

The Paradox of Centralization and State Fracture in Iraq

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Decentralizing power would have been the best way of avoiding a return to Saddam-era authoritarianism and corruption, but Baghdad has favored centralization instead—while simultaneously fissuring the state through sectarian patronage and competition.

The decentralization of power and authority in post-Saddam Iraq would have been the antidote against his regime's authoritarianism and brutality. However, decentralization has been persistently rolled back in favor of centralization. The power and appeal of federalism and elected provincial councils have been losing ground to concentrating ever more authority in Baghdad, the capital city of Iraq.

Paradoxically, however, power and authority in Baghdad are diffused across ethno-sectarian parties and factions. Most Iraqi political groups have come to see geographic decentralization as a threat to Iraq's territorial integrity. However, in the absence of any single political or ethno-sectarian group flexing enough muscle to dominate the rest, centralization of authority in Baghdad has turned it into the epicenter for corruption and patronage networks that compete over power and perks of the state. Conventionally, a strong state is the rationale for supporting centralization. Yet, ironically, weakening the state is the common goal among the parties in power in Iraq. It is the concentration of power and wealth in the weak state that has allowed for the mass corruption and pilfering that has thrived in Iraq.

Finding political accord in Iraq has become increasingly remote, as manifested by the yearlong government formation gridlock that followed the October 2021 elections. The emergent new Iraqi government breathes new life into an Iraqi political system of ethno-sectarian patronage that had lost a third of the country to ISIS in 2014, carried out a military operation against its Kurdish region in 2017, and received the ire of public protests in 2019.

As the 20th anniversary of regime change in Iraq approaches, many wonder if Iraq remains a democracy.

Democracy did become the United States' and United Kingdom's stated goal to oust Saddam Hussein.

Decentralization was in part the guarantor of democratization, the safeguard against the re-emergence of dictators like Saddam Hussein. Like democracy, decentralization would ensure greater recognition of Iraq's ethno-sectarian and geographic diversity. The 2005 Constitution enshrined decentralization in the form of federalism and elected provincial councils empowered with significant executive authority. The national charter set the parameters for more regions to form and mandated passing legislation that would regulate the relationship between the regions and the federal government.

In practice, however, the trend lines have favored re-centralization of power and authority in the federal government. Despite initial proposals for forming new regions, the Kurdistan Region of Iraq (KRI) remains the sole federal region. Furthermore, the last time Iraq and KRI held provincial elections was in 2013 and 2014, respectively. In 2019, the Iraqi parliament even disbanded the provincial councils.

Geographic and administrative decentralization has indeed lost its political luster in favor of a strong state with centralized authority. Ethno-sectarian feudalism at the state has thrived instead in the form of patronage politics, whereby political blocs that make it to parliament divvy up state institutions and assets. Much of the power and wealth of the state has been centralized in Baghdad only to be milked by a decentralized and competing slew of political actors. Put more simply, the Iraqi government has been centralizing power and wealth in Baghdad and away from the regions and provinces, but Baghdad itself is decentralized across the parties that form the government. Such ethno-sectarian politics has come to be a resilient facet of the post-Saddam governance system. Iraqi politics has practically abandoned decentralization in favor of a central government weakened from within.

Enablers of Centralization

Like democracy, decentralized governance was rather foreign to Iraq. Since its inception as a state, Iraq has been largely ruled by a central government, be it a monarchy, a military or a single-party dictatorship. The autonomy granted to the Kurds in 1970 was short-lived. There was little room for easing central command and control under the Baath Party's ideology of Arab socialism, and even less so under the militarism that prevailed during Iraq's eight-year war with Iran. The Kurdistan Regional Government (KRG) was formed in 1992 not because Baghdad devolved power to the northern Kurdish provinces, but because Saddam lost control over them following the First Gulf War.

As a governance system, moreover, federalism is an oddity in the region. Despite their significant differences otherwise, Iraq's neighbors are all centrally run. Furthermore, Iran and Turkey have been skeptical of Kurdish federalism in Iraq lest it presents a model for their own Kurdish minorities. The federal structure of the United Arab Emirates was too far to be considered a model. Internally, the commitment of the Kurdish political factions to federalism has been anything but persistent. In fact, Kurds have wavered across the decentralization spectrum—from autonomy to full independence. When in exile, the Shia opposition parties adopted federalism as their envisioned post-Saddam system for Iraq, only to abandon it once in power. Adversely, Sunni groups were the first to oppose federalism, but have come around to see it as a guarantee against militia encroachment into their territories.

Geography and legacy aside, Iraq's petroleum-based economy is also conducive to central control (for more on this, see the literature on resource curse and rentierism: for example, Michael Ross's *Oil Curse*, Paul Collier's *The Bottom Billion*, and the author's dissertation *Oil Federalism in Iraq* (<http://mars.gmu.edu/handle/1920/9682>)). The nature of the oil and gas industry and the flow of its rents into few hands incentivize and enable centralization. Long-term oil and gas contracts are signed, often secretly, within a narrow circle of government officials and corporate executives. More important than where the petroleum is produced is who signs the contracts and cashes the checks. Such windfalls have empowered petrostates to rule from the center, and use their wealth to coopt and coerce any opposition their rule faces. Unlike labor-intensive sectors, such as industry and agriculture, the capital-intensive

energy sector enables centralized wealth generation and redistribution.

A Fractured Central State

Iraq has been reverting back to centralization in a slow but steady fashion. Rather than Iraqi Kurdistan being the first of several regions to be formed in a federal Iraq, it remains the only one. Sunni parties mostly rejected federalism and equated it with secession. When in opposition and then early into their post-Saddam rule, key Iraqi Shia parties adopted federalism, only to abandon it once firmly settled to power. Proposals like the Basrah Region are off the political books. Why should the Shia parties settle for a part of Iraq when they can control most if not all of it? With control over Iraq's petroleum sector, its finances and, since the defeat of ISIS, all of Iraqi territory and borders except for Kurdistan, the Shia parties have won the ethno-sectarian conflict. Such power and wealth have whetted their appetite for central control. And such political incentives explain, in part, why Iraq's parliaments have not passed the requisite laws and built the needed institutions for federalism to take root, such as the Federal Council, the Federal Supreme Court and the national hydrocarbons law.

Kurdistan has held up as a region, but only because it has been too big a bite for the Iraqi government. The KRG built strong facts on the ground, such as the Peshmerga forces and an energy industry. Yet, despite being the major proponents of federalism, Iraqi Kurdish parties divested from decentralization too. Kurdish representatives at the Iraqi state did little to push for the needed legislation that would grant federalism greater permanence. Coupled with a push from Baghdad, Kurdish agency and wealth raised Kurdish aspirations for statehood. The KRG changed strategy and headed for the exit. In 2017, the KRG held an independence referendum and showcased Iraq's lack of respect for federalism as the primary reason and excuse. The KRG-Baghdad linkages have neither been strong enough to keep both sides happily living together nor weak enough for a breakup to be feasible. The Kurdish referendum might have even vindicated Arab skepticism that federalism has been a code word for secession all along.

A central government where power and wealth are concentrated but also divided across dozens of powerful political entities is inherently weak, unpredictable and unstable. This system has failed to safeguard Iraqi sovereignty, fend off terrorism, and create prosperity. The governance deficit stems from the centralized but weakened Iraqi state that all parties in power milk for their parochial interests. No wonder that every party seems to need a militia for protection and contract enforcement.

Rather than consolidate, the web of patronage is spreading farther. Strongmen and political families are eclipsing once powerful politburos. Unable to capture the whole state or a geographic part of the country, competing rulers settle for capturing government agencies and tapping into its resources. This trend holds in Kurdistan as well, where the two ruling Kurdish families have rendered the central authority of the KRG moot.

Despite the calls to do so, disbanding the provincial councils for good is unattainable absent a constitutional amendment. In fact, the new Iraqi government may push for provincial elections only to avoid holding national elections. Reinstating provincial councils would be a tall order given the corruption and inefficiencies of their performance that led to public angst that shut them down. The KRG has postponed its elections to 2023 and could hold local elections simultaneously. The referendum and the subsequent military operation that the Iraqi government carried out in response in 2017 redrew the internal lines to the pre-ISIS status quo ante. Neither Kurdish independence nor full Iraqi recentralization have succeeded. The surest path forward for KRG-Baghdad relations is to reinvest in federalism—its legislative, institutional and administrative infrastructures needed in place. Breathing life back into decentralization that would promote more accountable governance would require serious investment in local governance capacity and expanding KRG-Baghdad linkages.

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