

# Endless Corruption Is Leaving Iraq a Failed State

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*Property prices in central Baghdad are as high as London's, even though Iraq's national income is down by 70 percent since the collapse of oil prices. Islamic State bombings regularly devastate parts of the capital and still the real estate market booms. Why?*

Because there is so much “dirty money” in Iraq that needs to be laundered. If you lack the political clout to get your stolen money out of the country, then the safest course is to put it into residential property. But then that's not a very safe bet either when the entire pseudo-democratic system bequeathed to Iraq by the U.S. invasion is on the brink of collapse.

Intrusion late last month by thousands of angry Iraqis into the Green Zone, the vast blast-walled government compound in Baghdad, was probably the beginning of the end of the current dispensation in Iraq. They stayed for two days, only leaving after delivering an ultimatum calling for wholesale reform of the government but vowing to return if it does not happen.



It will not happen, and they will be back in the streets soon. Former Prime Minister Nouri al-Maliki, forced from power in 2014 after Islamic State forces conquered the western half of Iraq, has been plotting a comeback with other parties in parliament. He may not succeed, but he and his allies are certainly able to block the passage of most measures they do not like.

The cement binding Maliki and the other plotters is their determination to retain the utterly corrupt system that has allowed them to loot the country's oil wealth for so long. The oil wealth is a great deal less now, but it is still practically Iraq's only source of income and they have no intention of giving it up.

The man who replaced Maliki, President Haider al-Abadi, is in relative terms a reformer. He belongs to the same Dawa Party as Maliki and can't afford to get too far out of touch with his power base. Nevertheless, almost a year ago he promised that he would replace many of

his Cabinet members, drawn from the various parties in the ruling coalition, with “technocrats” who would (theoretically) be less likely to steal the government’s money.

He couldn’t deliver on his promise, however, because any Cabinet changes have to be approved by parliament. None of the parties there were willing to give up their own Cabinet ministers, and with it their ability to divert the government’s cash flow into their own pockets. Three times Abadi’s proposed reforms were rejected by parliament.

It was after the last time, in April, that Moqtada al-Sadr, a populist cleric with a big following among Baghdad’s multitudinous Shiite poor, ordered the invasion of the fortified Green Zone. That forced parliament to approve of five of Abadi’s Cabinet changes, and more will probably follow.

But changing the figureheads in the government ministries will not end the looting of public funds, which permeates the system from top to bottom. Indeed, you might say that corruption is the system in Iraq. Like several other oil-rich countries, Iraq distributes some of the cash flow to the citizens by means of paying them to do non-jobs. Most of the rest is stolen by the 25,000 or so people who hold senior administrative, political or military positions, leaving a small amount for public works.



There are 7 million government employees in Iraq — a large majority of the adult male population — and most of them do little or no work. Indeed, some of them don’t even exist, like the “ghost soldiers” whose pay is collected by their officers. Collectively they were paid around \$4 billion a month, which was all right when monthly oil income was up around \$6 billion.

The oil revenue is now down to \$2 billion a month. The central bank has been making up the difference from its reserves, but those are now running out. The country’s economic crisis is now more urgent and more dangerous than the military confrontation with Islamic State, but that does not seem clear to many of the major players in Iraq’s dysfunctional political system.

It is so dysfunctional that little is being done even to repair the Mosul Dam, which requires constant work on its foundations if it is not to break and drown Mosul, four hours downstream, under a 24-meter-high wave. The wave would be much lower by the time it would reach Baghdad two days later, but it would still be big enough to wreck property values for a long time to come.

All the talk about the Iraqi army driving Islamic State back is just hot air. The only Iraqi military advances have happened under the cover of massive U.S. airstrikes, and the

government's own attention is elsewhere. So, increasingly, is that of the population. But Islamic State is still paying attention.

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