



# Backgroundnder

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## Executive Summary

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## FORGING A DURABLE POST-WAR POLITICAL SETTLEMENT IN IRAQ

*JOHN C. HULSMAN, PH.D., AND JAMES PHILLIPS*

One of the major byproducts of a campaign to rid the world of the grave threat posed by Iraq's arsenal of weapons of mass destruction (WMD) will be the end of Saddam Hussein's brutal regime. In the aftermath of such a campaign, the United States should help the Iraqi people establish a new federal system of governance that provides representation for all the people of Iraq and that poses no threat to America's national interests, its allies, or stability in the oil-rich Persian Gulf region.

Under no circumstances should the United States advocate the kind of top-down, highly centralized "nation-building" experiments that the Clinton Administration tried unsuccessfully in Haiti, Somalia, Kosovo, and Bosnia. That approach failed in those cases precisely because it ignored the unique political realities on the ground. To be effective, a new post-war Iraqi government must be pluralist, one that is inclusive of the three major sub-national groups in Iraq and that advances their interests. A decentralized federal political system offers the best means of assuring local autonomy, protection against the return of a tyrannical central government, a fair share in the political settlement in Iraq, and an equitable disbursement of Iraq's oil and tax revenues.

A good political model exists for such a successful post-war Iraqi federation—the so-called Great Compromise of 1787 that enabled the creation of America's constitutional arrangement among the states. In Iraq's case, this type of system would give each of the country's three major sub-groups equal representation in an upper house of the legislature in order to protect their own interests at the national level.

The United States must implement a clear political strategy for post-Saddam Iraq. It should stress that while the specific details of the ultimate political settlement will be determined by the Iraqi people, Washington will first lay out the broad contours of an acceptable accord for the post-war government. Iraq's post-war government must:

- **Pose** no threat to its neighbors;

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- **Cooperate** in the elimination of Iraq's weapons of mass destruction and long-range missiles, in accordance with U.N. resolutions; and
- **Build** an inclusive, broad-based ruling coalition sensitive to the interests of all the country's ethnic and religious groups, especially the interests of its three major groups, the Sunni Arabs, Shi'ite Arabs, and Kurds.

Ideally, the post-Saddam Iraq will be one that espouses democratic and free-market principles, that is pro-Western and that cooperates extensively in the war against terrorism, and that supports a negotiated solution to the Arab-Israeli conflict. However, measuring the success of U.S. policy in Iraq should not be defined by these highly ambitious goals, but by how well more realistic war aims are achieved. Specifically, to help the Iraqi people build a stable, friendly, and non-threatening state, the Administration should:

- **Strengthen and help unify Iraq's political opposition.** Iraq's long-suffering opposition movements, neglected by Washington in both prior Administrations, not only could play a helpful role in removing Saddam Hussein's regime from power, but also in forming the foundation for a stable post-Saddam government. The Administration should provide immediate enhanced economic aid, logistical assistance, organizational training, and technical advice to the widest possible variety of Iraqi opposition groups.
- **Encourage the formation of a provisional government-in-exile.** The Administration should press rival Iraqi opposition groups to form a unified provisional government-in-exile as soon as possible. Six opposition groups sent representatives to Washington in early August for high-level meetings with Bush Administration officials, and they plan to convene a conference somewhere in Europe in the near future to discuss the formation of a provisional government. The Administration should work to help rival opposition leaders overcome political obstacles to the formation of an Iraqi government-in-exile. The establishment of such a body would raise the morale of the opposition groups, give wavering supporters of Saddam's dictatorship added incentive to defect, give the

diffuse political opposition a single and more authoritative voice, and help make the case for liberating the Iraqi people to skeptical nations around the world.

- **Purge Iraq of Saddam's Ba'athist regime.** After Saddam Hussein is ousted, his supporters in the security services, Republican Guard, government bureaucracies, and his radical pan-Arab socialist Ba'ath Party will continue to pose a long-term threat to the survival of a post-Saddam government. The United States should work with a post-war government to cleanse Iraq of Saddam's lieutenants both in his regime and in the Ba'ath Party.
- **Help Iraqis build a loose federation.** The Administration should persuade the leaders of Iraq's Sunni Arabs, Shi'ite Arabs, and Kurds that a federal political system is the best means of assuring local autonomy, protecting against the return of a tyrannical central government, and assuring them an equitable share in the disbursement of Iraq's oil and tax revenues. A decentralized federal system that would best fit the political realities on the ground and meet the needs of Iraq's people should be constitutional.

It will be up to the Iraqis themselves to establish a state after Saddam Hussein's regime falls and its weapons of mass destruction are destroyed. They must build a new state that will protect and represent all the people of Iraq, that will not threaten U.S. interests or regional stability, and that ensures international access to its rich oil resources. In Iraq, the facts on the ground mean that the United States should push for the formation of a decentralized federal government, which would stand the best chance of ensuring stability and long-term peace. But it is ultimately up to the Iraqis themselves to flesh out the details of that political settlement. The United States should facilitate a positive outcome, suggest a course of action, and encourage the political and regional elites to reach agreement to put in place a political system that gives the various ethnic and religious groups a real stake in its success.

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## FORGING A DURABLE POST-WAR POLITICAL SETTLEMENT IN IRAQ

*JOHN C. HULSMAN, PH.D., AND JAMES PHILLIPS<sup>1</sup>*

One of the major byproducts of a campaign to rid the world of the grave threat posed by Iraq's arsenal of weapons of mass destruction (WMD) will be the end of Saddam Hussein's brutal regime. In the aftermath of such a campaign, the United States should help the Iraqi people establish a new federal system of governance that provides representation for all the people of Iraq and that poses no threat to America's national interests, its allies, or stability in the oil-rich Persian Gulf region.

Under no circumstances should the United States advocate the kind of top-down, highly centralized "nation-building" experiments that the Clinton Administration tried unsuccessfully in Haiti, Somalia, Kosovo, and Bosnia. That approach failed in those cases precisely because it ignored the unique political realities on the ground. Nor should the new government be established by a U.N. mandate, since Iraq's regional political leaders would have no stake in its success. The United States cannot afford to fight and win another war with Iraq only to see that victory squandered.

To be effective, a new post-war Iraqi government must be pluralist, one that is inclusive of the three major sub-national groups in Iraq and that

advances their interests. The Administration should begin working now to convince the leaders of Iraq's three major groups—Sunni Arabs, Shiite Arabs, and Kurds—that a decentralized federal political system offers the best means of assuring local autonomy, protection against the return of a tyrannical central government, a fair share in the political settlement in Iraq, and an equitable disbursement of Iraq's oil and tax revenues. With such assurances, Iraq's post-Saddam leaders will be more likely to embrace a federal political system with the degree of enthusiasm that is necessary for its success.

A loose federal system organized along decentralized lines also would greatly improve regional stability. Such a post-Saddam government would be cohesive and legitimate enough to guarantee Iraq's

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1. The authors thank Margaret Hamlin, Assistant in The Heritage Foundation's Center for Data Analysis, and the CDA staff for their contributions to this paper.

## THE CONSTITUTIONAL MODEL FOR A POST-SADDAM IRAQ

The people of Iraq, after Saddam Hussein's brutal and menacing regime is brought down, should establish a federal system of governance that provides representation for all three of the country's major sub-groups—the Sunni Arabs, the Shiite Arabs, and the Kurds. Only such a system, which ensures the leaders of these groups local autonomy and a share in the country's resources, will provide the incentives for these groups to become strong stakeholders in the success of the new government.

In order to ensure that power is devolved to the lowest level possible and centralized power is diluted in recognition of the primacy of the regions, the Iraqi people should develop their own version of America's "Great Compromise" struck during the Constitutional Convention of 1787. This agreement called for representation based both upon the number of individual groups, in that case the states, and

overall population. Representatives to the House are elected based on population, providing a source of political strength for larger states, while two Senators are selected from each state for equal representation in the upper house to ensure that the smaller states have an effective check over their more populous neighbors.

Such a solution well suits the facts on the ground in Iraq. Iraq's legislature should have a separate, powerful upper chamber in which the power is evenly distributed among the three regions, with representatives of the chamber parceled out equally by sub-national grouping, while the lower chamber's members should be elected based on the overall population of the country. This political outcome, establishing an equally divided and powerful upper chamber based upon the three-way division of power among the Kurds, Sunni Arabs, and Shiite Arabs will limit the power of the central

territorial integrity, and leave fewer opportunities for a central government to finance and undertake another threatening military buildup or menace its neighbors.

A good political model exists for such a successful post-war Iraqi federation—the so-called Great Compromise of 1787 that enabled the creation of America's constitutional arrangement among the states. In Iraq's case, this type of system would give each of the country's three major sub-groups equal representation in an upper house of the legislature in order to protect their own interests at the national level. These political outcomes—an Iraq that can control its own political destiny and that does not threaten its neighbors—are critical if an Iraqi settlement is to be judged a success.

### A NEW FEDERAL GOVERNMENT IN IRAQ

A decentralized federal system will best fit the political realities on the ground in Iraq and best meet the needs of its people. (See above, "The Constitutional Model for a Post-Saddam Iraq.") Iraq, which the British carved out of the Ottoman Empire to advance their own interests, is not a

cohesive nation in the Western sense. It is in fact far from homogeneous. The Sunni Arab elite have long ruled the country, advancing their own interests at the expense of both the more numerous Shiites, who were treated as second-class citizens, and the Kurds, who often were treated as third-class citizens. Iraq also has small Turkoman, Assyrian, and other minority groups who should be included in the post-war government.

Saddam Hussein sought to legitimize his rule by posing as the champion of the Arab world against the West, Israel, and Iran. And though the bloody war against Iran from 1980 to 1988 did strengthen Iraqi nationalism, Saddam's repression, favoritism toward Sunni Arabs, and efforts to play tribal politics in a divide-and-rule strategy have weakened that national unity in recent years.

**Not Another Afghanistan.** Much as the Taliban regime did in Afghanistan, Saddam's repressive regime provoked broad but splintered political opposition. But unlike the disorganized Taliban, Saddam Hussein has done a much better job in intimidating, demoralizing, and crushing his opposition. Consequently, there is no Iraqi opposition



movement equivalent to the battle-hardened Northern Alliance, which played a major role in the war in Afghanistan. Although Kurdish opposition forces in northern Iraq could assume a limited military role in a war to bring down Saddam's regime and eliminate his WMD threat, they are not as strongly motivated, heavily armed, and well-organized as the Northern Alliance, nor do they enjoy the same level of external support from neighboring states. The Sunni and Shiite opposition groups are weaker still.

The military weakness of the Iraqi opposition means that U.S. military forces probably would have to assume a much greater role on the ground to help force a regime change in Iraq than they did in Afghanistan.<sup>2</sup> Fortunately, the political situation in Iraq after such a war will likely be more manageable than it has been in Afghanistan, which has experienced bitter factional struggles since the defeat of the Taliban.<sup>3</sup> Indeed, Afghanistan is a complex mosaic of more than a dozen ethnic groups divided by fierce political, tribal, religious, cultural, and ideological rivalries often exacerbated by fractious warlords.

Iraq has a more modern sociopolitical system with its three major sub-groups. The Sunni Arabs (making up roughly 20 percent of Iraq's 23 million people) are concentrated primarily in central Iraq, and historically have played the dominant role in Iraqi politics. The Shiite Arabs (about 60 percent of the population) are predominately located in southern Iraq; and the non-Arab Kurds (about 20 percent of the population) primarily control northern Iraq.

Though the political differences between and among these groups are significant, they are not as pronounced as the differences among the factions in Afghanistan. The Iraqis, moreover, have a stronger sense of nationalism, a better-educated populace, and a more developed economy than the Afghans, which should give the Iraqi factions stronger incentives to cooperate in a new post-Saddam system.

The task of building a post-Saddam government could be made easier by tapping into Iraq's enormous oil resources. These resources should provide a steady stream of revenue to the new government, which could be used to reward the rival political factions for their cooperation. In fact, the equitable distribution of oil revenues is likely to be the biggest carrot that will facilitate the successful creation of a decentralized federal system of government.

## **THE IRAQI OPPOSITION: BROAD BUT DIVIDED**

Although the military potential of the current Iraqi opposition is limited and splintered along political, ethnic, and ideological lines (see Table 1), it still can play an important role in building the post-war federal government.

**The Kurds.** Non-Arab Kurds in northern Iraq mounted the earliest challenge to Saddam Hussein's regime and provide the bulk of the opposition's military muscle today. The two main Kurdish groups, which have been fighting Baghdad and each other on and off since the 1970s, can mobilize up to 100,000 guerrillas. The Kurdistan Democratic Party, led by Massoud Barzani, controls the northern portion of Iraqi Kurdistan, while the Patriotic Union of Kurdistan, led by Jalal Talabani, controls southeastern Kurdistan.

During the 1980–1988 Iran–Iraq war, the Kurds escalated their armed opposition to Saddam's regime with support from Iran. Baghdad responded with a murderous campaign that took the lives of approximately 180,000 Kurds in the late 1980s. Saddam's vengeance included the use of illegal chemical weapons against Kurdish civilians. One such attack in 1988 killed some 5,000 Kurds in the town of Halabja. The Kurdish opposition also was crushed by Iraqi armed forces when they rose up against Saddam after the 1991 Gulf War.

These costly rebellions and Baghdad's 1996 offensive into Kurdish areas, which provoked no effective response from the Clinton Administration, soured the Kurds on the idea of a direct military challenge to Saddam's regime. The Kurds also have

2. See Baker Spring and Jack Spencer, "In Post-War Iraq, Use Military Forces to Secure Vital U.S. Interests, Not For Nation-Building," Heritage Foundation *Backgrounder* No. 1589, September 18, 2002.

3. See James Phillips, Jack Spencer, and John C. Hulsman, "After the Victory: America's Role in Afghanistan's Future," Heritage Foundation *Backgrounder* No. 1574, July 30, 2002.



Table 1

B1593

## Iraqi Opposition Groups

Ethnic and Tribal	Leaders	Based in	Description
Patriotic Union of Kurdistan*	Jalal Talabani	Sulaymaniyah, Iraqi Kurdistan	Controls southern half of Iraqi Kurdistan
Kurdistan Democratic Party*	Massoud Barzani	Arbil, Iraqi Kurdistan	Controls northern half of Iraqi Kurdistan
Four Assyrian Parties; two Turkomen parties	n/a	London and Iraqi Kurdistan	Represent minority language groups in northern Iraq
Alliance of Iraqi Tribes	n/a	n/a	Nineteen exiled tribal leaders out of some 150 Arab tribes in Iraq
<b>Islamist</b>			
Supreme Council for Islamic Revolution*	Mohammed Baqir al-Hakim	Tehran	Main Shi'a group, active cells in Iraq. Cooperates with Iran's approval
Islamic Daawa Party	n/a	Damascus, Tehran, Europe	Anti-American Shi'a group, weakened in massacres by Saddam in 1980s
Sunni and Kurdish Islamist groups	n/a	n/a	Includes small extremist factions
<b>Nationalist</b>			
Iraqi National Congress (INC)	Ahmad Chalabi	London, Washington	Umbrella group for pro-American opposition
Iraqi National Accord*	Ayad Alawi	London, Amman, Damascus	Ex-Baathists with good contacts inside Iraq, favors internal coup
Constitutional Monarchy Movement*	Sharif Ali Ibn al-Hussein	London	Wants Sharif Ali, heir to family that was deposed in 1958, installed as king
Two communist parties; pro-Syrian Baathists; others	n/a	n/a	Reject cooperation with America
<b>Military</b>			
Iraqi National Coalition	Tawfiq al-Yasiri	London	Small group of former officers, organized London conference of military exiles
Free Officers Movement*	Najib al-Salhi	Washington	Led by a former commander in the Republican Guard who fled in 1995
Iraqi Officers Movement	Fawzi al-Shamari	London	Competes for American attention
1,500 exiled officers	Wafiq al-Samarrai, Nazir al-Khazra	Damascus, various European capitals	Includes high ranking defectors, some with blood on their hands

**Note:** \*Member of INC

**Source:** The Economist August 31, 2002

eked out a large degree of autonomy since the 1991 imposition of the U.S.–British enforced no-fly zone over northern Iraq, which protects them from attacks by Saddam's air force. They are reluctant to jeopardize their unprecedented freedom or the economic benefits of smuggling Iraqi oil across their territory into Turkey, with the collusion of Baghdad. Both Kurdish factions say they will not help topple Saddam Hussein unless they are certain that his replacement would be a net benefit to their political and economic welfare.

**The Iraqi National Congress.** The Iraqi National Congress (INC), the best known of the exiled opposition groups, was founded in 1992 as an umbrella group of mostly Kurdish and Shi'a opposition groups. Led by Ahmad Chalabi, a pro-Western Shiite intellectual from a wealthy banking family, the INC enjoys considerable support in the U.S. Congress and the Department of Defense. But it has limited support inside Iraq after being expelled from its foothold in northern Iraq by an Iraqi offensive in 1996.

**The Iraqi National Accord.** The Iraqi National Accord, led by Ayad Alawi, consists mainly of defectors from Iraq's military and security services. It was set up in 1990 and reportedly receives financial support from Britain, the United States, Saudi Arabia, and Kuwait. It favors a military coup against Saddam, but suffered a setback in 1996 when Iraqi intelligence services infiltrated its operations and arrested up to 100 military officers. It remains popular among exiled Iraqis, particularly in Europe, and claims to retain links to disgruntled military officers inside Iraq.

**The Supreme Council for Islamic Revolution in Iraq.** The Supreme Council for Islamic Revolution in Iraq (SCIRI), led by Mohammed Baqir al-Hakim, is made up of exiled dissidents of Iraq's Shi'a community. It is based in Iran and enjoys Iranian support. It is estimated to have 7,000 to 15,000 armed guerrillas and, together with the Kurdish groups, mounts most of the armed resistance inside Iraq.

**A Loose Coalition.** Personal rivalries, ideological tensions, and ethnic differences have hampered the development of a unified Iraqi opposition coalition. Some of the other groups resent the ambitious leadership and Washington contacts of Ahmad Chalabi, leader of the Iraqi National Congress.

Recently, the Kurdistan Democratic Party, the Patriotic Union of Kurdistan, the Supreme Council for Islamic Revolution in Iraq, and the Iraqi National Accord formed a loose coalition to coordinate strategy and cultivate foreign support. Sensing that they will have a golden opportunity to replace Saddam Hussein in the event of another war, the opposition is slowly moving toward greater cooperation, but much work needs to be done.

Though the Iraqi opposition may not be capable of playing a major military role in a war to bring down Saddam's brutal regime, it could provide valuable military and political intelligence about nervous Iraqi commanders who might be willing to defect. Moreover, it could act as a magnet for defecting Iraqi troops, who could become a force against Saddam. Some opposition groups, particularly the Kurds, could isolate, capture, or destroy any pro-regime military and security forces after they have been weakened by U.S. air attacks and cut off from Baghdad's command and control. Shiite opposition forces could help guide U.S. forces operating near Baghdad, where the population is predominantly Shiite. But the Iraqi opposition's most important role will be to help form a successful post-war government.

## **BUILDING A STABLE POST-WAR IRAQ**

**U.S. Expectations for the New Government.** The United States must implement a clear political strategy for post-Saddam Iraq. It should stress that while the specific details of the ultimate political settlement will be determined by the Iraqi people, Washington will first lay out the broad contours of an acceptable accord for the post-war government. Iraq's post-war government must:

- **Pose** no threat to its neighbors;
- **Cooperate** in the elimination of Iraq's weapons of mass destruction and long-range missiles, in accordance with U.N. resolutions; and
- **Build** an inclusive, broad-based ruling coalition sensitive to the interests of all the country's ethnic and religious groups, especially the interests of its three major groups, the Sunni Arabs, Shiite Arabs, and Kurds.

**U.S. Objectives.** Washington should place the highest priority on helping to facilitate a post-war government that would enable America to consolidate its main war aims. These are: (1) eliminating



Iraq's long-range missiles and WMD programs, (2) ending its threats to the security and stability of the Persian Gulf region, and (3) ensuring international access to its energy resources.

The Bush Administration should articulate an optimal political outcome to Iraq's various factions, but it must allow the Iraqi people to reach their own political decisions. Ideally, the post-Saddam Iraq will be one that espouses democratic and free-market principles, that is pro-Western and that cooperates extensively in the war against terrorism, and that supports a negotiated solution to the Arab-Israeli conflict. However, measuring the success of U.S. policy in Iraq should not be defined by these highly ambitious goals, which could undermine the new government's long-term viability and raise criticism that it is an American puppet. Rather, success should be judged by how well the three more realistic and more important war aims are achieved.

Specifically, to help the Iraqi people build a stable, friendly, and non-threatening state, the Administration should:

- **Strengthen and help unify Iraq's political opposition.** Iraq's long-suffering opposition movements, neglected by Washington in both prior Administrations, not only could play a helpful role in removing Saddam Hussein's regime from power, but also in forming the foundation for a stable post-Saddam government.<sup>4</sup> Once Saddam's regime is gone, these opposition groups will have vested interest in rooting out his supporters and preventing them from making a comeback.

The Administration should provide immediate enhanced economic aid, logistical assistance, organizational training, and technical advice to the widest possible variety of Iraqi opposition groups. Such aid would help to gain their cooperation in the establishment of a stable post-war federal-style government. U.S. aid should be conditioned on a public pledge by the leaders of these groups to cooperate in replacing the current regime. The groups must be able to demonstrate that all of the aid is being channeled

inside Iraq, not diverted elsewhere. This requirement would mean there must be enough transparency to assure Washington that the U.S. funds are being used for their intended purposes, but not so much that the current regime could gain intelligence about opposition activities.

Washington should provide exiled Iraqi organizations the equipment they need to communicate secretly with their followers in Iraq. Radio Free Iraq, an important component of Radio Free Europe, should step up coverage of opposition groups and broadcast frequent interviews with their leaders to educate the Iraqi people on the benefits of regime change.

Intelligence support and limited military aid should be provided to opposition groups that already have carved out liberated zones in Iraq, such as the two Kurdish factions. U.S. special operations forces should be deployed with these groups before the outbreak of a war to acquire useful military intelligence about the Iraqi armed forces and to help protect Saddam's opponents from his wrath before he is toppled.

- **Encourage the formation of a provisional government-in-exile.** The Administration should press rival Iraqi opposition groups to form a unified provisional government-in-exile as soon as possible. This political coalition could play an important role in encouraging Iraq's regular armed forces to defect *en masse* at the outset of a war by assuring them they would not be massacred in revenge for Saddam's war crimes against his people. If sufficient regular army troops defect in an organized manner, they could help U.S. troops combat the Republican Guard and uproot the secret police—the twin pillars of Saddam's regime.

Iraqi opposition groups are in fact discussing proposals to form a government-in-exile.<sup>5</sup> Six opposition groups sent representatives to Washington in early August for high-level meetings with Bush Administration officials, and they

4. See James Phillips, "Why the United States Should Help the Iraqi Opposition," Heritage Foundation *Executive Memorandum* No. 563, December 14, 1998.

plan to convene a conference somewhere in Europe in the near future to discuss the formation of a provisional government. The Iraqi National Congress, the Kurdish Democratic Party, the Patriotic Union of Kurdistan, the Iraqi National Accord, the Supreme Council for the Islamic Revolution, and the Constitutional Monarchy Party are debating the makeup of the preparatory committee that will set the conference agenda and issue the invitations. Progress has been slowed, however, by rivalries between the groups.<sup>6</sup>

The Administration should work to help rival opposition leaders overcome political obstacles to the formation of an Iraqi government-in-exile. The establishment of such a body would raise the morale of the opposition groups, give wavering supporters of Saddam's dictatorship added incentive to defect, give the diffuse political opposition a single and more authoritative voice, and help make the case for liberating the Iraqi people to skeptical nations around the world. Once such a government is created, the Administration should give it access to some of the \$1.7 billion in frozen Iraqi assets and work with it to plan for a transition to a permanent government in post-Saddam Iraq.

- **Purge Iraq of Saddam's Ba'athist regime.** After Saddam Hussein is ousted, his supporters in the security services, Republican Guard, government bureaucracies, and his radical pan-Arab socialist Ba'ath Party will continue to pose a long-term threat to the survival of a post-Saddam government. Although his supporters are likely to be discredited and unpopular immediately after the third war that they imposed on Iraqis since 1980, they could make a comeback—particularly in the Sunni Arab heartland of central Iraq—if the post-war government fails to prevent Kurdish independence or is perceived to be a puppet of the United States. At a minimum, the Ba'ath Party will seek to under-

mine and violently overthrow any government that cooperates with the United States.

The United States should work with a post-war government to cleanse Iraq of Saddam's lieutenants both in his regime and in the Ba'ath Party. Senior Ba'ath leaders and government officials who staffed Saddam's police state should be investigated and prosecuted for crimes against the Iraqi people. Public trials, conducted by Iraqis in Iraqi courts with any necessary U.S. technical assistance, would furnish the people of the country with an historical record that would help to discredit and de-legitimize Saddam's regime irreversibly. The Ba'ath Party should be outlawed and its leaders banned from participating in politics.

- **Help Iraqis build a loose federation.** The Administration should persuade the leaders of Iraq's Sunni Arabs, Shiite Arabs, and Kurds that a federal political system is the best means of assuring local autonomy, protecting against the return of a tyrannical central government, and assuring them an equitable share in the disbursement of Iraq's oil and tax revenues (see Table 2 and Table 3). Moreover, rebuilding the country along decentralized lines would leave fewer opportunities for the central government to finance and undertake another threatening military buildup and menace its neighbors. But such a system would be cohesive and legitimate enough to guarantee Iraq's territorial integrity. A decentralized federal system that would best fit the political realities on the ground and meet the needs of Iraq's people should be constitutional. The United States should encourage the leaders of Iraq's major sub-groups to base the new system on the American "Great Compromise" of 1787, which would allow smaller sub-national groupings to check the larger ones through equal representation in the upper house of the legislature. Each of the major groups wants something different from a post-Saddam political settlement. The good news is

5. Daniel Williams, "Iraqi Dissidents Discuss Plans for a Provisional Government," *The Washington Post*, August 30, 2002, p. A20.

6. Daniel Williams, "Dissent Stalls Plan for Iraqi Government-in-Exile," *The Washington Post*, September 1, 2002, p. A23.

Table 2

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**Estimates of Severance Tax Revenues in a Post-Saddam Iraq (1999 Through 2005)**

	Market Value of Petroleum Output	Total Tax Revenue (at 8%)	National Tax (30% of Total Tax Revenue)	Provincial Tax (70% of Total Tax Revenue)
1999	\$14,967,466,765	\$1,197,397,341	\$359,219,202	\$838,178,139
2000	25,136,085,643	2,010,886,851	603,266,055	1,407,620,796
2001	21,161,324,995	1,692,906,000	507,871,800	1,185,034,200
2002	23,018,055,664	1,841,444,453	552,433,336	1,289,011,117
2003	25,121,907,028	2,009,752,562	602,925,769	1,406,826,794
2004	24,642,408,301	1,971,392,664	591,417,799	1,379,974,865
2005	25,488,423,643	2,039,073,891	611,722,167	1,427,351,724

Source: Center for Data Analysis calculations, using data from U.S. Department of Energy, Energy Information Administration, *Weekly Petroleum Status Report*, January 1999 through September 2002, at <http://www.eia.doe.gov>; DRI-WEFA, *U.S. Economic Outlook* (Lexington, Mass.: DRI-WEFA, Winter 2002), pp. 8-9; and "Petroleum Production, Iraq," at <http://www.economagic.com> (September 2002).

that a loose federation can accommodate all their interests.

**Benefits for the Kurds.** The traditional homeland of the Kurds, who comprise around 20 percent of the total population of Iraq, contains about 15 percent of its proven oil reserves. But under Saddam, they shared proportionately far less of Iraq's immense oil wealth. A federal system would give them a greater share of oil revenues, as well as a constitutional guarantee of regional self-government and a voice in the national government. Such benefits would prove far more attractive than the temporary, and tenuous, economic gains they have received as the middlemen in the smuggling trade between Baghdad and Turkey.

Using Iraq's 2001 total revenue on oil products of \$21.16 billion, for example, and splitting

Table 3

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**Provincial Tax Distributed by Region**

Year	North	Central	South
1999	\$326,889,474	\$16,763,562	\$494,525,102
2000	548,972,110	28,152,415	830,496,269
2001	462,163,338	23,700,684	699,170,178
2002	502,714,336	25,780,222	760,516,559
2003	548,662,450	28,136,535	830,027,808
2004	538,190,197	27,599,497	814,185,170
2005	556,667,172	28,547,034	842,137,517

Source: Center for Data Analysis calculations, using data from U.S. Department of Energy, Energy Information Administration, *Weekly Petroleum Status Report*, January 1999 through September 2002, at <http://www.eia.doe.gov>; DRI-WEFA, *U.S. Economic Outlook* (Lexington, Mass.: DRI-WEFA, Winter 2002), pp. 8-9; and "Petroleum Production, Iraq," at <http://www.economagic.com> (September 2002).

revenues from an 8 percent overall tax on petroleum products so that 30 percent goes to the national government and 70 percent to the three major ethnic groups,<sup>7</sup> would mean the Kurds would receive \$462 million in local tax

7. The price of oil in this example is calculated on a rolling six-month average.

proceeds to use toward reconstructing their ravaged region. (See Table 2 and Table 3). The United States must impress upon the Kurdish leaders that this mammoth economic consideration, which suits both their interests and those of the United States, is theirs to gain by advocating a decentralized federal system.

In return for these monetary benefits, the Bush Administration should insist that the Kurds abandon their dreams of an independent Kurdistan. Such a separatist state would destabilize post-war Iraq and could serve as a powerful magnet, polarizing many of Turkey's 10 million Kurds and possibly re-igniting a bloody separatist war in eastern Turkey. Thus, an independent Kurdistan would also destabilize America's most important ally in the region.

To protect the interests of Turkey, a close NATO ally, and ensure that Kurds in Iraq do not embark on a dangerous drive for independence, the United States should secure Iraq's northern oil fields as soon as possible in a war against Iraq to safeguard the flow of oil. In the immediate aftermath of the invasion, rather than directly occupy the region, Washington should occupy only the oil fields while working with the already largely autonomous Kurdish leaders in the north. Otherwise, a wrong-headed direct military occupation would turn potential Kurdish allies irrevocably against the United States.

Such a strategy would give the Kurds maximum incentives to cooperate with Washington and support the formation of a federal, democratic, and undivided Iraq. The Kurds could count on a steady flow of income through a large degree of local control over taxation of oil revenues and the sale of gasoline and other petroleum products. Washington should make it clear that under a loose federation, the Kurds have much to gain; but they also have much to lose if they seek to carve out a separatist Kurdish state.

**Benefits for the Sunni Arabs.** Iraq's Sunni Arab minority long has dominated the state and controlled its disbursement of oil revenues, even though the predominantly Sunni central region accounts for little of Iraq's oil reserves. As Sad-

dam and much of his power elite come from the region near his home village, Tikrit, which is located in the center of the country, the Sunni Arabs are likely to be the most pro-Saddam and the least amenable to a new post-war government. Given the likely hostility of this region, U.S. troops should occupy the center of the country in the immediate aftermath of the war, but without setting a precise deadline for withdrawal. The Administration should make clear to the Sunnis that U.S. troops are prepared to stay on the ground until the Iraqis prove ready for self-rule, a fact that should serve as an inducement to win the cooperation of the non-Ba'ath Sunni elites.

The Administration also should stress the tangible rewards that the Sunnis would receive for agreeing to a new political settlement. *First*, the United States will help them rebuild Baghdad, where the new government will take up residence. *Second*, in a loose federation, with taxation of oil revenue occurring at the national as well as regional levels, the Sunnis will guarantee themselves economic stability, despite their own relative lack of oil reserves. Using the 2001 petroleum calculations above, coupled with a federal tax structure, the Sunnis would gain \$508 million, the lion's share of the 2001 national tax monies, as well as \$24 million through local tax proceeds. (See Table 3). Money from the central government will continue to revolve around the capital. *Third*, by acquiescing in such a settlement, the Sunnis can hasten the end of the occupation of Iraq.

**Benefits for the Shiite Arabs.** The Shiite Arabs probably have the most to gain from this post-Saddam political settlement. Although they account for the majority of the population of Iraq and form the predominant group in the southern oil fields that provide the bulk of Iraq's oil production, the Shiites have almost no say in how Iraq is governed or in the distribution of the oil revenues.

Unlike the Kurds, who have gained considerable autonomy, the Shiites continue to suffer under Saddam's repressive rule. American

troops are likely to be initially welcomed as liberators instead of occupiers. Several Shiite factions are likely to join the fight against the Iraqi troops and help uproot the Ba'ath Party and secret police cadres after the war. U.S. troops should be deployed to occupy only the southern oil facilities, key transport routes, and important government installations or military bases in the south. U.S. troops also should be deployed near the Iranian border to deter possible Iranian efforts to intervene in southern Iraq.

Iraqi Shiites spurned the calls of Iran's Shiite ayatollahs to rise up against Saddam during the Iran–Iraq war, even when the Iranians appeared to be winning the conflict. Iran's brand of radical Islamic revolution has considerably less appeal for Shiites in Iraq, who see the growing political, economic, and social problems that the aging ayatollahs are unwilling or unable to address in Iran. Washington has an opportunity to anchor the region with a revived post-Saddam Iraq by stressing the political inducements and economic benefits that a decentralized federal system could bring the Shiite south. By embracing a federal solution for Iraq, the Shiites will for the first time gain genuine political representation in Baghdad, receive a large economic boost from the income generated by local taxation of their large oil reserves, and enjoy a large degree of local autonomy.

The 2001 tax calculations (see Table 3) show that the Shiites would receive roughly \$699 million in local tax revenue through a federal tax system if such a political entity were operating in Iraq in 2001. This gigantic economic carrot is likely to make the Shiites enthusiastic supporters of a decentralized federal outcome for Iraq.

**Representation for the Stakeholders.** A loose federal approach based on the “Great Compromise” model has the advantage of making each of Iraq's major sub-national groups stakeholders in the final constitutional settlement. They all would have more to gain from such an outcome than to lose. All three will find themselves with

local political autonomy, but without the threat of repression from the central government. Each region within this federal system would receive an equitable distribution of Iraq's immense oil reserves, sufficient to reconstruct their geographical stronghold. And each group will be politically part of Iraqi national decision-making, having a say and a check over a state that genuinely and broadly is representative of the country's major ethnic groups. This new-found stability will enable Iraq to provide security for its people without threatening its neighbors.

By clearly articulating the advantages of such a settlement for each sub-group, the United States can help engender a political outcome that corresponds to the unique political, economic, ethnic, and religious facts on the ground. Only a constitutional settlement that incorporates the interests and recognizes the realities of these three sub-national groups stands a chance at producing a stable, pluralist, and durable government that enjoys political legitimacy and popular support.

This loose federation will require a constitution that explicitly states which powers (including the powers of taxation) are devolved to which unit of governance—be it the national government, a regional entity, or the city/village level. The guiding principle is that power should always be devolved to the lowest level possible, thus limiting the power of the national government and strengthening that of the regions. Such a division of power is based on the fact that regional ties are so strong and national ones far weaker. A successful political settlement will give the Kurds, Sunni Arabs, and Shiite Arabs a great deal of autonomy to reflect this reality.

As in Afghanistan, one of the primary roles of U.S. forces that remain in Iraq after the war should be to help the national government train a new army loyal to the federation. A revamped Iraqi army will be an important bulwark of the federal state and should help infuse a common national ethos over time.

## CONCLUSION

It will be up to the Iraqis themselves to establish a state after Saddam Hussein's regime falls and its weapons of mass destruction are destroyed. They must build a new state that will protect and represent all the people of Iraq, that will not threaten U.S. interests or regional stability, and that ensures international access to its rich oil resources. Iraq's political elites will be responsible for building a post-war political system and state institutions that will best serve the people of that country. And they must take ownership over the constitutional outcomes before their respective polities, rather than hide behind the notion of an American or U.N. diktat, as so often happened under the vague "nation-building" policies of the Clinton Administration.<sup>8</sup>

In fact, the approach recommended in this study differs dramatically from the top-down, cookie-cutter approach that is known as nation-building. While there are many moral and practical flaws to that approach, perhaps its greatest failing was that it ignored the facts on the ground. The world is a very diverse place, and local political, economic, ethnic,

religious, and cultural conditions can vary so greatly that a simplistic Western-imposed edict or U.N. mandate that ignores these realities will be doomed to failure.

In Iraq, these facts on the ground mean that the United States should push for the formation of a decentralized federal government, which would stand the best chance of ensuring stability and long-term peace. But it is ultimately up to the Iraqis themselves to flesh out the details of that political settlement. The United States should facilitate a positive outcome, suggest a course of action, and encourage the political and regional elites to reach agreement to put in place a political system that gives the various ethnic and religious groups a real stake in its success.

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8. See Spring and Spencer, "In Post-War Iraq, Use Military Forces to Secure Vital U.S. Interests, Not For Nation-Building."