KLEPTOCRACY AND THE LINK TO TERRORISM, RADICALIZATION, FRAGILE STATES, AND POLITICAL INSTABILITY

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Kleptocratic Regimes and National Security: A Pervasive Threat and How It Can be Neutralized

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Hudson Institute’s Kleptocracy Initiative and George Mason University’s Transnational Terrorism, Crime and Corruption Center
KLEPTOCRACY AND TERRORISM

- Extremist groups draw on public anger at the abuse of power
  - Houthi rebels in Yemen, Taliban in Afghanistan, ISIS in Iraq, Boko Haram in Nigeria
- Corrupt state institutions facilitate extremist groups’ operations: financial, human, and arms flows
  - ISIS in Libya and Iraq
- Kleptocrats hollow out security institutions, such that army and police forces (a) cannot adequately respond to terrorist/insurgent threats, and (b) are less capable of partnering with U.S. forces for CT objectives, due to low combat readiness, poor morale, weak leadership, little accountability
  - Fall of Mosul; Dawood National Military Hospital in Afghanistan
Mercy Corps report Youth and Consequences (2015):

“the principal drivers of political violence are rooted not in poverty, but in experiences of injustice: discrimination, corruption and abuse by security forces.”
UNDP report Journey to Extremism in Africa (2017): Interviewed nearly 600 former members of Al-Shabaab and Boko Haram, as well as of ISIL, al Qaida, and others. Found that “disaffection with government is highest by significant margins among respondents who were recruited by violent extremist groups.”

This held true across several indicators, including: “belief that government only looks after the interests of a few; low level of trust in government authorities; and experience, or willingness to report experience, of bribe-paying.”
Translation: Religious corruption, financial corruption, political corruption, and administrative and societal moral decadence. All of this you get in countries ruled by tyrants. #State_of_the_Caliphate #The_Islamic_State

Translation: And who opposes the Islamic State? Drunkards who are afraid of hadīd punishments a corrupt official who spends his whole life living from bribes; the morally promiscuous and morally degenerative; the religious leader who scavenges his religion.
KLEPTOCRACY AND FRAGILE STATES

- Iraq and Afghanistan: large US military and civilian presence, lives lost, vast expenditure of resources. Kleptocratic elements vs. kleptocracy.
- Kleptocratic actors posed clear threat:
  - Undermined legitimacy of the state that we were trying to build, fueling recruitment by insurgent and terrorist groups
  - Drained revenue and funneled out of the domestic economy, further impoverishing the country
  - Eroded security forces, imperiling the transition to host nation security responsibility, and lasting peace
Figure 1: Corruption and State Failure

KLEPTOCRACY AND POLITICAL INSTABILITY (1/2)

- Kleptocracy has economic effects that slow growth and undercut political stability:
  - Distorts markets by adding costs and creating inefficiencies
  - Encourages too much regulation
  - Deters FDI by creating volatility in market and uncertain business climate
  - [Forces US businesses to compete on an unfair playing field]
Emerging but vulnerable democracies: Is this where we might focus more policy attention and resources?

- Some reformers in power
- Educated public and civil society demanding reform
- Secure environment for international actors to engage diplomatically and via legal, development assistance
- International community engagement

Consider transnational effects of kleptocracy on other countries’ democratic institutions
Defense and security professionals tend to view corruption as a "soft" governance challenge, and thus the realm of development experts and diplomats, not the military.

There is significant skepticism that outsiders can effectively combat corruption - both because the problem is so pervasive and deep-rooted, and because international interventions have an admittedly mixed track record.

It's hard to measure corruption and thus hard to prove effectiveness of our efforts.
OBSTACLES TO THE USG CONFRONTING KLEPTOCRATIC REGIMES (2/2)

- **Long-term** effort that will require years or decades of sustained work. Long timelines do not mesh well with US domestic politics, our budget process, or with personal career timelines.

- Policymakers do not have access to enough **intelligence and analysis** on the causes and consequences of kleptocracy. That makes it harder to accurately identify the problem.

- We underestimate the degree to which U.S. policies and practices **unintentionally facilitate corrupt behavior**. If we had a better assessment to begin with, we might use more of our available tools to prevent or deter corruption.