

Economy and Society in Iraqi Kurdistan: Fragile Institutions and Enduring Trends

Michiel Leezenberg

Due to internal and external factors, Iraqi Kurdistan has not developed into a stable political entity; consequently, its political future is all the more uncertain. It is a different question altogether whether and in how far the recently emerging social institutions and economic trends will prove equally fragile and instable. Whatever action the U.S. will eventually decide to take against Iraq, one thing is absolutely clear: the fate of the Iraqi Kurds will be contingent on developments concerning the country as a whole. Given these outside parameters, I will here discuss the question of whether, and in how far, current social and economic conditions of the region are solid enough to survive any dramatic political developments; and to a lesser extent the question of whether the region's experience of the past ten years may serve as a model for a possible future democratization in Iraq. Gareth Stansfield's paper in this volume primarily addresses political developments in Iraqi Kurdistan; here, I focus on the social and economic dimensions of the region's experience.

1. Clientelization and civil society

After ten years of *de facto* Kurdish self-rule, Iraqi Kurdistan knows moderate economic prosperity, but little durable political stability. It is true that despite the shortcomings of the Kurdish parties, the region is in most respects far better off under Kurdish rule than it has ever been under the Baath government; but whatever achievements have been booked are under the permanent threat of disruptive outside intervention, be it from the side of the Iraqi government and military, or from other countries like, most importantly, Turkey and Iran. The ever-increasing likelihood of an American military operation against Iraq has made both the Iraqi Kurds and their neighbors rather nervous, and triggered off intensive diplomatic and other activity. The effects of outside interference have been aggravated by the behavior of the Kurdish parties themselves. In 1992, a promising first move towards democratization was made by the organization of local elections, but there was no adequate follow-up to this effort. Instead, for several years, the parties were locked in bloody internecine fighting. Since 1998, a process of normalization has been ongoing, but neither of the parties has seemed very eager to give up on its present privileges in exchange for a return to parliamentary rule. It was only the prospect of an impending American action and the increasingly martial language from Turkey that pressured the Kurdish

leadership into reconvening the regional parliament, something they had not been able to achieve in four years of negotiations and confidence-building measures.

There have been serious efforts at the imposition of civilian government and the rule of law in Iraqi Kurdistan, but these have been hampered, not only by the lack of international political support, but also by the refusal of the leaders of both KDP and PUK to become part of the elected structures. In May 1992, elections for a regional government were held; these elections were not only carefully set up in such a way as to be in agreement with the 1970 autonomy law, they were also remarkably free and fair, certainly by regional standards. Parliament and the subsequently formed government, however, were divided up according to a strict fifty-fifty division of ministerial posts and other resources; worse, both Barzani and Talabani failed to join either parliament or government. The consequence of this construction was that, in fact, the parties, and especially the party politbureaus, continued to exercise effective political power. Added to this was the fact that the government had a budget that was smaller than that of either KDP or PUK, as well as that of numerous foreign aid organizations, and it becomes clear that the government's political authority and economic clout were severely restricted from the start.

Instead of leading to the development of party-independent government institutions, the fifty-fifty division exacerbated existing patterns of patronage. Both parties, as well as numerous other local organizations, engaged in serious attempts at clientelization, where the loyalty of specific parts of the population was bought with the promise of financial support and the like.¹ These attempts at monopolizing public life were an inheritance of Baathist political culture, but they may well predate actual Baathist rule. Ultimately, they reflect a more long-standing Leninist desire among many Iraqi parties to have state and society coincide, especially through the institutions of a party that is depicted as the vanguard of the social order to be developed. Even following a possible regime change in Baghdad, it will take a long time, and a concerted effort, to weaken this long-standing political culture.

In short, the election of a parliament has thus far hardly led to the development of a genuine political pluralism in the region. Instead, two (or, at the time of Islamic Movement rule over Halabja, three) effectively one-party statelets were formed, which are at times disparagingly referred to as 'Barzanistan' and 'Talabanistan'. Here, political opposition is tolerated in the form of small junior parties, but neither the KDP nor the PUK has tolerated activities of its main rival on the territory it considers its own. Except for the Islamic League, which captured some 20% of the vote in the

¹ For the emergence of these new forms of party clientelization, and for the struggle between the elected structures and the politbureaus, cf. M. Leezenberg (1997) *Irakisch-Kurdistan seit dem 2. Golfkrieg*, In C. Borck a.o. (eds.), *Kurdologie*, Band 1. Münster: LIT Verlag.

latest regional elections in both KDP and PUK territory, there are hardly any substantial political alternatives for the PUK and the KDP.

The only numerically important institutions of civil society that did not depend on the local political parties appear to have been some of the Islamist organizations that rose to prominence in the 1990s; others, like the Union of the Unemployed or the various Turcoman organizations appeared to be, respectively too weak and too much dependent on foreign interference to make a lasting impression. In any case, however, many of these civil society institutions were almost as much institutions of patronage as the main parties.

But, although there is no really independent civil society, a system of checks and balances has nonetheless evolved. Because the Kurdish parties in power know that there are local alternatives, they realize that they cannot entirely ignore the population's plight and desires. In this respect, I would suggest, the situation in government-held territory is rather worse: few if any credible alternatives to the Iraqi regime have emerged, and state propaganda can conveniently blame all shortcomings and abuses of the regime on the effects of the international sanctions. On an optimistic scenario, this system of checks and balances will endure beyond the recent reconvening of the joint KDP-PUK parliament, and possibly even a change of regime in Baghdad. On an equally optimistic scenario for Iraq as a whole, one can envisage that no new administration will achieve the same concentration as the Baath party, and that the different social forces in the country may end up in balance rather than in conflict.

2. Islam

Islamist organizations in the region have generally received a rather bad press, especially from sources close to, or sympathetic towards, the two largely secular nationalist Kurdish main parties. But these groups, more than any movement, have become a force to be reckoned with. They may be considered an important voice of civil society, in so far as one understands by that a voice distinct from that of the political power elite. Originating with the Iraqi branch of the Muslim Brotherhood, and partly sponsored by the international network of this organization, it is organizations like the Rabitay Islami or Muslim League that have taken over the tasks of social welfare that had been given up by the retreating Iraqi state and not fully been taken over by either the Kurdish administration or by the international humanitarian effort in the region. In government-held Iraq, the Muslim Brotherhood has equally increased its presence and activities in the cities, but this seems to have happened largely with the connivance of the regime.

In all likelihood, it is such peaceful urban organizations rather than the small radical splinter groups that will remain an influential and enduring force in the region. The recent reports about small and violent islamist groups has tended to distract attention from the more peaceful forces that are a rather more important — if less visible — societal factor. Claims about links between these groups, notably Jund/Ansar, and on the one hand the Iraqi regime and on the other the al-Qa'ida network have often been repeated but rarely been substantiated. The number of Afghanistan veterans in the region has undoubtedly increased since the U.S.-led operation in Afghanistan, but this increase seems indicative of the disintegration of the (already diffuse and personalized) Taliban/al-Qa'ida network rather than of any global islamist master plan. Given their location, outside Iraqi-controlled territory and near the Iranian border, these small groups are also vastly more likely to receive support from Iran than from Baghdad. Moreover, this Iranian support is not a world-political strategy, but purely a regional trump card with which to exert pressure on the other Kurdish parties. In short: politically, radical islam is (or has become) rather less significant than it is often made to appear; but socially, a more moderate form of political islam is likely to remain a significant factor of life in the region for the foreseeable future.

3. Violence

Another social problem that emerged, or rose to prominence, in the 1990s was the increase of violence, not only between the main Kurdish parties, but also in Iraqi Kurdish society at large. The internecine fights that raged between, most importantly, KDP, PUK, and the Islamic Movement between December 1993 and October 1998 not only lost the Iraqi Kurds a good deal of the international credit and support they had acquired in the preceding years, it also locally led to serious social, economic, and human loss.

On another level, disturbing reports about an increase in domestic violence, especially against women, have emerged. Human rights organizations have provided credible evidence that since 1991, hundreds if not thousands of women have become the victim of so-called honor killings.² The parties in power have been rather slow to act against these crimes. Oft-heard disclaimers that honor killings are leftovers from an allegedly traditional islamic or tribal mentality cannot hide the fact that in scale, scope, and tactics, this violence is largely a novel phenomenon. It is at least in part a consequence of the social, economic, and political dislocations of the past decades, though it obviously cannot be justified by them. Intensive pressure from, especially, Kurdish

² For extensive documentation, see the Kurdish Women against Honor Killing web site <http://www.kurdmedia.com/kwahk/>.

women's groups abroad has led to both the KDP and the PUK administrations taking measures against honor killings. It remains to be seen whether these measures will lead to any substantial improvement.

Apart from these honor killings, other violent acts of a more clearly political nature have been carried out, notably assaults against women and ladies' hairdressers.

Although these have not been claimed, most of them seem to have been carried out by some of the more radical Islamist splinter groups. But on the whole, assassinations are not as numerous as during the height of instability in the mid-1990s. Moreover, public security in the Kurdish-held North at present seems to be nowhere near as bad as in government-held territory; there are consistent reports of a much more serious breakdown in law and order in Baghdad. The Iraqi government has not given up on the central tasks of its apparatus of security and repression, but apparently, it has been rather less eager to keep the ordinary policing tasks on its agenda.

The general pattern would seem to be that contemporary Iraqi Kurdistan is a rather more violent society than it was ten years ago; or at least, violence in both its domestic and public manifestations is a much more visible phenomenon. I would argue, then, that (here and in Iraq at large) the perception that violence is a legitimate means of pursuing social and/or political aims is a second long-term inheritance of over two decades of Baathist rule, and one that will be difficult to eradicate. One prerequisite for such eradication is a strong and self-confident civil administration.

4. Economy: Debt and reform

The question of whether ten years of political separation from Baghdad have caused the economy of Iraqi Kurdistan to develop characteristics qualitatively different from Iraq is rather difficult to answer. The Kurdish leadership has been reluctant to take any steps that might have led to a more radical rupture with the Iraqi economy. Thus, plans to introduce the Turkish Lira as the main local currency were hotly discussed, but ultimately rejected, in the spring of 1993. Nonetheless, the region has enjoyed a partial monetary independence since 1991, in so far as the Kurdish region continued to rely primarily on the older 'Swiss print' Iraqi Dinars, whereas in government-held territory new, locally printed banknotes became the main legal tender.

Apart from enduring social characteristics, then, long-term economic developments may crucially affect the future course of Iraq. It has been observed that authoritarian regimes can rarely master economic crises; this observation by and large applies to the Iraqi regime as well, but it should be added at once that the Baghdad government has had considerable success in blaming others for the consequences of its own economic policies. Thus, the regime initiated a very rapid and very drastic economic privatization drive in the late 1980s, but the harsh effects of this shock therapy have

been masked by the imposition of UN sanctions in 1990.³ Since then, it has been a standard (and increasingly successful) item of Iraqi propaganda to blame the sanctions for the population's suffering; but standards of living had already dropped very considerably preceding the 1990 Kuwait invasion, and were bound to fall further as a result of the government's shock therapy.

The effect of the sanctions has been, among others, to mask the continuation of policies that, for want of a better term, may be called 'neoliberal'. The state has withdrawn from most areas except for security, and private individuals close to the regime have been able to exploit, and even exacerbate, the population's plight in order to enrich themselves. The long-term consequences of Iraq's disastrous policies are, among others, the destruction of productive industrial and agricultural sectors; the radical impoverishment of the middle class sections that used to depend on the state; massive flight of people and capital; and, last but not least, a foreign debt of over US\$ 100 billion, comparable only to that of near-bankrupt countries like Argentina and Brazil. Much will depend on whether the existing (and largely bilateral) debts of Iraq can be successfully renegotiated rather than having a future Iraq placed under the monetary control of the IMF and the World Bank. These political and economic macrofactors have also, though perhaps not quite the same extent, affected the Kurdish region, and they are likely to keep on doing so.

The Kurdish North had little industry to begin with; and during the 1990s, it appears to have undergone a number of parallel economic developments parallel to those in government-held areas. Thus, the withdrawal of all government personnel and the imposition of an internal blockade on the North by Baghdad in October 1991 may be seen as the most drastic form of withdrawal of the state-driven economy yet seen in Iraq. In its place came more 'privatized' local agencies, which were often related to the new power elites. Thus, it is widely known that many of the local NGOs that were active in the region in the early 1990s were largely front organizations for the main political parties. Following the implementation of the 1996 Food For Oil agreement between Iraq and the UN, these NGOs had little trouble in converting to contracting agencies.⁴ In a way, then, in Iraqi Kurdistan and elsewhere in the country, the contracting system that was in place for much of the 1970s and 1980s appears to have been restored, albeit with a different pay master this time around (viz., the UN); the constant factor in all this, of course, has been the unchanging dependence of all these systems on Iraqi oil income.

3 For the market reforms, see especially Kiren Aziz Chaudhry, 'On the Way to the Market: Economic liberalization and the Iraqi invasion of Kuwait'. *Middle East Report* 21 (1991).

4 For an analysis of the effects of humanitarian aid, cf. M. Leezenberg 2000, Humanitarian Aid in Iraqi Kurdistan. *CEMOTI*, No. 29 (also available online as <http://www.ceri-sciencespo.com/publica/cemoti/textes29/leezenbe.pdf>)

5. Elites and Emigration

The emergence of new elites has been a largely smooth and trouble-free process, because the older economic elite associated with the Baath party in part fled to Baghdad or abroad, and in part simply switched sides or acquiesced in the new political reality. Since the state's withdrawal in October 1991, and especially since the implementation of the lucrative Food for Oil agreement, there has been a marked increase in economic inequality. Despite the novel affluence, some 50% of the population has to survive on the equivalent of \$25 per month. The Oil for Food program provides significant relief for these destitute households, but its future is uncertain, given the volatile economic and political situation. At the same time, numerous shopping malls, amusement parks, not to mention luxurious houses, have been constructed for the newly rich. This ostentatious display of wealth has undoubtedly created resentment (which is partly articulated in Islamist terms), but at present, there are few signs that this resentment can be turned into the massive mobilization of the poorer strata.

One dramatic social phenomenon of the past decade has been the mass emigration from the region, which at times ran at the rate of hundreds of people per week. This massive brain drain is almost certain to have very negative long-term social consequences, as it is typically precisely younger members of the better educated urban classes that decide to leave. The exodus of the educated middle class has been even worse in government-held territory. The Kurdish parties have done little to end this tragedy; apparently, the financial interests involved in the lucrative trade in asylum seekers outweighed long-term social policies. However, there are some more positive sides to this brain drain, too: first, many families have received financial support from relatives abroad; and second, this international traffic has certainly increased the openness of the region. Under the Baath (and especially prior to 1991), Iraq was almost hermetically sealed off; at present, there is a steady flow of people, resources, and ideas to and from the region.

One factor that may in the long run benefit the further growth of civil society is the steady spread of internet facilities in the region. Recently, internet services were introduced that allow those who have a telephone connection to go online at the cost of local telephone calls; with all the information available on the web, such facilities may considerably improve the flow of ideas and discussions between the region and the rest of the world. Nevertheless, they are restricted to the relatively small percentage of households that can afford not just a telephone but also a computer, or to that part of the literate and educated youth that can afford a visit to one of the numerous internet cafés in the cities. In this respect, increased access to cyberspace

does not carry much of a promise to reduce the gap between rich and poor; on the contrary, it only threatens to widen it.

Conclusion

Conventional political wisdom has it that economic liberalization will in itself lead to democratization, but this certainly does not apply in the case of Iraq. The privatizations that started in the 1980s have not led to the creation of a middle class that is both economically powerful and politically independent from the state; on the contrary, a 'crony capitalism' of a kind not dissimilar to that found in contemporary Egypt has emerged, with a narrow and partly new elite of party members, or even close relatives of those in power, being the prime beneficiaries of the economic restructuring.

Regarding some societal developments at least, there appears to be some truth in the optimistic claim made by some Kurdish leaders that 'the genie is out of the bottle': it is rather unlikely that the Kurds will settle for anything less than federation, or at the very least substantial autonomy, in a future Iraq. It is also unlikely that the population would pout up with a renewed extensive presence of the Iraqi security apparatus, let alone a military occupation, with which Turkey has repeatedly threatened.

Some developments, like Kurdish-language education, broadcasting and publishing, will not easily be given up or turned back. A whole generation of Kurdish youths has grown up, and to a large extent been educated, with little or no knowledge of the Arabic language and of Iraqi society and politics. This new cultural and social self-confidence will almost certainly be an enduring phenomenon. Likewise, people have for a decade not merely experienced a Kurdish voice, but a true plurality of voices in television and radio broadcasting, and through increased access to the internet. It would take a very repressive administration indeed to revert this trend towards greater Kurdish cultural and social autonomy; but this development should not be confused with either economic or political independence. The region is wholly bound to the Iraqi oil economy, and to the (now privatized) welfare state system; and the Kurdish leaders have never expressed any substantial vision of an independent state, let alone acting towards the creation of one.

To conclude: at present, both Iraqi Kurdistan and Iraq at large display an uneasy combination of a neoliberal economy, in which a large part of the welfare of the population is delegated to the international humanitarian network, and a Leninist state tradition, in which those in power try (but do not necessarily manage) to monopolize civil society. Both factors would seem to impose serious structural and long-term constraints on any future democratization, accompanied as they are by on the one

hand a steady depolitization among the population at large, and on the other hand an increasing concern for morality in the public sphere, as witnessed by the rise of various islamist organizations. A reason for moderate optimism, however, may be the very fact that in Iraqi Kurdistan at least, there are several major political parties around. Although none of these can be considered a full-blooded democratic organization, they realize that they do not have a military option against each other, and that the very presence of a political alternative forces them to moderate their behavior. The fact that political power is not concentrated in the hands of a single small elite as in government-held territory, but divided among competing parties pursuing their partly diverging interests, may in the longer run preclude the re-emergence of the highly centralized state that was Iraq in preceding decades. The differences between the most important political parties and factions may not coincide with the existing social, ethnic and religious fault lines, but they do seem to carry the germ of a future Iraq that is characterized by a more genuinely political pluralism. But whether this relatively optimistic scenario will become a reality for Iraqi Kurdistan, let alone for Iraq as a whole, depends on factors that ultimately are largely beyond the control of local actors.