

Is IRAQ Political Stability Achievable?

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This article will briefly discuss the main economic and political challenges currently facing Iraq, possible resolutions and to suggest certain measures that should be considered by current Government in order to create political stability. It is unlikely to predict accurately the political stability, as the Government of Iraq is not fully aware the origins of IS, and its motives. What is surprising is that even the superpowers have failed to declare the details of this organization who has occupied land that is equivalent to 1/3 of Iraq. Iraq with all its financial and human resources capabilities has struggled to defeat this organization with the support of 60 countries!

Current Challenges: Iraq is currently under stress from:

a) Invasion of IS has led to mass destruction to Iraq's infrastructure: housing , roads, schools, hospitals, water facilities, energy facilities, banking trade disruptions, damage to land and crops, huge military spending, heavy military and civilian casualties, internally displaced people (2,800 Million and expected to rise to 3 million), historical monuments and the deterioration of investor confidence (it is expected for the poverty index to increase from 19% to 30%. It is extremely difficult at this moment in time to quantify the damage that has taken place. What the Iraqi government needs is the involvement of International organisations to assist with the assessment of cost to remedy the damages and to organise a reconstruction campaign.

b) Despite the availability of financial resources in the last 12 years the Iraqi Government has experienced difficulties in providing satisfactory services to its citizens, which has contributed to the political instability in Iraq. This is largely due to the absence of sound institutions to support the delivery of services. Consequently political literature has classified Iraq as a failed state. It is extremely difficult for government to manage these challenges without international community in order to deliver services.

c) The current reduction of oil prices has further hampered the Government's function, as the Iraqi government is heavily dependent on oil revenue to fund public services (by over 90%) and this has led the Government to scale down the spending of its federal budget for 2015. The current federal budget assumes that oil price is \$56.00 per barrel and 3.3 million barrels per day (including 300,000 from Kirkuk, 250, 000 from Kurdistan) assuming that relations with KRG will continue without adversity. Luckily enough Kuwait has agreed to suspend the payment for war reparations (5% of government oil revenue) for one year. Furthermore, the Federal Budget is imperative to Iraq's 20 Million citizens, who are directly dependant on the budget, of which 3 Million citizens are employed, with an average family size of 6.5.

Sustainability of Iraq's economy is hard to achieve with lower oil prices, as government spending policy is not guided by the principle that benefits should cover the cost. For example, currently public wage rate is set well above productivity levels as well as cost of inefficient subsidy programmes (for food basket, fuel and agriculture) can not justify the benefits. These uneconomic policies have had a direct influence in reducing the capability of

the private sector to diverse sources of the national income and reduce unemployment. Furthermore, these policies have hampered adequately financing public services such as Education & Health.

Government Options: If the above challenges are not properly addressed by the Iraqi Government to match Iraqi citizen's expectations, what will happen? No doubt it will lead to a deepened political instability and leave the Iraqi Government vulnerable to unpredictable conflict. Eventually this may lead to the involvement of external superpowers to request the intervention of the UN. The current options are:

1. Decentralisation, which will grant provinces more power to manage their affairs. Surely this option is politically & economically vital in order to reduce bureaucracy and gain political stability which in turn will achieve more economic efficiency.
2. To encourage reputable organisations to engage with the Iraqi government to rebuild Iraq's infrastructure through contractual agreements (based on private-public partnership) to ensure effective delivery of public services and transfer the best practices to Iraqi counterparts. This is the only sound approach to current procurement approach.
3. To set up a trust fund, which will be supported by the International community (supervised by UN agency) to deal with human and non human costs.
4. To reform the Social Safety Net with the aim to eradicate poverty and creating incentives for individuals to work and contribute to society. This should be based on the principle that all Iraqi citizens are entitled to a share of the oil revenue after the government has deducted National Security & Economic Development Contribution.
5. To reform state owned companies toward eliminating waste and improving efficiency (currently the Government is required to subsidise these companies by 3.5 billion Dollars annually).

Would current Government be successful?

1. Currently all political parties are united to defeat IS, and there are some elements of co-operation (otherwise the cost is high for all). The Government has a good chance of success if the spirit of co-operation can be extended to cover achieving current Government agenda in particular: the political reconciliation & National Security Guards
2. The PM needs to show that his management is aiming to maximise the benefits to all citizens, not just to his political party. This requires firstly to set a team of highly qualified advisors, non-politically driven, who can shape his decisions, and secondly to maintain good relations with the head of Parliament.
3. To take positive steps towards decentralization and ensure it succeeds through capacity building.

4. To take serious steps towards institution building that supports good governance. This is vital for efficiency gaining & fighting corruption. This requires the commitment of each Ministry and province to a programme and to be reviewed periodically and publicly. Without it, it is hard to maintain confidence of the International community in his agenda and his leadership.