Backgrounder

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Building a Stable Iraq After the June 30 Transition

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The formation of the Iraqi interim government and its assumption of sovereignty on June 30 mark important steps forward in the evolution of postwar Iraq. The replacement of the U.S.-appointed Iraqi Governing Council—which many Iraqis perceived to be a purely American instrument—by a more independent interim government could garner greater popular support and legitimacy. This should help to ease the potentially rocky transition to a representative government after the January 2005 national elections. However, it will probably have little short-term impact on the insurgent violence that has plagued Iraq. Violence is likely to continue with additional crescendos in the run-up to the American presidential election in November and the Iraqi national elections in January.

Those elections will build the political legitimacy of whatever government structure emerges in Iraq. Genuine legitimacy cannot be created in Washington or in New York by the United Nations, but elections alone will not signify a real transformation into a democracy. That requires the firm rooting of the rule of law and the repair of a badly damaged civil society, a long-term process that in turn depends on the restoration of security and the development of a stable economy. Building a stable democracy is an uncertain enterprise that will depend principally on the actions of Iraqis, not Americans. It will proceed in fits and starts and will take at least a generation to complete.

The United States must be realistic about the pace of reform and the degree to which it can shape Iraq's political evolution. The restoration of Iraqi sover-

Talking Points

- The formation of the Iraqi interim government should help to ease the transition to representative government but will probably have little short-term impact on the insurgent violence plaguing Iraq.
- The United States must be realistic about the pace of reform and the degree to which it can shape Iraq's political evolution, particularly after the interim government assumes sovereignty on June 30.
- Washington can help create the conditions necessary for a democracy, but only the Iraqis themselves can create a stable democracy.
- The U.S. should make restoring security the highest immediate priority and rapidly build up, train, and equip Iraqi security forces; promote federalism to instill stability; bolster the Iraqi economy by streamlining the disbursement of aid; limit the U.N.'s role in Iraq; and recognize the important role to be played by the leaders of Iraq's majority Shiite population.

This paper, in its entirety, can be found at:
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eignty on June 30 means that Washington must accept diminished control over Iraq's political future. It must let Iraqis decide for themselves the role of religion in politics, the definition of women's rights, and other thorny issues. The United States cannot afford to overreach in its political goals and try to create an Iraq in its own image. Setting unrealistic goals would require an open-ended military presence in Iraq that would undermine the political legitimacy of the Iraqi government and stoke support for Islamic extremism and nationalist resistance.

The United States did not go to war in Iraq as part of a crusade for democracy. It did so to eliminate the potential threat of Iraqi weapons of mass destruction (WMD) and oust the criminal regime that posed that threat. Although WMD stockpiles have not been found to date, Iraq manifestly failed to reveal prohibited WMD and missile programs to U.N. inspectors and failed to dismantle those programs as required by numerous Security Council resolutions and the cease-fire that ended the 1991 Gulf War.

The U.S. strategic goal in Iraq now should be to build a stable, inclusive, pluralistic government that is an ally against terrorism. The war against terrorism is more important than the idealistic goal of exporting democracy. Armed nation-building in Iraq will be an expensive campaign in terms of American blood and treasure. It should be firmly anchored to a defense of American national interests, not to a utopian scheme to create a democratic Iraq that will somehow revolutionize the Middle East.[1]

To build stability, the U.S. must empower Iraqis opposed to Islamic extremism to take control of their own country. Washington can help create the conditions necessary for a democracy, but only the Iraqis themselves can create a stable democracy. To aid Iraqis in this goal, the United States should:

- **Make the restoration of security the highest immediate priority.**
- **Publicly transfer responsibility to the Iraqis as soon as possible and adopt a low profile.**
- **Rapidly build up, train, and equip Iraqi security forces.**
- **Allow the U.N. to play a limited, largely symbolic role in Iraq.**
- **Promote federalism to instill stability.**
- **Recognize the important role to be played by Iraqi Shiite leaders in building a new Iraq.**
- **Pump up the Iraqi economy by accelerating the disbursement of U.S. economic aid and encouraging economic freedom.**

Iraq's Security Problems and Political Challenges

The U.S.-led coalition decisively defeated Saddam Hussein's regime in a three-week blitzkrieg last year but has had markedly less success since the conflict metastasized into a persistent low-intensity conflict after the regime had been ousted. The initial campaign was relatively bloodless, in part due to the rapid collapse of the regime, but many Baathist diehards escaped to fight another day. U.S. intelligence estimated that up to 30,000 loyalist troops, security forces, and paramilitary Fedayeen forces remained unaccounted for after the collapse. While many of these loyalists probably went home, some of them became the core of the resistance that threatens the political and economic rebuilding of Iraq.

American troops, initially welcomed as liberators by many Iraqis, increasingly have become scapegoats for a wide variety of problems inside Iraq. In part, this was because Iraqis had unrealistically high expectations of what would happen after the regime fell. They reasoned that if the United States could put a man on the moon, its failure to immediately rebuild Iraq's poorly maintained electric power grid and other damaged infrastructure meant that it deliberately sought to keep them helpless and in the dark. Although Iraq's poorly maintained and overburdened infrastructure largely escaped damage during the war, looters and saboteurs have taken a toll on electrical

1. See James Phillips, "Democracy, Federalism, and Realism in Postwar Iraq," Heritage Foundation *Executive Memorandum* No. 873, May 2, 2003, at *www.heritage.org/Research/MiddleEast/em873.cfm*.

power, water, and transportation networks, undermining support for the Coalition Provisional Authority (CPA). Baathist remnants and Islamic extremists have exploited Iraqi resentment and xenophobia to stoke opposition to the CPA.

Growing Resentment of the *Pax Americana*. The coalition's army of liberation increasingly came to be perceived by Iraqis as an onerous army of occupation despite its many good deeds, not least of which was removing Saddam Hussein's brutal dictatorship from power. Among Iraqis, there is growing impatience and frustration with the slow pace of economic reconstruction; the lack of jobs; the widespread presence of foreign troops and contractors; and, above all, the terrorism and lawlessness that threatens their personal safety. Cultural differences have exacerbated perceptions that coalition military and civilian personnel are arrogant interlopers whose hidden agenda is to keep Iraqis dependent on foreign governments.

The upsurge in insurgent violence in April and May, combined with outrage over the Abu Ghraib prison scandal, has further undermined Iraqi trust and support for the coalition's military presence. According to a poll conducted in May by the CPA, 55 percent of Iraqis reported that they would feel safer if U.S. troops withdrew immediately—up from 28 percent in January. Confidence in the protection offered by the coalition plummeted to 11 percent—down from 47 percent in November—and nearly half of Iraqis polled felt unsafe in their own neighborhoods.[2]

This rapid decline in trust coupled with rising anti-Americanism among Iraqis is ominous because it undermines the long-term prospects for containing and defeating the various insurgent groups. Such distrust inhibits the flow of intelligence to the coalition and Iraqi security forces and allows insurgents to flourish, even if with only the passive support of the bulk of the population. Daily ambushes, frequent assassinations, and occasional car bombings are part of a systematic campaign to intimidate and deter Iraqis from working with the occupation forces. The May 17 assassination of Izzedin Salim, President of the Iraqi Governing Council, underscored the tenuous security situation.

The military effectiveness of the insurgents has increased. Over time, they have altered their tactics to mount more sophisticated ambushes and bombings. Politically, however, they remain weak and divided, bereft of any unified political program except to drive out foreign troops. Former regime loyalists initially led the insurgency, later joined by Islamic extremists, including foreign terrorists who have crossed Iraq's porous borders, and military veterans motivated by nationalism and/or xenophobia.

The Baathist remnants that formed the core of the early resistance do not pose a major long-term threat because their political program is discredited. They retain pockets of support in the predominantly Sunni heartland of central Iraq, but Iraq's Shiite Arabs and Kurds, who together comprise about 80 percent of the population, would strongly oppose any attempt to re-impose Baathism.

Islamic extremism, however, poses a growing threat. Both of the uprisings that rocked Iraq in April—in Fallujah and in the southern cities of Najaf and Karbala—were spearheaded by Islamic extremists. Although Iraq has long been a secular society, the postwar collapse of political authority, along with economic dislocations, high unemployment, political uncertainty, and foreign occupation, provided fertile ground for the growth of militant Islamic groups.

The Growth of Islamic Extremism. The chief threat to Iraq's long-term stability is not from diehard elements of the old regime, but from the growing ranks of Islamic extremists, some of whom enjoy foreign support. Fallujah is a hotbed of Sunni Muslim extremism that has also attracted an unknown number of foreign volunteers, including some affiliated with al-Qaeda.

Mokhtada al-Sadr, the leader of the Shiite uprising in the south, is a young firebrand cleric supported by radical factions in neighboring Iran. Al-

2. John Solomon, "Poll of Iraqis Reveals Anger Toward the U.S." Associated Press, June 15, 2004.

Sadr's Mahdi Army, a militia believed to be 2,000 to 5,000 strong, seized government buildings and Islamic shrines in Najaf and Karbala, the two holiest cities of Shiite Muslims. Although his militia was mauled by American forces, losing approximately 400 dead, al-Sadr was able to extract a cease-fire agreement because the CPA was pressured by the Iraqi Governing Council to seek a negotiated solution to avoid a bloody assault on the holy shrines that could have triggered a massive backlash from Shiites in Iraq and beyond.

The negotiated truce with al-Sadr handed him a political victory that he has exploited to boost his popularity at the expense of rival Shiite leaders. For the coalition, such a truce was the lesser evil. American forces could have crushed the rebellion; but in the process, they would have inflicted massive collateral damage that would have triggered defections from the Iraqi Governing Council, radicalized many more Iraqi Shiites, and led to a mushrooming Shiite revolt.

Since the May 27 cease-fire, al-Sadr has been pressured to disband his militia by Shiite moderates—including Grand Ayatollah Ali Sistani, the principal Iraqi Shiite religious leader—who were antagonized by his use of mosques as military bases and resented the influx of many of his thuggish supporters from the slums of Baghdad. After several demonstrations against his actions by rival Shiite groups, al-Sadr has taken most of his militia off the streets and is biding his time.

The truce with al-Sadr apparently has restored calm, at least temporarily, to southern Iraq. Al-Sadr has announced his intention to run as a candidate in the January 2005 parliamentary elections, and most Shiites want to see a smooth transition to an elected government because they know their great numbers will bring them substantial power, which Sunni dominance has denied them throughout Iraq's history.

However, the truce in Fallujah is more problematic from an American standpoint. After negotiating with the city's elders, who proved to have little control over the Baathist loyalists and Islamic extremists who formed the core of the rebellion, the commander of the 1st Marine Expeditionary Force accepted a flawed agreement under which a former Baathist loyalist, General Jassem Mohammed Saleh, formed the Fallujah Protection Army to police the city. This force, composed of many of the same insurgents who fought the Marines, remains hostile to coalition forces and the Iraqi Interim Government. The arrangement in effect creates a formalized "no-go" zone that poses continuing security problems and complicates the task of re-unifying Iraq by strengthening local militias at the expense of a future central government in Baghdad.[3] Moreover, the deal struck with high-ranking Baathists has angered Iraqi Kurds and Shiites, who suffered heavily under Baathist repression.

High Hopes for the New Government. Despite significant security challenges, the formation of the Iraqi Interim Government is cause for at least some optimism. Unlike the former Iraqi Governing Council, which was handpicked by CPA Administrator L. Paul Bremer, the Interim Government was cobbled together under the supervision of United Nations Envoy Lakhdar Brahimi, an Algerian Arab nationalist and former foreign minister who also helped put together the interim government of Afghanistan in 2002. Although Brahimi was critical of American policy and suspected of a pro-Sunni bias by Iraqi Kurds and Shiites, he eventually selected a set of promising leaders after being outmaneuvered by the Iraqi Governing Council, which blocked his top choices for prime minister and president.

The new prime minister, Iyad Allawi, is a secular Shiite Arab and longtime opponent of Saddam Hussein who survived an assassination attempt by Saddam's agents while in exile in London. He is the leader of the Iraqi National Accord, a political movement that attracted many army officers and ex-Baathists opposed to Saddam Hussein's dictatorship. Allawi formerly served as minister of defense for the old Governing Council and enjoys strong support from Washington and London, with which he has worked closely in the past.

3. See Michael Knights, "Short-Term Stabilization in Iraq Could Have Long-Term Costs," *Jane's Intelligence Review*, June 2004.

The new president, Ghazi al-Yawar, is a young leader who has great potential as a unifying figure. He is a prominent member of the Shammar tribe, one of Iraq's biggest and most influential Arab tribes. His family, based in Mosul, enjoys good relations with neighboring Kurds, and his affiliation with the Shammar tribe, which has both Sunni and Shiite branches, could help him to defuse growing tensions between Sunnis and Shiites. Yawar also claims to be an admirer of Thomas Paine, the British writer who helped lay the philosophical groundwork for the American Revolution.[4]

The Interim Government is well-balanced in terms of ethnicity, religion, and geographical origin. It has many new faces; only four of its 36 ministers served on the Governing Council, which dissolved itself on June 1. The Interim Government's chief goal is to prepare for national elections (to be held no later than the end of January 2005), to elect a Transitional National Assembly that will form a Transitional Government with executive powers. The assembly will also draft a new constitution, to be approved in a national referendum slated for the fall of 2005. Then Iraqis will go to the polls again at the end of 2005 to elect a permanent government under the new constitution.

U.S. Policy and Iraq: Leaven Idealism with Realism

The United States has already achieved two of its war aims in Iraq: removal of the potential threat of Iraqi weapons of mass destruction and removal of the regime that posed that threat. Now it must consolidate this victory by building a stable Iraqi government that will be an ally against al-Qaeda and other forms of Islamic extremism. Ideally, postwar Iraq will ultimately become a full-fledged democracy, but realistically, the government that emerges from the unpredictable politics of postwar Iraq is unlikely to look like a modern Western democracy. Given the tensions between various ethnic, religious, and political factions, Iraq will look more like modern Lebanon than Switzerland.

As it navigates a course through Iraq's complex challenges, the Bush Administration should set realistic objectives that are achievable in the next five years. Rather than pursuing the utopian goal of creating an Iraq that will be a shining model of democracy for the Middle East, Washington should lower its sights and focus on helping Iraqis to build a representative, pluralistic, and inclusive government that is capable of defeating Islamic extremism inside Iraq.

Specifically, to build a stable Iraq, the United States should:

- **Make the restoration of security the highest immediate priority.**

  The top U.S. priority is rebuilding the security situation. The United States has deployed 138,000 troops inside the country, and more may be needed until effective Iraqi security forces can be built up, equipped, and trained. In May, the Department of Defense announced that 3,600 American troops would be redeployed to Iraq from South Korea this summer. This represents a shift of nearly 10 percent of U.S. forces in Korea, in addition to which Washington is consulting with Seoul about plans to shift up to one-third of the force. The Bush Administration should also push to transfer U.S. troops from Bosnia and Kosovo to Iraq. Stabilizing Iraq is a more urgent priority for American forces than maintaining a continued presence in the Balkans, which could be replaced by European NATO troops.

  Thirty-one other countries have provided a total of 22,000 troops in Iraq. Approximately 15,000 of these troops come from NATO allies, including Britain and Poland, which lead multinational divisions based in southern and central Iraq, respectively. Britain recently announced that it will deploy 600 more troops, raising its total to about 9,200. Sixteen of NATO's 26 members have already deployed troops in Iraq, but the commitment of additional NATO troops is unlikely. Nor is NATO likely to play a greater role in Iraqi security affairs as it has in Afghani-

4. Nimrod Raphaeli, "The New Leaders of Iraq: Interim President Sheikh Ghazi al-Yawer," Middle East Media Research Institute, *Inquiry and Analysis: Iraq* No. 178, June 10, 2004.

stan, given French and German opposition to the war. Nevertheless, the Bush Administration is pushing for NATO training for Iraqi police and security services.

The United States will retain overall command of foreign troops in Iraq after June 30, but the Iraqi government will control the Iraqi police and other internal security forces and will have the right to veto Iraqi participation in coalition security operations. Coordinating security operations with the Iraqi government is likely to get more complicated, particularly after the January 2005 elections, when Iraqi leaders are likely to showcase their independence from the United States. This could lead them to seek to restrain coalition operations in politically sensitive areas, such as Najaf.

The U.S. should accept such political constraints only if the outcome does not reward the insurgents for violence. The U.S. must be careful not to acquiesce to a face-saving solution that allows insurgents to expand their power base as they have done in Fallujah. The outcome of the armed truce in Najaf apparently has been more favorable as a result of pressure applied by moderate Shiite leaders on al-Sadr's radical faction.

A strategy of cooptation rather than confrontation of local uprisings is risky if it leads to the creation of defiant enclaves that fuel a perception that the insurgents are winning. Cooptation can work only if the coalition forces can rely on other Iraqis to firmly restrain and constrain the insurgents. To give them maximum incentive to do so, the United States should threaten to divert aid and reconstruction funds away from areas that stage uprisings.

If al-Sadr stages another uprising around the Shiite shrines, the coalition should throw a cordon around them and prevent pilgrims from entering, for their own protection. This would severely cut the income of merchants and Islamic institutions that cater to Shiite pilgrims and would undercut support for al-Sadr's confrontational policies. The Pentagon should also give local military commanders more discretionary funds to dispense for civil projects to cement relationships with local leaders, cultivate support, and boost the quality and quantity of intelligence sources.

More also needs to be done to upgrade border security to reduce the infiltration of foreign fighters across Iraq's porous borders. Particular attention should be paid to Iraq's borders with Syria and Iran, both of which have a long history of supporting anti-American terrorists. Both countries supported the Hezballah terrorist group in Lebanon, which bombed the U.S. Marine barracks at the Beirut airport in October 1983, killing 241 Americans, as part of its successful campaign to drive the Multinational Peacekeeping Force out of Lebanon in 1983–1984. Both Syria and Iran need to be vigilantly watched and deterred from supporting a similar terrorist campaign in Iraq.

U.S. troops are ill-suited for police duties and should be replaced by Iraqi security forces as soon as possible, particularly in urban areas where heavy U.S. firepower is constrained by the desire to avoid civilian casualties. As Iraqi security forces grow more capable, coalition troops should be pulled out of the cities to reduce friction with Iraqi civilians. However, American and other foreign troops are likely to be needed for at least five more years to back up Iraqi security forces and lead counterinsurgency and counterterrorist operations.

- **Publicly transfer responsibility to the Iraqis as soon as possible and adopt a low profile.**

  When Ambassador John Negroponte opens up the U.S. embassy and replaces CPA Administrator L. Paul Bremer on July 1, the United States must adjust to a new situation in which it wields influence but not control over Iraqi affairs. Although the U.S. will retain command and control over foreign peacekeeping troops and take the lead on security matters, Iraqis increasingly will make the important decisions on all other matters. About 200 American advisers will remain in Iraq's 26 ministries, and up to 1,000 Americans will staff the new U.S. embassy, making it the largest U.S. embassy in

the world; but these officials will necessarily defer to the interim government.

After June 30, American officials should adopt a low profile and encourage Iraqis to step into the limelight as much as possible. Press conferences should be held by Iraqi officials speaking Arabic or Kurdish, not English; U.S. officials should appear only as secondary and supportive figures, if at all.

After the June 30 transition, one of the most politically charged issues will be the interim government's desire to take custody of Saddam Hussein. The Bush Administration has correctly sought to postpone a transfer of Saddam until it has received ironclad guarantees that he will not escape or avoid trial. There is also the possibility that an Iraqi guard motivated by vengeance could kill Saddam.

Washington should try to negotiate a short-term arrangement in which the U.S. retains physical custody of the former dictator but Iraq assumes legal custody. Then he should be turned over to the Iraqis after the Iraqi prison system has been put in order, the Iraqi tribunal that will try Saddam has been fully organized, and a formal indictment has been delivered.

In the end, Iraq's problems can be solved only by the Iraqis. The United States should play a supportive role and provide sound advice behind the scenes, but Iraqis must take ownership of their own future. The sooner this happens, the sooner Iraqis will reject anti-American terrorism and cooperate to defeat it within their own country.

- **Rapidly build up, train, and equip Iraqi security forces.**

  Putting an Iraqi face on internal security operations as soon as possible will reduce friction with Iraqi civilians, free U.S. troops to conduct offensive operations against hardcore insurgents, and boost the willingness of civilians to provide useful intelligence about the insurgents. Empowering Iraqis to take a more active role in fighting terrorists and insurgents also changes the political environment. Abu Musab al-Zarqawi, a Jordanian-born terrorist affiliated with al-Qaeda who is operating in Iraq, recognized this reality in a courier message to Osama bin Laden that was intercepted by U.S. forces in Iraq earlier this year: "Our enemy is growing stronger day after day and its intelligence information increases. By God, this is suffocation."[5]

  Today, there are approximately 210,000 Iraqis involved in five separate security organizations: the army; police; border guards; facility protection services (which guards Iraq's extensive oil infrastructure and other key facilities); and civil defense corps. Plans call for an expansion to 260,000 personnel in the next few years. While increases in the numbers are helpful, improving the quality, training, *esprit de corps*, and leadership of the security forces is even more important. This will take time, and rapid recruitment needs to be balanced with extensive vetting to weed out Baathist sympathizers and Islamic extremists.

  The Iraqi police and other security forces generally performed poorly in the April and May uprisings. Too often, they were intimidated and outgunned by insurgent forces, but the biggest problem was a lack of willpower. They did not want to fight and die for what they considered to be an American cause. The United States must work with the interim Iraqi government to reorganize the security forces and promote effective leaders who can inspire Iraqi security personnel to fight and die for Iraq in the war against terrorism. An all-Iraqi chain of command should be developed to make it clear that they are working for Iraq, not the United States.

  Major General David Petraeus, who heads the training mission for Iraqi security services, should be given everything that he needs to organize, equip, and extensively train Iraqi

5. Abu Musab al-Zarqawi, purported letter to senior al-Qaeda leadership, captured in Baghdad, January 23, 2004, in Daniel McKivergan, "Text from Abu Musab Zarqawi Letter," Project for the New American Century, February 12, 2004, at *www.newamericancentury.org/middleeast-20040212.htm* (June 24, 2004).

forces to defend their country. Equipment shortages, caused in part by bureaucratic red tape and feuding within the U.S. government, should be rectified immediately.

Iraqis need to be prepared as soon as possible to assume responsibility for their own defense. As they gradually expand their capabilities, the United States should slowly phase out its internal security role, first giving the Iraqis responsibility for protecting facilities and performing police duties, and then expanding their operations to include counterterrorism and counterinsurgency operations. If the embryonic Iraqi government gains popular support and becomes an effective force, the required number of U.S. troops could be reduced to a few thousand by the end of five years.

- **Allow the U.N. to play a limited, largely symbolic role in Iraq.**

  Despite the claims of many critics of the Bush Administration who call for the U.S. to abdicate its responsibility in Iraq in favor of the United Nations, the U.N. lacks the will and capacity to play more than a limited role in Iraq. The U.N. cannot bestow on Iraq what is not its to give: stability or legitimacy.

  U.N. Security Council Resolution 1546, adopted on June 8 by a 15–0 vote, endorsed the formation of the interim government and requested U.N. member states to contribute assistance and troops to the multinational force in Iraq. However, few additional troops are likely to be forthcoming. Turkish Foreign Minister Abdullah Gul announced two days after the vote that Turkey was withdrawing its offer of troops, and the defeat of India's Vajpayee government last month probably will preclude the dispatch of Indian troops. Although the resolution recognized the important role of the U.S.-led multinational force, it arbitrarily set the force's mandate to expire after the election of a constitutionally elected Iraqi permanent government at the end of 2005.

  The Security Council resolution also opened up a can of worms by bowing to Shiite demands that the text should exclude any reference to the Transitional Administrative Law (TAL), the interim constitution written by the Governing Council. The TAL, from the Shiite perspective, gave the Kurds excessive concessions: autonomy in northern Iraq; the right to reject national laws; the right to maintain their militia; and, most controversially, the right to veto the ratification of a permanent constitution. The Kurds therefore consider the Security Council resolution a historic betrayal, and their leaders wrote a letter to President Bush protesting the omission of the TAL.

  The resolution awarded the United Nations a "leading role" in helping Iraqis to form a national government. The U.N. will assist in convening a national conference in July to select a Consultative Council, advise and support the new authorities on the process for holding elections scheduled for January 2005, and promote a national dialogue to forge a consensus on the drafting of a new constitution. However, U.N. envoy Brahimi is widely distrusted by Iraqi Kurds and Shiites, who consider him to be biased in favor of Sunni Arabs. They also distrust the United Nations because of its incompetent and possibly corrupt administration of the Oil-for-Food program, which Saddam's regime exploited to enrich itself, prop up its power, and cultivate international support.[6]

- **Promote federalism to instill stability.**

  To build political stability, the Bush Administration has correctly made a commitment to preserve the territorial integrity of Iraq. Some critics have called for carving Iraq up into three mini-states to provide homelands for Iraq's major subgroups: the Shiite Arabs, Sunni Arabs, and Kurds. This shortsighted policy would be a prescription for chronic instability and civil war. The three groups, and several smaller minorities such as the Turkomans and Assyrian Christians,

6. See Nile Gardiner, Ph.D., and James Phillips, "Investigate the United Nations Oil-for-Food Fraud," Heritage Foundation *Backgrounder* No. 1748, April 21, 2004, at *www.heritage.org/Research/InternationalOrganizations/bg1748.cfm*.

overlap in many regions. Large cities with mixed populations—such as Baghdad, Mosul, and Kirkuk—would become bitter arenas of conflict. Iraq's neighbors would intervene on behalf of favored co-religionists or client factions. And Kurdish independence could trigger a Turkish intervention to prevent Iraqi Kurdistan from becoming a destabilizing force in eastern Turkey, where the Turkish government fought a long and bloody war against Kurdish separatists.

To minimize the chances of a civil war, the United States should promote a federal arrangement for Iraq, to be worked out by the Iraqis themselves. Such an arrangement would give all of the major groups substantial regional autonomy and a share of influence in a central government that would not threaten to slaughter or repress them. In return for their cooperation, each would receive a share of Iraq's oil revenues, which could become the glue that holds them together.[7]

Establishing democracy in Iraq will be an uphill struggle. Iraq has a long history of violent politics and little experience with cooperative power-sharing. Most of the political parties that have emerged have been organized primarily along ethnic or religious lines, which is likely to exacerbate political tensions in the first few elections. The ambitious timetable for establishing a functioning democracy may be delayed, but many Iraqis believe that it is more important to do it right than it is to do it right away.[8] Washington must give Iraqi leaders the latitude to build a political system that reflects their own values and political culture and not rigidly insist on creating a mirror image of American or European democracies.

- **Recognize the important role to be played by Iraqi Shiite leaders in building a new Iraq.**

  Shiite Arabs comprise more than 60 percent of the Iraqi population and must play a major role in Iraq's political development if the country is to become a stable democracy. Although they support numerous political factions and many different ideologies, most Shiites recognize the moral leadership of Grand Ayatollah Ali al-Sistani, the foremost Iraqi Shiite religious leader.

  Ayatollah Sistani, although born in Iran, rejects Ayatollah Khomeini's radical ideology and the Iranian model of theocratic rule. He has given tacit approval to the formation of the interim government and has called consistently for national elections, which he believes will protect the interests of his Shiite followers. He never accepted the legitimacy of the Iraqi Governing Council and refuses to meet with American officials, but he has played an important role in pressuring Moktada al-Sadr to retreat from his radical demands. While he does not seek a formal political role, Sistani has emerged as a powerful leader whose support will be required to cement any lasting political arrangement involving Iraqi Shiites.

  American officials should cultivate Sistani's support, as well as the support of other Shiite leaders, to help build a stable future for Iraq; but such cultivation should not come at the expense of the Kurds, who have been longstanding allies against Saddam's regime. The United States should try to broker an understanding between Kurds and Shiites that gives both camps an acceptable power-sharing deal.

  The Shiite push for majority rule must be tempered by institutional safeguards that protect the rights of the Kurds and other minorities. A stable democracy is incompatible with the tyranny of the majority. American officials should warn the Shiites not to overplay their hand in their drive for power, for fear that Iraq will split apart.

- **Pump up the Iraqi economy by accelerating the disbursement of U.S. economic aid and encouraging economic freedom.**

  Congress generously passed an $18.6 billion reconstruction package for Iraq in the fall of

7. See John C. Hulsman, Ph.D., and James Phillips, "Forging a Durable Postwar Political Settlement in Iraq," Heritage Foundation *Backgrounder* No. 1632, March 7, 2003, at *www.heritage.org/Research/MiddleEast/bg1632.cfm*.
8. See Patrick Clawson, "Iraq for the Iraqis: How and When," *Middle East Quarterly*, Vol. XI, No. 2 (Spring 2004).

2003, but approximately 80 percent of the aid appropriated remained unspent as of early June. The Bush Administration should streamline the contract-bidding process to accelerate disbursement of the funds. It should also restructure the process to promote short-term projects that provide tangible benefits to Iraqis rather than long-term capital-intensive projects that will have little impact for years to come.

Preference should also be given to hiring Iraqis rather than Americans or other foreign contractors. The aid package has created only an estimated 25,000 jobs at a time when Iraq is suffering from an unemployment rate estimated at up to 60 percent. Such a large pool of unemployed young men provides a ready-made reservoir of potential recruits for Islamic extremist movements and dampens support for the emerging Iraqi government.

The U.S. embassy should also use its influence to seek to preserve and build upon many of the free-market economic reforms promoted by the CPA. Iraq's future economic prospects depend on breaking away from the restrictive socialist policies imposed by Saddam's Baathist regime and expanding economic freedom that will fuel rapid economic growth.[9]

Conclusion

The June 30 transition to a sovereign interim government in Iraq is an important step forward that could pave the way for an elected government next year. However, insurgent violence will continue and is likely to intensify in the run-up to the American presidential election and the Iraqi national elections. While the United States must relinquish control over most matters to the new Iraqi government, it must retain its control over coalition forces inside Iraq, which will continue to be needed for many years.

The United States should set realistic, pragmatic goals that can be realized within the next five years and then help to empower Iraqis who agree with those goals. The United States should give priority to improving security and bolstering the Iraqi economy while giving Iraqi leaders the latitude to build democracy at their own pace, according to their own needs. To minimize the possibilities of a civil war, Washington should encourage Iraqis to build a flexible federal system that can accommodate the demands of regional leaders for substantial autonomy while preserving a unified Iraq that is free from the meddling of its neighbors.

Armed nation-building is expensive in terms of blood and money and should be anchored firmly to U.S. national interests, not undertaken as part of a neo-Wilsonian crusade to export democracy. The bottom line is that the U.S. can bring freedom to Iraq, but it cannot impose democracy. Ultimately, it will be up to Iraqis to build a stable democracy in Iraq. The U.S. can help to create the conditions for success, but it cannot by itself guarantee success.

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9. See James Phillips and Marc A. Miles, Ph.D., "Bolster Freedom, Not Dependence, in Iraq," Heritage Foundation *Executive Memorandum* No. 900, September 19, 2003, at *www.heritage.org/Research/MiddleEast/EM900.cfm*.