analyzing each context to reflect properly on the most suitable approaches to be employed, as generalizations and the one-size-fits-all approach have so far failed to address the phenomenon in the MENA region. In addition to this, learning from the international efforts in this regard and considering the best practices, should provide support in advancing the analysis within each of the countries. Therefore, more research on a case-study basis shall assist in providing better understanding of the root causes of corruption, and its relationship with the diverse features within the different societies. Consequently, several dimensions need to be taken into account when studying the causes of corruption in order to initiate anti-corruption agendas. That being said, research needs to give attention to the social dimensions which constitute the informal networks of corruption, where the linkage between the state bureaucracies and the community are strongly impacting the levels of corruption in the MENA region in multiple ways. Also, when studying formal institutions, emphasis is required to study why and how constitutions, laws and regulations are dysfunctional in many countries in the region, and what the means to enhance the notions of governance in such contexts.

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## Annexes

### **Annex (1): Analytical Framework (Operationalization of Variables)**

Variable	Source	Indicator – Score/ Scale/ Index Meaning (according to the source)
<b>GENERAL TRENDS</b>		
Level of Corruption	Corruption Perception Index – Transparency International. <sup>1</sup>	"Measure the perceived levels of public sector corruption in different countries and territories". Scale of 0 (highly corrupt) to 10 (very clean) + Yearly rank for each country
	Public Sector Corruption Index - V-Dem. <sup>2</sup>	To what extent do public sector employees grant favors in exchange for bribes, kickbacks, or other material inducements, and how often do they steal, embezzle, or misappropriate public funds or other state resources for personal or family use? Scale of 0 (least corrupt) to 1 (most corrupt)
<b>POLITICAL INDICATORS (Regime Characteristics)</b>		
Democracy Status	Polity IV <sup>3</sup>	Classification of regimes characteristics and transitions on a scale between "full Democracy (10), Democracy (6 to 9), Open Anocracy (1 to 5), Closed Anocracy (-5 to 0), Autocracy (-10 to -6), Failed/ Occupied".
Rule of Law	Equality before the law & individual liberty index - V-Dem.	"To what extent are laws transparent and rigorously enforced and public administration impartial, and to what extent do citizens enjoy access to justice, secure property rights, freedom from forced labor, freedom of movement, physical integrity rights, and freedom of religion?" Scale 0 (worst) to 1 (best)

<sup>1</sup> Transparency International, available at: <http://www.transparency.org/> (accessed 15/08/18). Note that this scale (0)– (10) has been used until 2011. Afterwards the scale ranged from (0) to (100).

<sup>2</sup> V-Dem., Varieties of Democracy, available at: <http://v-dem.net/en/> (accessed 15/08/18).

<sup>3</sup> Polity IV Project, available at: <http://www.systemicpeace.org/polity/polity4.htm> (accessed 15/08/18).

	Judicial Constraints on the Executive Index - V-Dem.	“To what extent does the executive respect the constitution and comply with court rulings, and to what extent is the judiciary able to act in an independent fashion?” Scale 0 (worst) to 1 (best)
Political Rights	Freedom in the World - Freedom House <sup>1</sup>	"Measures freedom according to political rights. Political rights enable people to participate freely in the political process, including the right to vote freely for distinct alternatives in legitimate elections, compete for public office, join political parties and organizations, and elect representatives who have a decisive impact on public policies and are accountable to electorate". Scale 1 (best) to 7 (worst).
Press Freedom	Press Freedom Index -Reporters Without Borders <sup>2</sup>	"Measures the degree of freedom that journalists and news organizations enjoy in each country, and the efforts made by the authorities to respect and ensure respect for this freedom". The score ranges from 0 (best score) to 100 (the worst) + yearly rank for the countries.
<b>ECONOMIC INDICATORS</b>		
Quality of Regulations	Economic Freedom Index - Heritage Foundation <sup>3</sup>	Regulatory Efficiency > Business Freedom component: "measures the extent to which the regulatory and infrastructure environments constrain the efficient operation of businesses". Scale from (0) to (100), with 100 indicating the freest business environment.
	State Ownership of Economy - V-Dem.	“Does the state own or directly control important sectors of the economy?” Scale: 0: “Virtually all valuable capital belongs to the state or is directly controlled by the state.

<sup>1</sup> Freedom House, Freedom in the World Country Ratings, 1972 – 2013, available at: <http://www.freedomhouse.org/sites/default/files/Country%20Ratings%20and%20Status,%201973-2014%20%28FINAL%29.xls> ; <http://www.freedomhouse.org/regions/middle-east-and-north-africa#.VBdkQvmSw00> (accessed 15/08/18).

<sup>2</sup> Reporters without Borders, Press Freedom Index, available at: <http://en.rsf.org/> (accessed 15/08/18).

<sup>3</sup> Heritage Foundation, The index of Economic Freedom, available at: <http://www.heritage.org/index/> (accessed 15/08/18).

		Private property may be officially prohibited”. 1: “Most valuable capital either belongs to the state or is directly controlled by the state”. 2: “Many sectors of the economy either belong to the state or are directly controlled by the state, but others remain relatively free of direct state control”. 3: “Some valuable capital either belongs to the state or is directly controlled by the state, but most remains free of direct state control”. 4: “Very little valuable capital belongs to the state or is directly controlled by the state”.
Economic Openness	Economic Freedom Index – Heritage Foundation	Open Markets > Trade Freedom component: "composite measure of the extent of tariff and non-tariff barriers that affect imports and exports of goods and services". Scale from (0) to (100) with 100 indicating best performance.
	World Trade Organization. <sup>1</sup>	Membership in the WTO: Number of years the country is open to trade.
Natural Resources Endowments	World Bank Data - World Bank. <sup>2</sup>	Total Natural Resources Rents (% of GDP): "are the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents and forest rents".
<b>DEVELOPMENT INDICATORS</b>		
Human Development	Human Development Index – UNDP. <sup>3</sup>	"Measures the average achievement in human development in 3 aspects - life expectancy, education and income levels". Categories: Very high, high, medium & low human development.
Country Classification	Country Classification - World Bank.	Based on estimates of Gross National Income (GNI) per capita: Low income, Lower middle income, Upper middle income or High income.
Income inequality	World Bank Data -	Based on the GINI index that "measures the extent to which the distribution of income

<sup>1</sup> World Trade Organization, available at: [www.wto.org](http://www.wto.org) (accessed 15/08/18).

<sup>2</sup> World Bank, World Bank Data, available at: <http://data.worldbank.org/country/> (accessed 15/08/18).

<sup>3</sup> UNDP Human Development Index, available at: <http://hdr.undp.org/en/countries> (accessed 15/08/18).

	World Bank.	among individuals within a country deviates from a perfectly equal distribution". The score ranges from 0 (perfect equality) to 100 (perfect inequality).
Poverty Rates	World Bank Data - World Bank.	"The percentage of the population living below the national poverty line".
Literacy Rates	World Bank Data - World Bank.	"Percentage of the population ages 15 to 24 years old who can both read and write a short simple statement on their everyday life".
Women Empowerment	World Bank Data - World Bank.	Labor force, Female: Percentage of total labor & Percentage of Women in Parliament: "proportion of seats held by women in national parliaments".

## Annex (2): Countries' Data

### Qatar

QATAR													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	5.6	5.2	5.9	6	6	6.5	7	7.7	
rank	na	na	na	na	32	38	32	32	32	28	22	19	
Public Sector Corruption Index	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	
Rule of Law	Equality before Law	0.54	0.57	0.57	0.57	0.60	0.59	0.59	0.60	0.60	0.62	0.62	0.64
	Judicial Constraints	0.55	0.50	0.51	0.51	0.52	0.52	0.52	0.53	0.53	0.53	0.53	0.52
Political Rights	6	6	6	6	6	6	6	6	6	6	6	6	
Press Freedom	na	na	na	na	35	32.5	23	18	24	15.5	24	38	
rank	na	na	na	na	115	104	90	81	79	74	94	121	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	55	55	55	55	55	55	55	60	60	60	75.7	73.7
	State Ownership of Eco.	1.90	1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94	1.94
Economic Openness	WTO Membership	member >1996											
	Trade Freedom	75	75	75	77	73	76.6	76.6	74.6	76.4	70.8	81.6	82.2
Natural Resources rents %	23.90	32.30	28.40	27.10	25.70	29.20	32.40	30.90	25.40	25.80	17.80	17.80	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.80	0.80	0.80	0.81	0.82	0.83	0.83	0.83	0.82	0.82	0.82	0.82	
Country Classification	high income country												
Income inequality	na	na	na	na	na	na	na	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	na	na	na	na	na	na	na	
Literacy Rates %	na	na	na	na	95.9	na	na	na	99	95.6	97.7	96.8	
Women Empowerment	Female % in Labor Force	15.3	15.5	16.4	17	17.3	16.7	15.6	15	14.1	12.9	12.21	12.34
	Women % in Parliament	na	na	na	na	na	na	na	0	0	0	0	0

United Arab Emirates

UNITED ARAB EMIRATES													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	5.2	6.1	6.2	6.2	5.7	5.9	6.5	6.3	
rank	na	na	na	na	37	29	30	31	34	35	30	28	
Public Sector Corruption Index	na	na	na	na	na	na	na	na	na	na	na	na	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	
Rule of Law	Equality before Law	na	na	na	na	na	na	na	na	na	na	na	
	Judicial Constraints	na	na	na	na	na	na	na	na	na	na	na	
Political Rights	6	6	6	6	6	6	6	6	6	6	6	6	
Press Freedom	na	na	na	na	37	50.25	25.75	17.5	20.25	14.5	21.5	23.75	
rank	na	na	na	na	122	137	100	79	65	69	86	87	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	85	85	85	85	70	70	70	49	49.3	48.2	57.4	67.4
	State Ownership of Eco.	na	na	na	na	na	na	na	na	na	na	na	
Economic Openness	WTO Membership	member > 1996											
	Trade Freedom	77	77	77	77	77	77	77	75	75	80.4	80.8	82.8
Natural Resources rents %	11.12	18.58	14.14	12.70	15.60	18.50	21.90	24.20	22.05	25.15	16.79	20.83	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.79	0.79	0.8	0.8	0.81	0.81	0.82	0.82	0.82	0.83	0.82	0.82	
Country Classification	high income												
Income inequality	na	na	na	na	na	na	na	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	na	na	na	na	na	na	na	
Literacy Rates %	na	na	na	na	na	na	95	na	na	na	na	na	
Women Empowerment	Female % in Labor Force	11.9	11.9	12.1	12.2	12.2	12	11.8	11.59	11.41	11.37	11.26	11.37
	Women % in Parliament	0	0	0	0	0	0	0	5	22.5	22.5	22.5	

## Oman

OMAN													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	6.3	6.1	6.3	5.4	4.7	5.5	5.5	5.3	
rank	na	na	na	na	26	29	28	39	53	41	39	41	
Public Sector Corruption Index	0.21	0.20	0.22	0.22	0.22	0.22	0.20	0.20	0.20	0.20	0.21	0.21	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-9	-9	-9	-9	-8	-8	-8	-8	-8	-8	-8	-8	
Rule of Law	Equality before Law	0.63	0.6	0.6	0.63	0.61	0.61	0.61	0.63	0.6	0.6	0.64	0.57
	Judicial Constraints	0.18	0.44	0.44	0.44	0.46	0.46	0.46	0.46	0.46	0.46	0.46	
Political Rights	6	6	6	6	6	6	6	6	6	6	6	6	
Press Freedom	na	na	na	na	57.75	na	na	na	na	32.67	29.5	40.25	
rank	na	na	na	na	152	na	na	na	na	123	106	124	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	70	70	70	70	70	70	70	57	56.6	55.8	63.3	66.9
	State Ownership of Eco.	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	
Economic Openness	WTO Membership	member > 2000											
	Trade Freedom	79	81	79.4	75.4	75.6	76	71.6	57.8	83.8	83.6	83.6	83.4
Natural Resources rents %	27.60	42.60	35.30	32.70	33.20	37.20	44.70	43.40	39.90	39.60	31.90	37.10	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	na	0.7	0.71	0.72	0.73	0.74	0.74	0.75	0.76	0.78	0.79	0.79	
Country Classification	upper middle (1999 - 2006) > high (2007 - 2010)												
Income inequality	na	na	na	na	na	na	na	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	na	na	na	na	na	na	na	
Literacy Rates %	na	na	na	na	97.2	na	na	na	na	97.6	na	97.7	
Women Empowerment	Female % in Labor Force	15.8	16.9	17.5	18	18.5	18.8	19	19.05	18.9	18.4	17.8	16.8
	Women % in Parliament	na	na	na	na	na	2.4	2.4	2.4	0	0	0	0

## Bahrain

BAHRAIN													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	6.1	5.8	5.8	5.7	5	5.4	5.1	4.9	
rank	na	na	na	na	27	34	36	36	46	43	46	48	
Public Sector Corruption Index	na	na	na	na	na	na	na	na	na	na	na	na	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-9	-9	-9	-8	-7	-7	-7	-7	-7	-7	-7	-7	
Rule of Law	Equality before Law	na	na	na	na	na	na	na	na	na	na	na	
	Judicial Constraints	na	na	na	na	na	na	na	na	na	na	na	
Political Rights	7	7	6	5	5	5	5	5	5	5	6	6	
Press Freedom	na	na	na	23	35.1	52.5	38.7	28	38	21.17	36.5	51.3	
rank	na	na	na	67	117	143	123	111	118	96	119	144	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	85	85	85	85	85	85	85	80	80	80	79.6	77.8
	State Ownership of Eco.	na	na	na	na	na	na	na	na	na	na	na	na
Economic Openness	WTO Membership	member > 1995											
	Trade Freedom	78.4	77.6	75.4	76.6	69.9	69.9	69.9	69.9	79.6	80.9	80	82.9
Natural Resources rents %	3.2	4.3	4.2	3.8	4.1	4.1	5.6	6.2	5.8	6.7	5.3	4.8	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.78	0.79	0.79	0.79	0.8	0.8	0.81	0.81	0.81	0.81	0.81	0.81	
Country Classification	upper middle (1999 -2000) > high (2001 - 2010)												
Income inequality	na	na	na	na	na	na	na	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	na	na	na	na	na	na	na	
Literacy Rates %	na	na	97	na	98.1								
Women Empowerment	Female % in Labor Force	21.12	21.38	21.48	21.13	20.72	20.29	19.81	19.88	19.92	19.99	20.1	20.25
	Women % in Parliament	na	na	na	na	0	0	0	2.5	2.5	2.5	2.5	

## Kuwait

KUWAIT													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	5.3	4.6	4.7	4.8	4.3	4.3	4.1	4.5	
rank	na	na	na	na	35	44	45	46	60	65	66	54	
Public Sector Corruption Index	0.40	0.40	0.40	0.40	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	
Rule of Law	Equality before Law	0.74	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	
	Judicial Constraints	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	
Political Rights	4	4	4	4	4	4	4	4	4	4	4	4	
Press Freedom	na	na	na	25.5	31.3	31.6	21.2	17	20.1	12.6	15.2	23.7	
rank	na	na	na	78	102	103	85	74	63	61	60	87	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	85	85	70	70	70	70	70	71	70.7	68.6	67.4	65.8
	State Ownership of Eco.	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92
Economic Openness	WTO Membership	member > 1995											
	Trade Freedom	78	78.2	78.6	76.8	80.2	77	77.8	77.2	77.2	81	81	82.5
Natural Resources rents %	29.60	45.30	38.80	23.60	37.40	44.10	54.70	53.60	49.80	54.60	37.30	48.40	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.78	0.78	0.78	0.78	0.79	0.78	0.78	0.78	0.78	0.78	0.79	0.79	
Country Classification	high income country												
Income inequality	na	na	na	na	na	na	na	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	na	na	na	na	na	na	na	
Literacy Rates %	na	na	na	na	na	na	99.7	98.5	98.4	98.6	na	na	
Women Empowerment	Female % in Labor Force	21.1	21.3	21.4	21.1	20.7	20.2	19.8	19.8	19.9	19.9	20.1	20.2
	Women % in Parliament	0	0	0	0	0	0	1.5	1.5	1.5	3.1	7.7	7.7

Saudi Arabia

SAUDI ARABIA													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	4.5	3.4	3.4	3.3	3.4	3.5	4.3	4.7	
rank	na	na	na	na	46	71	70	70	79	80	63	50	
Public Sector Corruption Index	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	
Rule of Law	Equality before Law	0.17	0.19	0.18	0.17	0.17	0.17	0.16	0.18	0.21	0.22	0.21	0.21
	Judicial Constraints	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.35	0.37	0.37	0.37
Political Rights	7	7	7	7	7	7	7	7	7	7	7	7	
Press Freedom	na	na	na	62.5	71.5	79.1	66	76	59.75	61.75	76.5	61.5	
rank	na	na	na	125	156	159	154	161	148	161	163	157	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	70	70	70	70	70	70	51	53	73	79.6	84.6	
	State Ownership of Eco.	1.37	1.27	1.27	1.27	1.27	1.27	1.27	1.28	1.28	1.28	1.29	
Economic Openness	WTO Membership	member >2005											
	Trade Freedom	59	59	61	63.4	64.4	64	62.2	70.4	70.4	76.8	81.8	82.5
Natural Resources rents %	24.2	39.7	31.7	30	36.1	41.7	51.7	51.8	48.6	55.9	35.5	42.2	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.73	0.74	0.74	0.74	0.75	0.76	0.76	0.77	0.77	0.78	0.79	0.8	
Country Classification	upper middle (1999- 2003) > high (2004 -2010)												
Income inequality	na	na	na	na	na	na	na	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	na	na	na	na	na	na	na	
Literacy Rates %	na	95.9	na	na	na	95.8	na	na	na	na	na	98	
Women Empowerment	Female % in Labor Force	13.7	13.2	13.1	13.1	13.4	13.8	14.2	14.7	14.3	14.1	14.5	
	Women % in Parliament	na	na	na	na	0	0	0	0	0	0	0	

## Tunisia

TUNISIA													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	5	5.2	5.3	4.8	4.9	5	4.9	4.6	4.2	4.4	4.2	4.3	
rank	34	32	31	36	39	39	43	51	61	62	65	59	
Public Sector Corruption Index	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-3	-3	-3	-3	-4	-4	-4	-4	-4	-4	-4	-4	
Rule of Law	Equality before Law	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.52	0.51	0.5	0.51	0.47
	Judicial Constraints	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.33
Political Rights	6	6	6	6	6	6	6	6	6	7	7	7	
Press Freedom	na	na	na	67.75	50.83	62.67	57.5	53.75	57	48.1	61.5	72.5	
rank	na	na	na	128	149	152	147	148	145	143	154	164	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	70	70	70	70	70	70	70	80.3	78.9	80.1	81.6	80.2
	State Ownership of Eco.	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.8
Economic Openness	WTO Membership	member - 1995											
	Trade Freedom	46.6	38.2	45.2	27.2	27.4	32.4	30.2	38.6	71.8	71.8	53	53.5
Natural Resources rents %	1.90	3.29	2.49	2.47	2.28	2.78	4.12	4.50	6.05	11.17	4.82	5.90	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.64	0.65	0.66	0.66	0.67	0.68	0.68	0.69	0.7	0.7	0.71	0.71	
Country Classification	Lower Middle Income												
Income inequality	na	40.81	na	na	na	na	37.73	na	na	na	na	35.81	
Poverty Rates %	na	32.4	na	na	na	na	23.3	na	na	na	na	15.5	
Literacy Rates %	na	na	na	na	na	94.3	na	na	96.3	96.7	na	97.1	
Women Empowerment	Female % in Labor Force	24.6	24.8	25.1	25.5	25.8	26.2	26.6	26.6	26.6	26.6	26.6	
	Women % in Parliament	11.5	11.5	11.5	11.5	11.5	22.8	22.8	22.8	22.8	22.8	27.6	27.6

## Morocco

MOROCCO													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	4.1	4.7	na	3.7	3.3	3.2	3.2	3.2	3.5	3.5	3.3	3.4	
rank	45	37	na	52	70	77	78	78	72	80	89	85	
Public Sector Corruption Index	0.80	0.80	0.80	0.80	0.80	0.80	0.70	0.70	0.70	0.70	0.70	0.70	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	
Rule of Law	Equality before Law	0.51	0.64	0.64	0.64	0.64	0.64	0.62	0.62	0.62	0.62	0.61	0.66
	Judicial Constraints	0.55	0.48	0.48	0.48	0.50	0.50	0.54	0.54	0.54	0.54	0.54	0.54
Political Rights	5	5	5	5	5	5	5	5	5	5	5	5	
Press Freedom (score)	na	na	na	29	39.67	43	36.17	24.83	33.25	32.25	41	47.4	
rank	na	na	na	89	131	126	119	97	106	122	127	135	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	70	70	70	70	70	70	70	67.8	74.6	76.1	76.2	76.1
	State Ownership of Eco.	2.96	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.94	2.89
Economic Openness	WTO Membership	member - 1995											
	Trade Freedom	45	61	61	46	33.4	34.2	28.6	35.2	61	62.6	68	71.2
Natural Resources rents %	0.69	0.70	0.67	0.59	0.35	0.35	0.40	0.74	1.46	8.33	1.88	2.71	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.51	0.53	0.54	0.55	0.56	0.56	0.57	0.58	0.58	0.59	0.60	0.61	
Country Classification	Lower Middle Income												
Income inequality	na	40.64	na	na	na	na	na	na	40.72	na	na	na	
Poverty Rates %	na	15.3	na	na	na	na	na	na	8.9	na	na	na	
Literacy Rates %	na	na	na	na	na	70.45	na	na	na	77.8	79.4	na	
Women Empowerment	Female % in Labor Force	28.3	27.7	25.2	25	26.8	27.6	27.5	27.3	27.3	26.9	26.3	26.6
	Women % in Parliament	0.6	0.6	0.6	10.8	10.8	10.8	10.8	10.8	10.5	10.5	10.5	10.5

Egypt

EGYPT													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	3.3	3.1	3.6	3.4	3.3	3.2	3.4	3.3	2.9	2.8	2.8	3.1	
rank	63	63	54	62	70	77	70	70	105	115	111	98	
Public Sector Corruption Index	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-6	-6	-6	-6	-6	-6	-6	-3	-3	-3	-3	-3	
Rule of Law	Equality before Law	0.26	0.26	0.26	0.27	0.26	0.27	0.27	0.27	0.27	0.27	0.27	
	Judicial Constraints	0.57	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	
Political Rights	6	6	6	6	6	6	6	6	6	6	6	6	
Press Freedom	na	na	na	34,50	34,25	43,50	52,00	46,25	58,00	50,25	51,38	43,33	
rank	na	na	na	102	110	128	143	133	146	146	143	127	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	55	55	55	55	55	55	55	39.8	40.9	60.2	64.7	65
	State Ownership of Eco.	2.68	2.68	2.68	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08
Economic Openness	WTO Membership	member - 1995											
	Trade Freedom	55.8	55	47.2	55	57.6	57.4	58.2	57.6	57.2	66	63.4	74
Natural Resources rents %	4.59	6.29	5.34	6.00	7.80	10.24	13.91	14.20	12.98	15.74	8.21	8.70	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.6	0.61	0.61	0.62	0.62	0.62	0.63	0.64	0.65	0.65	0.66	0.67	
Country Classification	Lower Middle Income												
Income inequality	na	32.76	na	na	na	na	32.14	na	na	30.8	na	na	
Poverty Rates %	16.7	na	na	na	na	19.6	na	na	na	21.6	na	25.2	
Literacy Rates %	na	na	na	na	na	na	84.9	84.8	na	na	na	87.5	
Women Empowerment	Female % in Labor Force	21.1	21.5	22	20.9	21	21.2	21.4	22.1	23.6	23.5	23.4	23
	Women % in Parliament	2	2	2.4	2.4	2.4	2.9	2	2	1.8	1.8	1.8	12.7

## Algeria

ALGERIA													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	2.6	2.7	2.8	3.1	3	3.2	2.8	2.9	
rank	na	na	na	na	88	97	97	84	99	92	111	105	
Public Sector Corruption Index	0.46	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-3	-3	-3	-3	-3	-3	2	2	2	2	2	2	
Rule of Law	Equality before Law	0.48	0.49	0.49	0.49	0.49	0.50	0.51	0.51	0.51	0.51	0.50	
	Judicial Constraints	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.19	0.18	0.19	0.20	
Political Rights	6	6	6	6	6	6	6	6	6	6	6	6	
Press Freedom	na	na	na	31	33	43.5	40.33	40	40.5	31.33	49.56	47.33	
rank	na	na	na	95	108	128	129	126	123	121	141	133	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	70	70	70	70	70	70	70	74.8	73.7	73.6	72.5	71.2
	State Ownership of Eco.	0.67	0.67	0.67	0.67	0.67	1.52	1.52	1.52	1.52	1.52	1.52	
Economic Openness	WTO Membership	Observer - The working party (established 1987) is in accession process since 2014											
	Trade Freedom	54.2	39.6	59.6	60	50.4	55	54.4	61	66	68.8	68.6	70.7
Natural Resources rents %	9.01	15.30	14.12	14.06	16.30	18.19	24.39	26.53	25.01	27.04	18.95	19.99	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.63	0.64	0.65	0.66	0.67	0.68	0.68	0.69	0.69	0.70	0.71	0.72	
Country Classification	Lower >> Upper Middle Income												
Income inequality	35.33	na	na	na	na	na	na	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	na	na	na	na	na	na	na	
Literacy Rates %	na	na	na	90.1	na	na	na	91.7	na	93.7	na	na	
Women Empowerment	Female % in Labor Force	13.3	13.5	13.7	13.9	14.2	14.6	14.9	15.3	15.8	16.2	16.8	16.9
	Women % in Parliament	3.2	3.4	3.4	6.2	6.2	6.2	6.2	6.2	7.7	7.7	7.7	

## Libya

LIBYA													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	2.1	2.5	2.5	2.7	2.5	2.6	2.5	2.2	
rank	na	na	na	na	118	108	117	105	131	126	130	146	
Public Sector Corruption Index	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	
Rule of Law	Equality before Law	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	
	Judicial Constraints	0.15	0.15	0.15	0.15	0.08	0.08	0.08	0.08	0.08	0.08	0.09	
Political Rights	7	7	7	7	7	7	7	7	7	7	7	7	
Press Freedom	na	na	na	72.5	60	65	88.75	62.5	66.5	61.5	64.5	63.5	
rank	na	na	na	129	153	154	162	152	155	160	156	160	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	40	40	40	40	40	40	40	20	20	20	20	
	State Ownership of Eco.	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	
Economic Openness	WTO Membership	observer - since 2004 the working party (established 2004) has not met for accession process											
	Trade Freedom	49	49	49	49	42.4	42.4	53.2	34.6	39.6	39.6	90	85
Natural Resources rents %	17.09	30.31	27.00	45.86	46.33	55.91	61.68	66.47	59.33	61.35	45.78	54.98	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.72	0.73	0.73	0.74	0.74	0.74	0.75	0.75	0.75	0.75	0.75	0.75	
Country Classification	Upper Middle Income												
Income inequality	na	na	na	na	na	na	na	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	na	na	na	na	na	na	na	
Literacy Rates %	na	na	na	na	na	99.6	na	na	na	na	na	na	
Women Empowerment	Female % in Labor Force	22.7	23.3	23.7	24.3	24.9	25.4	25.9	26.2	26.4	26.5	26.6	
	Women % in Parliament	na	na	na	na	na	na	4.7	7.7	7.7	7.7	7.7	

## Jordan

JORDAN													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	4.4	4.6	4.9	4.5	4.6	5.3	5.7	5.3	4.7	5.1	5	4.7	
rank	41	39	37	40	43	37	37	40	53	47	49	50	
Public Sector Corruption Index	0.27	0.36	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-3	-3
Rule of Law	Equality before Law	0.72	0.69	0.69	0.69	0.67	0.67	0.67	0.67	0.67	0.65	0.65	0.67
	Judicial Constraints	0.49	0.49	0.49	0.49	0.49	0.49	0.54	0.54	0.54	0.51	0.51	0.55
Political Rights	4	4	5	6	5	5	5	5	5	5	6	6	
Press Freedom	na	na	na	33.5	37	39.13	24	27.5	40.21	36	31.88	37	
rank	na	na	na	99	122	121	96	110	122	128	112	120	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	70	70	70	70	70	70	70	56	54.9	56.3	68.9	65.6
	State Ownership of Eco.	1.82	1.92	1.92	1.92	1.92	2.46	2.46	2.46	2.46	2.46	2.46	2.46
Economic Openness	WTO Membership	member > 2000											
	Trade Freedom	56.2	60.6	65.8	61.4	47.2	58	62.4	62.2	74.2	74.8	78.8	78.8
Natural Resources rents %	0.05	0.06	0.07	0.06	0.07	0.07	0.08	0.09	0.50	8.25	1.54	1.67	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.7	0.7	0.71	0.71	0.72	0.73	0.73	0.73	0.73	0.74	0.73	0.73	
Country Classification	Upper Middle Income												
Income inequality	na	na	na	36.95	na	na	na	33.86	na	32.57	na	33.66	
Poverty Rates %	na	na	na	na	na	na	na	na	na	13.3	na	14.4	
Literacy Rates %	na	na	na	na	99.1	na	98.9	na	98.9	na	na	98.7	
Women Empowerment	Female % in Labor Force	13.99	14.24	13.88	14.75	13.87	12.91	14.28	14.79	17.3	16.95	17.49	17.56
	Women % in Parliament	0	0	1.3	1.3	5.5	5.5	5.5	5.5	6.4	6.4	6.4	10.8

## Lebanon

LEBANON													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	3	2.7	3.1	3.6	3	3	2.5	2.5	
rank	na	na	na	na	78	97	83	63	99	102	130	127	
Public Sector Corruption Index	0.80	0.80	0.80	0.80	0.80	0.80	0.74	0.74	0.74	0.74	0.74	0.75	
<b>POLITICAL INDICATORS</b>													
Democracy Status	5	5	5	5	5	5	5	7	7	7	7	7	
Rule of Law	Equality before Law	0.54	0.56	0.54	0.54	0.54	0.54	0.58	0.62	0.65	0.65	0.64	0.66
	Judicial Constraints	0.2	0.18	0.18	0.18	0.18	0.18	0.18	0.21	0.21	0.21	0.23	0.22
Political Rights	6	6	6	6	6	6	5	5	5	5	5	5	
Press Freedom	na	na	na	19.67	32.5	24.38	28.25	27	28.75	14	15.42	20.5	
rank	na	na	na	56	106	87	108	107	98	66	61	78	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	70	70	70	55	55	55	55	56.7	56.6	55.6	60	56.6
	State Ownership of Eco.	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99
Economic Openness	WTO Membership	Observer > 2003											
	Trade Freedom	36.6	36.6	57	53.4	46.8	61	69	72.4	77.4	77.4	80.8	80.5
natural Resources rents %	0.001	0.002	0.002	0.001	0.002	0.001	0.001	0.002	0.001	0.002	0.001	0.002	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	na	na	na	na	na	na	0.73	0.73	0.74	0.74	0.75	0.75	
Country Classification	Upper Middle Income												
Income inequality	na	na	na	na	na	na	na	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	na	na	na	na	na	na	na	
Literacy Rates %	na	na	na	na	na	na	na	na	98.7	na	na	na	
Women Empowerment	Female % in Labor Force	23.3	23.3	22.6	21.9	21.4	21.2	21.3	21.6	22	22.3	22.5	22.8
	Women % in Parliament	2.3	2.3	2.3	2.3	2.3	2.3	4.7	4.7	4.7	4.7	3.1	3.1

Syria

SYRIA													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	3.4	3.4	3.4	2.9	2.4	2.1	2.6	2.5	
rank	na	na	na	na	66	71	70	93	138	147	126	127	
Public Sector Corruption Index	0.81	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.82	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-9	-9	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	
Rule of Law	Equality before Law	0.18	0.25	0.25	0.25	0.24	0.25	0.24	0.24	0.24	0.24	0.25	0.25
	Judicial Constraints	0.04	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Political Rights	7	7	7	7	7	7	7	7	7	7	7	7	
Press Freedom	na	na	na	62.82	67.5	67.5	55	63	66	59.63	78	91.5	
rank	na	na	na	126	155	155	145	153	154	159	165	173	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	55	55	55	55	55	55	55	58.9	58.4	53.8	61.4	59.2
	State Ownership of Eco.	0.97	1.86	1.86	1.86	1.86	1.86	1.86	1.86	1.86	1.86	1.86	1.86
Economic Openness	WTO Membership	Syrian Arab Republic's Working Party was established in 2010 - not a member											
	Trade Freedom	27.8	15	15	15	15	15	15	54	54	54	54	54
Natural Resources rents %	17.30	24.40	19.30	20.80	23.70	20.40	25.00	24.40	20.70	na	na	na	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.58	0.58	0.59	0.59	0.61	0.62	0.63	0.64	0.65	0.64	0.65	0.64	
Country Classification	Lower Middle Income												
Income inequality	na	na	na	na	na	35.77	na	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	30.1	na	na	35.2	na	na	na	
Literacy Rates %	na	na	na	95.1	na	92.4	na	na	na	na	na	na	
Women Empowerment	Female % in Labor Force	20.19	19.3	19.7	19.3	19.1	18	17	16.1	15.7	16.3	15	15.3
	Women % in Parliament	10.4	10.4	10.4	10.4	12	12	12	12	12	12.4	12.4	12.4

## Yemen

YEMEN													
VARIABLES/ YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>GENERAL TRENDS</b>													
Level of Corruption (score)	na	na	na	na	2.6	2.4	2.7	2.6	2.5	2.3	2.1	2.2	
rank	na	na	na	na	88	112	103	111	131	141	154	146	
Public Sector Corruption Index	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	
<b>POLITICAL INDICATORS</b>													
Democracy Status	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	
Rule of Law	Equality before Law	0.21	0.21	0.22	0.22	0.22	0.22	0.22	0.23	0.26	0.24	0.25	0.24
	Judicial Constraints	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.19	0.20	0.20	0.19	0.19
Political Rights	5	5	6	6	5	5	5	5	5	5	6	6	
Press Freedom	na	na	na	34.75	41.83	48	46.25	54	56.67	59	83.38	82.13	
rank	na	na	na	103	136	135	136	150	143	155	167	170	
<b>ECONOMIC INDICATORS</b>													
Quality of Regulations	Regulatory Efficiency	55	55	55	55	55	55	55	54.9	53.5	54.8	74.9	74.4
	State Ownership of Eco.	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35
Economic Openness	WTO Membership	member > 2014											
	Trade Freedom	45	61	64.2	68.6	70.2	70.2	59.8	61.6	66.4	66.4	76.2	76.1
Natural Resources rents %	24.30	38.70	30.50	28.90	30.80	33.00	40.60	39.10	32.40	31.50	19.20	21.20	
<b>DEVELOPMENT INDICATORS</b>													
Human Development	0.43	0.44	0.45	0.45	0.46	0.47	0.47	0.47	0.48	0.48	0.48	0.49	
Country Classification	Lower Middle Income												
Income inequality	na	na	na	na	na	na	35.89	na	na	na	na	na	
Poverty Rates %	na	na	na	na	na	na	34.8	na	na	na	na	na	
Literacy Rates %	na	na	na	na	na	76.8	na	na	na	na	na	na	
Women Empowerment	Female % in Labor Force	23.2	23.5	23.8	24.1	24.3	24.5	24.8	24.9	25.1	25.3	25.4	25.6
	Women % in Parliament	0.7	0.7	0.7	0.7	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3

**Annex (3): List of Interviewees**

<b>Number</b>	<b>Country</b>	<b>Profile of Interviewee</b>	<b>Year of Interview</b>
A1.	Qatar	Legal Advisor to the Government (non-national)	2017
A2.		Former Public Official (non-national)	2016
A3.	UAE	Legal Advisor to the Government (non-national)	2017
A4.		High Level Professional in the Oil Field (non-national)	2015
A5.		Former Public Official (non-national)	2016
A6.	Oman	High-Level Official (non-national)	2017
A7.		Academic Lecturer (non-national)	2018
A8.	Bahrain	Former High-Level Official (non-national)	2016
A9.		Visiting Professor (non-national)	2017
A10.	Kuwait	Advisor to the Government (non-national)	2016
A11.		Lecturer (non-national)	2017
A12.	Saudi Arabia	Former High-Level Official (non-national)	2016
A13.		Professor (non-national)	2017
A14.	Tunisia	Former High-Level Official	2016
A15.		High-Level Official	2016
A16.		Law Professor	2017
A17.		Civil Society Activist	2016
A18.	Morocco	Former High-Level Official	2017
A19.		Law Scholar	2016
A20.	Egypt	Professor	2015
A21.		Former Minister	2016
A22.		Advisor in the field of Development Cooperation	2017
A23.	Algeria	Law Scholar	2018
A24.		Government Official	2016

A25.	Libya	Professor / UN Consultant	2016
A26.		Former Government Official	2016
A27.		Development Expert	2015
A28.	Jordan	Professor and Advisor to the Government	2016
A29.		Government Official	2016
A30.	Lebanon	University Lecturer	2017
A31.		Journalist / Political Activist	2017
A32.		Former Minister	2016
A33.	Syria	Former Government Official	2016
A34.		Former National UN Consultant	2016
A35.	Yemen	Diplomat (Ambassador)	2017
A36.		Former Minister	2017
A37.		Law Professor	2018

**Annex (4): Chronological List of Presidents/ Monarchs in the MENA Region**

<b>Country</b>	<b>Reign start - Reign end</b>	<b>President/ Monarch</b>
Qatar	1995 - 2013	Sheikh Hamad Bin Khalifa Al Thani
	2013 - Date	Emir Tamim
UAE	1971 - 2004	Sheikh Zayed Al Nahyan
	2004 - Date	Sheikh Khalifa Bin Zayed
Oman	1970 - Date	Sultan Qaboos
Bahrain	1999 - Date	Sheikh Hamad
Kuwait	1977 - 2006	Emir Jaber Al-Ahmad Al-Sabah
	2006 - Date	Emir Sabah Al-Ahmad Al-Sabah
Saudi Arabia	1982 - 2005	King Fahd
	2005 - 2015	King Abdullallah
Tunisia	1987 - 2010	President Ben Ali
Morocco	1999 - Date	King Mohammed VI
Egypt	1981 - 2011	President Mubarak
Algeria	1999 - Date	President Bouteflika
Libya	1969 - 2011	President Qaddafi
Jordan	1999 - Date	King Abdullah
Lebanon	1998 - 2007	Emile Lahoud
	2007 - 2008	Fouad Siniora
	2008 - 2014	Michel Suleiman
Syria	1971 - 2000	President Hafez Al-Assad
	2000 - Date	President Bashar Al-Assad
Yemen	1990 - 2012	President Ali Abdullah Saleh

