

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**


November 15, 2017

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

KLEPTOCRACY AND RADICALIZATION (1/3)

- ▶ 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.”
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- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against the blue background.

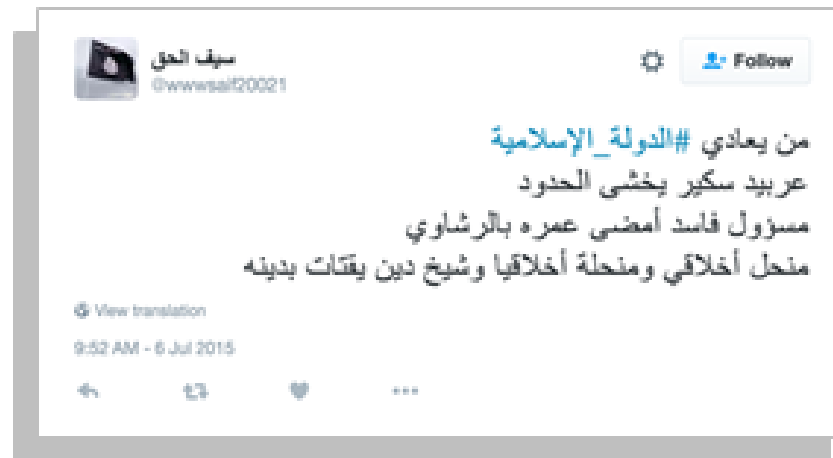
KLEPTOCRACY AND RADICALIZATION (2/3)

- ▶ 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**.”

KLEPTOCRACY AND RADICALIZATION (3/3)

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 hudood 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.

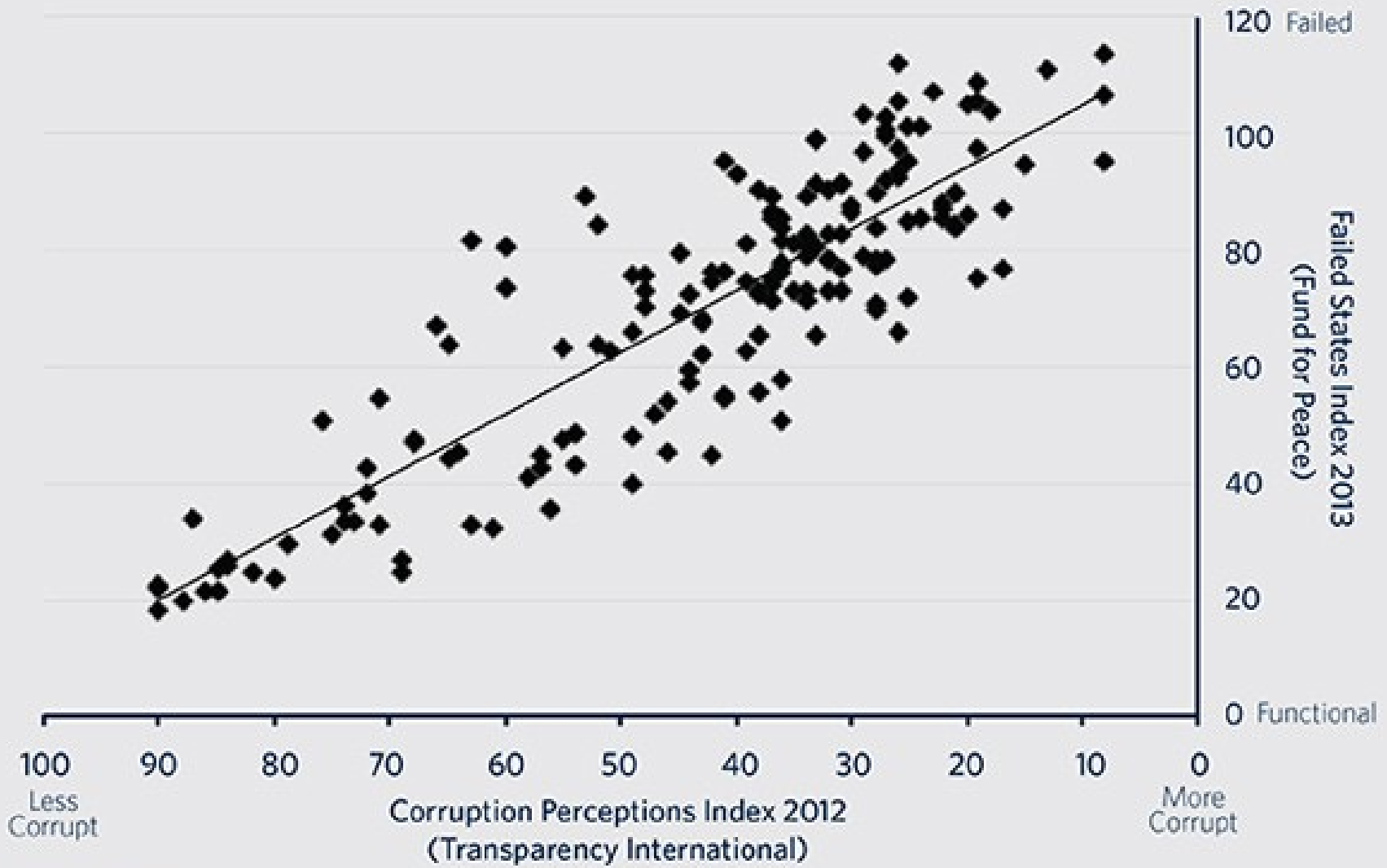


Source:
Transparency
International
Defence and
Security
Programme,
The Big Spin,
2017

KLEPTOCRACY AND FRAGILE STATES

- ▶ Iraq and Afghanistan: large US military and civilian presence, lives lost, vast expenditure of resources. Kleptocractic 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

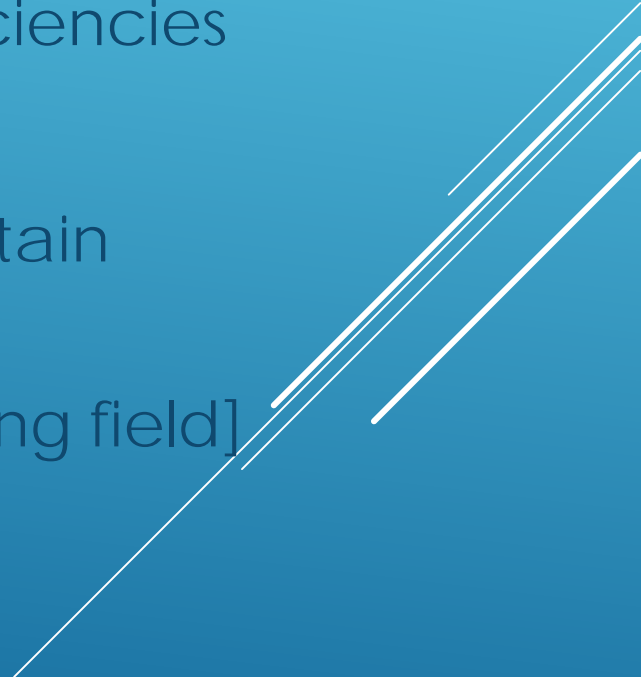
Figure 1: **Corruption and State Failure**



Source: Sarah Chayes, Carnegie Endowment for International Peace, 2014

Source: Osama Diab.


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]
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KLEPTOCRACY AND POLITICAL INSTABILITY (2/2)

- ▶ 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**

OBSTACLES TO THE USG CONFRONTING KLEPTOCRATIC REGIMES (1/2)

- ▶ 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.
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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.