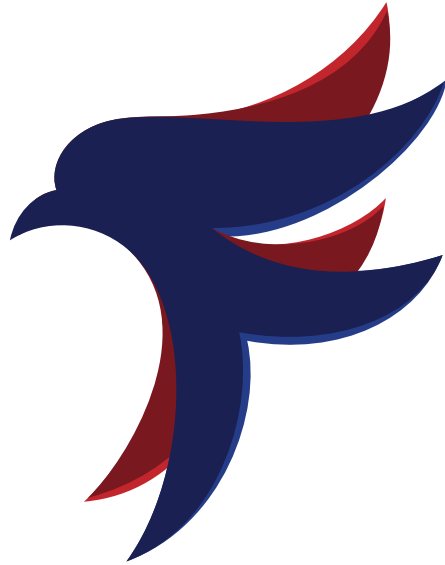


# IRAQ

## ASKING THE RIGHT QUESTIONS ABOUT CIVIL DISORDER

Frank R. Gunter



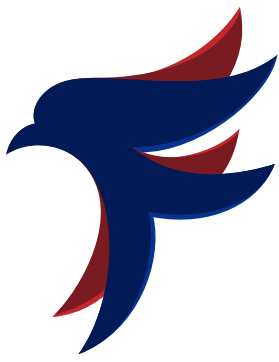


Produced by the Foreign Policy Research Institute.

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## ABOUT THE AUTHOR



**Frank R. Gunter** PhD is a Senior Fellow in the Foreign Policy Research Institute's Middle East Program, a Professor of Economics at Lehigh University, and a retired U.S. Marine Colonel. After receiving his Doctorate in Political Economy from Johns Hopkins University in 1985, Dr. Gunter joined the faculty of Lehigh University where he teaches Principles of Economics, Economic Development, and the Political Economy of Iraq. He has won four major and multiple minor awards for excellence in undergraduate teaching. In 2005-2006 and 2008-2009, he served as an economic advisor to the U.S. Government in Baghdad for which he received the Bronze Star Medal and the Senior Civilian Service Award. Based on his experiences, he wrote, *The Political Economy of Iraq: Restoring Balance in a Post-Conflict Society*. This book was published in both English and Arabic and was selected by Choice magazine as one of the "Outstanding Academic Titles" of 2013. Frank has given multiple presentations on the political economy of Iraq in the United States, Iraq, and the United Arab Emirates.

*The author greatly benefited from discussions at the Dubai meeting of the Iraq Britain Business Council in December 2019 as well as comments from Samuel Helfont, Yass al Kafaji, Christophe Michels, Anthony O'Brien, James D. Savage, and Aaron Stein. However, the analysis and policy recommendations presented in this study are solely those of the author.*

# INTRODUCTION

Since October 1 of last year, over 600 Iraqis have been killed and thousands injured in protests throughout the country. The accompanying political and social chaos has strengthened efforts by other nations to interfere in Iraq with deadly effects. What caused this sudden surge of violence? There are a wide range of political, economic, and social problems in Iraq, such as corruption, lack of public services, and mass unemployment. But most observers focus on disputes among the Iraqi leaders or among various ethnic or religious groups as the causes of current civil disorder in Iraq.<sup>1</sup>

Is asking about causes really the right question? All countries have disputes about important issues. And in most countries, these disputes are resolved or at least ameliorated by congressional or parliamentary debate and decision—by the political process. In these countries, non-violent protests may play an important role in getting decision makers’ attention, but violence on the part of the protesters or the government is rare.

A better question concerning the current violence in Iraq is why do disputes in this country tend to travel in a downward arc from parliamentary debate to non-violent protests to widespread civil disorder and, finally, in extremis, to civil war. In part, the current violence in Iraq appears to be part of a global or regional trend away from state-on-state conflict towards civil conflict. As a result, of the 259 wars that have occurred worldwide since 1989, 95% have been civil conflict, not state-on-state. These civil wars tend to last four times longer than state-on-state wars. Civil conflicts do more damage to society,



An Iraqi protestor on a street in Baghdad carrying two tires and walking in front of a policeman during the January 2020 revolutionary demonstrations in Iraq against the government. (Kariot/Wikimedia Commons)

polity, economy, and lead to greater losses of life. In the Middle East and North Africa (MENA) states, an estimated 4 million persons have died in civil conflicts since World War II.<sup>2</sup> Currently, there are serious civil conflicts in many MENA states, including Iraq, Libya, Morocco, Syria, Turkey, West Bank/Gaza, and Yemen.

1 For example, see, Randa Slim (2019), “Iraq: A Conflict Over State Identity and Ownership” in Paul Salem and Ross Harrison (eds.), *Escaping the Conflict Trap: Toward Ending Civil Wars in the Middle East*, Washington, D.C.: Middle East Institute, Chap. 8, pp. 161-186.

2 Paul Salem (2019), “Middle East Civil Wars: Definitions, Drivers and the Record of the Recent Past” in Paul Salem and Ross Harrison (eds.), *Escaping the Conflict Trap: Toward Ending Civil Wars in the Middle East*, Washington, D.C.: Middle East Institute, pp. 1-31.

# THE NARRATIVE OF GRIEVANCE IN CIVIL CONFLICTS

**A**cademic studies find the source of civil conflicts in either greed or grievance.<sup>3</sup> One or more groups may engage in civil disorder or conflict to capture some source of income or wealth, such as the nation's earnings from oil exports or to control a ministry to provide jobs and funds for group members. Alternatively, the cause might be grievance. One or more groups may be seeking justice or revenge for wrongs previously committed by another tribe, ethnic group, race, religious group, or language group. Fifty years or five hundred years ago, your group burned my group's temple or stole my group's land, and now my group seeks justice.

Further complicating the search for the real causes of a particular civil disorder is the fact that even if greed is a group's true motivation, this group will still promote a narrative of grievance for several overlapping reasons. First, fighting for justice is a more effective way of inspiring fighters. One can pay young men to attack unarmed civilians or other low risk activities, but it is difficult to get fighters to run a serious risk of death or injury if their primary motivation is greed. Second, a narrative of grievance is useful to increase the number and enthusiasm of non-fighter supporters, especially if there is little chance that these supporters will directly benefit from a successful insurgency. Finally, a narrative of grievance can be used to sway domestic or foreign media and governments to support a group.

Since a narrative of grievance will be used regardless of the true motivation of a group, it becomes difficult or impossible to determine whether a narrative of grievance is legitimate or fraudulent. A more productive approach to understanding civil disorder in Iraq and possibly limit its adverse effects is to focus less on the



raqi protests in Tahrir square, October 2019. (FPP/Wikimedia Commons)

spark that started the fire—whether greed or grievance—and focus more on the fuel that feeds the fire: economic conditions.

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<sup>3</sup> Mats Berdal and David Malone (eds.), (2000), *Greed and Grievance: Economic Agendas in Civil Wars*, Boulder, Colorado: Lynn Rienner Publishers.

# THE CONDITIONS FOR CIVIL DISORDER

**E**conomic conditions are important because organizing and maintaining an insurgent group is expensive. Among the expenses are paying fighters, buying supplies, and funding a costly propaganda effort that must be created in order to maintain enthusiasm among supporters as well to gain support from the domestic and foreign communities. In a rare study of the costs of an insurgency, Paul Collier estimated that maintaining the Tamil Tigers, a medium size insurgency in a low-income developing country, was actually seven times more costly than maintaining the British Conservative Party, one of the two largest parties in the United Kingdom.<sup>4</sup> If economic conditions are such that the profits from a successful insurgency are small relative to the costs, disputes may be debated and possibly resolved through parliamentary actions. But if the profits expected from a successful insurgency are large compared to the costs, one can expect the result to be civil disorder. Do current economic conditions in Iraq make civil disorder more likely because returns to disorder are high and costs of insurgency are low?

In a seminal study, Collier analyzed the economic conditions that tend to facilitate civil disorder.<sup>5</sup> Depressingly, almost all of these conditions are currently present in Iraq.

First, dominance of primary commodity exports tends to lead to civil disorder. A country whose economy is dominated by small-scale agriculture and business is difficult and expensive to loot. However, if a country's economy is dominated by a single commodity export, such as copper, diamonds, or oil, there is a prize that makes the risk of an insurgency worthwhile. A successful

insurgent group can immediately reward its followers by diverting export earnings. Of course, the economy of Iraq is dominated by oil, which accounts for an estimated 63% of the state's gross domestic product, 92% of its government revenue, and 99% of its total exports. Control of Iraq's oil is a prize that will compensate for the costs of even a long and expensive insurgency.

Second, if the population of a country is geographically dispersed, maintaining an insurgency even in the face of a reasonably competent government becomes less costly. In a country such as Singapore, where the population is geographically compact, the government can more easily maintain control of its citizenry and, if necessary, crush an insurgency at relatively low cost. There is nowhere for an insurgent group to retreat to in response to a determined attack by government forces. In this case, the insurgency must be prepared to take on government forces in a direct fight—an expensive, difficult, and desperate alternative. On the other hand, if a state's population is geographically dispersed, crushing an insurgency is more difficult because insurgent forces can retreat in the face of a government effort. Only about 17% of Iraq's population lives in the capital, Baghdad, with the rest of the population widely dispersed with the state's second largest city, Mosul, and its third largest, Basra, at geographic extremes. Defeating an insurgency in Iraq is also hindered by its porous borders with Iran and Syria, which allow Iraqi opposition groups to retreat to those countries to regroup. Further, the mountains of northeast Iraq have long provided a sanctuary for rebels.

Third, a history of conflict tends to reduce the

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<sup>4</sup> Paul Collier (2009), *Wars, Guns, and Votes: Democracy in Dangerous Places*, New York: Harper, Chap. 5, pp. 133-134. (Study based on 53 civil wars and 550 episodes that could have led to civil war.)

<sup>5</sup> Paul Collier (2000), "Economic Causes of Civil Conflict and their Implications for Policy," Washington, D.C.: Development Research Group, World Bank. See, also, Christopher Blattman and Edward Miguel (2010), "Civil War" *Journal of Economic Literature*, Vol. 48, No. 1, pp. 3-57.



Education in Iraq is failing in several dimensions. Before ISIS took over almost one-third of the country in 2014, 14% of Iraqi males and 26% of females were illiterate ... Current percentages of literacy and secondary education are even lower as a result of ISIS closing schools and forcing many families to flee from their homes.

cost of future civil disorders. As a result of previous conflicts, there are many persons with experience in creating insurgencies and a knowledge of tactics and techniques. Weapons and other equipment can be recovered from caches established at the end of previous disturbances. And it is easier to revive previous sanctuaries and supply routes than to develop them from scratch. This reduction in the cost of creating civil disorder is especially prominent in Iraq, which, since World War II, has had more years of foreign and domestic conflict than any other country in the world. A history of conflict can also lead to large-scale international migration as persons flee the violence. A large diaspora can encourage future civil disorders either by lobbying the governments of their new homes to support an anti-government group or, more directly, the diaspora may provide financial support or weapons to insurgents. One example would be the financial and other support provided to rebels during the decades of the Irish “Time of Troubles” by the Irish diaspora in the United States. There are an estimated 400,000 Iraqis in the United States, and they are deeply concerned with events in their former home.

Fourth, low levels of education reduce the cost of creating civil disorder in several ways. People who are illiterate or have low levels of education tend to have few economic opportunities and therefore are more willing to join an insurgency. In economic terms, these persons have a low opportunity cost to participating in civil disorder. In addition, low levels of literacy make persons more susceptible to a group’s propaganda. Finally, if there are few economic opportunities, the chances that a young man will be able to marry are reduced. In many societies, an unmarried, unemployed young man is an embarrassment to his family and the subject of public amusement. Joining an insurgent group that gives him a rifle to carry is one way in which such a man can regain respect. Education in Iraq is failing in several dimensions. Before ISIS took over almost one-

third of the country in 2014, 14% of Iraqi males and 26% of females were illiterate—unable to read and write. And among literate Iraqis, education was limited with only 53% of males and 45% of females of appropriate ages enrolled in secondary education.<sup>6</sup> Current percentages of literacy and secondary education are even lower as a result of ISIS closing schools and forcing many families to flee from their homes. Millions of these refugees ended up in camps with limited educational opportunities. Finally, a massive brain drain has led to a severe shortage in Iraq of trained teachers at all educational levels. In summary, there has been a substantial decline in both the quantity and quality of education in Iraq.

The fifth economic characteristic that tends to facilitate civil disorder is a high proportion of young men in the population. Due to its high fertility rate—3.9 children per woman of childbearing age—Iraq is a very young country. Almost 39% of the total population is less than 14 years old, while 19% is between 15 and 24 years old. As a result, each year, almost 900,000 Iraqis become old enough to work.<sup>7</sup> Even after adjusting for deaths, retirements, and the low labor force participation rate among females, the economy of Iraq must create almost 340,000 new jobs a year just to keep the unemployment and underemployment rates from rising.<sup>8</sup> However, since the 2014 collapse in oil prices, the Iraqi economy has produced few new jobs resulting in a steady growth in the pool of unemployed men. As expected, this large “army” of unemployed or underemployed Iraqi young men reduces the opportunity cost of participating in an insurgency.

Finally, an economic decline tends to favor civil disorder by reducing the perceived return to working and investing. If the economic future is grim, people are more willing to consider radical change. The combination of the 2014 oil price drop and the huge costs of the fight against ISIS have severely damaged the Iraqi economy. The real economy of Iraq actually shrank in 2017 and

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6 Central Statistical Office (2014), *Iraqi Woman and Man in Statistics*.

7 U.S. Bureau of Census (2020), *Iraq: Population*, <https://www.census.gov/data-tools/demo/idb/informationGateway.php>.

8 Author’s estimate.





Powering West Mosul's water plants. (UNDP Iraq/Flickr)

2018.<sup>9</sup> And the optimism in mid-2019 that Iraq would return to real growth has faded as a result of widespread protests in the last quarter of 2019 blocked roads, closed markets, and reduced oil production.

Surprisingly, ethnic/religious diversity does not appear to increase the likelihood of civil conflict. There are countries with very diverse populations that have had little civil disorder and more homogeneous states that have had widespread violence. That ethnic/religious diversity is not a cause of conflict is especially controversial in Iraq because most of the political/militia groups in the country have an ethnic or religious character. One possible explanation is that an individual must make two sequential decisions when he is deciding whether to join an insurgency. First, should he join an insurgency? And, second, which insurgent group should he join? The answer to the first question will depend on how the economic characteristics of the country affect that individual. However, once an individual decides to join an insurgent

group, he will generally tend to join a group that matches his ethnicity or religion. Joining a group with members of similar backgrounds tends to facilitate both communication and trust.

The primary advantage in Iraq of focusing on the “fuel” of insurgency—the country’s economic characteristics—rather than attempting to resolve the “spark”—the expressed grievances—is that resolving grievances is often impossible. In some cases, competing groups have incompatible demands. Two or more groups may want the same symbolic or real result. And since any offer of compromise is seen as betrayal of the groups’ members, both parties may demand a Solomonian judgment that the baby be cut in half.

Further complicating the resolution of grievances is that a group’s primary motivation may be greed. If a group’s real goal is to “capture” a ministry to provide government jobs for the group’s members, discussing or even satisfying the group’s expressed grievances will be a wasted effort.

<sup>9</sup> International Monetary Fund (2019), *Iraq: 2019 Article IV Consultation*, Table 1, p. 27.

# A PERFECT STORM IN IRAQ

**E**conomically, Iraq currently faces a perfect storm of three interrelated economic challenges: low oil prices, massive unemployment, and widespread corruption. Prior to 2014, high oil prices allowed the Government of Iraq (GoI) to continue Saddam Hussein's policy of the government being the "employer of first resort." The annual budget created enough government jobs to maintain relatively full employment, especially among college educated youth. Today, the world faces a future of low oil prices resulting from an increase in oil supply by Iraq and the United States and a reduction in oil demand by Asian countries, such as China, South Korea, and Japan. While regional disputes in the Middle East may lead to temporary price increases, the likelihood is that the world faces a decade or more of roughly \$60/barrel (Brent Blend). With such low oil prices, there will be little room in future GoI budgets for increased government employment.

The slowing of government employment growth has contributed to the massive unemployment and underemployment of young Iraqi men. While reliable data is scarce, it is estimated that about 80% of Iraqi urban young men are unemployed or underemployed.<sup>10</sup> Even among university graduates, an estimated 43% were unemployed.<sup>11</sup> Since the first post-Saddam National Development Strategy was published in 2005, the Iraqi government has recognized that it was critical to diversify the economy from

its dependency on government employment financed by crude oil exports. However, over the last 15 years, little progress has been made in creating jobs in the private sector.

Corruption—the abuse of public power for private gain—is the major barrier to expanding Iraq's private sector to create jobs. By weakening the state, widespread corruption also contributed to making Iraq vulnerable to al Qaeda and its successors.<sup>12</sup> While there has been some recent progress in reducing corruption, Iraq still ranks as one of the most corrupt countries.<sup>13</sup> In theory, corruption is often divided into "grand corruption" and "petty corruption."<sup>14</sup> Grand corruption, also known as state capture, is when individuals or groups capture the government through elections, lobbying, or bribes and then divert government revenues into their own pockets or direct government expenditures to organizations controlled by the individual or group. However, although grand corruption receives the most media attention, petty corruption does the most damage to efforts to expand Iraq's private sector. A majority of Iraqi business owners name corruption as the most serious constraint on business, and four out of ten businesses state that corruption increases their cost of business by 40% or more.<sup>15</sup>

No country has succeeded in eradicating corruption although several have succeeded in reducing it to tolerable levels. Because the exact

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<sup>10</sup> Author's estimate.

<sup>11</sup> Ministry of Planning (2014), *Iraq Human Development Report 2014*, Baghdad: Ministry of Planning, p. 85.

<sup>12</sup> Frank R. Gunter (2018), "Immunizing Iraq Against al Qaeda 3.0" *Orbis*, Vol. 62, No. 3, pp. 389-408.

<sup>13</sup> According to Transparency International, Iraq is tied with Cambodia and Chad in corruption with a rank of 162. Transparency International (2020) *Corruption Perception Index: 2019*.

<sup>14</sup> Jennifer Bussell (2015), "Typologies of Corruption: A Pragmatic Approach" in Susan Rose-Ackerman and Paul Lagunes (eds.), *Greed, Corruption, and the Modern State*, Northampton, MA: Edward Elgar Publishing, Chap. 1, pp. 21-45.

<sup>15</sup> Center for International Private Enterprise (2012), *Iraqi Business Attitudes on the Economy, Government, and Business Organization*, p. 29.

causes differ between states, the optimal anti-corruption strategies will differ as well.<sup>16</sup> In Iraq, there have been several national anti-corruption strategies beginning with the first post-invasion National Development Strategy published in June 2005. A fair evaluation is that all of these Iraqi anti-corruption strategies have failed. There is no single policy that will defeat corruption in Iraq. Better law enforcement is only part of the solution. In addition, there must also be improved governance and cultural change that reduces tolerance of corruption as well as a deliberate effort to reduce the economic incentives for corruption. However, while Iraq's multiple anti-corruption strategies announced over the last 12 years have discussed the importance of improving law enforcement, governance, and culture, reducing the economic incentives for corruption has been ignored. This missing element has both allowed the noxious weed of corruption to continue to flourish but has directly and indirectly helped create economic conditions favorable for civil disorder.

The primary cause of petty corruption in Iraq is regulatory hostility towards the private sector. According to the World Bank's Ease of Doing Business Survey, Iraq ranks 171<sup>st</sup> out of the 190 countries surveyed. Regulations are particularly bad with respect to "Getting Credit," where Iraq has the worst regulations in the MENA, and "Resolving Insolvency," where Iraq is tied for having the worst regulations in the world.<sup>17</sup> And, compared to most other nations, Iraq's regulatory environment has actually worsened over the last several years. Potential private business owners in Iraq face three options. One, they can bear the great expense and interminable delays of attempting to follow all of the incredibly complex government regulations. Two, they can choose to operate in the underground economy with all of the associated inefficiencies while paying bribes to an unending line of government agents and inspectors. Or, three, they can abandon any plans of starting a private business and instead seek government employment. And the third option may provide the opportunity to obtain a



(UNDP Iraq/Flickr)

government position that allows them to demand bribes rather than to pay them.

The petty regulations that tie Iraqi business persons in knots are not unloved artifacts of the Saddam era. Rather, each regulation is carefully preserved by members of the bureaucracy who use it to extract bribes. It is not simply that these complex regulations are highly correlated with petty corruption—they are corruption. Complex regulations are as necessary to a corrupt official as a gun or knife is to a robber. Both motivate the victim to hand over his or her valuables or suffer the consequences.

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16 Frank R. Gunter (2013), *The Political Economy of Iraq: Restoring Balance in a Post-Conflict Society* Northampton, Massachusetts: Edward Elgar Publishing, Chap. 4, pp. 46-66.

17 World Bank (2020), *Iraq: Doing Business 2020*.

# WHAT SHOULD BE DONE

**A**ttempting to reduce Iraq's civil disorder by improving the economic environment will be difficult. Characteristics such as the geographic dispersion of the population are unlikely ever to change. And, of course, Iraq cannot change its history of conflict. While there has been a downward trend in fertility, it will take more than a generation for this reduction in fertility to substantially reduce the percentage of young persons in the population.

In addition, any policy initiatives adopted by the government of Iraq are subject to two severe constraints. First, the high level of corruption means that there is a widespread belief not just among the protesters in the streets but among most Iraqis that every level of government will make strenuous efforts to distort or divert any proposed program—no matter how important—in order to maximize corrupt earnings. Second, the government of Iraq is not only bureaucratic but also—with some notable exceptions—has limited competency. Decades of failure have made the Iraqi public very cynical concerning government initiatives. Therefore, to have the best chance of success, the results of any policy initiative must be visible to the average Iraqi. The success of a policy will only be credible if ordinary Iraqis can directly observe it; announcements from Baghdad that some obscure policy has improved some difficult to observe economic variable will be ignored or mocked.

There are at least two policy goals that should ameliorate economic characteristics that favor civil disorder while meeting the requirement of transparency. First, eliminate illiteracy. Illiteracy not only reduces economic productivity, but also facilitates corruption. An illiterate person is a ready victim for any official waving a piece of paper. While improving education has been a key component of every national development plan since 2005, there has been little success in

part because of the bias in educational spending towards providing more university seats for children of the elite. It is estimated that a third of the Ministry of Education and the Ministry of Higher Education's spending goes to the 10% of the youth at colleges and universities and yet, as mentioned above, many college graduates are unemployed. At the same time, elementary schools are hampered by poor teachers, lack of textbooks, and rundown school buildings. In addition, the ISIS invasion resulted in many children in refugee camps, where educational opportunities are limited. If the government were to make eliminating illiteracy its educational priority, not only will there be substantial economic benefits, but also Iraqis will have increased confidence in the government because they will be able to directly observe progress.

The second policy goal must be to accelerate economic growth and therefore create jobs for the large number of unemployed young men. In view of a future of \$60/barrel, the government of Iraq will be unable to act as a “employer of first resort.” Therefore, it is critical that Iraq diversify its economy from dependency on crude oil exports. With widespread corruption and limited government competency, efforts to diversify the economy must also be transparent. One option would be to reduce the regulatory hostility towards the private sector in Iraq. Regardless of their public justifications, these complex regulations discourage private sector job creation while facilitating corruption. However, if the government would simplify these regulations, then it would not only encourage the country's private sector, but also reduce the size and frequency of bribes. For example, a reduction in the bureaucratic delay for approving the construction of a warehouse in Iraq from the current 167 days to, say, the 48 days needed for such approval in the UAE,<sup>18</sup> would not only make it easier to profitably expand a private

<sup>18</sup> World Bank (2019) *Iraq: Doing Business* and *UAE: Doing Business*, <https://www.doingbusiness.org>

business, but would also reduce the willingness of businesses to pay bribes. Bribes will be smaller because officials have less value to offer in exchange. Again, rationalization of regulations would be clearly observable by small businesses throughout the country and therefore increase governmental credibility.

In summary, there is no single “silver bullet” that can quickly solve Iraq’s interrelated problems of civil disorder, mass unemployment, and ubiquitous corruption. However, serious consideration should be given to focusing on eliminating illiteracy and reducing the country’s regulatory hostility towards the private sector. In view of the widespread cynicism, it is critical that the execution and results of such policies be easily observed by the average Iraqi. Progress on literacy and creating a better environment for the private sector will both accelerate job creation and reduce petty corruption. And, to the extent that economic characteristics influence civil disorder, progress in these areas should lessen the “fuel” of civil disorder in Iraq. 🇮🇶



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