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AUSTERITY AND RESISTANCE

THE PUBLIC SALARY CRISIS IN THE KURDISTAN REGION OF IRAQ

Winthrop Rodgers



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Austerity and Resistance: The Public Salary Crisis in the Kurdistan Region of Iraq

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Abstract

A decade-long financial crisis in the Kurdistan Region of Iraq (KRI) has hit public servants the hardest. In response to retaliatory budget cuts by Iraq's federal government over Kurdish independent oil exports, the Kurdistan Regional Government (KRG) initiated a range of austerity measures seeking to maintain financial solvency. This policy included the non-payment and delay of salaries, a formal salary withholding scheme, dramatic reductions in public sector recruitment, and the suspension of promotions for existing workers. It resulted in extensive economic, social, and political consequences that have contributed to the breakdown of the KRI's social contract and eroded the power of the two ruling parties. Despite its local importance, this issue has attracted little academic and international media attention, which this paper attempts to address.

Introduction

For two weeks in January and February 2025, fourteen public school teachers in the Kurdistan Region of Iraq (KRI) staged a hunger strike outside the offices of the United Nations in Sulaymaniyah. They were desperate for the Kurdistan Regional Government (KRG) to pay their monthly salaries, which had not been paid for two months. Snow and frigid temperatures made their fast even more difficult in their uninsulated tents. Some of the strikers eventually had to be taken to the hospital for treatment after their health deteriorated.¹

The hunger strike elicited intense public sympathy. Merchants in the city's bazaar shuttered their shops in solidarity.² A convoy of their colleagues, followed by a large contingent of journalists, tried to take their demands to Erbil, but were beaten and tear gassed by the security forces at a checkpoint before they were able to reach the capital.³ The hunger strike was called off on February 11, after hundreds of ordinary citizens visited the tents and asked the teachers to stop on compassionate grounds.⁴

For more than a decade, the KRG has struggled to pay public sector salaries in full and on time amid persistent financial challenges. The crisis touches on deep elements of the semi-autonomous region's political economy and social contract. For ordinary citizens, it is simply the most important political and economic issue facing the KRI. Despite this, it receives bafflingly little attention beyond Kurdistan.

This paper seeks to address that gap by explaining the causes, manifestations, and effects of the KRI's salary crisis, with a particular focus on how it has politically and economically affected the general population. It will also seek to elevate the viewpoint of ordinary citizens, which is often ignored in favour of those of the ruling elite.

It argues that the austerity programme initiated by the KRG in the mid-2010s, which was a reaction to political and economic disputes between Baghdad and Erbil, had significant consequences on Kurdish politics and society. While many analyses consider the initial level, they do not appreciate the deeper dynamics that have emerged in the KRI after a decade of austerity. This paper shows that:

¹ 'Striking Teachers and Employees in Sulaymaniyah Persist in Protest Amid Harsh Winter Conditions', *Peregraf*, 8 February 2025. Available at: <https://peregraf.com/en/news/8413> (accessed 25 November 2025).

² 'Hunger Strike Ends', *Community Peacemaker Teams – Iraqi Kurdistan*, 11 February 2025. Available at: <https://cptik.org/updates-1/2025/3/3/hunger-strike-ends> (accessed 25 November 2025).

³ Soran Rashid, 'Dozens of Iraqi Kurdistan Journalists Teargassed, Arrested, Raided over Protest', *Committee to Protect Journalists*, 13 February 2025. Available at: <https://cpj.org/2025/02/dozens-of-iraqi-kurdistan-journalists-teargassed-arrested-raided-over-protest/> (accessed 25 November 2025).

⁴ 'Sulaymaniyah Strikers Suspend Hunger Strike on 15th Day, Vow to Continue Their Struggle', *Peregraf*, 11 February 2025. Available at: <https://peregraf.com/en/news/8442> (accessed 25 November 2025).

- The disputes between Iraqi federal and Kurdish authorities over control of hydrocarbons and the budget is primarily a struggle for power among elites. A history of bad faith between politically motivated actors has prevented a technical solution to the crisis.
- In response to budget cuts by the federal government, the KRG instituted a range of austerity measures. These included the non-payment and delay of salaries, a salary withholding scheme, dramatic reductions in hiring in the public sector, and the suspension of promotions for existing workers. Some of these measures have ended, but their impact will be felt for a long time.
- The effects of austerity were borne primarily by the general public, both in terms of direct loss of income and knock-on effects on the economy. Austerity also eroded the strength of the KRI's social contract, where the two ruling parties – the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK) – supplied jobs and economic stability in return for political support.
- Austerity produced deep resentment across Kurdish society, which now constitutes the background noise of political sentiment. The public did not sit idly by, but resisted austerity in a variety of ways. Some argued for greater involvement by the federal government in the KRG's affairs, while others turned to civil society and opposition political parties to express their discontent. While none of these were particularly successful in the immediate aim of dismantling the austerity programme, the inability of the KRG and the ruling parties to address the public's demands exposed the hollowness of governance in the KRI.

A technical solution to the salary crisis is possible if full and regular budget transfers resume from Baghdad to Erbil. However, it will take political will to ensure that is maintained over the long-term and political imagination to repair the deep damage caused by a decade of austerity.

A Struggle Over Power

The root cause of the salary crisis in the KRI is disagreements between the federal government and the KRG over federal authority, elite power balance, and control of hydrocarbon resources. Baghdad uses the fact that Erbil is unable to pay its public sector wage bill without assistance, even when it exports oil independently, as leverage. Kurdish leaders wanted an independent energy sector and put the economic welfare of their constituents at risk to satisfy that ambition.⁵ In doing so, both sides politicised payment of public sector salaries in fundamental and institutional ways that made a simple deal impossible. If paying salaries in full and on time was merely a matter of money, it would likely have been resolved long ago.

This paper is not designed to delve deeply into the sprawling issue of Iraqi federalism and the politics of oil, nor the attitudes of Iraqi elites towards the KRI. However, it is necessary to briefly note the trajectory of the disagreements between Baghdad and Erbil, as they are directly linked with the KRG's ability to pay its public servants.

Through the second half of the 2000s, the KRI regularly and reliably received federal budget transfers amounting to 17% of the total budget, which helped to fuel a sustained economic boom.⁶ But in the early 2010s, the KRG began pursuing a policy of independent oil exports in defiance of Baghdad's wishes. It signed deals with international oil companies (IOCs) and opened a new pipeline in January 2014 to export oil to the Turkish port of Ceyhan.⁷ In response, the government of Iraqi Prime Minister Nouri al-Maliki froze budget transfers to Erbil in March 2014.⁸ The KRG had gained a new source of income through its independent oil exports, but it was not enough to make up for the lost federal funds. In essence, the KRI and its people became caught between the ambitions of the Kurdish politicians and the reaction by elites in Baghdad.

In 2019, budget transfers briefly resumed, but were cut again during the COVID-19 pandemic and the associated drop in oil prices.⁹ Thereafter, transfers were intermittent and

⁵ The KRG justified itself on the basis of Articles 110, 111, 112, and 115 of the Iraqi Constitution. They are buttressed further by Articles 116, 117, and 121 that establish the Kurdistan Region's legal legitimacy as a constitutional entity. Iraqi Constitution, 2005. Available at: https://www.constituteproject.org/constitution/Iraq_2005 (accessed 25 November 2025).

⁶ *The Other Iraq*. Available at: <https://www.theotheriraq.com/> (accessed 25 November 2025); Nicky Woolf, 'Is Kurdistan the next Dubai?', *Guardian*, 5 May 2010. Available at: <https://www.theguardian.com/commentisfree/2010/may/05/kurdistan-next-dubai-iraq> (accessed 25 November 2025).

⁷ 'ExxonMobil Caught in Iraq Political Standoff', *Business Insider*, 15 May 2012. Available at: <https://www.businessinsider.com/exxonmobil-caught-in-iraq-political-standoff-2012-5> (accessed 25 November 2025); Raheem Salman, 'Iraq Denounces Kurd Oil Exports via Pipeline to Turkey', *Reuters*, 10 January 2014. Available at: <https://www.reuters.com/article/2014/01/10/iraq-kurdistan-oil-companies-idUSL6NoKKoTR20140110/> (accessed 25 November 2025).

⁸ 'Kurdistan Government Blasts Baghdad Over Budget Freeze', *Rudaw*, 3 March 2014. Available at: <https://www.rudaw.net/english/kurdistan/030320141> (accessed 25 November 2025).

⁹ Lawk Ghafari, 'KRG Announces Salary Cuts to Cope with Economic Crisis', *Rudaw*, 21 June 2020. Available at: <https://www.rudaw.net/english/kurdistan/kg-salaries-cuts-210620204> (accessed 25 November 2025).

dependent on political deals between Baghdad and Erbil, where neither side fully met their obligations.¹⁰ A predictable cycle of bad faith began to swirl: Erbil did not send the oil or revenues required under successive federal budget laws and Baghdad retaliated by not sending the KRI's full budget allocation, which had been reduced to 12.67% in the 2018 budget.¹¹ The result was a mirror-image rhetoric where both sides accused the other of violating the Constitution and breaking agreements, while also being guilty of the same.

The KRG's independent oil exports were suspended in March 2023 following an arbitration decision by the International Court of Arbitration.¹² During the shutdown, oil pumped in the KRI was sold by IOCs to local refineries. From there, it was smuggled via tanker truck to Iran and Turkey.¹³ According to activists and a former MP, the KDP and the PUK largely expropriated the revenue from these sales, rather than transferring them into either the federal or KRG treasuries.¹⁴ This exacerbated federal concerns about the KRG's lack of financial transparency and angered Kurdish public servants who remained at the mercy of delayed and missed salary payments.

On 25 September 2025, Baghdad and Erbil reached a deal to resume exports via the pipeline.¹⁵ In doing so, the KRG ceded much of its authority over its oil and gas industry to the federal government, with the Iraqi State Organization for Marketing of Oil in charge of exports. In return, the KRG will theoretically receive its share of the federal budget if Erbil implements other aspects of recent agreements between the two governments about non-oil revenues and audited payroll lists.¹⁶

This means that a technical solution to the salary crisis may be at hand, but at the expense of a decisive end to the KRG's attempts to establish an independent oil and gas policy. It

¹⁰ Raya Jalabi & Ahmed Rasheed, 'Iraq Sends Money to Pay Kurdish Salaries for First Time Since 2014', *Reuters*, 19 March 2018. Available at: <https://www.reuters.com/article/world/iraq-sends-money-to-pay-kurdish-salaries-for-first-time-since-2014-idUSKBN1GV1BT/> (accessed 25 November 2025); Saman Dawod, 'With Deal in Hand, Will Baghdad, Erbil Fulfil Budget Obligations?', *Amwaj.media*, 9 July 2021. Available at: <https://amwaj.media/en/article/will-erbil-and-baghdad-fulfil-their-obligations-towards-each-other> (accessed 25 November 2025).

¹¹ 'Iraqi Parliament Approves \$88 Billion 2018 Budget: Lawmakers', *Arab News*, 3 March 2018. Available at: <https://www.arabnews.com/node/1258251/middle-east> (accessed 25 November 2025).

¹² 'Iraqi Kurdistan Faces End of Era as Independent Oil Exports under Threat', *Amwaj.media*, 29 March 2023. Available at: <https://amwaj.media/en/media-monitor/iraqi-kurdistan-faces-end-of-era-as-ability-to-export-oil-independently-threatene> (accessed 25 November 2025).

¹³ Timour Azhari, 'Kurdish Oil Smuggling to Iran Flourishes', *Reuters*, 11 July 2024. Available at: <https://www.reuters.com/world/middle-east/kurdish-oil-smuggling-iran-flourishes-2024-07-11/> (accessed 25 November 2025).

¹⁴ Dana Taib Menmy, 'KRG Security Forces Disperse Teachers in Iraq's Sulaimaniyah Blocking Iran-Bound Oil Tankers', *The New Arab*, 27 February 2025. Available at: <https://www.newarab.com/news/krk-security-disperses-teachers-blocking-iran-bound-oil-tankers> (accessed 25 November 2025).

¹⁵ 'Iraqi PM Confirms Agreement with Kurdish Region to Resume Oil Exports', *Reuters*, 25 September 2025. Available at: <https://www.reuters.com/business/energy/iraqi-pm-confirms-agreement-with-kurdish-region-resume-oil-exports-2025-09-25/> (accessed 25 November 2025).

¹⁶ Namu Abdulla, 'Tripartite Agreement to Resume Kurdistan's Oil Exports Unprecedented: Iraqi FM', *Rudaw*, 23 September 2025. Available at: <https://www.rudaw.net/english/interview/23092025> (accessed 25 November 2025).

is hard to overstate how significant a concession that is for the KRG leadership to make. It had pursued its strategy despite all hazards, including at the price of a decade of economic immiseration for its own people. What remains is whether both sides will recognise this new political reality and act in a way that ensures the resumption of regular and full budget transfers to end the salary crisis. So far, the results are confused: some transfers have occurred, but they have been irregular and late.¹⁷ Even some politicians who helped negotiate the deal feel that the crisis ‘has not been solved, and what exists has only been patched up. The issue will resurface at the end of this year.’¹⁸

The Rise of Austerity

Faced with Baghdad’s budget freeze and unable to make up the difference from its own internal revenues and independent oil exports, Erbil turned to a programme of austerity to make its finances work. This approach, along with more circumstantial dynamics including the war against Islamic State (ISIS) and falling oil prices, brought the period of economic growth for the KRI that had started in the mid-2000s to a crashing halt. Since then, the economy has struggled, often in ways that are largely invisible to outside observers. From their vantage in upscale neighbourhoods in Erbil, foreign visitors are often unaware how difficult life is for most ordinary Kurds.

According to a 2021 report by the UN Development Programme (UNDP), wage-earners in the KRI brought home an average 526,570 Iraqi dinars per month before the COVID-19 pandemic, or about \$445 at the official exchange rate at that time.¹⁹ This is well below the regional average for the Middle East, particularly the Gulf countries that the KRG seeks to emulate.²⁰

Austerity must be considered within this context. Most Iraqi Kurds have little flexibil-

¹⁷ ‘Baghdad Transfers Funds for Kurdistan Region Public Sector Salaries to KRG Accounts’, +964 Media, 26 October 2025. Available at: <https://en.964media.com/41654/> (accessed 25 November 2025).

¹⁸ ‘Qubad Talabani Warns Salary Issue in Kurdistan ‘Not Solved, Only Patched’’, Peregraf, 29 October 2025. Available at: <https://peregraf.com/en/news/10066> (accessed 25 November 2025).

¹⁹ Characterised as ‘monthly average employment income.’ Starting in 2006, the official USD-IQD rate was 1,182 until a deliberate devaluation by the federal government at the end of 2020. Until February 2023, the official rate was 1,450 IQD, which meant that the average monthly income was just \$363. The official rate is currently 1,320 IQD, but unofficial market rates are closer to 1,400 IQD. United Nations Development Programme, ‘Impact of COVID-19 on Iraq’s Vulnerable Populations’, UNDP, 6 June 2021, p. 17. Available at: <https://www.undp.org/iraq/publications/impact-covid-19-iraqs-vulnerable-populations> (accessed 25 November 2025); Muhammad Hilo, ‘Let’s Solve a Mystery: On Confusion and the Exchange Rate of the Iraqi Dinar’, Jummar Media, 4 July 2024. Available at: <https://jummar.media/en/5622> (accessed 25 November 2025); ‘USD/IQD Exchange Rates Inch Lower in Baghdad, Erbil’, Shafaq News English, 3 June 2025. Available at: <https://www.facebook.com/shafaq.english/posts/pfbidoYPnCRDTnDB4WJqKjhTTxcGpthkCa7E83vWJQGpHE3LsRWj3uZi9J3oMcNTdCvdaul> (accessed 25 November 2025).

²⁰ Waheed Abbas, ‘UAE Employees Earn Higher Monthly Salaries than GCC, Many European Countries’, Khaleej Times, 2 April 2024. Available at: <https://www.zawya.com/en/economy/gcc/uae-employees-earn-higher-monthly-salaries-than-gcc-many-european-countries-iyfrez20> (accessed 25 November 2025).

ity in their personal finances. Salary cuts and delays, inflation and price spikes for food, gasoline, and other commodities, and the rise of privatised public services put regressive pressure on a population where many live from meagre paycheck to meagre paycheck. When salaries are delayed, unpaid, or cut, most people have almost no financial cushion to fall back on.

The 2021 UNDP report is helpful in another way because it captured the effect of austerity in real time. Between March 2020, when COVID-19 arrived in Iraq, and December 2020, the KRG used austerity measures to save money in the face of plummeting oil prices and a decision by the federal government to suspend budget transfers.²¹ As a result, monthly average employment income in the KRI dropped 31%, from 526,570 Iraqi dinars to 361,099 Iraqi dinars.²² In federal Iraq, the drop was just 12%, from 618,011 Iraqi dinars to 544,726 Iraqi dinars, because the government did not impose austerity measures to the same degree. This clearly shows the heavy impact of lost employment income in the KRI over a nine-month period: it does not take much to imagine austerity's effect magnified over the course of more than a decade.

The public sector is by far the most important employer in the KRI, so government austerity had an outsized influence on the overall economy. According to the KRI Statistics Office (KRSO), the public sector accounted for 38.4% of employment in 2021.²³ This represents a substantial decline from 50.5% in 2012. The period between them covers a significant portion of the financial crisis and the imposition of austerity and reflects the hiring freeze that was part of that programme.²⁴ Still, an estimated 1.25 million people are currently on the public payroll as government workers or pensioners, out of a total population of 6.37 million people, which gives austerity a whole-of-society impact.²⁵

Withholding

The most consequential manifestation of austerity was the KRG's salary withholding programme, which began in early 2016. After the federal government stopped making transfers in mid-2014, the KRG struggled to pay salaries on time and eventually stopped paying salaries entirely in September 2015. It did not make any disbursements until February

²¹ Ghafari, 'KRG Announces Salary Cuts to Cope with Economic Crisis'.

²² United Nations Development Programme, 'Impact of COVID-19 on Iraq's Vulnerable Populations', p. 17.

²³ Kurdistan Region Statistics Office, 'Labour Force Survey Kurdistan Region 2021', KRG, 2022, p. 37–8. Available at: <https://krso.gov.krd/content/upload/1/root/labour-force-survey-report-kurdistan-region-of-iraq-2021.pdf> (accessed 25 November 2025).

²⁴ The decline of the public sector workforce and austerity are likely related as a direct product of the hiring freeze.

²⁵ 'After a 10-Year Gap: Kurdistan Region Employees' Promotions and Allowances are Reinstated', *Shafaq News*, 25 March 2024. Available at: <https://shafaq.com/en/Kurdistan/After-a-10-year-gap-Kurdistan-Region-employees-promotions-and-allowances-are-reinstated> (accessed 25 November 2025); 'Kurdistan Region Accounts for 14% of Iraq's Population, Census Shows', *Kurdistan24*, 25 November 2024. Available at: <https://www.kurdistan24.net/en/story/812393/kurdistan-region-accounts-for-14-of-iraqs-population-census-shows> (accessed 25 November 2025).

2016, when it formally announced a new withholding system, or ‘savings’ system as it was termed in official documents.²⁶ Under this plan, the government cut each public servant’s monthly salary by as much as 70% each pay period, thereby saving money on payroll and freeing up cash. The programme was framed a temporary measure, with a promise that the withheld portions would be paid back by the government at a later date.²⁷ This would last more than three years and result in significant financial losses for public servants.

When funds were not available to make salary payments, the KRG either delayed disbursements or skipped entire months. This led to a complicated arrangement where public servants were paid for work technically completed far earlier. While the issue is serious, some government workers chose to use humour as a tool of resistance. In an effort to highlight the absurdity of the situation, a teacher in Koya showed up on a 36C (97 F) day in May 2020 wearing heavy winter clothing to collect his January salary.²⁸ Even after the withholding scheme ended, the KRG has continued to miss and delay salary payments as a result of its tight finances. The salary disbursement for October 2025 was for work performed in August, for example.

Eventually, the KRG simply wiped the slate clean and re-started the clock, abandoning the pretence that it was going to pay the arrears due to its public servants.²⁹ The collective cost to public servants is massive, though there is no hard number on how much the government owes.³⁰ In May 2020, KRG Prime Minister Masrour Barzani claimed that the government held \$28.5 billion in debt, which included approximately \$10 billion owed to its public servants.³¹ Taking into account subsequent developments, analysts estimated at

²⁶ ‘Economic Crisis Forces Iraqi Kurd Government to Cut Salaries’, *Middle East Eye*, 4 February 2016. Available at: <https://www.middleeasteye.net/news/economic-crisis-forces-iraqi-kurd-government-cut-salaries> (accessed 25 November 2025).

²⁷ ‘How Much Does the Government Owe Employees? Two Years have Passed Since the Decision to Save Salaries’, [‘hkwmet çendî fermanberan qerzare? dûsall beser brîarî paşekewtî mwçeda têdeperêt’], *Xendan*, 31 December 2017. Available at: <https://www.xendan.org/detailnews?jmare=39726&babet=8&relat=1024> (accessed 25 November 2025); Kurdistan Regional Government, ‘Financial Instruction No. (15) of (2016), Subject: Salaries’, KRG, 1 February 2016. Available at: [https://govkrd.b-cdn.net/Ministries/Ministry%20of%20Finance%20and%20Economy/Kurdish/%D8%A8%DA%B5%D8%A7%D9%88%DA%A9%D8%B1%D8%A7%D9%88%DB%95%DA%A9%D8%A7%D9%86/%D8%B1%DB%8E%D9%86%D9%85%D8%A7%D8%B8%8C%DB%8C/79.%20%D8%B1%DB%8E%D9%86%D9%85%D8%A7%D9%89%20%D8%AF%D8%A7%D8%B1%D8%A7%DB%8C%D9%89%20%DA%98%D9%85%D8%A7%D8%B1%D9%87%E2%80%8C%20\(15\)%20%D8%B3%D8%A7%DA%B5%D9%89%20\(2016\)%D8%8C%20%D8%A8%D8%A7%D8%A8%DB%95%D8%AA%20%D9%85%D9%88%D9%88%DA%86%D9%87%E2%80%8C%20%8C.pdf](https://govkrd.b-cdn.net/Ministries/Ministry%20of%20Finance%20and%20Economy/Kurdish/%D8%A8%DA%B5%D8%A7%D9%88%DA%A9%D8%B1%D8%A7%D9%88%DB%95%DA%A9%D8%A7%D9%86/%D8%B1%DB%8E%D9%86%D9%85%D8%A7%D8%B8%8C%DB%8C/79.%20%D8%B1%DB%8E%D9%86%D9%85%D8%A7%D9%89%20%D8%AF%D8%A7%D8%B1%D8%A7%DB%8C%D9%89%20%DA%98%D9%85%D8%A7%D8%B1%D9%87%E2%80%8C%20(15)%20%D8%B3%D8%A7%DA%B5%D9%89%20(2016)%D8%8C%20%D8%A8%D8%A7%D8%A8%DB%95%D8%AA%20%D9%85%D9%88%D9%88%DA%86%D9%87%E2%80%8C%20%8C.pdf) (accessed 25 November 2025).

²⁸ Winthrop Rodgers @wrodgers2, X, 19 May 2020. Available at: <https://x.com/wrodgers2/status/1262753040018202624> (accessed 25 November 2025).

²⁹ Mohammed Raoof, *Facebook*, 25 February 2021. Available at: <https://www.facebook.com/MohammedRaoof76/posts/pfbid02qMm4H6Ac2m2svfh1nfdB6dWz7Aftqd6dFN8NK-SwM14qGyo3CWesjBqzS81bUytKl> (accessed 25 November 2025).

³⁰ The KRG’s finances are largely ad hoc and not at all transparent. The Kurdistan Parliament has not passed a budget since 2013.

³¹ ‘MPs Question Prime Minister and Deputy Prime Minister on Key Economic, Political and Reform

the end of 2024 that the KRG owes 23 trillion Iraqi dinars to its public servants, or \$16.4 billion at current market rates.³²

Then-KRG Prime Minister Nechirvan Barzani formally announced the end of the withholding programme on 8 March 2019.³³ 'We'll make sure that the people of Kurdistan Region will never pay the price for any political disputes between Erbil and Baghdad,' Barzani said during a press conference announcing the decision.³⁴ However, just thirteen months later in February 2020, his successor Masrour Barzani had to reinstitute withholding in response to the global financial downturn caused by the global COVID-19 pandemic.³⁵ In April, the federal government announced that it was suspending transfers to the KRG because of its own financial problems and because Erbil had failed to uphold its responsibilities under the 2019 budget law.³⁶

Between February 2020 and June 2021, the KRG missed seven months of salary payments entirely and cut salaries between 18% and 21% in ten other months. After this period of financial upheaval, the KRG resumed regular disbursements to public servants as long as it received transfers from the federal government, which was not always guaranteed. That dynamic was in force through the end of 2025.

Issues', *Kurdistan Parliament – Iraq*, 9 October 2020. Available at: <https://www.parliament.krd/english/parliament-business/latest-news/posts/2020/october/mps-question-prime-minister-and-deputy-prime-minister-on-key-economic-political-and-reform-issues/> (accessed 25 November 2025); Zhelwan Z. Wali, 'Gorran Bloc Leader, Kurdistan Parliament Speaker Downplay KRG's \$27 Billion Debt Claim', *Rudaw*, 26 May 2020. Available at: <https://www.rudaw.net/english/kurdistan/26052020> (accessed 25 November 2025).

³² 'Unpaid Salaries: The KRG Owes More than 23 Trillion Dinars to Salaried Employees', *Draw Media*, 23 December 2024. Available at: https://drawmedia.net/en/page_detail?smart-id=16111 (accessed 25 November 2025). The unofficial market exchange rate is \$1 to 1,406.5 IQD.

³³ 'Salaries in Kurdistan Region Will be Paid "in Full": PM Barzani', *Rudaw*, 8 March 2019. Available at: <https://www.rudaw.net/english/kurdistan/080320192> (accessed 25 November 2025).

³⁴ Rudaw English, @RudawEnglish, X, 8 March 2019. Available at: <https://x.com/RudawEnglish/status/1104021533067018241> (accessed 25 November 2025).

³⁵ 'Public Sector Salaries go Unpaid During Lockdown', *Rudaw*, 14 March 2020. Available at: <https://www.rudaw.net/english/kurdistan/14032020?ID=499547> (accessed 25 November 2025); Belkis Wille, 'Kurdish Authorities Clamp Down Ahead of Protests', *Human Rights Watch*, 19 May 2020. Available at: <https://www.hrw.org/news/2020/05/19/kurdish-authorities-clamp-down-ahead-protests> (accessed 25 November 2025).

³⁶ 'Iraq Stops Paying Salaries to Kurdish Regional Government Employees over Oil Revenues Dispute', *The New Arab*, 26 April 2020. Available at: <https://www.newarab.com/news/iraq-stops-paying-salaries-kurdish-regional-government-employees> (accessed 25 November 2025).

Hiring and Promotion Freeze

The other significant austerity measures used by the KRG to save money were the suspension of promotions for public servants and a public sector hiring freeze.³⁷ These policies hurt both existing public servants and the KRI's youth, who view government employment as the primary path to a stable life.

'While I recognise that the public sector has become saturated, I firmly believe it is the government's responsibility to generate employment opportunities for youth and recent graduates,' an engineering school graduate said in an interview. Despite numerous attempts, the graduate was unable to find a public sector job and has resorted to taking unstable, short-term contracts in the private sector.³⁸

The hiring freeze had a serious and far-reaching impact because it prevented tens of thousands of people – especially young people and recent university graduates – from entering the workforce.³⁹ Top graduates regularly hold small protests calling on the government to hire them.⁴⁰ The KRG has vowed to address their demands despite its limited financial capacity, but has done little in practice. These empty promises only add to the frustration of jobseekers. Moreover, the KRG has denied itself the services and knowledge of a new generation of workers, which reduces the technical capacity of the government.

The suspension of promotions would not have meant much if it was short-lived, but its negative effects were compounded over the years. Public servants were denied raises as they moved up the organisational chart, preventing them from making more money as their careers progressed. It also meant that when they retired, they did so at lower levels than they otherwise would have, which reduces the payouts they eventually receive from their pensions. Unlike the withholding system, which formally ended in 2019, these other austerity measures are still largely in effect.

³⁷ Kurdistan Regional Government, 'Financial Instruction No. (11) Year (2016), Subject: Promotion', KRG, 24 January 2016. Available at: [https://govkrd.b-cdn.net/Ministries/Ministry%20of%20Finance%20and%20Economy/Kurdish/%D8%A8%DA%B5%D8%A7%D9%88%DA%A9%D8%B1%D8%A7%D9%88%DB%95%DA%A9%D8%A7%D9%86/%D8%B1%DB%8E%D9%86%D9%85%D8%A7%D9%89%20%D8%AF%D8%A7%D8%B1%D8%A7%DB%8C%D9%89%20%DA%98%D9%85%D8%A7%D8%B1%D9%87%E2%80%8C%20\(11\)%20%D8%B3%D8%A7%DA%B5%D9%89%20\(2016\)%D8%8C%20%D8%A8%D8%A7%D8%A8%DB%95%D8%AA%20%D9%BE%D9%84%DB%95%20%D8%A8%DB%95%D8%B1%D8%B2%DA%A9%D8%B1%D8%AF%D9%86%DB%95%D9%88%DB%95%E2%80%8C.pdf](https://govkrd.b-cdn.net/Ministries/Ministry%20of%20Finance%20and%20Economy/Kurdish/%D8%A8%DA%B5%D8%A7%D9%88%DA%A9%D8%B1%D8%A7%D9%88%DB%95%DA%A9%D8%A7%D9%86/%D8%B1%DB%8E%D9%86%D9%85%D8%A7%D9%89%20%D8%AF%D8%A7%D8%B1%D8%A7%DB%8C%D9%89%20%DA%98%D9%85%D8%A7%D8%B1%D9%87%E2%80%8C%20(11)%20%D8%B3%D8%A7%DA%B5%D9%89%20(2016)%D8%8C%20%D8%A8%D8%A7%D8%A8%DB%95%D8%AA%20%D9%BE%D9%84%DB%95%20%D8%A8%DB%95%D8%B1%D8%B2%DA%A9%D8%B1%D8%AF%D9%86%DB%95%D9%88%DB%95%E2%80%8C.pdf) (accessed 25 November 2025).

³⁸ Interview with a university graduate with a degree in engineering seeking work, Sulaymaniyah, June 2025.

³⁹ Notably, the security sector is exempted from this freeze. While partisan patronage is a major factor in hiring across government, the KDP and the PUK exert complete control over the security forces, in particular the Asayish and the Peshmerga. 'KRG to Make New Decision on Recruitment', [hkwmetî herê m brîarî nwê lebareî damezrandnewe dedat], *Xendan*, 28 January 2025. Available at: <https://www.xendan.org/detailnews/189954> (accessed 25 November 2025).

⁴⁰ 'Unemployed Medical Graduates Protest in Erbil, Demand Government Action', *NRT*, 3 June 2025. Available at: <https://nrttv.com/En/detail6/6095> (accessed 25 November 2025).

The Effects of Austerity

The primary victims of the salary crisis are public servants in the KRI. While the negative economic impact is relatively straightforward, austerity also had deep political and social effects as well. Repairing the damage is a major undertaking that cannot be breezily dismissed or overlooked. Ordinary Kurds are well-aware of this, even if their leaders and outside observers do not acknowledge it.

At a basic level, public servants lost significant amounts of money because of unpaid salaries and the KRG's withholding policy. A recently retired director at the Sulaymaniyah Construction Laboratory who was interviewed for this paper estimated that the KRG owed him \$40,000 ('four *daftar*') in backpay alone.⁴¹ Stories like this are common.⁴² It is a legitimate and eminently understandable grievance, particularly when the KRG has reneged on its promise to pay this money.

The financial losses experienced by public servants meant that they had less money to spend on basics like food and clothing, as well as the larger purchases that help consumer spending drive an economy. 'You have to save up. I postponed many things because of a lack of salary, like changing my house and vehicle,' the construction director said. 'The measures have affected everyone. Anyone who is a public worker, their livelihood is on the salary. If there is no salary then they don't have money to spend.'⁴³

It is likely that public servants will never receive all the salary due to them. During negotiations over the three-year federal budget that was passed by the Iraqi parliament in 2023, Kurdish MPs from the New Generation Movement tried to introduce language that would authorise 10% repayments to public servants. However, this was dropped from the final legislation.⁴⁴ It is unlikely to be taken up again by legislators, but would be a valuable symbol that the KRG is serious about repairing the damage done by austerity.

If these financial losses are significant for individuals, they are even greater at a societal level. As noted earlier, the KRG owes an estimated \$16.4 billion to its public servants, which is money that never entered the KRI's economy via consumer spending. The lost revenue and opportunity as a result of public servants' reduced spending is difficult to quantify, but is readily apparent in interviews with merchants, who report a downturn in foot traffic and spending when salaries are not paid.⁴⁵ One social media account reported

⁴¹ Interview with a retired public servant at the Sulaymaniyah Construction Directorate, Sulaymaniyah, June 2025.

⁴² Peregraf, 'Budget Amendments Raise Hope that KRG will Repay Withheld Salaries', *Peregraf*, 31 May 2023. Available at: <https://peregraf.com/en/investigation/5690> (accessed 25 November 2025).

⁴³ Interview with a retired public servant, 2025.

⁴⁴ 'Deep Dive: Iraq Finally Passes Multi-Year Budget, But at What Cost?', *Amwaj.media*, 14 June 2023. Available at: <https://amwaj.media/en/media-monitor/deep-dive-iraq-finally-passes-multi-year-budget-but-at-what-cost> (accessed 25 November 2025); Peregraf, 'Budget Amendments Raise Hope that KRG will Repay Withheld Salaries'.

⁴⁵ 'Delay in Paying Salaries Takes Toll on Erbil Market', *Rudaw*, 10 May 2023. Available at: <https://www.rudaw.net/english/kurdistan/051020231> (accessed 25 November 2025).

in June 2025 that malls in Duhok were empty because of unpaid salaries ahead of the major shopping occasion of Eid al-Adha.⁴⁶

It also likely contributed to a rise in overall unemployment during the austerity period. In 2014, the KRSO found that the KRI enjoyed a relatively low unemployment rate of 6.5%. By 2021, it more than doubled to 13.2%.⁴⁷ Reduced job opportunities fell particularly hard on young people. According to the KRSO, 29.6% of young people were not in education, employment, or training in 2021.⁴⁸ Their older counterparts had opportunities in the public sector that were no longer available to young people entering the workforce after 2015.⁴⁹ The general economic downturn also harmed the growth of the private sector, which was not able to absorb the number of people entering the workforce.

‘The situation has significantly affected my professional trajectory. I have lost key skills and missed out on critical experience-building years, making it increasingly difficult to establish a meaningful career,’ the engineering graduate said. ‘Many of my peers face similar struggles, and the broader community continues to suffer from persistent unemployment and underemployment.’⁵⁰

Social Contract Weakened

Beyond the economic cost, austerity weakened the KRI’s social contract. In the years following the Kurdish uprising in 1991 – known locally as the *Raparin* – the KDP and the PUK established a system where they allocated jobs in government and the security forces to their supporters in return for political support during elections.⁵¹ This kept the KRI politically stable while ensuring that economic benefits reached the public in a broad-based way. This system was not always easy to run and suffered from numerous deficiencies, but functioned well as long as there was enough money flowing to the populace.

Austerity struck at the heart of the social contract by unbalancing it in favour of the ruling parties. People already in the system were no longer receiving the salaries or advancement that they expected; in fact, they were suffering financial losses that made it difficult for them to support their families. Hiring freezes denied young people, recent graduates, and

⁴⁶ Duhok Buzz, X, 4 June 2025. Available at: https://x.com/Duhok_Buzz/status/1930319666922090544 (accessed 25 November 2025).

⁴⁷ According to an updated methodology that the KRSO adopted in 2017, the jump would be higher at 16.5% unemployment. I have used a consistent methodology here. Kurdistan Region Statistics Office, ‘Labour Force’, p. 16.

⁴⁸ Kurdistan Region Statistics Office, ‘Labour Force’, p. 77.

⁴⁹ This is also the case in federal Iraq where the public sector also plays an outsize roll.

⁵⁰ Interview with a graduate, 2025.

⁵¹ Megan Connelly & Mike Fleet, ‘Living Apart Together: Decentralized Governance in the Kurdistan Region of Iraq’, *Institute of Regional and International Studies*, November 2020. Available at: <https://auis.edu.krd/iris/sites/default/files/Final%20-%20Living%20Apart%20Together%20-%202%20Nov%2020.pdf> (accessed 25 November 2025); Zmkan Ali Saleem & Mac Skelton, ‘Assessing Iraqi Kurdistan’s Stability: How Patronage Shapes Conflict’, *LSE Middle East Centre Paper Series* 38 (July 2020). Available at: https://www.auis.edu.krd/iris/sites/default/files/MEC_assessing_iraqi_kurdistan_stability_published.pdf (accessed 25 November 2025).

others entry into the system. Yet the parties continued to demand political loyalty and often punished public displays of dissent and frustration.⁵² Many people in the KRI feel this unfairness acutely. As the construction director said: ‘They made us to no longer trust any of them.’⁵³

The turn to austerity was precipitated by disagreements with the federal government, but it was imposed by the KRG. Ordinary people resent that they are made to bear the brunt of the disagreements between political elites. As much as Erbil plays a nationalist card, many people hold the KRG at least partially responsible for the situation. Kurdish officials may feel this is unfair,⁵⁴ but they should not be surprised: the social contract is an agreement that trades economic benefits for political loyalty. Without the former, the latter is weakened. Ordinary Kurds do not have a similar relationship with the federal government and can understand its self-interested reactions to the KRG’s oil policies. However, they would prefer that Baghdad direct its retaliation at the KDP and PUK elites, rather than at public servants.⁵⁵

The KRI’s weakened social contract manifests itself in tangible and tragic fashion. Since 2014, hundreds of thousands of Iraqi Kurds have attempted to migrate to Europe, although precise statistics are unavailable.⁵⁶ Certainly, some migrants fled the ISIS War, but many left for economic reasons. In a May 2022 study based on focus groups across the KRI, Mera Jasm Bakr found that weak economic opportunities, political alienation from the ruling duopoly, and a ‘waning allure’ of the Kurdish national project were all significant motivating factors for migration.⁵⁷ All three have a reference point in the KRG’s austerity programme. For policymakers in Europe concerned about migration, KRG austerity must be a primary object of analysis.

⁵² Chloe Cornish, ‘Iraqi Kurdistan’s Authoritarian Turn: Western Ally “Discards Idea of Democracy”’, *Financial Times*, 11 May 2021. Available at: <https://www.ft.com/content/cd943209-b26b-45b2-a34a-e0d-432b2e3f1> (accessed 25 November 2025).

⁵³ Interview with a retired public servant, 2025.

⁵⁴ ‘KRG Blames Baghdad for Unpaid Salaries’, *Rudaw*, 2 January 2025. Available at: <https://www.rudaw.net/english/middleeast/iraq/020120251> (accessed 25 November 2025).

⁵⁵ Hoshyar Abdullah, @ Hoshyarabdullah, X, 2 June 2025. Available at: <https://x.com/Hoshyarabdullah/status/1929474666252361776> (accessed 25 November 2025).

⁵⁶ Ruwayda Mustafah, ‘Addressing the Inequality and Despair Driving Kurdish Migration to Europe’, *Washington Institute for Near East Policy*, 1 July 2024. Available at: <https://www.washingtoninstitute.org/policy-analysis/addressing-inequality-and-despair-driving-kurdish-migration-europe> (accessed 25 November 2025); Zmkan Ali Saleem & Hayder Al-Shakeri, ‘The Role of Transnational Networks in Kurdish Migration to the UK’, *Chatham House*, 20 May 2024. Available at: <https://kalam.chathamhouse.org/articles/the-role-of-transnational-networks-in-kurdish-migration-to-the-uk/> (accessed 25 November 2025).

⁵⁷ Mera Bakr, ‘Escaping from Duopoly Rule: How a Two-Party System Drives Iraqi Kurdish Migration En Masse’, *Konrad-Adenauer-Stiftung*, May 2022. Available at: https://www.researchgate.net/publication/371301797_ESCAPING_FROM_DUOPOLY_RULE_How_a_Two-party_System_Drives_Iraqi_Kurdish_Migration_En_Masse (accessed 25 November 2025).

The Response to Austerity

Public servants responded to the salary crisis in a variety of ways. They vent political frustrations in private and support those who do so more publicly. On occasion, they take part in protests and strikes themselves. Some vote for opposition parties, though without much hope for real change. Others call for a more direct role for the federal government in the governance of the KRI. So far, none of these strategies has proved particularly successful at pushing the political leaderships in either Baghdad or Erbil to resolve the salary crisis in the interest of their constituents. However, they are real dynamics that politicians and observers should not ignore.

Protests and Strikes

Sometimes the private frustrations of public servants translate into public actions, either in the form of streets protests or labour strikes. Usually, these occur when salary disbursements are delayed.⁵⁸ Their size and duration vary widely and are highly dependent on location, sector, and the level of organisation on the part of protesters.

Public acts of resistance to austerity are far more common in Sulaymaniyah and Halabja governorates. The PUK, which is dominant in these areas, has historically taken a pragmatic view of protests and usually permits them within certain limits.⁵⁹ In contrast, the KDP, which controls Erbil and Duhok governorates, is highly intolerant of displays of dissent and forcefully prevents demonstrations. This difference has the practical effect of preventing solidarity between public servants across the two zones. Public servants in Zakho face the same problems as those in Kalar, but the former cannot publicly support the latter without running serious risk of political retaliation, losing their job, or being interrogated or arrested by KDP-affiliated security forces.

The lack of solidarity also applies for different parts of the public sector. When public school teachers hold a protest, for example, they are not usually joined by workers from other ministries in any organised fashion. When doctors go on strike, the traffic police do not walk off the job in support, and vice versa. This is primarily a matter of political disorganisation and lack of planning and, therefore, is beyond this current paper. Nevertheless, it acts as a profound drag on building broad-based, public support for resisting austerity.

In recent years, however, some groups have made progress on this front, in particular the Dissenting Teachers' Council.⁶⁰ Since 2014, the Council successfully organised numerous

⁵⁸ As an anecdotal rule of thumb, protests and strike begin popping up around six weeks after the previous disbursement. 'Civil Servants go on Strike across Southern Kurdistan Region', *Rudaw*, 24 March 2024. Available at: <https://www.rudaw.net/english/kurdistan/240320244> (accessed 25 November 2025); 'Health Staff Sit-In in Kurdistan Region to Protest Late Salaries' Payment', *Shafaq News*, 27 April 2020. Available at: <https://shafaq.com/en/Kurdistan/health-staff-sit-in-in-kurdistan-region-to-protest-late-salaries-payment> (accessed 25 November 2025).

⁵⁹ There are some indications that the PUK may be taking a more hardline stance against protests under the leadership of Bafel Talabani.

⁶⁰ Sometimes more colourfully translated as the Disgruntled Teachers Council. Winthrop Rodgers, 'The Teachers Building a New Labor Movement in Iraqi Kurdistan', *Inkstick Media*, 15 May 2024. Available at: <https://inkstickmedia.com/the-teachers-building-a-new-labor-movement-in-iraqi-kurdistan/> (accessed 25 November 2025).

large protests and months-long strikes by public school teachers in Sulaymaniyah and Halabja governorates, which gathered force after 2020.⁶¹ It organised a five-month strike that shut down all public schools in Sulaymaniyah between September 2023 and February 2024, which was accompanied by large protest marches through the city centre.⁶² It was also behind the February 2025 hunger strike. The Council's strategy, backed by many of the more than 100,000 teachers in the KRI, has kept the salary crisis at the top of the agenda.⁶³

Opposition Parties

There are six political parties in the KRI that make up the opposition.⁶⁴ They are characterised primarily by their criticism of two-party rule by the KDP and the PUK, rather than any unifying policy approach. In fact, they represent a range of ideologies and origins. Given the depth of public feeling about the salary crisis, however, it is an obvious issue for them to exploit as a way to build political support.

However, there is little chance that the opposition parties will meaningfully dent the power of the KDP and the PUK and therefore be in a position to resolve the issue. Collectively, they have won about a third of seats in the Kurdistan Parliament in the two elections after the austerity period began, suggesting that voters do not view the opposition as a serious vehicle for change.⁶⁵

'Due to personal and social circumstances, I did not participate in public protests. However, I expressed my dissent by abstaining from voting or casting my vote for opposition parties; though this, too, yielded little tangible change,' the engineering graduate said.⁶⁶

In fact, groups like the Dissenting Teachers' Council are explicitly non-partisan in their outlook and seek to distance themselves from the opposition. They are on-guard against efforts to dilute their message and co-opt their members. Nevertheless, voting for the opposition remains a somewhat safer and more private way to express frustration about the salary crisis.

In a truly democratic society, an issue as potent as austerity would result in accountability for those who devised and implemented it, specifically the KDP and the PUK. The fact that it has not begs bigger questions about the KRI's politics and whether democratic change is possible under the current arrangement.

⁶¹ Peregraf, 'Teachers Reject KRG's Hollow Concessions, will Continue Strikes', *Peregraf*, 8 January 2024. Available at: <https://peregraf.com/en/investigation/6475> (accessed 25 November 2025).

⁶² Rodgers, 'Teachers Building a New Labor Movement'.

⁶³ Kurdistan Region Statistics Office, 'Number of Teachers in Public & Private Schools', *KRG* (2019). Available at: <https://krso.gov.krd/en/indicator/health-and-education/education/number-of-teachers-in-public-and-private-schools> (accessed 25 November 2025).

⁶⁴ Currently, those with representation in the Kurdistan Parliament include: the New Generation Movement (Newey Nwe), the Kurdistan Islamic Movement (Yekgirtu), the National Stance Movement (Halwest), the Kurdistan Justice Group (Komal), the People's Front (Bereyi Gel), and the Change Movement (Gorran).

⁶⁵ 'Election Commission Publishes Official KRG Election Results', *Rudaw*, 21 October 2018. Available at: <https://www.rudaw.net/english/kurdistan/201020184> (accessed 25 November 2025); 'Final Results: Complete Breakdown of Kurdistan Parliament's Sixth Cycle Election Outcomes', *Kurdistan 24*, 22 October 2024. Available at: <https://www.kurdistan24.net/en/story/807430/final-results-complete-breakdown-of-kurdistan-parliaments-sixth-cycle-election-outcomes> (accessed 25 November 2025).

⁶⁶ Interview with a graduate, 2025.

Direct Role for Federal Government

Another response to the salary crisis is advocacy for a more direct role for Iraq's federal government in the KRI's economic governance. Proponents argue that Baghdad is a more reliable paymaster and should send salaries directly to public servants in the KRI, bypassing Erbil entirely. As part of their argument, they cite a 2024 Federal Supreme Court ruling that the federal government is responsible for paying public sector workers.⁶⁷ This sentiment has been voiced at numerous protests and press conferences since 2020.⁶⁸ It has also gained some traction with the PUK and opposition parties like New Generation.⁶⁹

Direct payments seem like a suitable technical solution, but they are flatly unacceptable to the KRG from a political perspective. It would cripple Erbil's financial and political powers and undercut a key element of Kurdish self-government. Given the long struggle for Kurdish rights and autonomy, it may seem puzzling that some Kurds want Baghdad to get more involved in governance in the KRI. Indeed, Kurds overwhelmingly voted in favour of independence from Iraq in 2017, with 92% of referendum voters supporting secession.⁷⁰ This incongruity reflects the deep damage caused by the salary crisis: Kurds remain proudly Kurdish, but many are desperate for financial stability to the point of looking to Baghdad for support.

Public polling is generally lacking in the KRI, but this sentiment is evident in what is available. In January 2023, Erbil-based research firm Sheekar Research published a survey that found that 50.3% of respondents felt that they would be better off if the KRG was dissolved and central authority from Baghdad was reasserted.⁷¹ A combined 68% of respondents blamed either both ruling parties or all Kurdish parties for the KRG's weakness. The survey understandably caused significant controversy with Kurdish nationalists denouncing the findings. Setting that outrage aside, the survey is useful because it sheds light on a public sentiment that is not afforded much oxygen in the party-dominated media.⁷²

⁶⁷ 'Iraqi Federal Court Rulings Undermine Kurdish Autonomy, Critics Say', *Amwaj.media*, 27 February 2024. Available at: <https://amwaj.media/en/media-monitor/iraqi-federal-court-rulings-undermine-kurdish-autonomy-critics-say> (accessed 25 November 2025).

⁶⁸ Peregraf, 'Kurdish Public Employees Shift Protests to Baghdad's Tahrir Square in Unprecedented Move', *Peregraf*, 23 November 2023. Available at: <https://peregraf.com/en/investigation/6305> (accessed 25 November 2025); Lawk Ghafari, 'Baghdad, Erbil War of Words Continues over Oil-for-Budget Dispute', *Rudaw*, 13 August 2020. Available at: <https://www.rudaw.net/english/middleeast/iraq/13082020> (accessed 25 November 2025).

⁶⁹ Winthrop Rodgers, 'Iraq Parliament Approves more Federal Control over Kurdish Oil Revenues', *The National*, 11 June 2023. Available at: <https://www.thenationalnews.com/mena/2023/06/11/iraq-parliament-approves-more-federal-control-over-kurdish-oil-revenues/> (accessed 25 November 2025).

⁷⁰ 'Iraqi Kurds Decisively Back Independence in Referendum', *BBC*, 27 September 2017. Available at: <https://www.bbc.co.uk/news/world-middle-east-41419633> (accessed 25 November 2025).

⁷¹ 'A Survey of Federal Court Decisions', [raprîşek leser brîarekanî dadgaî fîdrallî], *Draw Media*, 31 January 2023. Available at: https://drawmedia.net/page_detail?smart-id=11985 (accessed 25 November 2025); 'Shock Survey Reflects Frustration with Ruling Parties among Iraqi Kurds', *Amwaj.media*, 9 February 2023. Available at: <https://amwaj.media/en/media-monitor/shock-survey-reflects-frustration-with-ruling-parties-among-iraqi-kurds> (accessed 25 November 2025).

⁷² Winthrop Rodgers, 'Partisan Press: The Dominance of Party-Backed Media in Iraq's Kurdistan Region', *Middle East Institute*, 26 January 2024. Available at: <https://www.mei.edu/publications/partisan-press-dominance-party-backed-media-iraqs-kurdistan-region> (accessed 25 November 2025).

Conclusion

As a result of the September 2025 deal to resume pipeline exports, there is now a pathway to resuming full and regular budget transfers between Baghdad and Erbil, which should resolve the payments aspect of the salary crisis. However, there is a significant amount of work necessary to repair the political and societal damage caused by a decade of austerity.

First, the leaders of the federal government and the KRG should live up to their rhetoric and ‘make sure that the people of the Kurdistan Region will never pay the price for any political disputes between Erbil and Baghdad.’⁷³ The cycle of bad faith negotiation and non-implementation of agreements must end. The Council of Representatives should pass a national oil and gas law and a budget law that ensures public servants in the KRI are paid in full and on time. The KRG should also relax other austerity measures like the suspension of promotions.

Second, the KRG and Kurdish MPs should push the Council of Representatives to include a budget provision that begins to pay back what is owed to Kurdish public servants. This may be financially onerous but would be smart politics, helping to repair the relationship between the leadership of the KRI and their constituents.

Third, the KRI requires a new social contract to replace the one that developed in the 1990s and 2000s. It should address the changing political economy of the Middle East and efforts to diversify beyond oil rentierism. It also needs to address public demands for better governance and accountability, while reestablishing norms that ensure freedom of expression, political accountability, and fair electoral competition.

However, it seems unlikely that the political elites in either Baghdad and Erbil have the political imagination or will to take these steps. It is possible that more regular salary payments will happen, but the harder work to repair the extensive damage caused by austerity and the salary crisis seems too much to hope for under the current context.

⁷³ Rudaw, ‘Salaries in Kurdistan Region Will be Paid “in Full”’.

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Cover Image

Public school teachers hold a sign saying 'boycott' while attending a protest during a prolonged labour strike in Sulaymaniyah, Kurdistan Region of Iraq, 22 October 2023.

Source: Winthrop Rodgers

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