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# Iraq After ISIS: What To Do Now

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**International Security**

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## Introduction

For all Iraq's extraordinary difficulties over recent decades, today the country is enjoying an increasingly positive mood. ISIS has been driven from its last territorial holdings, oil revenues are improving, and the next national elections—the fifth since the fall of Saddam Hussein—are on track for May of this year.

As Iraq looks ahead to a post-ISIS future, numerous challenges lie ahead. Iran is doing its best to interfere in this May's election and beyond, relations between Baghdad and the three Kurdish provinces remain problematic, the economy is in dire need of liberalization, and in the aftermath of ISIS the reconstruction and reconciliation needs are vast.

Addressing these challenges satisfactorily will require ongoing, close ties between the United States and Iraq. This report provides an update on Iraq's economy and politics in the wake of the victory over ISIS, reviews current U.S.-Iraqi ties and looks at where they can be improved, and discusses key unresolved issues in the U.S.-Iraqi relationship.

## A Post-ISIS Iraq

As recently as 2016, the mood in Iraq and among its western partners in confronting ISIS was gloomy. Popular wisdom in both Washington and the Middle East was that Mosul probably could not be retaken—at least not without terrible sectarian repercussions and some version of the brutal methods used by the Assad regime and its allies in nearby Aleppo.[1]

Yet today, national sentiment in Iraq is at an all-time high and the scent of victory is in the air, presenting a highly favorable moment for the valuable U.S.-Iraqi alliance.

After reclaiming Iraqi territory in Mosul, Kirkuk, and elsewhere this autumn, the Western-leaning government of Prime Minister Haider al-Abadi is riding high. Now, all of ISIS' Iraqi territory has been liberated.[2] But a key national election looms in May, and Iran is doing its best to put its own man—be this Nouri al-Maliki or someone else—back in the prime minister's seat.

In Aleppo, the Assad regime and its Russian and Iranian allies often deliberately targeted the civilian population, using barrel bombs, artillery fire, chemical weapons, denial of food and medical supplies, and jet strikes against hospitals, among other tactics, to take the city from the anti-Assad rebels. Had Iraq's Shia-dominated government and its coalition allies used such tactics in largely Sunni Mosul, the campaign would have deepened the sectarian problems that gave ISIS fertile ground in the first place. Instead, despite inevitable collateral damage, the anti-ISIS campaign was conducted with remarkable sensitivity and restraint towards civilians.[3] The victory in Mosul was won with a military efficiency—often thanks to U.S. help—extremely rare in the annals of emerging nations. Iraqis are justly proud of how they have handled a threat that, at some point or another, almost all of them considered existential.

The ISIS crisis was fundamentally sectarian in origin, mostly pitting elements of the Sunni north and west against a central government supported by the Shi'a center and south. That al-Abadi managed to win the war while avoiding the large-scale sectarian bloodshed so widely predicted has benefited him on the domestic political front.

Even before the victories of last year, al-Abadi was doing well among Iraq's Sunnis. An April 2017 opinion poll commissioned by the National Democratic Institute (NDI) put al-Abadi's favorability in the Sunni west of Iraq at a remarkable 68 percent. A common quip heard by one of this paper's authors during a recent trip to Baghdad is that al-Abadi is more popular in Anbar than he is among his Shi'a base.[4] Throughout the ISIS crisis, al-Abadi struck a far less sectarian posture than did his predecessor, the traditionally Tehran-backed Nouri al-Maliki.

Al-Abadi has also handled the thorny Kurdish question well. In 2014, the two ruling parties of the Kurdistan Region of Iraq (KRI) took advantage of the ISIS crisis to seize broad swathes of Iraqi federal territory. From the Syrian border in the west to the Iranian frontier in the east, the Kurds occupied land in four Iraqi provinces. The jewel among these assets was the oil-rich and ethnically mixed northern city of Kirkuk. In October of 2017, al-Abadi's forces reclaimed almost all of this territory, including Kirkuk.

Al-Abadi's military moves to reclaim territory from the Kurds were relatively bloodless (Kurdish casualties in Kirkuk numbered fewer than 100)[5] and the physical objectives were achieved swiftly. Enforcing certain constitutional prerogatives for the first time, Baghdad shut down international air access to the two KRI regional capitals of Erbil and Suleymaniya and demanded control of the principal land border crossings. Al-Abadi asserted Iraq's federal integrity and secured his nationalist flank in the run-up to the vital election this May.

The Kurds enjoy a certain romance in Washington, and many of their factions do lean towards the United States. But among Iraqi Kurds and Arabs alike, al-Abadi benefits from the contrast between a resurgent Baghdad government enjoying democratic legitimacy and the struggling autocracies of the KRI.[6]

The eastern half of Iraqi Kurdistan generally did not want the September 2017 independence referendum and has long been comfortable with the federal relationship with Baghdad. The Iraqi national flag, for example, is more or less banned in the Kurdish Democratic Party (KDP)-run west of the KRI, but flies in many places in the Patriotic Union of Kurdistan (PUK)-dominated east. Despite their nationalism, many Iraqi Kurds know that a future loosely linked to Iraq under Baghdad's ultimate suzerainty, as during the long and relatively stable Ottoman centuries, makes them richer, safer, more free, and more connected to the world. Washington, backing al-Abadi and supporting Iraq's traditional arrangements while calling for moderation on the ground, has so far handled the issue well.

Things are also looking much better on the economic front. Since the ISIS invasion, Iraqi oil production (ex-Kurdistan) has risen from an average of 3.6 million barrels per day (bpd) in 2014 to over 4.4 million bpd by the end of 2017.[7] This represents, after the U.S. shale surge, probably the largest production increase in the world during the period. These authors estimate that over 90 percent of Iraq's production increase over this period has come from the south.

The 70 percent collapse of global crude prices in 2014-16 (from about $110/barrel in early 2014 to a low of $30/barrel in early 2016)[8] meant that, when coupled with the ISIS invasion, Iraq faced, until quite recently, a genuine perfect storm. Just as ISIS took nearly a third of Iraq's national territory, Iraqi government revenues, almost entirely dependent on oil exports, suffered a corresponding cut. With

humanitarian and military needs surging just as revenues collapsed, the moment presented a severe test for the Iraqi financial system. Throughout the crisis, Iraq continued service on its external debt while the domestic treasury bill market also traded normally. That the country survived with its credit and currency intact is another highly unusual achievement in the annals of emerging economies.

With the critical May election looming, what all this means on the domestic political front is that Prime Minister Haider al-Abadi is riding a wave of support. He is, along with Tunisia's President Beji Caid Essebsi, the sole genuine elected leader in the Arab world. It is in the U.S. interest that he remains so.

An inevitable consequence of Iraq's achievements over the last two years has been a surge in national sentiment. In the experience of these authors, the Iraqi sense of nationhood has never been higher. As Iraqis look around the region and see mostly some combination of repression, chaos, or dysfunction, theirs is a country of which they are justly proud. There are few nations that have weathered such a storm so well, and Iraqis, in the experience of these authors, know it.

Non-oil GDP is forecast to grow 3-4 percent per annum over the coming four years.[9] Meanwhile there is every reason to believe that the scheduled 2018 national parliamentary elections will be as free and fair as their four predecessors of the post-Saddam era. Across a wide range of indicators, Iraq is doing remarkably well.

U.S. prestige in Iraq is also at an all-time high. The ISIS crisis made it clear just how essential U.S. involvement is to the country's medium-term stability. The United States can provide—and in 2017 did provide—a full spectrum of support: airpower, military trainers, diplomatic assistance, and help navigating the international capital markets while shepherding required IMF reforms and bringing the World Bank to the table. Meanwhile the appalling counterexample in next-door Syria, where Russia and Iran are the regime's chief supporters, has demonstrated the advantage of partnering with a liberal and democratic superpower. Iraqis, like most people who want to be free, appreciate the unique positive global role of a U.S. that believes in itself.

Iraq has managed to forge warm relations with the Trump administration. Prime Minister al-Abadi's March 2017 visit to the White House was a successful one, and the follow-on visit of the president's son-in-law to Baghdad the following month appears to have sealed a new relationship between the prime minister's office and the White House. The current senior national security and foreign policy leadership in Washington (Secretary of Defense Jim Mattis, National Security Advisor John Bolton, CIA Director and Secretary of State-nominee Mike Pompeo, and Chief of Staff John Kelly) has one thing in common on their resumes: Whether through service in America's two Gulf Wars, or strenuous

public advocacy, have all personally committed a great deal to Iraq over many years. The observation also applied to previous team members - Generals Flynn and McMaster and Secretary Tillerson. Not since World War II, if ever, has it been the case that work in a single foreign country has been so formative for the top tier of a U.S. national-security team. The resulting familiarity, trust, relationships, and reserves of personal goodwill were important in the removal of Iraq from the travel ban list. Iraq is a working ally in the War on Terror and this closeness is a major asset in the Muslim world.

As a result, the United States is at a moment of extraordinary potential in its relations with Iraq. This comes just as Iraq prepares to take its place on the world stage as a regional democratic leader and global energy powerhouse. These positive "stars aligned" moments in foreign affairs never last forever. The United States needs to start showing the same urgency and seriousness about the peace in Iraq as was shown during the war against ISIS in 2017.

The strategic U.S. goal in Iraq is to have as healthy and friendly as possible an ally in this key location, enjoying potentially the second-largest oil reserves on earth. [10] America's ideal Iraq will provide a positive regional example through its freedom and prosperity. The main strategic challenge for the United States in Iraq is to minimize the influence there of the Iranian regime.

## The State of U.S.-Iraqi Ties and Areas for Improvement

The United States and Iraq are tied together by shared history. Since 2003, the relationship between these two countries has been forged in war and occupation, but also in liberation, victory, and rebuilding. As laid out in the Strategic Framework Agreement of 2007 (SFA), Iraq and the U.S. are committed to a "long-term relationship of cooperation and friendship."[11]

The United States maintains ties to Iraq in three critical areas: military-to-military ties, diplomatic and cultural ties, and economic ties. In each of these areas there is great opportunity and potential in a post-ISIS Iraq, but also areas for improvement.

### Military-to-Military Ties

Military-to-military ties make up a key aspect of the U.S.-Iraqi relationship. Ensuring a secure and prosperous post-ISIS Iraq will require further development of these ties.

The military relationship is comprised of two basic elements: equipping and training, and advising. In each of these areas there is a need for improvement.

In the short term, priority should be given to the regeneration of the Iraqi National Army, and in particular its Counter-Terrorism Service (CTS). The "Golden Division," as the CTS is popularly known, was the go-to force for most of the anti-ISIS fight, suffering 40 percent casualties in the Mosul battle alone, according to the U.S. Department of Defense.[12] The U.S. built the CTS in the decade after 2003 and must now re-rebuild it. The Baathist, criminal, and jihadi elements at the heart of ISIS and its predecessors in the Sunni insurgency will not disappear once ISIS gives up its last pockets of territory, and the CTS will have to be strong.

However, the Iraqi and U.S. governments should be making the necessary arrangements for a long-term training mission. While Iraq's regular army has made great strides, there will continue to be a need for advanced training. Our allies, meanwhile, should be doing the same with the Federal Police. Such a mission would not only be of benefit to the proficiency of the Iraqi security forces, but would also further improve the force's ability to act without inciting sectarian tension. Such an effort would build upon already favorable ground. The Iraqi Army has emerged as an impressive non-sectarian national institution, with 81 percent favorability nationwide.[13]

The rest of this section provides more detail on current U.S. efforts to equip and train and advise Iraqi forces, and how they can be improved.

## Equipping

The United States has helped the Iraqi military equip itself through at least four programs. First is the Foreign Military Sales (FMS) program. FMS allows the government of Iraq to use its own funds to purchase U.S.-provided goods and services with the Pentagon as an intermediary, encouraging cost-effective pricing and a corruption-free process. Since 2005, over 22 billion dollars worth of sales have been completed through this system.[14] Iraq's FMS purchases to date include 146 M1A1 Abrams Main Battle Tanks and 36 F-16 fighter jets.

Since 2014, the United States has also provided, in relatively small amounts (about $2 billion), Foreign Military Financing (FMF) to Iraq. Seen as a tool of U.S. diplomacy, FMF funds are used to pay for American goods and services that Washington sees as desirable but difficult to achieve through the potentially politicized, slow, or corrupt defense ministries of U.S. partners. Via the FMF program, the United States has invested monies in long-term needs in Iraq such as ministerial capacity development and logistical sustainment systems. Provided through the State Department and administered by the Department of Defense, FMF funds have also been used in Iraq for immediate, frontline needs—such as body armor, tank and small-arms ammunition, and Hellfire missiles—in the fight against ISIS.[15]

Two closely related programs, Excess Defense Articles (EDA) and Presidential Drawdown Authority, were used to surge necessary equipment to Iraq in 2014 for the fight against ISIS —various trucks, mine-rollers, anti-tank missiles, body armor, and so on. These came from excess U.S. stocks and were transferred to Iraq free of charge.

Finally, out of the budget for Operation Inherent Resolve (distinct from other Defense or State Department funds), the Pentagon administers the Iraq Train and Equip Funding (ITEF) program, with over $4.6 billion appropriated since 2015. Now re-named the Counter-ISIS Train and Equip Fund (CTEF), the program has been allocated over $1.26 billion for 2018.[16] Encouragingly, this is more than the amount allocated for 2017.[17] ITEF has focused on training and basic combat equipment—small arms, mortars, trucks, trailers—for the regenerated Iraqi Army and Kurdish Peshmerga units.

Looking forward, Iraq's finances will likely stabilize, given reduced war costs and significant expected growth in southern oil production. In this case, it will be possible for the United States to move the bulk of defense items back into FMS channels, meaning that Iraq will pay for them. It would be wise to continue a

modest level of FMF, allowing Washington to gift certain U.S. priorities to Iraq on a targeted basis. The aim here would be to strengthen further the bonds between the two militaries and between Iraq and the U.S. defense industrial base.

In the main, Iraq will be able to carry its own weight, determine its own priorities, and pay its own bills. If U.S. allies continue to emerge victorious from Iraqi elections, there is every reason to expect the country to be a U.S. arms customer on a Saudi-type scale.

## Training and Advising

Training provided by the United States has been decisive in the fight against ISIS. The CTS, the unit that carried the bulk of the fight against ISIS, was created by the United States in 2003 and has been sustained by the Pentagon for the past 15 years. The years of training by U.S. Special Forces paid dividends in the battles to take Fallujah, Ramadi, and Mosul back from ISIS. In the 2014 siege of the vital Baiji Refinery, a hundred-odd Golden Division commandos successfully held out against ISIS for 18 weeks, until successfully relieved.[18]

The impact of U.S. training is also visible in the regular forces of the Iraqi Army and the Iraqi Air Force. During the battle for Ramadi in late 2015 and early 2016, Iraqi Army engineering units were able to build and maintain a floating bridge over the Euphrates—a complex military task, especially under battle conditions, that reflects a high level of training.[19] These are skills that did not exist prior to U.S. training.

In coming years, it is important that the United States continues to train Iraqi forces. Iraq is in a neighborhood with many threats, ISIS not the least among them. Iraqi forces will have to be trained to deal with both the "high-end" threat from other countries (despite the low probability, defending against invasion is still the raison d'etre of an army), and the lower intensity threat from Baathists and jihadis that may last for a generation. Interoperability, meanwhile, is a major benefit of bilateral military training: the more forces from two countries train together, the better they fight together when the time comes.

Despite the lessons of the ISIS crisis, extending the U.S. training mission in Iraq may encounter political difficulties in both Washington and Baghdad. These are surmountable on both sides. So long as the U.S. trainers can stick to low-profile locations out of general public view, both sides should be able to work out an agreement for a long-term presence.

The silver lining to the precipitous U.S. military and diplomatic withdrawal in 2011 is that the aura of occupation was broken. The return of U.S. forces at the explicit request of the government of Iraq, genuinely to save the day against ISIS, means that the political environment for this discussion has changed. A long-

term, peacetime U.S. presence in the range of at least 5,000 uniformed personnel should be sustainable on both sides. Larger presences have been successful in post-conflict Germany, South Korea, Japan, and elsewhere. As long as U.S. troops continue to be welcome in Iraq, there is no reason not to have a presence there that brings the capabilities Iraq requires.

The Pentagon's International Military Education Training (IMET) program, which sends foreign officers to U.S. command and general staff colleges, currently includes ten Iraqis at an annual cost of approximately $1 million.[20] Expanding this for a frontline, proven ally like Iraq could prove economical down the road. The United States should also continue to offer advisors, both military and civilian, to the Iraqi military, interior forces, and intelligence services, as well as other parts of the Iraqi government if requested. Building leadership capacity in our long-term partner is primarily a matter of a few well-targeted initiatives and can be achieved discreetly and at relatively low cost.

### Diplomatic and Cultural Ties

The United States must continue to find ways to develop non-military ties with Iraq, as laid out in the SFA. Expanding diplomatic and cultural ties is an essential part of this effort. The unprecedented prestige and goodwill that the United States currently enjoys in Iraq make the timing for this work propitious. The two countries have something in common that is meaningful and rare: Both are democracies for which their peoples fought hard and sacrificed much in bloody wars. Very few U.S. allies and partners around the world—and none in the Arab world—share bonds like those that link the United States and Iraq.

Further contact between Iraqis and Americans in civilian settings will help build on the deep connections that already exist in the security sector. Iraq already sends thousands of students to the United States for advanced academic degrees via a number of programs. The most notable of these has been Iraq's Higher Commission for Educational Development, which has sent 2,800 graduate students (Masters and Doctoral) to the United States and elsewhere to develop both capacity and Western ties, and 1,200 Iraqis have now returned to Iraq with degrees.[21]

Thanks to Baghdad's budgetary constraints during the recent financial "perfect storm" of dropping oil prices at the same time as the ISIS crisis, no new students have been sent since 2015. Ways to fill this gap should be explored. Cultural exchanges could be expanded, and an international effort focused on Iraq's rich historical sites—places of global stature, including Babylon, Ur, Nineveh, and elsewhere—would benefit all involved.

Supporting Iraq's cultural heritage, and antiquities in particular, is a uniquely powerful way to aid economic development and strengthen non-sectarian

national sentiment while signaling our profound respect for the country and its people. Cultural sites in the area around Mosul suffered severely under ISIS, and as this diverse region is the country's main flashpoint, Mosul and the Nineveh Plain would make sense as a priority for job-creating, politically unifying cultural heritage support.[22]

Finally, there is one quick, easy, and inexpensive method by which the United States can strengthen its influence in Iraq: Washington should send a political ambassador. The role is so important to Iraqis that the U.S. ambassador is often a household name in the country. Iraqis, like most people in real-world "hot spots," are far more impressed by power, and perceived closeness to power, than they are by even the most distinguished bureaucratic résumé. The ideal individual would be as conversant in markets-led economic growth as he or she would be in Iraq's culture and politics.

A political ambassador brings a different level of relationship between a foreign government and the White House. For a foreign capital to know that the ambassador can reach, if not the president, at least someone in his inner circle, can be very reassuring. This prestige in turn allows the United States to get more done. In Iraq's case in particular, the State Department's traditional posture is not always consistent with the president's more vigorous approach, which was so successful against ISIS in 2017. Iraqis know which has been the more successful for them.

## Economic Ties

As Washington formulates policy for a post-ISIS Iraq, it should be axiomatic that the more the United States succeeds at helping Iraq on the economic front, the less it will need to do on the security front. President Trump's senior Iraq team should be as replete with experienced capitalists as it is with elite national security talent.

With ISIS defeated as a territorial force, and a fully independent Iraq enjoying under al-Abadi its first legitimate and non-sectarian leadership since the fall of the monarchy in 1958, security and identitarianism are giving way to more normal daily concerns as priorities for Iraqis. The 2017 NDI poll put corruption and jobs as the top concerns, at 43 percent and 41 percent respectively.[23] Security and sectarianism were at 34 percent and 15 percent.

Four areas are particularly important to U.S.-Iraqi economic ties and the future of Iraq's economy: the maintenance of sufficient international lending, the promotion of the Iraqi private sector, oil economy reform, and the modernization of Iraq's economy more broadly.

## International Lending

Iraq's handling of the international lending universe has been a major success story. This has not only contributed to Iraq's deft navigation of its recent financial crisis, but also shown two of Iraq's greatest assets: the technical capacity of the country's high-level human resources, and the fundamental maturity and pragmatism of Iraq's political system.

After intense negotiations among the political parties in Baghdad, an important breakthrough came last July when the Iraqi Parliament passed a supplementary budget seen favorably by international lenders. Trimming spending and making provisions for debt payments and arrears, the budget was particularly welcomed by the IMF.[24] The IMF gave Iraq a positive review at its subsequent monitoring exercise and in late July of 2017 disbursed the second tranche ($825 million) of the $5.3 billion facility agreed in 2016.[25]

The IMF program has provided much-needed liquidity, imposed various necessary reforms on the Iraqi economy—including a freeze on federal hiring and bonuses in the 2018 budget—and catalyzed support from other international funders, including the World Bank, the G7, the Islamic Development Bank, and numerous others. Washington should continue to support these activities with diplomatic and technical assistance.

Global capital markets have responded favorably to al-Abadi-era Iraq's financing initiatives. In January 2017, Iraq successfully floated a $1 billion U.S. Treasury-backed Eurobond, arranged by J.P. Morgan, Citigroup, and Deutsche Bank.[26] In August, a second $1 billion Eurobond issue, arranged by the same banks but without the U.S. guarantee, was almost seven times over-subscribed by international investors.[27]

As of February 23rd, the bond with the U.S. guarantee was yielding about 3.95 percent and the unguaranteed bond was trading at a yield of approximately 6.15 percent. The blended borrowing rate of just over 5 percent represents a solid achievement on Baghdad's part and demonstrates the utility of well-directed U.S. support.

## Iraq's Private Sector

In terms of Iraq's private sector economy, there are numerous areas where the United States is well-positioned to help spur growth. Widespread inefficiency, dependency, and corruption are among the worst ongoing legacies of Iraq's Saddam-era bureaucratic superstate. Fighting corruption is a nice mantra, but the way to reduce it in practical terms is to reduce the footprint of government

involvement in daily economic life. Having run his own engineering business and consultancy in the United Kingdom during his years in exile before Saddam's fall, Prime Minister al-Abadi is one of the very few important national leaders on the global stage with a personal background in the entrepreneurial private sector. It bodes well for the ongoing U.S.-Iraq relationship that he shares this status with President Trump.

Prime Minister al-Abadi understands the crushing effects of Baath-style statism, and is working effectively to reduce the burden. The task is enormous, and he deserves as much U.S. support in this as possible. The Economic Reform Unit (ERU) that he established in the Office of the Prime Minister is staffed by Iraqis, many of them fairly young, with high-quality international business and legal backgrounds. The United States is currently paying at least some of these salaries, and the ERU is working aggressively to modernize the economy wherever possible. This is the kind of U.S. support that can be extremely efficient.

Iraq's banking sector is a prime example of the problem Iraq faces. About 90 percent of the sector, as measured by deposits, is state-owned.[28] The country does have numerous private-sector banks, but they are small. These include at least half a dozen owned by respectable foreign institutions and conducting world-class international business. The Bank of Baghdad, for example, (which one of this paper's authors knows well from a long-term shareholding) is owned by KIPCO of Kuwait, operates internationally through a relationship with Citigroup, and handles payroll in Iraq for major multinational companies.

Business banking in the country is dominated by the state-owned Trade Bank of Iraq, while retail banking almost entirely goes through two Saddam-era public sector giants that in the opinion of these authors would be effectively bankrupt under most modern regulatory regimes. Privatizing the day-to-day banking operations of these institutions would direct huge resources towards the country's growing and dynamic, but capital-starved, private sector.

Financial-markets reform is desperately needed. Among other restraints, Iraq's private economy is hampered by a stock market that is almost absurdly small in relation to the size of Iraq's economy. With a total market value of about $13 billion, the Iraq Stock Exchange (ISX) represents 5 percent of 2017 GDP. [29] In neighboring Saudi Arabia, with roughly the same number of people and likely similar hydrocarbons reserves, the market capitalization-to-GDP ratio was about 65 percent at the end of 2017.[30] The ISX currently comprises a few dozen Saddam-era firms and two modern, foreign-owned telecoms carriers that were required by the terms of their 2004 digital cellular (GSM) licenses to list on the exchange. (There is a third GSM carrier, owned by the Kurdish Barzani family, that prefers simply to rack up the fines, rather than endure the transparency of a local listing.)

Iraq suffers from a lack of local liquidity, the absence of an asset management industry, and the stranglehold of state ownership on much of the old economy. But the economy is dynamic, fundamentally capitalist, and growing. The overwhelming culprit for the anemic stock market is simple: an outmoded, insider-driven regulatory regime that scares off foreign investment and makes initial public offerings (IPOs) close to impossible.

As a result, Iraqis are denied the powerful contribution that a functional equity market makes in providing capital for growing companies. In our extensive work in the Iraqi private sector over the past decade, the authors have come to know many Iraqi entrepreneurs, established family businesses, and enterprises of every stripe. The technology sector is particularly dynamic, with numerous Iraqi Amazons and Ubers benefiting from the local coding camps and startup incubators that are beginning to modernize the economy from below.

These businesses, old and new, would be natural candidates for the kind of job-creating investment that dynamic financial markets have created in so many emerging economies around the world. In Peru, Thailand, or Pakistan, many of these firms would have raised significant money on the public markets. Yet in Iraq not a single such company that we know of has even considered an ISX listing.

### Oil Economy Reform

As Iraq gears up for its wealthy future, avoiding the "oil curse" should be a major priority. Easy money, belonging to the state and not the people, leads to the familiar vices of national rentierism: hollowing out of the private, non-resource-based economy, corruption, military adventurism, economic serfdom, handout culture, and unaccountability at the top.

A prime example of the corrupting influence of Iraq's legacy oil economy is the monthly "food basket" that Iraqis currently receive from their government. Fifteen years after Saddam Hussein's fall, and despite huge declines in the numbers of Iraqis requiring nutrition assistance, this remains the largest state-sponsored ration system in the world.[31] The "basket," picked up from thousands of grocery stores and corner shops around the country, changes month-to-month. The corruption, inefficiencies, and economic demoralization created by this relic of Saddam's Leviathan need hardly be elaborated here.

In the short term, the food basket should be replaced by a monthly credit to a charge card or mobile-payments account. This will provide Iraqis with a guaranteed minimum capacity to offset basic needs, which can then be supplied on the open market. Cutting out this layer of government will both remove a wasteful and expensive bureaucracy and eliminate huge swathes of corruption.

The Iraqi constitution is careful to state that the nation's hydrocarbons wealth is owned not by the state or any group or region, but rather by "all the people of Iraq."[32] Iraq should aspire eventually to have much, if not all, of its oil wealth distributed directly to its citizens. A hallmark of a normal nation is that government expenditures largely come from funds sent up to the government by free individuals, through the taxes agreed by their electorally accountable representatives. In an Iraq where the state relies upon the people for funding, rather than the other way around, Saddamism, Khomeinism, and Putinism will not happen. For Iraq, direct personal oil revenue accounts, comparable to those in Alaska or Norway, would have the added benefit of giving people in non-oil rich parts of the country, for example the Sunni west, a transparent, equal, and accountable stake in the national wealth.

The revenue side of the Iraqi fiscal system is ripe for reform in other ways, too. The current structure of Iraq's oil contracts (ex-Kurdistan, where the contracts are highly opaque and much smaller) is an especially important candidate for improvement. The existing contract template has been used by Baghdad in all of its deals with international oil companies (IOCs), from Exxon, Lukoil, and BP to state-owned oil majors from around the world. Known as a "technical service contract," this type of agreement was initially celebrated by Iraqis as a significant victory when the IOCs first started signing up to it, in 2009. It has now become a major liability.

In the hydrocarbons sector, Iraq is in the classic emerging markets position of needing outside investment to get its wealth out of the ground and shipped to market. Most countries in this situation use some kind of "production sharing arrangement" (PSA). In the PSA scenario, the international oil company brings the capital, technology, and expertise—and then shares in the economic risk and reward of the project. The business model of the IOCs is built around taking risk in this way, and the companies enter these projects willingly and with a strong incentive to perform as well as possible. Both sides, the host country and the oil company, ideally win.

In Iraq's case, the eventual prize is so big that the host country was able to persuade the IOCs to do something that they do almost nowhere else: forego risk-sharing PSAs in favor of service contracts that pay a fixed amount per new barrel extracted.

Thus, BP is paid $2.00 per barrel extracted from the Rumaila field,[33] and Exxon is paid $1.90 per barrel that it extracts from West Kurna.[34] It is an economic arrangement that effectively makes the IOCs into service companies, rather than risk-takers, and the IOCs are tiring of it. Shell, for one, announced in September their intention to sell out of its main Iraq oil contract altogether.[35] Shell seeks to get out of the contract, but not out of Iraq, demonstrating the importance of the

contract structure: Shell announced that it was staying in its $12 billion gas project and $10 billion petro-chemicals project, both near Basra.[36]

The current oil contracts in Iraq (ex-KRI) deal with increases in production at long-established fields. The country also has potentially vast new fields, currently either unexplored or lightly explored. For these to be developed many new contracts will have to be signed with the IOCs. Denied their traditional profit mechanism, the IOCs' performance in southern Iraq has been solid but not dynamic. Under the current terms their interest in new, exploration-based contracts is low.

It is a testament to the vast wealth ahead that even under these circumstances—and despite the ISIS crisis, a 40 percent decline in the global oil price (from roughly $110/barrel in early 2014 to about $65/barrel currently),[37] and the dramatic disappointment of Iraqi Kurdistan as an oil province to date—Iraq has increased oil production from 2.5mbpm in 2011 (the year of the U.S. withdrawal) to a high of 4.7mbpm in December of 2016 (though production has ebbed since then to about 4.3mbpm,[38] due mainly to OPEC quotas and the Kurdish crisis).

## Economic Modernization

Much of the rest of the usual list of economic modernization measures also applies in Iraq. Visa access for business visitors must be easier. Land ownership laws must be liberalized to encourage investment. Establishing, registering, and closing companies needs to be much simpler and faster. Prime Minister al-Abadi's Streamlining Procedures Committee has made some progress on such measures, but work to-date has been the proverbial drop in a bucket.[39]

The authors are not naïve about the nature of Iraq society, and many of the economic measures discussed here will be difficult to achieve. But political freedom was also considered unsuited to the Iraqi people. Instead, it has been immensely successful. There is no reason to think that Iraq deserves, and will embrace, economic liberty any less than political freedom. The job-creating, liberating reforms we are talking about stand their best chance if enterprising Iraqi politicians perceive their vote-winning potential.

## Key Issues for U.S.-Iraqi Relations After ISIS

While the U.S.-Iraqi relationship is undergirded by a set of strong military, cultural, and economic ties, unresolved issues require attention in the post-ISIS U.S.-Iraqi relationship. These issues include the maintenance and protection of Iraq's democracy, the challenge posed by Iraq's militias, the status of Kurdistan, Iraq's place within the regional diplomatic architecture, reconstruction and reintegration of those areas most affected by ISIS, and the coming 2018 national elections.

### Iraq's Democracy

Iraq's democratic achievements, given the challenges of the context, are unique in history. Since January 2005, Iraqis have peacefully and successfully participated in four national parliamentary elections and a constitutional referendum, as well as many elections for provincial, and local bodies. From Ayad Allawi to Ibrahim al Jafari in 2005, to Nouri al Maliki in 2006, to Haider al-Abadi in 2014, there have been three democratic and peaceful changes of power in Iraq over the last dozen years.

(The latter three prime ministers all belong to the same political party, but have led different factions of it and came to power through competing coalitions.)

Even in Iraqi Kurdistan, governed as a pair of neighboring family oligarchies, democracy has had some impressive moments. A third party, Goran ("Change") split from the Eastern PUK in 2009 and has been represented in the Baghdad parliament ever since. In 2017, former KRI Prime Minister and Representative to the U.S. Barham Salih registered a new party, called "Alliance for Democracy and Justice." Meanwhile, Iraq's press (outside of the KRI) is almost wildly free, with hundreds of newspapers and TV channels representing a plethora of viewpoints. That said, the formal regulatory framework for the media is inconsistent and reporters often labor under threats to their safety.[40]

Iraq has achieved its democracy without formalizing an identitarian carve-up of the polity as Lebanon has done, making Iraq and Tunisia the only true democracies among Arab nations. The odds against which Iraqis have come together to achieve this, albeit with the help of many allies led by the United States, make the accomplishment even more impressive.

Much can be done to strengthen Iraqi democracy further. Government responsiveness to the public, and standards of governance generally, are lamentably poor. Transparency is low and corruption is high. The current "national unity" practice, in which parties in a governing coalition effectively receive guaranteed ministries that they manage with little accountability, is a

major factor in the dysfunction. While including all ethno-sectarian groups in the government is admirable, if ministers cannot be fired, and if they see their ministries largely as patronage pots, government does not deliver what the people need. Improving security and advancing "normalcy" in theory would help to solve this by leading parties to compete on issues rather than identity.

Iraq's parliamentary electoral system aggravates much of this. The country's 328 parliamentary seats are currently allocated according to a party list system: Each party enters an election with a ranked list of names with its leader at the top, and the party's share of the national vote determines how many of these individuals take their seats. Many candidates who are effectively unknown to voters thus take their place in Parliament. The system entrenches cronyism, prioritizes loyalty to party chieftains over public accountability, and precludes any real link between legislators and their constituents. The solution is single-member geographical constituencies, as in most parliamentary systems or the U.S. House of Representatives.

Just as Iraq's fundamental domestic need is the reintegration of the Sunnis into the Baghdad political system, so Iraq's perennial political problem has been the difficulty to-date of finding respectable political leadership for its Sunni communities.

This is in part because Iraq's diverse Sunni Arab citizens—the tribesmen of Anbar, the merchants of Mosul, the farmers of Diyala and Sal-a-Din and the elites in Baghdad—have not before seen themselves as one political entity in the way that Iraq's Kurds and Shi'a Arabs, despite their own internal divisions, often have. Post-Saddam Sunni leaders have all too frequently been Baathists, Islamists, or warlords of other stripes. They have been Turkish clients or Qatari clients or Saudi clients.

Former Prime Minister Ayad Allawi, a secular Shi'a and former member of the Baath Party, is to-date the sole post-Saddam political figure in Iraq to have been anything like a unifying figure on the Sunni side—and he had the Sunni jihadi and Baathist insurgencies against him. As has been noted, the moderate Shi'a Prime Minister al-Abadi does enjoy high favorability in the Sunni west of the country.

The key element of Iraq's constitution is federalism. The word "federal" is mentioned dozens of times in the constitution for good reason: it represents the only way a country made up of Kurds and Arabs, Shi'as and Sunnis and many others, can work. It is also a bulwark against the strong centralized state that in the Iraqi context yielded Saddamism.

Iraq will always require a functional center that is strong enough to hold the country together by exploiting and then distributing the nation's hydrocarbon wealth in a way that rewards all Iraqis equally.[41] It is ultimately this wealth that will make the national project worthwhile in all parts of the country. But the principle of federalism should be respected and encouraged in Iraq, and any

movement toward devolution of some ministerial functions to the provinces should be encouraged and reinforced.

## Kurdistan

Kurdistan presents constitutional issues for Iraqi society, mainly connected with oil and the question of who has the right to sign oil deals and export the results. Here the Iraqi constitution has at least three things to say, not all of them consistent, and active U.S. diplomacy will likely be required to clear these up.

In Iraq, a "federal region" is any bloc of one or more provinces that has duly voted to become one. Federal regions enjoy a significant amount of autonomy under the constitution, and the KRI is currently the only one of these. The federal government, says the constitution, must manage "present" fields in coordination with regional and provincial authorities. What happens to new fields is left unsaid and this loophole has been exploited by the KRI to develop an independent oil policy.[42] It is also open to interpretation whether the definition of a new field means fields that have been discovered but unexploited, as the KRI asserts—or fields that are as yet undiscovered, as Baghdad states.

Elsewhere, the document says that the natural resources of Iraq are "owned by all the people of Iraq."[43] This would imply that all parts of the country have an equal stake in all Iraqi oil.

The constitution also says that the federal government has "exclusive authorities" in "formulating foreign sovereign economic and trade policy."[44] Once again, the key term—foreign sovereign economic and trade policy—was left undefined. Presumably, constructing pipelines to neighboring countries and exporting hydrocarbons would qualify. The Federal Supreme Court will eventually have to rule on these questions.

Iraqi Kurdish leaders visit Washington frequently to lobby for support for a formal breakaway from Iraq and to present their region as a suitable location for U.S. bases. Undoubtedly, their location is strategic and the people and leaders of the western half of the KRI are generally pro-American. What the KRI leaders and their many lobbyists fail to tell interlocutors in Washington is how shaky things are back home on the ground.

Disappointing oil exploration and decades of corrupt rule by the leading families have led to massive economic problems and seething political discontent in Iraqi Kurdistan. During the Arab Spring, Baghdad saw minor demonstrations for better water and electricity; in Kurdistan, the ruling oligarchies nearly fell. In the KRI terrorism and violent crime are largely absent, but the political situation is far more unstable and unhappy than Iraq's. Every sizable business in the KRI must one way or another tie itself to the central power, and the free press is all but

dead, with all major outlets openly owned by major political families. In non-KRI Iraq, the streets are not as safe as they are in Erbil or Suleymaniya, but there is growth, freedom, and a political system that bends and does not break. The only constitutional or political institutions in the KRI are the national elections that every five years or so send Kurdish MPs to Baghdad.

In a symbolic exercise like last September's referendum, every Kurd will always express his longing for independence. When it comes to real decisions, many know they may be better off tied loosely to Baghdad as their predecessor province (the Ottoman pashalic and then vilayet of Mosul) was since the sixteenth century.

The United States must continue the long-standing policy that it will reject formal Kurdish separatism until such time as Baghdad considers a divorce desirable. For Washington, a larger and rising ally with potentially world-leading oil reserves and a resilient democracy is much more useful than a smaller, nearly bankrupt one. Meanwhile, the western part of the KRI is already a friend to the United States, and the eastern half may not be leaving Iran's orbit any time soon. Most importantly, to swap the U.S.-Iraqi alliance for a Kurdish one would be to forego the most successful part of the Trump Administration's current effort to break up the Shi'a crescent that Tehran is trying to build across Iraq and Syria to Lebanon.

Breakaway countries tend to work only when their independence has the support or at least acceptance of the original sovereign. Without this acceptance, airlines cannot fly to the new country; the IMF, World Bank and others cannot support it; world-class business cannot be done because international insurers will not insure; and membership of organizations like the UN is effectively impossible. An independent Kurdistan that goes the way of Montenegro would be positive for all; a KRI that becomes Trans-Dniestria or Western Sahara would not.

Kurdish independence from Iraq would likely be desirable for the United States under three conditions. First, it must not come at the cost of our alliance with Iraq. Second, it must strengthen, not weaken, the pro-U.S., anti-Iran tendencies among Iraq's governing Shi'a majority. Third, the new entity would have to be peaceful and functional. The good news is that by pushing al-Abadi to re-take the disputed territories, the KRI leadership's referendum last year has rendered any real independence talk moot for now. Without Kirkuk's oil, the Iraqi Kurds do not reckon they could survive independently.

## Militias

Iraq has a militia problem, with paramilitary forces of all flavors included in the now-official Popular Mobilization Units (PMUs). The PMUs number, according to parliament's 2018 budget allocations, about 110,000 men in arms.[45] The bulk of

these are Shi'a, with the strongest linked to Iran, but perhaps 35-40 percent are local Sunni and minority (Christians, Yezidis, and others) units.

In the short term, it would be difficult for the Iraqi state simply to disband or otherwise eliminate the PMUs. But it is within Baghdad's power, with U.S. help, to make the militias unnecessary to either the state or local communities. Ultimately, denying popular legitimacy to the PMUs will be the solution. Iraqi communities, to the extent that they support militias of various kinds, do so not out of offensive priorities but rather for self-defense. The more successfully the Iraqi state provides day-to-day security through normal channels, the less need there is for militias. Success with other priorities that the authors address elsewhere—avoiding Shi'a majoritarianism, fostering economic growth, and encouraging national sentiment—will also rob the militias of popular oxygen over time.

### Regional Diplomacy

America's regional allies, no less than the United States itself, have a major opportunity in Iraq. Washington's job here is, first, to help the Gulf states and Jordan to understand this; and, second, to get to work on the many ways to cooperate. The Gulf Cooperation Council (GCC) states and Jordan are of course neighbors of Iraq's, and "speak the language." But the U.S. experience on the political and security fronts in Iraq has been far deeper.

Led by Saudi Arabia and the United Arab Emirates, the United States' friends in the Gulf have two major interests in Iraq. Unsurprisingly, these are not so different from U.S. interests. First, the GCC benefits from a stable, jihad-free neighbor. Second, they want to prevent Iran from dominating Iraq and completing its "Shi'a crescent"—an arms highway, among other things—from Tehran to Beirut.

The key is for the GCC and Jordan to understand that Iraq is not a natural victory for Iran. This is true in a general historical sense, and is today especially true given the theocratic-nationalist regime in Tehran.

On the religious side of Iraqi Shi'a life, the regime in Tehran faces huge obstacles to its hegemonic intentions. One of these bulwarks is the towering figure of Grand Ayatollah Ali Sistani, now 87 years old. Based in Najaf, south of Baghdad, Sistani is the global leader of the mainstream Shi'a *marja*, or clergy. Although born in Iran himself, Sistani has long spoken out against foreign intrusion in Iraqi affairs.

More deeply, Iraqis subscribe to the traditional brand of Shiism that is strongly opposed to the politicized version of the faith invented by Ayatollah Khomeini in the 1970s. Traditional Shiism—exemplified by Sistani himself—takes an approach to politics known as "quietism," which essentially means that the clergy

should stay out of politics because all worldly affairs are corrupt. Khomeinism, the earthly rule of the clergy, is anathema to the orthodox majority among Iraq's Shi'as. Any concerns among U.S. policymakers and analysts about a possible Iranian takeover in Najaf, the Shi'a "Vatican," ignore the history of the Shi'a faith.[46]

Meanwhile the ethnic difference between the Iraqi and Iranian majority groups is just as significant as the Iraqi Shi'as' theological discomfort with Khomeinism. Iran is majority Persian. Iraq is majority Arab. The two ethnic groups speak different languages, do not look like each other, and are separated by huge differences of blood and history. The Shi'a masses of Iraq provided Saddam's foot-soldiers in the murderous Iran-Iraq War (1980-88), fighting very hard for their country and its Sunni dictator against their co-religionists to the east. The U.S.'s Gulf allies, of course, are Arabs too, and have this ethnicity in common with their Iraqi neighbors.

The final thing in Iraq's favor, from the perspective of the U.S.'s Gulf allies as they consider investing with the United States to defeat Iran in Iraq, is that Iraqis enjoy a freedom and dynamism in their society that makes repressed, isolated, Khomeinist Iran next door a dismal exemplar. Iran's main regional accomplishment sits on Iraq's western border: the smoking wreck that formerly was Syria. This specimen of Tehran's tender mercies is hardly appealing to Iraqis today, as they begin to enjoy their wealth, free press and politics, and growing national spirit.

There can be a tendency to overreact to, or misinterpret, elements of Iran's undoubted visibility in Iraq. Any neighbor in Iran's position, enjoying deep historical ties, a long land border, and a much larger population, will enjoy significant influence in Iraq. Many Iraqis of various sectarian stripes remember that it was Iran, not the United States, that initially came vigorously to the fight against ISIS in western Iraq. Washington's job in defeating Iran in Iraq is partly one of distinguishing between the malignant and the natural.

The best way to contest Iranian influence in Iraq, given its significant inherent obstacles in the country, is not to withdraw in defeat just as the United States and local allies are winning in Iraq, but instead to become more deeply engaged. Iran has its economic and diplomatic influence in Iraq in no small part because the United States, the Gulf states, and Europe are not as engaged as they ought to be.

Nor is it only the Western-oriented factions in Iraq that are seeking to moderate Iranian influence. In August 2017, Moqtada al-Sadr, Iraq's most outspoken Shi'a cleric, paid a remarkable visit to Saudi Arabia, meeting with Crown Prince Mohamed bin Salman. It was a sign of the extraordinary potential in Iraqi-Saudi relations. Al-Sadr is the populist leader of what is probably Iraq's largest and most motivated Shi'a demographic: the urban poor of Baghdad and the south. Al-Sadr's forces had been the only Iraqis to fight the U.S. head-on in the years

following the fall of Saddam. They did this not on criminal or religious grounds like the Baathist/jihadi Sunni insurgency, but on nationalist grounds. Al-Sadr's people then participated in the key 2005 elections, making themselves effectively allies of the United States when it mattered most, and underwriting the democratic basis of today's free Iraq.

The most important point about the Sadrist tendency among Iraq's Shi'a majority is usually misunderstood in both Washington and the Sunni Gulf. This powerful faction has always been strongly nationalist. This is why they make natural partners of the arch-Sunni Saudis—and now, potentially, of the United States—in keeping Iraq out of Iranian hands. The Shi'a poor who fought so well for Saddam against Khomeini were the parents and grandparents of today's Sadrists.

According to a Reuters report at the time, "the opening of border crossings for trade" featured in a list of objectives that al-Sadr's office said he hoped to accomplish during the visit to Riyadh.[47] Two weeks after al-Sadr's visit, the Iraqi-Saudi border was reopened for the first time since Saddam's invasion of Kuwait in 1990. Since then air links have been re-established and a number of trade and investment deals have been agreed. U.S. influence with the UAE and Saudi Arabia in particular should help to ensure that our Gulf allies make the most of Iraq's natural inclination to counter Iran.

President Trump was absolutely right in his speech at Riyadh in May of 2017: The United States' Gulf allies must contribute more, and stop their citizens funding Sunni extremists and terrorists. Under the leadership of the liberalizing Mohamed bin Salman, the Saudi reputation has, in the experience of these authors, been improving in Iraq. There are many ways that the Saudis and Emiratis can help the ascendant liberal-nationalists in Iraq to deliver the improvements in daily life that will in turn deliver electoral victory against Iran. Chief among these is the rebuilding of the region that suffered most from ISIS: Mosul, Ramadi, Tikrit, and the Sunni west. The key is to do this in a way that is not frightening to the Shi'a center and south. Helping the religious minorities of the Nineveh Plain, and restoring the region's pre-Islamic cultural heritage sites, are excellent ways to send the right signals.

Iraqis do not particularly want their shelves packed with undesirable Iranian cola and soap when the alternative is to be part of the global economy. An important way to diversify Iraqi trade away from the current excessive reliance on Iran will be securing the overland route to the Jordanian port of Aqaba.

An innovative public private partnership, planning to use U.S.-owned firms as the prime contractors, aims to secure the vital highway from Baghdad to the Jordanian border and rebuild the route, including three bridges destroyed in the fight against ISIS.[48] Service stations and rest areas will be constructed and drivers will pay a toll to use the newly secure and functioning road. Providing a quick and safe route to the modern port at Aqaba, the project will provide an alternate route

for Iraq's trade, significantly disintermediating Iran as a supplier to the Iraqi market. It will also bring Iraq closer to Jordan, a solid and vital U.S. ally, and spark significant trade and investment in the Sunni parts of the country through which the highway passes. For U.S. interests, it is one of the more strategic commercial projects anywhere in the world. Iran is pushing back hard against it in Baghdad, and the United States, while currently supportive, should make the project a higher-level priority.

## Reconstruction and Reintegration

Reintegration of those communities most impacted by ISIS will be a generational challenge in Iraq. The aftermath of the ISIS occupation leaves two distinct and equally challenging problems: that of the smaller minorities—Christians, Yezidis, Turkomans, and others—and that of the Sunni Arabs.

Before the Sunni-dominated centralized state that led to Saddam, Iraq's various identitarian communities cohabited the land largely separate from each other in daily life, except in more cosmopolitan parts of the bigger cities, and the country was largely peaceful internally. There were occasional episodes of serious ethnic or religious violence, but much of this was simply in the nature of such a diverse land. The lesson of Iraq's history is that live-and-let-live is all that works in this ancient land of three regions, two large minorities (Sunni and Kurd) and many small ones. This history also teaches us that a certain amount of endemic difficulty does not mean one should panic about the overall dispensation.

The work of rebuilding homes and infrastructure in northern and western Iraq is a massive task. Many of Iraq's Sunnis, as well as members of smaller religious minorities (the genocide-targeted Yezidis in particular), have lost virtually everything—home, possessions, wealth, infrastructure, communities. Education and healthcare have also suffered in these communities, often dramatically.

Finding the resources to fix these problems will be difficult. The World Bank and the Iraqi government recently issued an estimate of $45.7 billion for the cost of physical damage from the ISIS war.[49] The pledges of support that came out of this month's Iraq reconstruction conference in Kuwait come to $25-30 billion.[50] Prioritizing these reconstruction monies, finding ways to expedite contracts to faithfully spend them and—critically—protecting these funds from corruption, must be top priorities of the Iraqi government moving forward.

## Reintegrating Iraq's ISIS-Targeted Minorities

The problems facing Iraq's minorities are vast and do not lend themselves to easy fixes. For two of these minorities in particular—the Assyrian Christians and the Yezidis—there is a danger that without outside help the genocide attempted by

ISIS may be successful in the long term. As the members of these communities flee Iraq for safer shores in Europe and elsewhere, it is far from clear that they will retain a sufficient demographic mass in Iraq to maintain their communities in a generation or two. It is difficult to critique the decision of members of these communities who have had enough of death, rape, and impoverishment in the wake of the failures of Iraqi federal forces and Kurdish Peshmerga alike to protect them. The Assyrian Patriarch of Babylon has been quite forcefully encouraging his flock to stay in Iraq, but with mixed success.[51]

It is in the U.S. interest for these communities to be as healthy as possible. The authors have seen with their own eyes during the past year the commitment of many Christians and other minorities around Mosul to rebuilding their towns and villages. We must encourage the viability of the famously diverse Nineveh Plain. Iran is pushing into this region of Iraq, and must be resisted here as elsewhere; and ISIS' evil work cannot be rewarded by a "cleansing" of the area's non-Sunnis.

The Iraqi Christian and Yezidi communities have a centuries-old reputation as tough fighters in this violent region. Somewhat softened over the last generation by relying on the Kurds or the Iraqi state for their protection, in 2014 and 2015 they re-learned the lessons of self-reliance. A population of this size can be counted on to produce perhaps 50,000 men of fighting age, who in this case are natural friends of the West. This is a significant asset for the U.S. in this complex neighborhood, and one to be cultivated. Most important, an Iraq where these and other minorities thrive will always be the Iraq that comes closest to reaching its potential for freedom, prosperity, and stability.

As Washington and Baghdad work out the arrangements for, ideally, a long-term U.S. presence, the Nineveh Plain would be the most favorable place for a permanent U.S. base, with Qayyarah Air Base being the most obvious facility. The local population is mostly Christians and other minorities who, more even than Iraqis generally, see the United States as saviors from the jihadi and Iranian threats. This would provide the best possible security environment available to American forces in Iraq. Equally important, Iraq's future will be determined by its ability to accommodate its various ethnic and religious identities, and the Mosul region—by far the most mixed part of Iraq—is the key location where these big questions will be determined.

Baghdad would benefit from U.S. basing in the Nineveh Plain in three ways. First, the long-term U.S. presence in Iraq would be located in a place where it is actively welcomed by the local people. Second, thanks to proximity to Iraq's two main problem areas, the KRI and the Sunni northwest, this location would have a strong deterrent effect on any future violence aiming to alter the current dispensation. Third, it is key, if the United States is going to be in Iraq at all, that Iraq's most sensitive area be a clear U.S. zone of influence; it is similarly essential to keep Iran and its proxies out of Iraq's most incendiary spot. Now, with U.S. prestige in Iraq at an all-time high and an election looming in which the Iraqi

government needs U.S. help, is as good a time as the United States will foreseeably have to secure informal agreement on securing such a desirable long-term asset.

### Reintegrating Iraq's Sunnis

Iraq's Sunni Arabs face a very different calculus from that of the smaller minorities. As a demographic group, the Sunnis remain a majority, or at least a plurality, throughout western and northwestern Iraq. But Iraq's Sunni Arabs were the largest group of ISIS victims, if also the largest group of collaborators. The temptation to settle scores in inter-tribal and intra-tribal disputes will be powerful. Iraq does not need another round of violence. Finding ways to minimize retribution will be key in Nineveh and surrounding provinces. Tribal mechanisms for resolving these disputes may provide some of the difficult answers here. However, tribal mechanisms rely on collective accountability as a feature, and are therefore problematic when trying to avoid issues of collective guilt.

The biggest political challenge in Iraq today is the re-integration of the Sunni population into a politics that is national in nature. It was Maliki's Shi'a chauvinism and heavy-handed anti-Sunni misrule that gave ISIS fertile ground in western Iraq. Al-Abadi is an altogether different character. Technocratic by nature, he has walked the sectarian tight-rope as well as could be hoped for to-date.

Further, al-Abadi's reclaiming of the disputed territories for Federal Iraq was largely a win for the Sunni Arabs, as well as smaller minorities. Shi'a Arabs as a group have very few equities in Nineveh, Kirkuk and the other disputed areas. Baghdad's reclamation of the western disputed territories, and Kirkuk in particular, is among other things a case of the central government coming to the aid of the Sunnis. Along with al-Abadi's humane prosecution of the fight against ISIS, his dramatic contrast with Maliki, and his relative distance from Iran, this explains much of the Prime Minister's popularity among Sunnis in western and northwestern Iraq.

The elections this May will come at just the right time for Sunni re-integration. A nationalist coalition based on excluding Iranian interference is likely to form the next government, as long as the U.S. and Iraq's other allies do not miss the opportunity to help al-Abadi gain the victory he deserves. The Sunnis, primarily fighting the election in a bloc led by the secular-Shi'a Allawi, will be at the heart of this nationalist coalition.

## The 2018 Elections

Iraq's next parliamentary election is scheduled for May 12th of this year. Almost nobody in top-level U.S. policy circles is paying enough attention. It is time for the United States to get serious about this key date. Iran, and its Iraqi clients, are already working hard to supplant al-Abadi with Maliki or another Iranian client. Al-Abadi's successes on the ISIS and Kurdish fronts stand him in good stead with the Iraqi public, but Maliki is building a coalition of Shiites, Sunnis, and Kurds opposed to al-Abadi.

The U.S. interest in Iraq's coming election ultimately comes down to two main issues. First, Iraq's extraordinary record since 2003 of electoral integrity, riding high voter turnouts, must be sustained. Second, the United States needs to back its friends against Tehran's alternatives. Much has been made of the registration of political parties by several leaders of Shi'a militias, but the real power on this side of Iraqi politics remains with Maliki. In addition, while all Kurdish parties seek to maintain good relations with the United States, several factions of the PUK, based in Suleymaniya near the Iranian border, maintain close ties with the Tehran regime and would have difficulty pushing hard against Iranian interests.[52]

On the first point, the United States should highlight and help to manage the technical difficulty that May's election presents. The Sunni parties who requested the election be delayed[53] have a very valid point—millions of Iraqi citizens, largely Sunni Arabs, are internally displaced. Permitting, for example, a displaced Moslawi living in Baghdad or Irbil to get a Nineveh provincial ballot—and verifying that she is authorized for that Nineveh ballot—is not a simple task. Technical assistance should be requested from the United Nations and the various NGOs in this space. Even allegations of electoral irregularities are damaging. In addition, Iraq should request, and the world should be happy to provide, a robust contingent of election monitors.

On the second electoral matter, defeating Iran, visible signs of support for Prime Minister al-Abadi would likely be helpful in the run up to the May election. A visit from a major U.S. figure—the secretary of defense or state, if not the president or vice president—may be helpful to highlight U.S. support. Iraqis want the benefits of the modern, liberal order and it should be made clear that the United States will be a far more enthusiastic ally of Iraq should al-Abadi get a second term. Behind the scenes, we should be using our considerable power and prestige to help the nationalist coalition—ultimately this will mean al-Abadi, Allawi and the Sunnis, Sadr, secular Shi'as, and as many Kurds as possible—to come together, whether before or after the elections.

## Conclusion

The U.S. history in Iraq undoubtedly involves much that is highly unpopular with Iraqis. The United States made a mess of the first four years of occupation following the 2003 invasion. Occupying forces behaved regrettably many times. The 2011 withdrawal did ultimately allow the rise of ISIS. The United States then failed to come resolutely to Iraq's aid against ISIS in the years 2014-2016.

And yet now things are good for the United States in Iraq. The U.S.'s key contribution to defeating ISIS in Iraq, its support during the financial perfect storm, and its renewed role as a liberal counterweight to Iran's far less welcome interference, have improved the U.S.'s standing in the country to the extent that the American brand in Iraq is currently very positive.

Iraq and the United States have, over the last fourteen years, achieved something very rare in the history of bilateral partnerships: defeating and bringing to justice a supposedly immovable tyrant, seeing off a brutal and tenacious insurgency that preyed upon its own people, developing a heavyweight producer on the global economic scene, keeping predatory neighbors at bay, and building a legitimate and accountable government in a land that had mostly known dictatorship and empire. Most recently, we have together destroyed a well-funded and organized Caliphate that at one time controlled one third of the national territory and threatened the federal capital.

All of this was done while more than quadrupling Iraq's GDP per capita,[54] avoiding communitarian conflict, and building a functioning and ever more established democracy of singular depth in the Arab world and a beacon to the beleaguered peoples of neighboring Syria and Iran.

It is no coincidence that at the very moment when Iraq's feeling of nationhood has never been stronger, U.S. prestige in Iraq is also at a peak. The last time the United States and Iraq together won a major victory, in 2008, the U.S. left much too completely and much too soon. The military withdrawal was accompanied by a dramatic diplomatic downgrading. The result was catastrophic. With much hard work done last year, both Iraq and the relationship have rebounded dramatically. Now we must avoid the mistakes of 2011 and build further upon this valuable alliance.

## Notes

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