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The 2017 independence referendum and the political economy of Kurdish nationalism in Iraq

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ABSTRACT
In September 2017, the Kurdistan Regional Government of Iraq held a referendum for independence despite the high likelihood of heavy retaliation. In contrast to the narrative that presents that decision as the result of gross miscalculation, this article offers an alternative explanation highlighting the role played by Kurdish nationalism in upholding the structures of power of the region. The current class structure, institutional framework and rentier economy of Iraqi Kurdistan had their origins in the 1990s when Kurdish forces gained permanent control of the region. The new ruling class that developed in that decade had a profoundly extractive character and based its power on a strategy of appropriation of the public resources pursued through the control of the political institutions and security forces. The 2017 independence referendum must be understood as an attempt to thwart the threat to this social arrangement represented by a wave of popular protests. These events reveal the profound connection between Kurdish nationalism and the region’s class structure. They also allow us to appreciate the – often neglected – political agency of the subaltern classes in a rentier society.

Introduction
In September 2017, the Kurdistan Regional Government (KRG) of Iraq held a referendum for independence in which Kurdish voters overwhelmingly – over 93% – chose to secede from Iraq. However, the virtually unanimous opposition of the international community prevented Kurdish president Masoud Barzani from proclaiming independence. The United States, the principal ally of the Iraqi Kurds, refused to back the referendum, prioritising the territorial integrity of Iraq. Baghdad deemed the referendum illegal, and neighbouring Turkey and Iran, worried about the repercussions on their own Kurdish minorities, strongly opposed Kurdish independence. In this context, the prospect of a landlocked Kurdish mini-state looked like a geopolitical nightmare. In the aftermath of the referendum, the KRG was subject to heavy retaliation from Ankara and Tehran, which shut their borders and closed their airspace. The Iraqi army moved towards Kurdish positions and, in a few weeks, took over a vast swathe of territory historically disputed by Baghdad and Erbil, including the oil-rich and
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highly symbolic city of Kirkuk. These ethnically mixed areas – claimed by the Kurds for decades – had come under Kurdish control during the war on the Islamic State of Iraq and the Levant (ISIL) in 2014–2017, and their loss represented a collective trauma for the Kurds.

The decision to hold the referendum, even if the opposition of global and regional powers made Kurdish independence unviable, triggered a great deal of discussion. Most students and observers of Iraqi and Kurdish politics presented the referendum as the result of gross miscalculation (Hiltermann 2017; Illing 2017; Sumer and Joseph 2018; Kaplan 2019; Mustafa 2020). According to this reading of the events, KRG President Masoud Barzani and the ruling Kurdistan Democratic Party (KDP) systematically underestimated foreign opposition to the referendum and thought that Washington – and maybe even Ankara – would have eventually come to the rescue of its loyal ally and accepted the existence of a friendly Kurdish state placed in such a strategic location. Moreover, Barzani thought that after the Kurdish sacrifice in the war against ISIL, the West could not deny support for Kurdish self-determination. Alternatively, the Kurdish leadership was presented as incapable of determining the right timing for the referendum. Even accepting a certain degree of miscalculation on Barzani’s part, this approach is problematic for two reasons. First, it tends to orientalise the Kurdish leadership, depicting them as noble warriors and genuine patriots largely unaware of geopolitical realities and incapable of the tricks of foreign policymaking. In turn, these readings of the event legitimise Barzani’s and the KDP’s victimhood narrative of the referendum as the last of a long series of betrayals perpetrated by the global powers against the Kurdish people. Second, and even more significant, these accounts dismiss – although to a different degree – the importance of domestic political dynamics and particularly the highly contentious nature of the referendum within Iraqi Kurdistan, including the opposition of important sectors of Kurdish society.

More convincingly, the analyses by Palani et al. (2019) and O’Driscoll and Baser (2019) point to the domestic political dynamics within the KRG explaining the referendum as a political move by the ruling KDP to distract the public from the economic and political crises. O’Driscoll and Baser (2019, 6) rightly emphasise the political role of the aggressive nationalist rhetoric promoted by Barzani and the rally-around-the-flag effect generated by the call for independence that helped the KDP stay in power.

In this article, I build upon these considerations by investigating the relationship between Kurdish nationalism and the power structures of the Kurdish region. I argue that presenting the referendum as Barzani’s gamble to stay in power points in the right direction but misses the importance of the structural crisis of the Kurdish region that led to a long-term loss of political legitimacy. The public protests that occurred on a regular basis between 2015 and 2019 combined the rejection of the austerity policies implemented by the KRG with a critique of its authoritarian and repressive practices. Demands for an equal distribution of the region’s resources questioned the region’s power structure centred on the appropriation of the oil rent by the ruling class, particularly the prominent role played by the political elite. I argue that the anti-government mobilisations constituted the most significant threat to the Kurdish ruling class and political elite since the establishment of Kurdish self-rule in Iraq in 1991. In this context, the referendum, the government’s aggressive nationalist discourse, and the hostility of neighbouring powers conspired to create an atmosphere of national emergency that silenced demands for change. The independence referendum was thus functional to thwarting a direct threat faced by the class structure of the region.
To explain the link between Kurdish nationalism and class politics, I adopt a historical sociological approach that analyses the period between 1991 – when Kurdish nationalist forces gained control of the region – and the 2000s – when the KRG was constitutionally recognised as a federal component of post-invasion Iraq. The processes of class formation and (quasi-)state formation that took place in those two decades shaped the current class structure and political institutions of the region. This social and political arrangement was profoundly shaken by the 2014 crisis triggered by the combination of the war on ISIL and the dramatic drop in oil prices. It was precisely this crisis that allowed popular opposition to mobilise to an unprecedented extent and to threaten the position of the region’s ruling class. This threat forced Kurdish rulers to invest in an aggressive nationalism that ultimately led to the 2017 referendum and its disastrous outcomes.

The Kurdish national movement in Iraq

The existence of an autonomous Kurdish region in Iraq is the result of a decades-long liberation struggle. The post-First World War Middle Eastern borders – designed according to the colonial interests of Britain and France – divided the Kurdish-speaking areas of the Ottoman Empire among the newly established states of Turkey, Iraq and Syria. The Kurds of Iraq were integrated into an Arab-majority state, and Kurdish nationalism developed gradually after the interwar period; only in the 1960s was a Kurdish uprising able to seriously challenge the Iraqi state. The Kurdish revolt that started in 1961 was to continue intermittently until the final withdrawal of the Iraqi army from the region in 1991. In its first phase, the revolt was led by the KDP, an organisation that included part of the tribal and landowning elite – represented by Party President Mullah Mustafa Barzani until his death in 1979 – but also an urban and progressive middle-class component. The defeat of the Kurdish revolt in 1975, against Iraq’s new strongman Saddam Hussain, pushed the leftist wing of the KDP to split and establish the Patriotic Union of Kurdistan (PUK), led by Jalal Talabani.

The Kurdish insurgency resumed in the 1980s while Iraq was fighting a bloody war with Iran (1980–1988). The conflict assumed an increasingly intra-Kurdish dimension as Baghdad massively recruited irregular Kurdish forces that were used in anti-guerrilla operations whom the Kurdish nationalists derogatorily called jash, little donkeys. Encouraged by Tehran, the leaders of the KDP and the PUK, Masoud Barzani and Talabani, joined forces and, in May 1988, established the Kurdistan Front (Gunter 1993, 296). In response to the new threat, the Iraqi army used chemical weapons against Kurdish villages and started deporting the rural population. These genocidal practices escalated, in 1988, into the infamous Anfal campaign that lasted until 1989, leading to the deaths of 50,000 to 100,000 Kurds and the destruction of thousands of villages (‘Genocide in Iraq’ 1993). Saddam Hussain’s brutality against the Kurds eventually became a justification for US-led direct intervention in March 1991, which established a no-fly zone over the country’s north. By mid-1991, the Kurdistan Front had pushed back the Iraqi Army, which withdrew from Kurdish areas in October. At the end of the year, the KDP and PUK were in control of most of the region (McDowell, 368–376).

Discouraged by international and regional powers from proclaiming independence, the Kurdish parties decided to establish a regional parliament and government based in Erbil. At the first regional elections, held in May 1992, the KDP and PUK obtained 51 and 49 seats, respectively, and negotiated a comprehensive power-sharing agreement (Hoff, Leezenberg, and Muller 1992, 29). The KRG created by the two-party agreement established a ‘50:50
system’ that Gareth Stansfield describes as an equal division of ‘all executive and legislative positions […] with real power being unofficially vested in the political bureaux of the KDP and PUK’ (Stansfield 2003, 145). However, the deep mistrust and historical rivalry between the two parties made this arrangement very fragile. The KDP and PUK refused to give up on their armed forces (peshmerga) and sources of revenue – such as the border crossing – leaving the KRG institutions with no coercive power or resources. This situation led to growing tension and clashes between the two parties, escalating into open conflict in May 1994.

The Kurdish Civil War that started in 1994 brought a new wave of violence to the Kurdish region and became an opportunity for neighbouring Iran and Turkey to intervene in Kurdish politics. Hostilities came to an end only in late 1997, and US-sponsored negotiations ushered in the 1998 Washington Agreement that committed the KDP and PUK to re-activate the unitary KRG institutions. However, each party established its own administration, and the region remained divided into two statelets – a KDP-controlled area in the governorates of Dohuk and Erbil and a PUK-controlled one in Sulaymaniyah – each with its own government, parliament and peshmerga forces. As the next section shows, these political events and institutional arrangements had a profound impact on the evolving class structure of the region.

The class structure of Kurdish autonomy

The political economy and class structure of the Iraqi Kurdish region were the results of decades of continuous warfare that systematically destroyed its productive sectors. The victorious KDP and PUK competed to co-opt the old Kurdish elite into their constituencies. Moreover, they competed for the control of the flourishing illegal trade and the delivery of foreign humanitarian aid, the only two significant sources of revenue available in the region. In the absence of a productive economy, the subaltern classes were pushed into a position of dependency and forced into the patronage networks of members of the new ruling class, laying the basis for a rentier economy and a semi-authoritarian political system.

The long cycle of violence of the 1980s and 1990s largely destroyed the region’s agriculture, once the driving sector of its economy (Sajjadi 1992, 50). Saddam Hussein’s counter-insurgency campaigns were primarily aimed at eliminating the sources of supply and recruitment of the Kurdish guerrilla. This policy resulted in the displacement of hundreds of thousands of peasants, relocated to newly built settlements (‘Genocide in Iraq’ 1993). The Iraqi army cleared several miles of territory along the Iranian border of villages and forest, and vast areas of the countryside were lost to agriculture due to the use of defoliants and landmines, deforestation and the destruction of houses, wells, irrigation systems and cattle. A large part of the material wealth accumulated by the Kurdish peasantry in centuries was destroyed and, with it, most of Kurdish rural society. Rural migrants swelled the Kurdish towns, which grew exponentially. Between 1977 and 1997, the urban population of the Kurdish region grew by 23%, while there was hardly any urban growth in the rest of Iraq (‘Iraq Population Situation Analysis’ 2012).

Moreover, Iraqi Kurdistan fell victim to a dual blockade. In 1990, the United Nations had imposed severe sanctions on Iraqi trade. But the situation became catastrophic in 1991 when the Iraqi army withdrew from the region. Baghdad halted the transfer of civil servant salaries and food subsidies and imposed an embargo against the newly established KRG, where unemployment quickly rose to 70–80% (Stansfield 2003, 53–54).
In this context of destruction and blockade, the Kurdish region survived on two forms of economic rent: the management of foreign aid and control of the illegal trade. Between 1991 and 2003, Iraqi Kurdistan benefitted from a large wave of foreign humanitarian aid, worth over $10 billion (Natali 2010). However, as Denise Natali explains, aid was rarely directed at economic development; instead, it dramatically undermined what was left of local production, resulting in the region’s increased dependency and contributing to its transformation into a rent-based economy. In particular, the large flow of food aid prevented the recovery of local agriculture (Natali 2010). Despite its long-term negative effects, the management of the massive flow of aid became a highly lucrative business. Thanks to their military control of the region, the KDP and PUK established or took over local non-governmental organisations and contractors, monopolising the delivery of aid on behalf of the international donors, making huge margins and strengthening their control over a population dependent on aid for survival (Leezenberg 2000, 40).

Stimulated by the international sanctions and the domestic blockade, illegal trade constituted the other lucrative economic activity of the region. Smuggling took place on a vast scale and became the biggest source of revenue for the political parties and their leadership. The Ibrahim Khalil border crossing with Turkey was estimated to provide the KDP with an annual $750 million in revenues (Natali 2010, 44), and rivalry over its control constituted one of the triggers of the Kurdish civil war.

These opportunities for enrichment combined with the new political context profoundly transformed the class structure of the Kurdish region. When the KDP and PUK gained control of the region, the local ruling class was constituted by regime-backed entrepreneurs often hailing from the tribal elite. Like pro-government tribal chiefs and Baathist officers throughout Iraq, they benefitted as contractors from the greatly increased public spending following the oil boom of the 1970s and by the privatisations of the 1980s (Chaudhry 1991). In the Kurdish region, tribal leaders were also well positioned to set up the jash regiments – the counter-insurgency loyalist Kurdish units – by recruiting unemployed fellow tribesmen at the expense of the central government. As jash commanders, they were extremely well rewarded by Baghdad, and could strengthen their power over their tribal constituency and use their state-funded forces for private purposes (Leezenberg 2006, 158–59).

With the withdrawal of the Iraq Army in 1991, the KDP and PUK issued a general amnesty, allowing the members of the old Kurdish elite to keep their properties while the parties competed for their loyalty. The intent of pacifying Kurdish society went hand in hand with the determination of the parties to incorporate large chunks of the population into their constituency by co-opting local powerholders. The result of this process was the creation of a new ruling class, formed by the integration of the jash leaders and former Baath collaborators with the leadership of the two parties. Some leaders hailing from traditionally anti-Barzani tribes made peace with the KDP and others joined the PUK, while those who resisted were murdered. They often kept their forces and became local warlords, enjoying a direct relationship with the party leadership and even switching sides whenever it suited them (Leezenberg 2006, 167). Some of these personalities had participated in the mass killing of Kurdish civilians only a few years before and desperately needed the protection of the new rulers.

This process was particularly harmful to the PUK, which gradually lost its ideological distinctiveness and became hardly distinguishable from the KDP, with many leftist members growing discontent and some abandoning the party. With the primary aim of co-opting the
old elite, the 1992 electoral campaign was centred around Barzani’s and Talabani’s personalities with little or no difference in the programmes of the main parties (Hoff, Leezenberg, and Muller 1992, 22).

With the end of the civil war in 1998, the region remained divided into two separate statelets run respectively by the KDP and PUK. Given that the two sources of rent described in this section strictly depended on territorial control, it is not surprising that the commitment to re-establish a unified KRG remained a dead letter. Unchecked by their rival, each political party was able to consolidate its grip over its respective sub-region. Under the tight military control of their peshmerga forces, the KDP and PUK created a system ruled by the party leadership and for the benefit of their dominant families and their new allies, profiting from the control of the rents. Unlike the context of a limited political plurality of the early 1990s, the new single-party statelets were also far freer to repress political dissent. Deprived Iraqi Kurds, made dependent on international aid, were forced into the condition of clients of a burgeoning patronage system that was to be strengthened by the fall of Saddam Hussein in 2003.

The Kurdistan regional government in post-war Iraq

After the US-led invasion of Iraq in early 2003, Kurdish autonomy was recognised by the 2005 Iraqi constitution. To maintain American support and negotiate a high degree of autonomy, the KDP and PUK had to put aside their historical rivalry and re-activate the unitary institutions of the KRG. The KDP–PUK reconciliation was based on a new 50:50 power-sharing agreement, signed in January 2006, that restored the unified KRG administration and explicitly detailed the distribution of the major political offices between the two parties (Kurdistan Regional Government 2006). The power imbalance between the KDP and the weakened PUK was reflected in Masoud Barzani’s election as the KRG president, while Talabani was given the more ceremonial presidency of Iraq.

In continuity with the 1990s, the ruling class maintained its extractive and rentier character. As a federal unit, the KRG was entitled to 17% of Iraq’s oil-dominated revenues. This massive rent was used to strengthen the existing class hierarchy, and the specific relationship between the political parties and the ruling class developed in the 1990s. The elite of the KDP and PUK remained at the top of the region’s ruling class with leading members commanding pyramid-shaped client networks including local-level politicians, businesspeople, tribal leaders and senior civil servants, down to ordinary Kurds in need of employment. The solidity of these networks rested on the capacity of the KDP and PUK leaderships to appropriate public revenues while, as Natali explains, ‘governors, ministers, and heads of directorates [had] no idea of KRG allocations once the budget arrives from Baghdad’ (Natali 2010, 113). Moreover, the two parties retained direct control of the respective areas – the KDP in Erbil and Dohuk and the PUK in Sulaymaniyah – through their peshmerga forces, which were never unified and remained party militias controlled by their respective party leadership (Van Wilgenburg and Fumerton 2015).

The budget transfer from Baghdad replaced smuggling and the management of aid as the primary source of enrichment. This flow of revenue combined with the political stability of the region allowed for tumultuous economic growth. Rather than using these resources to rebuild the Kurdish economy through the development of its productive sectors, the grand vision of the Kurdish elite was to follow the model of the wealthy rentier economies
of the Persian Gulf. In July 2006, the Kurdish Parliament approved an investment law that offered an exceptionally high degree of freedom and capital return to foreign investors ('Investment Law' 2006) and encouraged partnership with local businessmen affiliated with the KDP and PUK. Between 2006 and 2012, the Kurdish region received $22 billion in investment that, given this extremely investor-friendly framework, had a negligible effect on the KRG revenues and employment ('The Kurdistan Region of Iraq’ 2016, 6, 11). The flow of foreign capital had its largest and most visible effect in the construction boom that transformed the skyline of the Kurdish cities. Turkey benefitted the most from the KRG's investment policy in the construction sector, with investments worth $4.3 billion in 2012 ('Kurdistan Region' 2013). Moreover, Turkey claimed the lion’s share of the region’s trade. With the end of the sanction regime, the KRG became a transit area but also an important market for Turkish and, to a lesser extent, Iranian products. In 2013, the total value of Turkish export was worth over $8 billion (Bache 2018, 10).

The predatory strategy of accumulation of the ruling class went hand in hand with the redistribution of a large part of the KRG budget in the form of civil servants’ salaries, pensions and subsidies. In the absence of a productive economy, the majority of the population was made dependent on government handouts, strengthening the patronage nature of the system and increasing the cost of public expressions of political dissent. In 2013, more than 50% of the regional budget was spent on salaries for public servants and pensions, and roughly 1.4 million Iraqi Kurds were on the KRG government payroll out of a population of just over 5 million ('The Kurdistan Region of Iraq’ 2016, cxi). A significant proportion of public employees earned $150–200 per month (Anaid 2019, 25) and, in many cases, an entire family relied on one salary, making it completely dependent on the local KDP or PUK powerholders.

This unequal distribution of power and wealth in the region was bound to generate opposition. In 2009, a faction of the PUK split and established the Gorran (change) movement, which won a surprising 23% at the regional elections on an anti-corruption platform and surprisingly beat the PUK in Sulaymaniyah. Gorran's electoral success was the sign of a wider erosion of the legitimacy of the political elite (Hama 2020, 4–6). In early 2011 – in conjunction with uprisings throughout the Middle East – the KRG experienced two months of mass protests. The ruling parties responded with harsh and deadly repression and unleashed masked gangs to attack demonstrators, opposition parties and media stations ('Iraqi Kurdistan: Prevent Attacks on Protesters’ 2011; ‘Criminal Raid Prevents Kurdistan's’ 2011). The 2011 protests marked a watershed in the history of the region by significantly undermining the relationship between the ruling parties and large chunks of the population. Moreover, since the rise of Gorran, the PUK became increasingly fragmented and weak vis-à-vis the KDP (Hama 2019, 1018–1019).

The growth of popular opposition pushed the political elite to invest in sources of revenue independent from both the region’s population and the central government, accelerating the creation of a Kurdish oil industry. The Iraqi constitution considers the country’s natural resources the collective property of the nation, whose revenues have to be redistributed by the federal government. When the constitution was approved, the Kurdish region did not have a functioning oil industry, even if available estimates – later confirmed by geological surveys – described it as sitting on a massive reserve of oil and gas (Mills 2016, 16–17). In 2007, the KRG signed independent contracts attracting medium-sized oil companies with extremely favourable conditions. Initially, Baghdad’s complaints remained limited due to
the small size of these early operations. The situation escalated dramatically in November 2011 – a few months after the wave of demonstrations – when the KRG signed a contract with ExxonMobil and several more oil giants followed suit. Rather than using the Iraqi pipeline infrastructure, the KRG started exporting oil independently via trucks through Turkey and Iran while building its own pipeline, which became operational in late 2013. These moves were perceived by Baghdad as a direct threat to Iraq’s territorial integrity and an open violation of the constitution. In February 2014, as oil started flowing to Turkey through the new Kurdish pipeline, Baghdad retaliated by blocking all of its budget transfer to the KRG (Mills 2016, 11–12).

Baghdad’s apprehension that the Kurdish oil policy had a deeper political purpose was well placed. Political independence through oil had been a project consistently pursued by the elite of the KDP in charge of the sector, even more systematically since Nechirwan Barzani, nephew of Masoud, took office as KRG prime minister in 2012. The development of the oil sector and the growing ties with Turkey have been pursued with the scarcely hidden intention of building the conditions – independent revenues and geopolitical support – for independence from Iraq. This way to Kurdish statehood also has a significant class dimension: Unlike the budget transfer from Baghdad, the creation of revenues directly within the KRG exponentially increased the amount of money that could be directed to private pockets and multiplied the ways through which this process takes place. Precise figures are impossible to determine, but independent investigations speak of billions of US dollars siphoned off the regional budget (‘Iraqi Kurdistan Oil Revenue’ 2016; ‘Over $1 Billion from Iraqi’ 2016).

It must be said that rising tension between Erbil and Baghdad was not only caused by the Kurds’ independent oil policy. Under Prime Minister Nouri al-Maliki (2005–2014), the Iraqi government had been gradually sliding towards authoritarianism, especially since the withdrawal of the American occupation forces in 2011. Maliki’s growing hold on the Iraqi state and security apparatus was accompanied by harsh repression of the country’s Sunni population and threats to curtail Kurdish autonomy (Dodge 2012). Moreover, the disputed areas remained a permanent source of tension between the Kurds and the central government. The KRG claimed a large strip of ethnically mixed territories along its borders, including the oil-rich city of Kirkuk, longed for by Kurdish nationalists for much of the previous century. Article 140 of the 2005 constitution committed the government to conduct a census and hold a referendum on the inclusion of territories in the KRG by the end of 2007 (Anderson 2019, 321). The census and referendum never took place, while Maliki’s failure to implement the constitution on such a sensitive issue and his increasingly authoritarian and sectarian politics gave a strong argument to the Kurdish leadership to push the constitutional boundaries of the KRG’s autonomy.

To summarise, on the eve of ISIL’s invasion, the relationship between Erbil and Baghdad was rapidly deteriorating. At the same time, an intensive process of class stratification, rising inequalities and repression was gradually eroding the base of support of the Kurdish ruling elite. Since the 1990s, the KRG had developed into a rentier quasi-state. The appropriation of the rent by the ruling class was mediated by the political elite in control of both political institutions and armed forces and took place essentially through corruption and outright kleptocratic practices. Expressions of popular discontent against this extremely unequal system were limited by the economically dependent position of most of the Kurdish population surviving on public handouts. However, the confrontation with Baghdad combined
with additional exogenous shocks was to deal a severe blow to this precarious social arrangement.

**The economic and political crisis**

In early 2014, in retaliation for Erbil's independent oil export, Baghdad cut its budget transfer to the KRG, from IQD 14.3 trillion in 2013 – 77% of the region's total revenues – to just IQD 1.1 trillion in 2014 (DeWeaver 2017). The tension was rising rapidly, to the point that a military confrontation was probably only avoided due to the sudden turn of events (Stansfield 2017, 374). In early June, ISIL invaded northern Iraq, overwhelmed the Iraqi Army and took control of Iraq's second city, Mosul. While ISIL pushed southward towards Baghdad, Kurdish peshmerga took control of the long-disputed city of Kirkuk and, in the course of the war, occupied a broad strip of the ethnically-mixed territories disputed by Erbil and Baghdad.

The war on ISIL imposed a 1000-km-long front line on the KRG, forcing Erbil to significantly increase its defence spending while its refugee population reached one and a half million by 2015 ('The Kurdistan Region of Iraq' 2016, 2). Moreover, thousands of foreign staff left the region, and tourism, trade and customs revenues collapsed ('The Kurdistan Region of Iraq' 2016, 36–40). But the heaviest blow to the region's finances was struck by the rapid drop in oil prices, which fell from $108 per barrel in June 2014 to $49 in January 2015 – and continued dropping to reach a low of $29 in February 2016 ('Imported Crude Oil Prices' 2019) – bringing the KRG to the brink of bankruptcy. Unable to take the measures available to state actors in such circumstances – such as printing money or issuing debt – the only option available to the KRG was cutting expenses. However, public spending was the political pillar of the Kurdish rentier system. As the KRG started introducing austerity measures that threw ordinary Kurds into poverty, popular dissent exploded.

In 2015, the government failed to pay four months of salaries ('In Best of Times and Worst of Times' 2016, 15). In March 2016, all public employees had their salaries cut by 60% ('The Kurdistan Region of Iraq' 2016, 11). The effects of these measures on the life of ordinary Kurds were devastating. An independent study estimated a jump in the poverty rate from just above 3% to 12% in 2015, and average yearly meat consumption – a good proxy in the absence of reliable data – dropped from 45 kg to just 23 kg (DeWeaver 2017). Total consumption in the region declined by 14% in 2014 and 24% in 2015 ('The Kurdistan Region of Iraq' 2016, 4). The lavish lifestyle of the Kurdish elite was more and more clearly in sharp contrast to the impoverishment of most of the region's population. In January 2015, just before implementing harsh austerity measures, the KRG covered $375 million of taxes owed to the Iraqi government by Korek, a local telecommunications giant widely known to be controlled by Prime Minister Nechirvan Barzani (Rubin 2019, 331–32).

In October 2015, after months of delayed and frozen salaries, protests broke out in the south of the region, mostly targeting the KDP offices. As the party-affiliated security forces responded with fire, five protestors were killed ('Iraqi Kurdistan: Ruling Party Forces Fire on Protesters' 2015). The deadly outcome of the demonstrations discouraged protests for a while. However, when the KRG extended the austerity measures to the peshmerga forces – dangerously increasing the rate of desertion on the ISIL front (Neuhof 2016) – and to the police, popular rage exploded. Protests took place again in February ('Protests Intensify in Iraqi Kurdistan' 2016) and then intermittently for the whole of 2016 and 2017. As popular
opposition to the ruling KDP and PUK reached an unprecedented level, the two parties were pushed to resort to more explicitly authoritarian practices.

When ISIL invaded Iraq in June 2014 and the economic crisis started, the KDP and PUK invited the opposition to join a national unity government to have them share the political burden of the crisis. The main opposition party, Gorran, joined the government in the short-lived atmosphere of national unity. Gorran members were appointed as the Ministers of Religious Affairs, Trade and Industry, Finance, and Peshmerga Affairs and as the speaker of the parliament (‘After Iraqi Kurdistan’s’ 2019, 7). However, their promises to fight corruption and impose transparent practices in the administration were frustrated by the resistance posed by the KRG bureaucracy filled with KDP- and PUK-affiliated personnel. For the Minister of Finance, it proved impossible to track down revenues and expenditure to construct a transparent budget, as high-ranked bureaucrats kept hiding the size and direction of revenue streams. Moreover, Gorran’s plan to transform the peshmerga forces from party militias into a regional army was shattered by the KDP and PUK unwillingness to give up their most powerful instrument of social control. The control of the armed forces proved to be essential to the KDP when their position of power was directly threatened (Hama 2020, 7–9).

The experience of the national unity government was to last for little more than a year. In summer 2015, Masoud Barzani’s presidential term – already extended for two years in 2013 – was coming to an end. As mounting popular anger was mostly directed against the KDP and the Barzani family, the other parties were resolute to block Masoud’s re-election. However, when in October 2015 public demonstrations exploded, Prime Minister Nechirvan Barzani accused Gorran of being behind the protests and sacked their ministers. Militarily in control of Erbil, the KDP could simply shut down the parliament and prevent the speaker from entering the capital (Stansfield 2017, 371; Hama 2020, 9–10). For the following two years, the KDP ruled the region without a parliament and solely with the support of a faction of the PUK while protestors continued to take to the streets.

Class rule and Kurdish nationalism

The refusal of the ruling elite to address the public’s demands for redistribution of the – now scarce – KRG resources cannot be explained solely by the greed of an elite accustomed to a lavish lifestyle. The appropriation of the KRG public revenues was, on the contrary, an indispensable component of their rule. Without syphoning money off the public budget and maintaining control over the provision of public contracts, the Kurdish leaders could not keep feeding the pyramid of clients and local interests that sustain their power. The network of businessmen, high-ranked civil servants, private security companies and tribal leaders in the rural areas on top of which high-level politicians sat would simply collapse if the stream of money and contracts were interrupted, and these subordinate powerholders would migrate their loyalty to some political competitor. In these terms, corruption played a fundamental role in maintaining the region’s class structure.

As meeting public demands was not an option, the KRG leadership responded with a carrot-and-stick strategy combining the political repression described above with heightened nationalist rhetoric to divert public attention from the economic and democratic crises. This attempt was aided by the popularity of the peshmerga deployed on the ISIL front and by the occupation of most of the ethnically mixed and disputed areas. Kirkuk, in particular, had been claimed by Kurdish nationalists for almost a century and its rich oil reserves seemed
to provide the economic conditions for Kurdish independence. Riding popular sentiments, the KRG president Masoud Barzani raised the issue of Kurdish independence as soon as the war started. On 7 June 2017, while ISIL was driven out of Mosul and protests in the KRG intensified, a high-level meeting between the KDP and PUK resulted in the decision to hold an independence referendum on 25 September (Hama and Jasim 2017, 59).

The KDP invested heavily in the referendum as a way to shift the debate away from the political and economic crises and the suspension of the parliament. Masoud Barzani presented the referendum as about ‘the destiny’ of the Kurdish people and therefore as above ‘any other political framework, or any political parties, or any political problems within the party system’ (MacDiarmid 2017). The KDP managed to offer a solid position, maximising their appeal to nationalist voters.

The PUK, on the other hand, had been deeply divided since the party’s historical leader Jalal Talabani fell terminally ill (Hama 2019, 1025–26). In Kirkuk, a historical PUK stronghold, the local PUK leadership supported by the Talabani family rejected the referendum, fearing it could trigger communal tension and jeopardise Kurdish – and particularly PUK – control. However, Kirkuk governor Najmaddin Karim appealed to the PUK’s acting leader Kosrat Rasul, who sent 3000 peshmerga to the city to enforce the holding of the referendum (Park et al. 2017, 208). The KDP’s aggressive nationalism forced the other parties to attenuate their opposition to avoid being perceived as anti-national. Gorran was pushed into an ambiguous position of support for independence but opposition to the timing of the referendum and concern for the lack of international support. After two years of forced closure, the government convened the parliament on 14 September, just to ceremonially proclaim the referendum date of 25 September (‘Oil and Borders’ 2017, 6). Gorran and other opposition forces, as well as part of the PUK, boycotted the meeting. Observers describe the divide cutting across the region with the KDP-controlled areas literally covered in pro-independence propaganda and nothing of the kind in the PUK-controlled areas (Park et al. 2017, 207).

On the day of the referendum, 93% of voters supported independence. However, the huge differences in the participation rate present the picture of a very divided region, with 91% turnout in KDP-controlled Dohuk and just 55% turnout in Sulaymaniyah.9 In the aftermath of the referendum, the KRG leadership found itself completely isolated on the international stage and had to face the retaliatory actions of the neighbouring powers. Turkey and Iran shut their borders, closed their airspace and organised joint military drills (‘Oil and Borders’ 2017, 4–5). On 15 October, Iraqi troops marched on Kirkuk without encountering much resistance and possibly with the agreement of the part of the PUK that had opposed the referendum (Park et al. 2017, 208; ‘Iraq: Fixing Security in Kirkuk’ 2020, 8–9). In just a few days, most of the disputed territories gained by the Kurds during the war on ISIL were lost. The negative consequences of the referendum surpassed anyone’s expectations and, on 1 November, Masoud Barzani resigned.

The outcome of the Kurdish referendum was a new – and convenient – political paralysis. Under the threat of invasion, the KDP postponed the regional elections due in November for another year. Yet the atmosphere of national emergency did not silence popular opposition. At the announcement of Barzani’s resignation, a spontaneous crowd stormed the Kurdish parliament in Erbil (‘Protesters Storm Kurdistan Parliament’ 2017). Large anti-austerity protests resumed in the fall of 2017 and frequently took place throughout 2018. In December 2017, the police fired on protestors, killing six (‘At Least 6 Killed during Violent’ 2017). Despite growing popular resentment, the Iraqi federal elections of March 2018 and the regional elections of
October 2018 proved to be a success for the KDP and PUK. Both elections were tainted by widespread accusations of an unprecedented degree of electoral fraud (Mansour and Van Den Toorn 2018, 18) and a dramatic drop in voter turnout, down by over 20% (Mansour and Van Den Toorn 2018, 16). The opposition parties were heavily penalised by this low level of participation driven by a widespread sense of disillusion. Gorran’s electoral collapse allowed its so-called ‘pragmatic wing’ to take over the party and push for a more moderate stance towards the KDP (Hama 2020, 11–15). Much of the youth, but also highly respected veterans of the liberation war, left the party. In May 2019, after long negotiations, Gorran joined a KDP–PUK government and supported the election of Nechirvan Barzani, Masoud’s nephew, as president of the region, and Masrour Barzani, Masoud’s son, as prime minister.\footnote{In light of these developments, the referendum appears more clearly as a well-calculated move that allowed the KDP and the Barzani family not only to survive the crisis but also to emerge from it even stronger. In 2017, they were facing a united and strong opposition supported by regular grassroots mobilisation that directly threatened the power structures of the region. In 2019, the KDP had an even stronger majority, occupied all the major offices, and had neutralised the main opposition Gorran, co-opting it as a subordinate ally. Masoud is still the undisputed leader of the KDP and head of the Barzani family and likely the most powerful political figure in the region. The loss of Kirkuk might have been an unintended consequence, but not a negative one from the KDP’s perspective. First, Kirkuk is a historical PUK stronghold, and its inclusion within the KRG could have dangerously affected the KDP’s supremacy in the regional parliament. Second, with the expansion of the KRG oil sector to the vast unexploited fields, the importance of Kirkuk’s output is likely to become marginal in the course of the 2020s and thus not indispensable for Kurdish autonomy from Baghdad (Mills 2016, 24). Third, Kirkuk has a sizeable Turkmen minority and its inclusion in the Kurdish region would have constituted a permanent source of tension with Turkey, the most important ally and economic partner of the KDP.}

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Even if the position of the Kurdish ruling class appears solid, popular discontent in the region continues to boil. The new wave of popular demonstrations that broke out in 2020, characterised by even more radical demands as well as a wider geographic reach than previous episodes (Sardar, AlShadeedi, and Skelton 2020, 2–3), indicates that protests have become an endemic feature of the region’s politics.

**Conclusion**

This article was primarily aimed at providing a more comprehensive and structural explanation of the 2017 Iraqi Kurds’ bid for independence, as the ones thus far proposed by scholars and analysts were largely centred on the agency of the political elite. The article highlights the role played by Kurdish nationalism in upholding the political economy and class structure of the Iraqi Kurdish region, showing how the 1990s represented a pivotal moment in its history. For the first time, the region fell under the de facto control of Kurdish nationalist forces, and two intertwined processes of class and (quasi-)state formation shaped the political and economic structures of the region: its rentier character, the extractive nature of the new ruling class and the dominant role of the party leadership within it, as well as the subordination of public institutions and security forces to the political parties. The majority of the Kurdish population was forced into the patronage networks of the political parties and made economically dependent on public handouts.
These tendencies were reinforced and consolidated by the formal integration of the KRG in post-invasion Iraq by the mid-2000s, and the international recognition and economic boom that followed. Within a strategy of accumulation based on the appropriation of the oil rent through the control of the political institutions, the prospects of a loss of political power by the ruling KDP constituted a threat to the entire class structure of the region. This threat materialised when the 2014 economic crisis pushed the KRG to impose severe austerity measures that, in autumn 2015, triggered large and frequent public protests that combined demands for redistribution with a critique of authoritarianism. Public protests encouraged opposition parties to unite and assume a bolder stance, forcing the KDP to shut down a parliament they could no longer control. For a brief period, between 2015 and 2017, the power of the Kurdish ruling class was seriously threatened.

From this perspective, the 2017 referendum can hardly be seen as the result of a miscalculated strategy. The heightened nationalistic atmosphere and the looming threat of foreign invasion were essential to justify the suspension of the democratic process and the repression of dissent. Moreover, none of the retaliatory actions taken against the KRG in the aftermath of the referendum significantly undermined the power of the political elite. As rightly pointed out by O’Driscoll and Baser, ‘Barzani and the KDP utilised the Kurdish desire for independence to consolidate power that was under threat’ (O’Driscoll and Baser 2019, 6). This article reconnects the motives and actions of the Kurdish elite with the political and economic structures of the region, the interests of its wider ruling class, and the mobilisation of its subaltern classes. In these terms, the article highlights the class dimensions of politics in the Kurdish region of Iraq.

A reading of these events that gives centrality to the role of grassroots mobilisation also helps reconnect Kurdish politics to its wider regional context. The Kurdish protests of 2015–2019 were directed against austerity, corruption and authoritarianism, the same targets of popular uprisings in the Middle East since 2011. Significantly, the rejection of nationalism by a larger and larger share of the Kurdish population directly connects the Kurdish protests to the anti-sectarian character of the wave of public demonstrations that have taken place in Arab Iraq since 2015.

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The author certifies that they have no affiliations with or involvement in any organisation or entity with any financial or non-financial interest in the subject matter or materials discussed in this article.

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Notes

1. For an analysis of Turkey’s complex stance towards the Iraqi Kurdish referendum, see Park (2019).
2. The history of the Kurdish national movement in Iraq from the interwar period to the establishment of self-rule in 1991 has been the subject of relatively scarce systematic investigation. At present, the most comprehensive accounts can be found in Gunter (1999), McDowall (2004), Yildiz (2004), Jwaideh (2006), Tahiri (2007) and Bengio (2012).
3. Hussein Agha, of the traditionally anti-Barzani Surchi tribe, was killed along with most of his family by KDP forces in 1996 (Cockburn 1996).
4. Qasim Aghay Koya, for example, was involved in the Anfal campaign and joined the KDP after 1991 (Wali 2010).
5. Rand corporation estimates that the KRG economy grew by 50% between 2008 and 2012 (Abramzon et al. 2016, xii, 40).
6. Leaked documents suggest that this dynamic was widely recognised, to the point that ‘even Prime Minister [Nechirvan] Barzani acknowledged to [US diplomats] in a 14 August breakfast meeting that there was a perception by foreign investors that they had to partner with either the KDP or the PUK a phenomenon he said he “can’t say is not true”’ (Baghdad Embassy 2008).
8. The claims included the entire governorate of Kirkuk and parts of those of Niniwe and Diyala (Anderson 2019, 319–20).
9. Turnout figures are estimates (Park et al. 2017, 205).
10. As lucidly exposed by journalist Kamal Chomani, the oligarchic and dynastic character of these dynamics – so prominent in the KDP – has been become normalised to the point that both the PUK and Gorran since the death of their leaders Jalal Talabani and Nawshirwan Mustafa have been led by their sons. See Chomani (2018).

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