



REVENUE WATCH

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Misunderstanding Iraq: Recommendations for US Policy

BY YAHIA SAID

Summary: *Many of the seemingly intractable problems the United States faces in Iraq stem from a series of fundamental misunderstandings about the situation and the views of Iraqis. Following is an attempt at a more accurate assessment of what is happening and policy suggestions which could improve the situation and, most importantly, lay the groundwork for a US withdrawal.*

The United States faces a series of related problems in Iraq. They are:

- ▶ A majority of Iraqis perceive US troops as a threat, particularly in Sunni Arab areas where counterinsurgency efforts are becoming part of a sectarian conflict.
- ▶ Unreserved US endorsement of the actions of the Iraqi government, its security structures and militias implicates the US in the governments failings, corruption and its emerging authoritarian tendencies
- ▶ The US approach to Iraqi politics is seen as contributing to the emergence and entrenchment of sectarianism.
- ▶ Open-ended presence of US troops prevents many Iraqis from joining the fight against terror

Recommendations for US Policy

To address these challenges, the United States should:

- ▶ Acknowledge the ineffectiveness of large scale counterinsurgency operations and refrain from using heavy weapons in residential areas.
- ▶ Openly condemn human rights violations, authoritarian tendencies, sectarianism, corruption (especially in the oil sector), and incompetence by Iraqi officials.
- ▶ Return to a robust approach to the building of Iraqi security structures in particular in relation to ethnic composition and the militias.
- ▶ Intensify efforts to bridge differences on constitutional issues and develop a charter which better represents the aspirations of all Iraqis.
- ▶ Engage with cross-ethnic, non-political initiatives aimed at addressing the constitution's main weaknesses in regards to federalism, women's rights and oil.
- ▶ Use every opportunity to reaffirm US commitment to Iraq's territorial integrity.
- ▶ Negotiate a roadmap for redeployment of US troops within a framework that reintegrates nationalist insurgents and unites Iraqis in the fight against Al-Qaeda.

Analysis

The Iraqi constitution was passed on October 15, 2005, despite overwhelming rejection by Sunni Arabs – one of Iraq's three main constituent groups. The December 15 parliamentary elections will be contested by candidate slates based primarily on ethnic/sectarian identity. Al-Qaeda is deliberately fostering sectarian conflict by targeting Shias. Ethnic tensions are seeping through to the level of society.

If these trends continue Iraq may be headed towards disintegration which will bring violence to levels not seen until now, have serious regional consequences and provide a boon for Al-Qaeda terrorists seeking to turn Iraq into another base of operations. US political and military actions in Iraq have at times contributed to this state of affairs. Following is a discussion of key problems and suggested remedial actions:

1) US counterinsurgency efforts: Are they part of the problem or part of the solution?

Innocent civilians are often caught in counterinsurgency operations. In the eyes of many Iraqis, such actions turn US troop from liberators and protectors to yet another threat to life, property and dignity. Civilian victims of US counterinsurgency operations are concentrated in Sunni and mixed areas. The heavy and intrusive troop presence in these areas, in contrast to Kurdistan and most cities in the Shia South, deepens mistrust and reinforces sectarian divisions. Where

US troops operate alongside Iraqi units comprised of Shia and Kurdish militias, they can be seen as a party to emerging civil conflict.

There is a need to review the effectiveness of counterinsurgency operations particularly large scale cordon and search operation and the use of heavy weapons in populated areas in the light of their effect on civilian populations and their contribution to fomenting civil strife.

2) Is the new Iraq a model for democracy in the Middle East?

The Interim Iraqi Government is failing to provide security and services and is perceived as incompetent and corrupt. Investigations by the UN and human rights groups have implicated government forces and associated paramilitary units and militias in flagrant human rights violations including extra judicial killings, torture and unlawful detention. The blurring of the line between regular security forces and party militias presents the most serious challenge to the legitimacy and stability of the emerging Iraqi state. Moreover, human rights abuses by these militias contribute to sectarian tensions.

State institutions are routinely purged of critical civil servants in favor of less qualified members of ruling coalition parties who are often from the same sect or even clan as the respective minister. The Prime Minister's blatant drive to control the public media has even been criticized by the President.

The US has so far refrained from condemning any of these transgressions in public. Moreover, US forces provide members of the Government with security, uninterrupted electricity and other privileges denied to ordinary people. Many Iraqis resent politicians whose hold on power and very survival depends on US presence and hold the US responsible for their actions. US silence on the Iraqi government's emerging authoritarianism casts doubt on stated objectives of building a democratic and viable Iraq and contradicts an uncompromising US stance on such issues elsewhere, including among Iraq's neighbors.

As the US is responsible for emerging Iraqi security and governance structures, serious efforts must be undertaken to discourage human rights violations, political cronyism and corruption, especially in the oil sector. There is a need to reinvigorate programs aimed at demobilizing, disarming and reintegrating militias.

3) Did US policy play a role in the emerging sectarian tensions?

The main party responsible for rising sectarian tensions in Iraq is Al-Qaeda and associated Baathists. However, the US approach to the political process in Iraq, since the days of the Interim Governing Council has tended to reinforce sectarian-based models. The early adoption of ethnic quotas and an analytical framework based on a Shia-Kurdish-Sunni mapping of Iraq created incentives for politicians to identify themselves in ethnic rather than issue defined terms. Many exile politicians were comfortable with this as they had little else in common with their fellow citizens. This dynamic manifested itself in previous elections when voters had only identity to distinguish between competing candidates. Attempts to redress imbalances created

by the Sunni boycott of the last elections by matching Shia and Kurdish politicians with Sunni ones exacerbated rather than resolved the problem. Such an approach has entrenched identity as the best way to access power.

The most contentious issues in Iraqi society today are woven into the constitution, including federalism, revenue management, the role of Islam in general and women's rights in particular. Several important initiatives are underway to propose amendments and laws to address these issues in the next parliament. These demonstrate that sectarian Sunni politicians are not the only ones unhappy with the current document.

Twelve of Iraq's most distinguished oil experts criticize the constitution's formula for the management for oil – a critical plank of the federal system – in a recent open letter addressed to the current and future Speakers of the Iraqi Parliament. The formula, they argue: fragments a sector which requires economies of scale; fosters confusion over authority and ownership; opens the way for corruption; provides disincentives for foreign investment; and, threatens the integrity of the budgetary process. All these tendencies undermine the viability of the federal government and create widespread opportunities for abuse.

Women's rights activists from across the political and ethnic spectrum have recently signed the 'Iraqi Covenant' which criticizes the constitution and calls for the revision of a number of paragraphs related to women's rights, personal status laws and the composition of the supreme court.

Such objections to the new constitution and its almost unanimous rejection by one of Iraq's main communities seriously impair its legitimacy. They demonstrate the shortcomings of previous efforts to engage Iraqis in the negotiation process. The relentless pursuit of a political timetable at the expense of content and the unqualified endorsement of a flawed document are perceived by many Iraqis as implicit endorsement by the US and its allies of sectarianism and a deliberate design to fragment the country.

The last minute compromise brokered with US help empowers the next parliament to amend the constitution. Efforts to bridge gaps on the most important issues including federalism, Islam and women's rights should be resumed and intensified. Discussions on these issues will force politicians to address pressing issues rather than compete on the basis of identity. In this context it is important that US policymakers in Iraq engage with cross sectarian, non-political initiatives aimed at amending the constitution and promoting a consensual legislative agenda for the next parliament.

4) Why is it taking so long to defeat Al-Qaeda in Iraq?

Iraqis including those in Sunni Arab areas have a common enemy in Al-Qaeda in Iraq and associated Baathist insurgents. However, many residents in areas where Al-Qaeda operates see the US military as just another threat to their basic security. This, in addition to deeply held feelings against the presence of foreign troops in their homeland, pushes many into the

insurgency and prevents the population from taking a more active role in confronting Al-Qaeda terrorists. The terrorists will never be defeated without the cooperation of the local populace. However, nationalist insurgents will not lay down their weapons let alone join the critical fight against Al-Qaeda without a clear prospect of an end to the occupation.

There is a need to break vicious circle of insurgency and counterinsurgency by enlisting nationalist insurgents into the fight against Al-Qaeda terrorists on the basis of a political compromise which involves a fair and open political process and a roadmap for the withdrawal of US troops. Such roadmap can include a combination of a timetable and conditions including: safeguards against the establishment of Al-Qaeda safe havens; good will gestures such as localized ceasefires and release of detainees; demobilization and re-integration of insurgents into the political process and state institutions including armed forces.

Mr. Yahia Said is Director of the Open Society Institute's Iraq Revenue Watch and a Research Fellow at the London School of Economics' Centre for the Study of Global Governance. The son of an Iraqi journalist and leading Iraqi feminist—who was imprisoned by Saddam Hussein—Said left Iraq in 1979. He specializes on issues of post-totalitarian and post-conflict transition, and is starting a research project at LSE analyzing the post-Saddam transition in Iraq. He travels to Iraq regularly to meet activists, intellectuals, political and spiritual leaders and ordinary citizens.

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Anthony Richter, Associate Director, Open Society Institute

Julie McCarthy, Acting Director, Revenue Watch

Yahia Said, Director, Iraq Revenue Watch

Morgan Mandeville, Program Assistant, Revenue Watch

Iraq Revenue Watch monitors Iraq's oil industry to ensure that it is managed with the highest standards of transparency and that the benefits of national oil wealth flow to the people of Iraq. Iraq Revenue Watch complements existing Open Society Institute initiatives that monitor revenues produced by the extractive industries.

In many parts of the world, the lack of proper stewardship over oil resources has resulted in corruption, the continued impoverishment of populations, and abuses of political power. By prompting governments to tackle these problems early, the Open Society Institute hopes to help Iraq avoid this plight.

The Open Society Institute currently supports a recently launched initiative, Caspian Revenue Watch, which monitors the development of oil production in the Caspian basin. The goal is to promote transparency, accountability, and public oversight in the management of oil and natural gas revenues.

Iraq faces even greater challenges than the Caspian region. If Iraq is to become an open, democratic society it will need to develop transparent accountable institutions for ensuring honest management of oil revenues.

There is an urgent need for Iraq Revenue Watch given the current occupied status of the country. The Coalition Provisional Authority and the Iraqi Governing Council should establish rules that ensure complete transparency regarding Iraqi oil revenues. So doing will foster a stable, democratic Iraq, and will protect the Coalition Provisional Authority from charges of misappropriation during this period of trusteeship over Iraq's reconstruction.

The **Open Society Institute**, a private operating and grantmaking foundation based in New York City, implements a range of initiatives throughout the world to promote open society by shaping government policy and supporting education, media, public health, and human and women's rights, as well as social, legal, and economic reform.

For more information, contact:

Iraq Revenue Watch program

Open Society Institute

400 West 59th Street

New York, New York 10019

USA

E-mail: irw@sorosny.org

<http://www.iraqrevenuewatch.org/>

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