



# "The crime of money laundering in Iraq"

College of Administration and Economics - Al-Qadisiyah University	Researcher: Hussam Atallah Mohammed <a href="mailto:Husam1987621@gmail.com">Husam1987621@gmail.com</a>
College of Administration and Economics - Al-Qadisiyah University	a.m.d. Miami Salal Sahib <a href="mailto:Maiami.alshukri@qu.edu.iq">Maiami.alshukri@qu.edu.iq</a>

DOI Number: 10.48047/NQ.2023.21.4.NQ23006

NeuroQuantology 2023; 21(4): 49-56

## Introduction:

The phenomenon of financial and administrative corruption is one of the dangerous phenomena facing countries, especially developing countries, as it began to erode the bodies of society, starting with security and the subsequent deficit in construction work and economic development that works to destroy the economy and financial and administrative capacity and thus leads to the inability of the state to confront Challenges, and Iraq was among those countries that suffered from this phenomenon of waste of public funds and unaccounted extravagance without oversight and treatment, as the emergence of corruption in Iraq is not the result of the current moments, but is rooted in the societal environment since the formation of the Iraqi state, and as a result it dissipated The country's wealth was lost, and the manifestations of economic backwardness became dominant in society. Interest in the issue of corruption has increased since the second half of the eighties of the last century, due to the nature of the negative effects of corruption on economic and social development. This research included the concept of administrative and financial corruption, identifying its manifestations and causes, provoking and methods of treatment and combating it in all its forms and manifestations and in all fields to accelerate and advance the process of economic development.

## The first topic

eISSN1303-5150

## Research Methodology

### First: The research problem:

The Iraqi economy is affected by several phenomena, including financial and administrative corruption, which has become eroded in the structure of the state, as the problem of bypassing laws and regulations is an inherent problem throughout the state systems in Iraq, and these phenomena have negative and dangerous effects and repercussions for the future of the state in several aspects, including economic, social and political, and all these negatives Make the state unable to face the challenges and these phenomena.

### Second: The importance of research:

The importance of the research appears from the importance of the problem of financial and administrative corruption in Iraq, and given the importance of this topic and the fact that it takes a large place in the Iraqi economy, therefore it is necessary to impose laws to reduce this phenomenon, whether in the areas of social or economic life. To reduce corruption in all its forms.

### Research aims:

The research aims to identify and diagnose financial and administrative corruption in Iraq by knowing its types and causes, and thus identifying ways to combat and treat it by identifying the causes of this phenomenon and the conditions that led to its widespread spread through the wide spread of institutions and organizations that deter corruption of all kinds.



### **Research hypothesis**

The research stems from a hypothesis based on the fact that financial and administrative corruption has become widespread in government institutions in Iraq, resulting in negative repercussions on the state's economy and its structure, and thus leads to obstruction of the process of economic development, the inability of the state and its weak structure.

### **The second topic**

#### **The theoretical side**

#### **First: Financial and administrative corruption in Iraq**

The phenomenon of corruption has recently received the attention of researchers in various disciplines, and corruption in society means the corruption of the organization or rules of that society so that this organization or rules come out of its foundations and original function, and the word corruption is derived from the Latin word (Corrumpere), which means breaking in with the aim of destruction and fraud. (1)

Corruption is also defined as a negative phenomenon that spreads within the administrative apparatus and takes several forms and affects the moral and value system in society and is associated with multiple and varied manifestations such as bribery, mediation, dependence on kinship and friendship in employment and employment, and all of these arise due to various causes whose main objective is to cause a deviation in the correct path of the administrative apparatus to achieve goals Unlawful, individually or collectively. (2)

Administrative corruption may be related to administrative or organizational deviations and irregularities issued by the public employee during the performance of his job duties. Corruption may be financial, represented by the totality of financial deviations, violation of financial rules and provisions that regulate the administrative and financial workflow in government institutions, and violation of the instructions of financial control agencies. Manifestations

of corruption can be observed. In bribery, manipulation, embezzlement and tax evasion. (3)

And Iraq is one of those countries that suffer from the phenomenon of corruption, which led to facing many challenges represented by the high levels of organized crime and administrative and financial corruption that led to the deterioration of the country's infrastructure. To say that financial and administrative corruption is a global phenomenon that all societies suffer from, and as a result administrative corruption leads to financial corruption, whether directly or indirectly.

#### **Second: the causes of financial and administrative corruption**

Countries suffer in varying degrees from the problem of corruption, which includes all aspects of life, as corruption has become a global phenomenon, regardless of the degree of its spread, and there have been many opinions and ideas about the causes of administrative and financial corruption. We will discuss some of them briefly. (4)

1. **Political reasons:** represented in the relationship between society and government agencies, where the stronger the relationship between society and government agencies, the less corruption, and vice versa.
2. **Civilized reasons:** It is represented by the degree of urbanization and cultural development in the country, as the less developed the country is, the higher the corruption rate in it, and the opposite occurs in developed countries and relatively between those countries.
3. **Organizational reasons:** It represents the existence of an old organizational structure for the state that may not be in line with the values and aspirations of the current society, which is represented by the current situation of the country

because it suffers from traditionalism and centralization in administration.

4. **Moral reasons:** These reasons are represented by the collapse of the moral and value system of the individual, which includes (traditions, norms, customs, etc.).
5. **Economic reasons:** represented by the unfair distribution of wealth due to market fluctuations, high prices, poor living conditions and poor wages, all of which lead to a negative impact on the Iraqi individual.

### **Third: manifestations of corruption (administrative and financial) in Iraq**

With the existence of many practices that express the phenomenon of administrative and financial corruption and are often overlapping, connected and similar, therefore it is possible to divide these practices into several sections and groups as follows.

- **Organizational corruption:** One of its most important practices is laxity and non-compliance with work time resulting from the employee's lack of responsibility towards work time, through delay in completing transactions, which leads to the occurrence of one of the manifestations of administrative corruption, because this leads to auditors looking for illegal sources to complete their transactions in order to The speed of its completion, as well as the employee's evasion from completing his work due to his lack of confidence in its completion and making a mistake. (5)
- **Behavioural characteristics:** The abuse of power is one of those types of corruption, which is immoral behaviour used to overthrow the government. The existence of laws that prevent employees from extorting citizens for illegal reward. (6) As the civil service apparatus suffers from great administrative corruption that prevents and prevents citizens and individuals from objecting for fear of

hostility to government employees and exposure to personal harm, and this leads to the auditor's inability to object to practices of abuse of power, which leads to an increase in cases of administrative and financial corruption. (7)

- **Financial deviations:** the most important of which is the violation of the financial rules and provisions stipulated in the law or within the organization, and this is considered a type and evidence of influence and power, and it is one of the manifestations of financial and administrative corruption (8).

Among the most prominent of these manifestations and common violations is fraud, tax evasion, customs evasion, as well as money smuggling (9), as well as general extravagance are among the most prominent factors that lead to the squandering of national wealth through the granting of licenses and customs exemptions in an unfair manner aimed at satisfying them with power or in order to achieve mutual interests ( 10).

- **Criminal deviations:** the most important of which is bribery, which is obtaining personal benefits or money in order to carry out actions that violate the law. On state funds and disposing of them without right and under various names (12).

### **Fourth: The effects of corruption (administrative and financial) in Iraq**

Financial and administrative corruption is a global phenomenon that spreads widely and rapidly in various political, economic and social aspects of the state. The degree of its spread varies depending on the development of state institutions. Its spread in the government joints of the state obstructs development plans and programs, the progress of government performance, the completion of jobs and the provision of services, which leads to the inability of government institutions. For the

implementation of reconstruction and development projects.

▪ **The effects of administrative and financial corruption on the political side**

Among the most important of these effects of corruption on the political side is the destruction of the political currency because the spread of corruption within the political authority prevents the existence of real demands for democracy based on accountability and accountability of the political system. Corruption also works to undermine the legitimacy of the state and weaken the responsibility of government institutions because it does not respect the law because it lacks justice in application and obstructs the progress of government performance and weakens the community's confidence in the political system, which leads to weakening the legitimacy of the state.

▪ **The impact of financial and administrative corruption on the economic side**

On the economic side, these effects are represented by the wrong economic policies and the poor distribution of wealth and income, which results in the divergence of resources from basic services and thus turning them into payments for corruption. Corruption, with both administrative and financial quality, destroys economic development through the exploitation of influential people for their positions in the political system, which helps them to monopolize the bulk of the economic benefits of the system for their own benefit without investing it in community service (13).

The spread of corruption contributes to reducing the opportunities and volume of foreign investment resources, as well as the decline in public investment and the weakening of the quality of public infrastructure. It also leads to an increase in the volume of tax evasion, an increase in the state budget deficit, and a weak level of public spending on necessary goods and services (14).

▪ **The impact of financial and administrative corruption on the social system**

Corruption is considered a type of violation of the rules of social behaviour and expresses the weakness of higher moral principles and values, as its spread leads to frustration, the emergence of extremism in opinions, poor distribution of income and wealth, and the exploitation of those in power and influence of their positions. This results in social inequality, the decline of social justice, and the low standard of living for the majority of members of society. Likewise, the spread of corruption leads to widespread poverty, a decline in interest in public rights, and a sense of injustice among the majority, which leads to an escalation of violence and division in society, which pushes some to commit crimes, and all of this leads to political instability. When the political system is based on mechanisms of exploitation and imbalances in the balance of rights and duties, it is the environment conducive to the emergence and spread of this type of corruption (15).

**Fifth: Iraq's ranking between the Arab world and the world, according to corruption indicators**

Administrative and financial corruption, which is one of the most important types of corruption and deviant behavior from official duties and courtesies, special considerations such as material ambitions, public exploitation and public sources to achieve personal benefits. There are two types of corruption: collective administrative corruption. An exception and vice versa. One of the most important practices of routine administrative corruption, bribery, mediation, etc. The greater the number of procedures and time, the greater the employees' need for mediation and bribery. These crimes are easy to be discovered by any Iraqi citizen who has his review of any government department in the health sector, which is one of the most important sectors that are related to human health. This sector of corruption in previous regimes, and then the matter worsened after 2003 due to the deterioration of the security situation, the absence of instructions, the

spread of bribery, the employment of relatives, and embezzlement to a serious degree, which led to an increase in the suffering of patients, and it was found that there were major cases of corruption affecting medical devices. The device is purchased at ten times its price or more than This, as well as the difficulty of keeping stocks of medicines in health centers, and the prices of medicines and devices have risen Medical services, and services in large quantities, and equipping hospitals with half of the patient's needs of medicines, and this is what drives the patient to buy it from outside the hospital, and the lack of basic services provided by the patient reflects on the general health of the citizen.

From table (1) it is noted that Iraq occupies the highest ranks in the order of the degree of corruption, due to the Iraqi reality towards

global openness that was accompanied by administrative and financial corruption, which found itself in an environment suitable for growth, as a result of the chaos and deterioration of the security situation and the complete absence of specialized oversight, and this is what witnessed a year (2004), when the degree of corruption reached (2.1), with an index of (21%), with a global ranking of (129) and an Arab (17), and the number of participating countries was about (145), but in the years (2005-2010) it ranged between high and low at other times. Others, as a result of political, social and economic instability, as well as security chaos, and it is worth mentioning the contract concluded by the Ministry of Defense with Serbia and Ukraine regarding the purchase of weapons for the amount of (1.4) billion US dollars, and later it was found that these weapons are unfit for use.(16)

Table (1) Iraq's ranking in the Arab world and globally in the Corruption Perceptions Index for the period (2004-2021)

A score of 0 indicates very spoiled - a score of 100 indicates very clean

Years	perceived Corruption % index	degree of corruption	Arab ranking	global ranking	number of participating countries globally
2004	21	2.1	17	129	145
2005	22	2.2	17	137	159
2006	19	1.9	17	160	163
2007	15	1.5	18	178	180
2008	13	1.3	18	178	180
2009	15	1.5	18	176	180
2010	15	1.5	19	175	178
2011	18	1.8	18	175	182
2012	18	1.8	18	169	176
2013	16	1.6	17	171	175
2014	16	1.6	17	170	174
2015	16	1.6	18	161	168
2016	17	1.7	16	166	176
2017	18	1.8	15	169	180

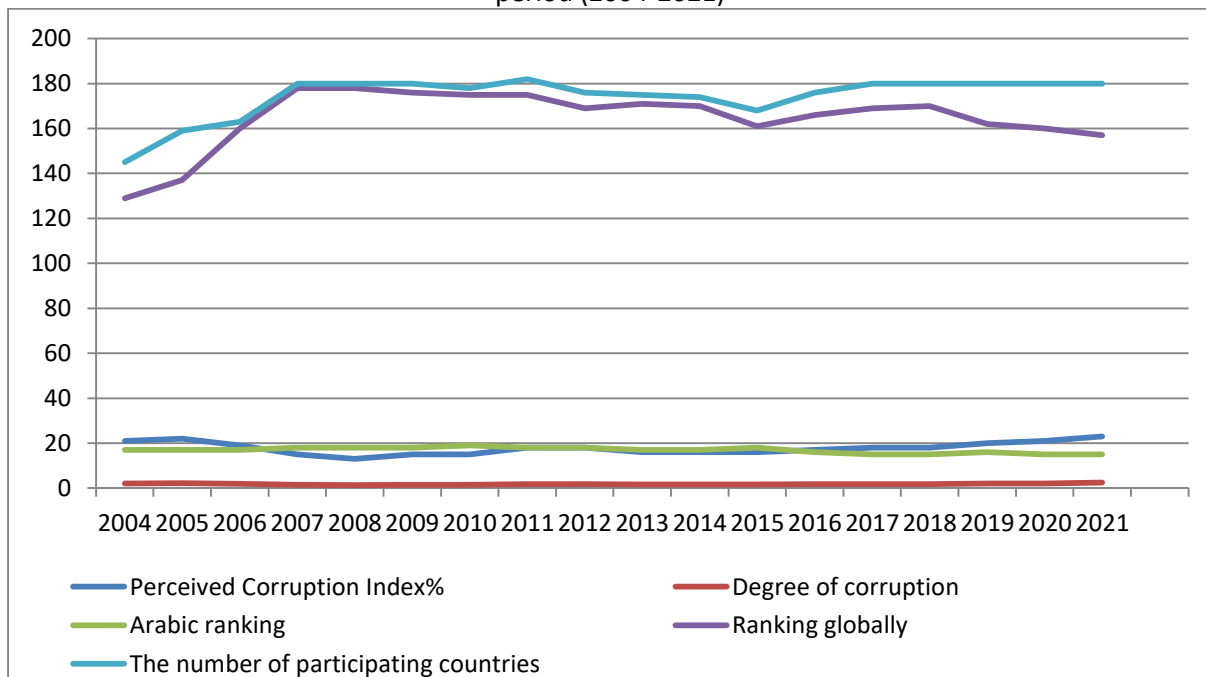


2018	18	1.8	15	170	180
2019	20	2	16	162	180
2020	21	2	15	160	180
2021	23	2.5	15	157	180

The table was prepared by the researcher based on Transparency International data. In addition to the increase in the rates of types of crime, due to the prevalence of contraband trade that was not known previously, as it ranged in the years (2005-2010) its degree ranged between (1.3) and (1.5), as well as the index between (13%) and (15%) and globally at (175). -178) And the Arab world is somewhat stable, in the order of (18) to (19), and the number of participating countries is fixed, about (180) countries. In the years (2011-2012), the degree of corruption increased, due to the expansion of

the volume of public spending, which contributed to the increase in crimes of financial corruption, and its rates were stable at (1.8) degrees and an index of (18%), in the years (2016-2017-2018-2019) The score increased to (2-1.8), and the corruption perception index reached (18%) to (20%). The degree of corruption increased in the years (2020-2021) from (2-2.5), and the corruption index reached (21%) to (23%). This is due to the political instability of the country and the spread of financial and administrative corruption in all administrative levels of the state, as shown in the following figure:

Figure (16) Iraq's ranking in the Arab world and globally according to corruption indicators for the period (2004-2021)



**The third topic**

**Ways to combat financial and administrative corruption in Iraq**

The complexity of the phenomenon of financial and administrative corruption and the possibility of its penetration and spread in aspects of administrative life and its negative

consequences that have a great impact on all aspects of society have prompted the competent authorities to put in place several mechanisms to combat it, contain it and then eliminate it, and among those methods are the following (19).



1. Administrative reform by getting rid of corrupt administrative behaviors and improving public administration by establishing a fair system for appointment and evaluating the performance of employees and working to reform the civil service system by addressing the causes of administrative and financial corruption.
2. Activating the role of oversight institutions, which have the right to supervise and follow up cases of corruption, and to promote accountability for persons holding public office through an independent and impartial judicial system that is strengthened by the rule of law.
3. Enacting clear and explicit laws, advanced administrative regulations, and establishing highly efficient institutions and executive and oversight agencies to follow up on cases of administrative and financial corruption.
4. Following up on government employees, questioning them, and questioning them before their superiors about the results of their work, and that these chiefs are also responsible to the authority higher than them according to the administrative hierarchy.
5. Social reform by working to raise people's awareness of the dangers of corruption and emphasizing the role of the family and the school in order to build a role model in the practice of the profession and expose the corrupt.
6. Political reform by building a political system that is free and accountable and is committed to fighting corruption, and working to create an impartial and independent judicial system whose rulings are implemented on all members of society.

#### **Sources and references:**

1. Zaghoul Ragheb Muhammad, Corruption on Earth and Islam's Attitude towards It, A Study of the Concept of Corruption and Its Contemporary Dimensions, Dar Al-Nahda Al-Arabiya\_ Beirut, 2009, p. 123.
2. Zaki Jabbar Kazem Al-Ghazzawi, The Role of the Oversight and Internal Audit

Department and its Responsibility in Reducing Administrative Corruption in Government Departments, Analysis in the Oversight and Internal Audit Department of the Ministry of Finance, General Commission for Taxes, Baghdad, Arab Institute of Certified Accountants, 2008, p. 44.

3. Yasser Khaled Barakat Al-Waeli, Administrative Corruption, Concept, Causes and Manifestations, with reference to Iraq's experience in corruption, Al-Naba' Information Network (Al-Naba' Magazine), Issue (80). (2006).

<http://www.annabaa.org/list/send/share.htm>

Nour, Chadhan Addai, Abdul-Kadhim inside Ajlan, Corruption and its impact on the public economy, Ministry of Finance, Economic Department, Tax Policies Department.

4. Ahmed Abdel-Baqi, The Role of External Control in Reducing Administrative Corruption, a higher diploma thesis in auditing submitted to the Council of the College of Administration and Economics, University of Baghdad, 1997, pp. 21-24.
5. Jassim Muhammad al-Dhahabi, Administrative Corruption in Iraq. Center for International Private Enterprise, p. 7, website. [www.cibe-arabia.org/pdfhelp.asp](http://www.cibe-arabia.org/pdfhelp.asp).
6. D. Jassim Al-Dhahabi, previous source, p. 9.
7. Zaki Hanoush, Manifestations of Administrative Corruption in the Daily Behavior of the Arab Citizen, Causes and Treatment Methods (Case Study), a research published on the International Information Network, pp. 4-5.
8. Bashir Mostafi, Economic Corruption: An Introduction to the Concept and Manifestations, Journal of Economic and Arab Research, Arab Association for Economic Research 2006, Issue 36, p. 37.
9. Azm Al-Shuaibi, A Case Study of Occupied Palestine, published in The Book of Corruption and Good Governance in the Arab Countries, 2004, p. 719.

10. Abdul Karim Kamel Abu Hat, The Phenomenon of Economic Corruption (Point of View), Al-Qadisiyah Journal of Administrative and Economic Sciences, 2006, Volume 8, Issue 1, p. 2.
11. Azm Al-Shuaibi, A Case Study of Occupied Palestine, published in The Book of Corruption and Good Governance in the Arab Countries, 2004, p. 718.
12. Michael Johnson, Corruption of Administration and Creativity, translated by Abdel-Hakam Ahmed Al-Hazami, Academic House of Sciences, Cairo 2001, pg. 23.  
Mahmoud Abdel-Fadil, a conceptual and historical introduction to the book Corruption and Good Governance in the Arab Countries, research and discussions of the symposium organized by the Center for Arab Unity Studies, Beirut 2004, p. 84.
13. Taher Kanaan, Corruption and Good Governance in Arab Countries, research and discussions of the symposium organized by the Center for Arab Unity Studies, Beirut, 2004, p. 238.
14. Dr. Qasim Alwan Saeed, Suhad Adel Ahmed, Administrative and Financial Corruption, Concept, Causes, Effects, and Control Methods, College of Political Science, Tikrit University, 2014, p. 11.
15. Emad Moayed Al-Marsoumi and others, Security and Armed Forces, Strategic Report (2012-2013), Hammurabi Center for Research and Strategic Studies, Iraq, 2014, p. 176.