U.S. FOREIGN POLICY IN POST-SOFA IRAQ

By Eric Davis

The end of 2011 will mark a watershed in U.S.-Iraqi relations. The Status of Forces Agreement (SOFA) that the United States and Iraq signed in December 2008 calls for all American forces to leave Iraq by December 31, 2011. While it is still unclear whether U.S. troops will remain in Iraq beyond this year, there is little doubt that U.S.-Iraqi relations will undergo significant change. What will that change look like? Will it mean a substantial decline in U.S. influence in Iraq? In light of Iraq’s strategic importance both in the Middle East, and to U.S. regional interests, as well as the importance of its continued efforts at democratization, what form should U.S. policy take after the drawdown of U.S. troops?

U.S. policy in post-SOFA Iraq will need to focus on five main areas of mutual interest to both countries, all of which are interrelated. Their focal points include: security, governance and institution building, democracy promotion, economic growth and development, and regional, bi-lateral relations. As a proviso, the United States will need to be sensitive to the legacy of tensions that developed with Iraq following the 2003 invasion that overthrew Saddam Hussein’s Ba’thist regime. An effective U.S. foreign policy will require treading softly as it pursues its national interests in Iraq.

SECURITY

Both Iraq and the United States share a strong interest in improving the country’s security situation. The inability of U.S. and Iraqi forces to control the country’s national territory after the U.S. invasion in 2003 was a major cause for the sectarian violence that engulfed the country between late 2003 and early 2008. While Iraqi security forces have made great progress in containing terrorist groups, terrorist related violence has recently increased as U.S. and British forces have withdrawn from many areas of the country. The wide scale attacks that occurred throughout Iraq during the month of Ramadan in August 2011 offer a stark reminder that Iraqi security forces are still not in control of country’s territory.

As U.S. forces have been leaving Iraq, Iran has been rearming Shiite militias in southern Iraq. This activity continues a strategy that Iran has pursued since the U.S. invasion. Its goal has been to pressure the United States as much as possible by increasing casualties among U.S. forces. Iran seeks to send a message that Iraq will only enjoy stability if Iranian interests in Iraq and the region are accommodated.

Foreign meddling in Iraq’s domestic affairs underscores the fact that Iraq’s stability is as much a function of corrosive “neighborhood effects” as it is a function of the capabilities of its security forces. At least three of its neighbors—Iran, Syria and Saudi Arabia—are deeply disturbed by the image of a resurgent Iraq with the potential to reestablish itself as a major regional power, given its extensive untapped reserves of oil and natural gas. Iraq’s emerging democracy offers a model for its own citizens that all of Iraq’s neighbors find threatening. For Saudi Arabia and the Arab Gulf states, a nation-state where the Shi’a dominate the political landscape provides a model for their own restive Shi’a communities, who seek greater political, social, and economic freedoms. Due to the threat they perceive, none of these countries are willing to try to help Iraq achieve stability.

Security concerns represent an area where U.S. and Iraqi interests will converge for the foreseeable future. Iraq needs to develop its armed forces to prevent armed Shiite militias in the south from reasserting their power. In addition, Iraq must contain a weakened al Qaeda and its surrogates, such as the Islamic State of Iraq. It must also prevent these organizations from reestablishing themselves in the Sunni Arab heartland of north central Iraq. U.S. forces provide Iraq with invaluable logistical support and Iraqi commanders want access to American counterterrorism expertise. That many American law
enforcement agents are working in Iraq with five year contracts demonstrates Iraq’s desire to have the U.S. play a central role in helping it institutionalize its security needs.

Iraq needs to develop an air force if it is to have any military credibility and the capacity to monitor and control its lengthy borders with Syria and Iran. The impunity with which Iranian forces have been able to attack opposition PJAK (Party for a Free Life in Kurdistan) guerillas in Iraqi Kurdistan is just one example of Iraq’s need for air power. Here the United States will be crucial in providing Iraq with state of the art aircraft, command and control technology and, of course, pilot and maintenance training. While Iraq has a short coast along the Persian Gulf, its waters south of the Shatt al-'Arab, at the confluence of the Tigris and Euphrates rivers are critical to its ability to export oil and receive goods at its main ports of Basra and Umm Qasr. Iraq will also need the United States to help it develop a modern navy. As a number of Iraqi leaders have admitted, their country possesses neither the capacity to control its airspace nor its waters in the Persian Gulf.

Because the Iraqi government realizes that the United States offers the best military equipment and training available, and given the ties that have already developed between Iraqi and American officers, undoubtedly the Iraqi government and higher echelons of the armed forces want to maintain a close military relationship with the United States.

Although Prime Minister al Maliki, a majority of the political elite, as well as the military command, want an American military presence to be maintained beyond December 2011, matters are not that simple. The future of the U.S.-Iraqi security relationship is closely tied to Iraq’s domestic politics. The leadership of the Kurdish Regional Government (KRG), which comprises the three majority Kurdish population provinces in the north east, is alarmed at the developing military ties between the United States and the central government in Baghdad. For the Kurds, a resurgent and powerful Iraqi army recalls the efforts of a number of Iraq’s Arab leaders to subdue the Kurds. This was especially true of Saddam Hussein whose notorious “Anfal Campaign,” between 1986 and 1989, killed hundreds of thousands of Kurds and destroyed over 175 Kurdish villages, devastating the Kurds’ agrarian sector in the process.

For its part, the Iraqi government is concerned that the Kurds are keen to keep an American military presence in the KRG, even a military base. Iraq’s Arab leadership views the KRG’s efforts to maintain close ties with the United States as a strategy designed to strengthen its regional autonomy and control local oil reserves at the expense of the central government. While the Kurds view American troops as providing insurance against another attack by the Iraqi army on the KRG, the central government considers close U.S.-KRG ties to be threatening Iraq’s sovereignty and national integration. The Iraqi government see these ties enhancing the KRG’s ability to declare independence from Iraq should it decide to do so. Of course, the underlying issue is the lack of trust between the Arab and Kurdish wings of Iraq’s political elite.

Not all security issues divide the al Maliki government and the KRG, however. One security related issue that has created a set of mutual interests between the central government, the KRG, and the United States is preventing the unresolved issue of the “disputed areas” from turning into a military conflict. These areas include the oil rich and ethnically divided city of Kirkuk, which the Kurds insist should be part of the KRG, and the border—the so-called Green Line—that divides Arabs and Kurds in the Ninawa plains. U.S. forces have played a critical role in mediating tensions in both Kirkuk and other disputed areas in the north. The joint U.S.-Arab-Kurdish patrols that the U.S. created have had a salutary impact on reducing possible flare-ups between troops of the Iraqi army and the Kurdish Pesh Merga militia. With American forces completely removed from the volatile north, violence could easily break out between the two forces, which neither the central government nor the KRG desires. Thus, it is in the interest of both the Iraqi government and the KRG to have some U.S. troop presence in the north.

However, all these issues are moot because, at present, the Iraqi government has still not indicated whether any U.S. troops will be allowed to stay in Iraq. As Iraqi President Jalal Talabani noted, any revision of the SOFA would require a vote of the parliament and would need to be supported by 2/3 of the delegates.¹ In his view, such an outcome is unlikely before the December 31, 2011 deadline for the U.S. forces to withdraw. In reality, the parliament is not the real impediment to preventing an agreement allowing U.S. forces to remain beyond 2011. If al Maliki and his State of Law Coalition, the Kurds, and the al Iraqiyah Coalition decide that U.S. forces should remain beyond December 2011, a positive decision would be forthcoming in parliament.

Nevertheless, al Maliki must protect himself from ongoing attacks by populist forces that insist that all U.S. forces leave Iraq by the end of this year. The most vociferous opposition to U.S. forces remaining in Iraq comes from Muqtada al Sadr, the leader of the once powerful Mahdi Army (Jaysh al Mahdi).² The Sadrist bloc in parliament (known as the al Ahrar) has played an anti-American nationalist card, to the extent of introducing a resolution in parliament that would ban the current U.S.

¹ Al-Hayat, July 21, 2011  
Although the Sadrist opposition has aroused nationalist sentiments—especially among the downtrodden sectors of Iraq’s Shi’a—the Sadrists, with only 39 seats in parliament, do not have the power to constrain government behavior. Clearly, Iran is the main player in influencing Nuri al Maliki’s government and is using the Sadrist as one of its proxies to undermine the U.S. presence in Iraq. Because Iran not only has influence among the Sadists, but within the al Maliki government as well, it has become difficult for al Maliki to convince all cabinet members and the political elite to support keeping on U.S. troops, even if only in a training capacity. As long as some political forces continue to play the anti-American card, al Maliki remains vulnerable to the criticism that he is not protecting Iraq’s national sovereignty.

However, tensions have emerged between the Sadists and the Iranian government, particularly over Muqtada al Sadr’s call for the Iranians to turn over the former Mahdi Army commander, Isma'il al Lami, the notorious “Abu Dira’a (‘the invincible one,” also known as the Shi'ite Zarqawi⁴). A highly feared commander, who was responsible for the deaths of many Sunni Arabs in Baghdad at the height of the sectarian violence in 2006, al Lami had been living in Qom. He now leads an offshoot of the Mahdi Army, the League of the Righteous (Asa'ib al Haqq), which is located in Sadr (Revolution) City, in northeastern Baghdad. According to Arabic press reports, al Lami returned to Iraq in 2010 and became a threat to Muqtada al Sadr’s leadership. Al Sadr is angry with the Iranian government for giving support to al Lami, including military training by Revolutionary Guard units.⁵ If these tensions persist, the Sadists may be less willing to do Iran’s bidding in Iraq.

If al Maliki is to take Iraq’s security needs seriously, he will need to restructure his political coalition. If he agrees to allow U.S. troops to remain in Iraq after 2011, he will certainly lose the support of the Sadists and face opposition from pro-Iranian elements within his own government. However, if he were willing to compromise with Ayad Allawi and his al Iraqiya Coalition which would require his agreeing to cede powers to the new National Council for Strategic Affairs and filling the portfolios of minister of defense and interior with appointees agreeable to al Iraqiya, his coalition would rest on a much firmer basis. If he likewise made a greater effort to reach out to the Kurds, he would be able to withstand attacks by pro-Iranian political forces. A coalition of members of his State of Law Coalition, al Iraqiya Coalition, and the National Kurdish Alliance would provide the parliamentary basis for moving ahead to insure Iraq’s security needs.

GOVERNANCE AND INSTITUTIONS

Modern Iraq has never enjoyed the benefits of well developed political institutions. The Hashemite monarchy that the British imposed in 1921 was viewed as illegitimate by many Iraqis. While a parliament was established and regular elections began to be held in the 1920s, they were manipulated by the monarchical elite. Consequently, the Iraqi parliament never gained legitimacy either. The army was the only institution that developed after the 1930s, staging the Arab world’s first military coup d’état in 1936 and ruling the country between 1937 and 1941. After the army overthrew the monarchy in July 1958, personalistic and dictatorial rule became the norm.⁶


When the second Ba’thist regime came to power in 1968 under Ahmad Hasan al Bakr and Saddam Hussein, all remaining institutions of civil society were systematically destroyed. Consequently, Iraq became a one-party state. Repression was the norm and an estimated three million Iraqis perished during 35 years of Ba’thist rule. While Saddam created a parliament in 1980 after seizing the presidency from al Bakr in 1979, this parliament possessed no independent authority.⁷ Given this legacy of dictatorial rule, it is remarkable that Iraq has, since 2003, been able to hold free and fair elections, develop new institutions of civil society, and establish a functioning parliament.

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³ Al-Hayat, July 5, 2011.
⁴ Abu Dira’a literally means, “owner or possessor of the shield,” which implies that no one can penetrate his armor and thus he is invincible. Abu Dira’a, who brutalized many victims along Haifa Street in Baghdad, is also referred to as the “Shiite Butcher” for torturing his victims with electric drills before killing them.
⁷ Having visited polling stations during the June 1980 parliament elections while conducting research in Iraq, it was clear to me that only candidates hand-picked by the Ba’th Party were allowed to stand for office.
Nevertheless, as the political impasse following the March 2010 parliamentary elections demonstrates, one of Iraq’s crucial needs is to develop functioning political institutions, especially at the executive level of prime minister and cabinet officers. Although technically a parliamentary system, Iraq’s polity is still controlled by a small elite, centered around Prime Minister Nuri al Maliki. In reality, the parliament exercises limited control over the prime minister and his cabinet. In many ways, his government continues the personalistic style that characterized monarchical rule under the Hashemite and the strong men who ruled after its overthrow in 1958.

While the Iraqi parliament (Council of Deputies) deserves more credit for its accomplishments to date, such as its efforts to control corruption within government ministries, the office of the prime minister and his cabinet officers can claim few civic accomplishments. Ministries are distributed according to a political calculus that is determined by the power of individual political parties, not the candidates’ qualifications. Ministers are not accountable to voters or the Iraqi prime minister, but rather to the small cliques who control their respective political parties.

In addition, Iraq’s judiciary represents a core component of the nation’s political institutional framework. The judiciary has a long historical pedigree, dating back to the early twentieth century. The Baghdad College of Law was founded in 1908. In the 1940s and early 1950s, a sophisticated legal code was established under the tutelage of the renowned Egyptian jurist, Abd al Razzaq al Sanhuri. Even under the Ba’thist rule, some civil and criminal cases were known to have been adjudicated beyond political influence.

However, since 2003, Iraq’s judicial system has faced numerous obstacles in establishing itself as an independent institution—deciding cases on their merits rather than according to political considerations. In March 2010, after the al Iraqiya Coalition won 91 seats to al Maliki’s State of Law Coalition’s 89, the prime minister was angered that the judiciary did not support his claim that the results were invalid. Instead, Iraq’s high court ruled that the elections had been fair and the results valid.8

Since the March 2010 elections, al Maliki has worked to circumscribe the power of the judiciary and the Iraqi Independent High Electoral Commission (IHEC), which also validated the election results. Judges face pressure to vote according to the prime minister’s wishes. Al Maliki has also sought to place Iraq’s Central Bank under his control and has established security services that report directly to him. He has also resisted efforts by the parliament to extend jurisdiction over the cabinet officials at the highest levels—minister and general director—who are currently immune from prosecution for corruption. Al Maliki has told judges how he wants them to vote. In short, the independence of much of the federal judiciary has been seriously undermined under his administration, belying the title of his political party, the State of Law Coalition.

Prime Minister al Maliki claims that Iraq is a democracy and that his government functions according to the rule of law. Neither the United States nor any other country should dictate what form Iraq’s political institutions should take. However, the United States and many other foreign countries provide significant assistance to Iraq. This assistance requires a constitutional and democratic framework if it is to be used in an effective manner to assist the population for which it is intended. Further, a global consensus has developed—especially since the collapse of communism—that all nation-states should adhere to internationally accepted norms of democratic governance and the rule of law. U.S. efforts to promote the capacity of Iraqi political institutions should not be seen as an intrusion into Iraq’s domestic affairs. Rather they must be viewed as efforts designed to assist the Iraqi government in meeting the demands of its citizenry and implementing the very standards of governance which it says it seeks to achieve.

Without improvements in the quality of political institutions, the extensive government corruption that currently exists in Iraq will persist and the provision of services will continue to decline. Pervasive corruption and lack of government services have evoked serious hostility and cynicism from large segments of the Iraqi populace, thereby threatening to undermine Iraq’s effort at a democratic transition.

DEMOCRACY PROMOTION

Ever since the Iraq invasion, U.S. efforts at democracy promotion in the Middle East have assumed a negative connotation.9 Rather than making a rapid transition to democracy after 2003, Iraq developed a major insurgency and widespread sectarian violence. The Bush administration initially was unsuccessful in its efforts to promote democracy in Iraq, in large part due to cultural insensitivity to local notions of democracy. Nevertheless, Iraq has made significant progress towards democratization since Saddam Hussein’s regime was overthrown. The seminal question that needs to be asked is how can the U.S. support the continuation of this process? How can U.S. involvement avoid creating the impression that it seeks to dictate how Iraq should promote democratization?

Rather than assuming that it possesses all the answers to Iraq’s attempt to implement a democratic transition, the United

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8 For al Maliki’s efforts to use kingship ties to influence the decisions of the IHEC, see: “A Family Tie Too Tight: Nepotism Runs Deep in Iraq Politics,” Niqash, July 21, 2011, http://www.niqash.org/content.php?contentTypeID=75&id=2868&lang=0

States should devote more effort to eliciting views from Iraq’s democracy activists, both within and outside the government, as to what the country needs to support democratization. Based on public opinion polling to date, such questioning would indicate that two-thirds of Iraqis support democracy, and seek greater transparency in government decision making, the elimination of corruption, and improvement in the quality of services provided by the state.  

One important consideration in helping Iraq implement a transition to democracy is the need to improve the system of checks and balances. This requires building more effective political institutions. Training for judges and parliamentarians, as well as civic training for security forces, constitute ways in which the international community can assist Iraq in strengthening political institutions. The model developed by the United States Institute of Peace’s Rule of Law program that has provided many Iraqi judges with up-to-date knowledge of developments in the legal field—access to which was unavailable under Saddam Hussein’s regime and especially during the UN sanctions—provides an excellent model of providing assistance to Iraqis in their efforts to reconstitute civil society.  

Another way to enhance the system of checks and balances is to provide support for the print and visual media—newspapers, journals and television programs—that can provide information needed to prevent government officials from taking advantage of their positions of authority. A large number of Iraqi journalists, television commentators, and producers have been killed by sectarian and pro-authoritarian political forces, precisely for their persistent efforts to root out corruption and nepotism in government circles and to force ministries to provide better services to the Iraqi population.  

Support for civil society is another area where the U.S. and other countries and international agencies can help promote democratization in Iraq. The dual legacies of Saddam Hussein’s regime’s destruction of civil society, and the UN sanctions imposed on Iraq between 1991 and 2003, have created serious impediments to Iraq’s ability to reestablish a functioning civil society. While the concept of civil society was well established prior to the onset of Ba’thist rule in 1963 and then again in 1968, many Iraqis, especially young people, are unfamiliar with the idea that citizens have the right to organize themselves to promote their collective interests independent of the state.  

Developing civil society is key to Iraq’s process of national reconciliation. Saddam Hussein spent years following a “divide and conquer” policy of setting one ethnic group against another, especially during the UN sanctions period between 1991 and 2003. Now, civil society organizations’ work, devoted to conflict resolution and national reconciliation (such as the Iraqi Peace Network) is essential to moving Iraq forward in an area which the al Maliki government and the current political elite have largely neglected.  

As my research with Iraqi youth has made clear, young people reject sectarianism which they see as destructive to their futures and to Iraqi society generally. With 70 percent of the population under the age of 30, it is critical that organizations exist that can give hope that a new political culture, which is more open, tolerant and pluralistic, can emerge in the future. Because so many of Iraq’s civil society organizations are populated by Iraqi youth, the institutional development of Iraq’s civil society provides an important channel through which they can express their aspirations for the future. It also provides an important training ground for young people who may seek to enter politics in the future.  

Women’s rights groups, professional associations—especially those of journalists, jurists, and students—youth groups, and conflict resolution groups are just some of the civil society organizations that require ongoing foreign financial support. Training organizers and members of civil society organizations, whether in Iraq or outside the country, constitutes another crucial need.  

The United States can have a salutary impact on Iraq by expanding educational opportunities for Iraqis in the United States. When I first conducted research in Iraq in May and June of 1980, I was surprised by the number of Iraqis who demonstrated positive attitudes towards the United States. The reason for this attitude soon became apparent: these were Iraqis who had had  

10 See the National Democratic Institute (NDI) poll, Iraq’s Democracy at the Tipping Point, November 23, 2010; and the ABC/BBC/NHK poll, Iraq - Where Things Stand, March 16, 2009. The poll’s results were summed up as: “Dramatic advances sweep Iraq, boosting support for democracy.”  

11 For the details of this program, see, http://www.usip.org/ruleoflaw/index.html  

12 As of September 9, 2011, 340 journalists have been killed, see, http://www.brusselstribunal.org/Journalist.html  


14 This research, in which I conducted focus groups with 600 Iraqi youth, will be published in preliminary form in a forthcoming Special Report, Iraqi Youth between Optimism and Cynicism, to be published by the U.S. Institute of Peace.  

15 Admittedly, I am referring largely to educated and middle class youth. Poor Iraqi youth continue to bear the brunt of unemployment, lack of education and exposure to violence and displacement. In the larger study that builds upon the focus groups, I focus more on the “other Iraq,” namely the underprivileged and disadvantaged sectors of Iraqi youth.
studied at American universities. Even a number of Ba’thist officials with whom I spoke, after the perfunctory critique of U.S. foreign policy in the Middle East, would smile recalling their study in the United States.

America should consider offering far more scholarships for Iraqis to study in the United States, as well as encouraging private universities to do so. With the world’s best university system, the United States can offer better professional and technical training than most countries in the world. Equally importantly, the country’s open society invariably fosters respect among foreign students for American traditions of fairness, political freedom, and expressing contrarian views. These scholarships represent a small cost in the larger scheme of U.S. expenditures in Iraq. Educating Iraqi students at American universities would benefit the professional classes in Iraq and, ultimately, have a positive impact on civil society, as well.

If the United States were to suggest the convening of several international conferences that included Iraq, the European Union, Turkey, and other countries and NGOs committed to democracy in the Middle East, the Iraqi government and civil society organizations could use such a platform to develop a “democratization agenda.” With a well-defined plan for implementing a democratic transition securely in place, both the Iraqi government and those outside Iraq who are concerned with this process could better define and identify what types of support are needed.

Creating a “democratization agenda” could serve to temper the behavior of political leaders who seek to deviate from the democratic transition process. If a subsequent government tried to abrogate the process, it would have to answer to the Iraqi parliament, the judiciary, and the citizenry at large. Criticism would also come from foreign countries and NGOs, who are committed to providing resources to assist Iraq in its democratic transition. Clearly, encouraging Iraq to better define the democratic transition process would benefit the Iraqi people, as well as contributing to greater stability in the Middle East.

ECONOMIC GROWTH AND DEVELOPMENT

It cannot be stated strongly enough that Iraq’s efforts to implement and consolidate a democratic transition will come to naught if the country does not experience economic growth and development. Unemployment and underemployment are widespread, especially among Iraqi youth. The lack of jobs has created great resentment because many Iraqis question why a country as rich in oil and natural gas is not able to provide for the material well-being of its citizens. That large numbers of Iraqis are unable to secure durable employment only adds to the public anger at high government salaries and widespread corruption.

The power and influence of criminal organizations and sectarian militias is directly correlated with the lack of jobs. In the oil-rich city of Kirkuk, for example, many physicians have closed their clinics and left the city for the more secure Kurdish provinces to the north because they have increasingly been subject to kidnapping.16 Clearly, Iraq’s security is inextricably linked to economic conditions. If the government fails to more actively create employment opportunities, we can expect the continued expansion of criminal activity in response.

With the focus on Iraq’s hydrocarbon wealth, the agrarian sector is often neglected when considering economic growth. Successive Iraqi governments have paid little attention to agriculture. Combined with a protracted drought that has plagued the country for over two years, many peasants have left their farms and migrated to urban areas. This is especially true of younger peasants. With few jobs available in Iraq’s cities, especially since migrants possess little education and few skills, they are ripe for recruitment to criminal organizations and sectarian militias.

This continued decline of the agrarian sector and the central government’s inability to improve rural conditions constitute a major threat to Iraq’s security. It is one of the main reasons why sectarian militias have been able to generate support in southern Iraq. Here is an area where the United States can provide important technical expertise. While water shortages will remain a serious problem for the foreseeable future, better water management could have a positive impact on Iraqi agriculture. Right now, there is almost no national conservation program in place.17

The United States could also have an important impact on Iraq’s budding private sector. Studies have indicated that Iraqis are among the most entrepreneurial people in the Middle East.18 While the government bureaucracy is not particularly favorable to the creation of new industries, many businessmen have nevertheless built successful enterprises, ranging from

cellular telephone service to construction. One of the most successful business organizations has been the Iraqi American Chamber of Commerce and Industry which, through a large membership and sponsorship of economic development projects, has had a valuable impact on Iraq’s economy. 

The continued development of the Iraqi hydrocarbon sector will provide economic opportunities for foreign firms specializing in exploration, technical services, and human resource training. A robust expansion of the oil and natural gas industries will continue to attract ever larger foreign investment in Iraq. Here American corporations can make an important difference in providing Iraq with state-of-the-art technology.

Despite the wealth generated by the sale of oil and natural gas in the world market, many hydrocarbon rich countries are said to suffer from the so-called “oil curse.” 20 This condition occurs when countries become excessively dependent on resources such as oil for the majority of their revenues. This is the case in Iraq which derives 95 percent of its current revenues from exporting oil. It will need to diversify its economy. The fact that the state controls oil production means that reliance on oil has potentially negative political consequences as well. Centralizing wealth in the hands of the central government can lead to authoritarian rule because it largely removes the need for the state to depend on the populace at large for revenues. 21

One of the remedies for the “oil curse” is economic diversification. The United States, European Union, and international assistance agencies would do well to provide Iraq with the resources to promote private sector enterprise. 22 In light of the entrepreneurial nature of the Iraqi people, the development needs of the agrarian sector, including improving the delivery of water resources, and the inability of the central government and KRG to deliver necessary social services, the private sector can fill a large vacuum by helping to improve the lives of Iraq’s citizenry.

BI-LATERAL RELATIONS: THE IMPACT OF ‘NEIGHBORHOOD EFFECTS’

Iraq’s most important bi-lateral relationship beyond its ties to the United States is with Iran. As Iran has continued to pursue its nuclear weapons program, its economy has suffered from the impact of international sanctions imposed on it. Iraq has become important to Iran in a number of ways. First, it provides Iran with an outlet from the relative isolation that it increasingly experiences in the international community. Having the ability to sell a wide variety of commodities to Iraq, and to benefit from oil smuggled into the country, helps Iran offset some of the negative economic consequences of international sanctions.

Iran’s increasing economic presence in Iraq carries with it increased political influence. The United States can do little to offset this influence. Nevertheless, it can seek to channel Iranian economic influence in Iraq into developing Iraq’s private sector. As Iran significantly increases its economic influence in Iraq, this may reduce its meddling in Iraqi politics. Economics ties could become the priority if only because of Iran’s concerns about its own shaky economy.

Turkey has played an increasingly positive role in Iraq, especially in the KRG where it has large investments. 23 Turkish investments in the KRG (estimated to be well in excess of $6 billion) have tempered the Turkish government’s response to attacks by the outlawed PKK (Kurdish Workers Party), which often uses Iraqi territory as a base of operations against Turkish forces in south eastern Turkey. Realizing that it can serve its national security interests more effectively through encouraging economic integration with Iraq, Turkey has pursued a very constructive foreign policy that stands in sharp relief to that of Iran.

Particularly important will be the ties that develop between Turkey and Iraq as a result of the development of Iraqi natural gas resources, especially in the Ukaz field in al Anbar Province along the Syrian-Jordanian borders. Iraqi gas is expected to

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20 This term should no doubt be revised to reflect that fact that many oil-producing countries are also rich in natural gas resource, such as Iraq.


22 For efforts of the U.S. Agency for International Development to promote small business in Iraq, see the discussion of the Tijara Project at: http://iraq.usaid.gov/node/34.


feed in to the proposed Nabucco pipeline connecting Central Asia and Iraq with Europe. This will increase Iraq’s strategic
importance because it will provide a counterweight to Russian efforts to manipulate natural gas supplies to Europe for its
national interests.

The United States should continue to do all that it can to enlist Turkey’s help in developing closer ties with Iraq. As mentioned
above, economic growth that generates additional employment is one of the most important ingredients in bringing political
stability to Iraq, thereby enhancing the possibility of an effective transition to democracy.

Syria’s relationship to Iraq has been very ambiguous. On the one hand, it has given shelter to members of the deposed Ba’th
Party and allowed insurgents to cross its border with Iraq to carry out terrorist attacks. In other contexts, Syria has
cooperated with the Iraqi government to police the border. It has accepted large numbers of Iraqi refugees, who have fled to
its cities to escape sectarian violence. This refugee influx has been especially true of Iraq’s Christian community, which is
more concentrated in the northwest of Iraq near Syria.

With the current unrest spreading throughout the country and the Ba’thist regime of Bashar al Asad diverting all its attention
to controlling the uprising, it appears that Syria will be unable to interfere in Iraq’s internal affairs. Indeed, it has sought to
obtain Iraqi oil given the disruption of its own economy and declining oil production. Its economic vulnerability provides an
incentive not to try and destabilize Iraq. Still, Syria maintains close ties with Iran, which may try to use such ties to further
destabilize Iraq. However, Syria’s ties with Iran may become more tenuous as Bashar al Asad’s regime faces ever more
widespread protest.

The United States needs to be wary of Syria’s alliance with Iran. However, it is unlikely that Syria will loom as large as it did
during the sectarian violence of 2003-2008 given the challenges that the Ba’thist regime will continue to face. If, on the other
hand, the current Syrian regime is forced to make concessions and meet the demands for greater freedoms by the ongoing
uprising, then it is possible that a new and more positive relationship may develop between Iraq and Syria. Equally plausible
is the possibility that Syria may continue to devolve into chaos in which case remnants of al Qaeda and the Islamic State of
Iraq may be able use it as a base of operations and cross the Iraqi-Syrian border with impunity.

The final set of bi-lateral relations impacting Iraq’s security involves its relationship with Saudi Arabia and the Arab Gulf
states. The main concern of Saudi Arabia and the Gulf states is the expansion of Iranian influence in Iraq. They view with
alarm the close ties that have developed between the al Maliki government and the Islamic Republic. An Iraq that is militarily
resurgent and allied with Iran represents a frightening scenario from a Saudi and Arab Gulf perspective.

Given its own restive Shiite population, which resides in the oil-rich northeastern al Hasa (al-Ahsa’) and Qatif areas, Saudi
Arabia in particular is very concerned that Iraq has developed a political system that has resulted in significant political
power for the country’s majority Shi’a population. Saudi Arabia and the Arab Gulf states find Iraq’s open electoral process
to be threatening. This is the case not only because it suggests the need for political reforms that would offer greater political
participation to Saudi Arabia’s Sunni citizenry, but because it encourages its Shi’a, which constitute a large segment of the
Arab Gulf’s population as well, to also seek greater political and social freedoms.

The United States can play a constructive role here. America should continue to encourage Saudi Arabia and the Arab Gulf
states to exert greater efforts to prevent radical elements in their societies from providing funds to Sunni Arab sectarian
organizations in Iraq, as well as preventing their nationals from traveling to Iraq to join insurgent organizations. Saudi
Arabia and the Arab Gulf states have often looked the other way as merchants and supposed philanthropic organizations have
channeled funds to Sunni radical groups in Iraq (much as Iran has followed a similar policy with Shiite militias in southern
Iraq). The United States can also play a positive role in helping Iraq settle its outstanding financial obligations to Kuwait that
depend on it for hydrocarbon imports.

CONCLUSION

U.S.-Iraqi relations are highly complex and fraught with danger. As these relations evolve, the United States will need to show
great patience and constantly emphasize that its goals in Iraq are neither to control its extensive hydrocarbon wealth, nor to
dominate the country politically. Rather the main U.S. goal, as should constantly be highlighted, remains assisting Iraq in

http://www.nytimes.com/2004/08/05/international/middleeast/05syria.
entering Iraq each month to join Sunni Arab insurgent organizations, over half were Saudi.
achieving the goals of stability, democratization, and economic prosperity that it has set for itself. In this process, both countries remain tied to the same outcome, a free and democratic Iraq that assumes its role as a force for positive change in the Middle East.