



The Next Phase in Iraq's Transition

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This brief is based on a series of meetings held in Baghdad and the Shi'ite holy city of Najaf in late May 2018 as part of a research effort to study Iraq's political, security, and economic situation and the next steps in U.S. policy toward Iraq. The research trip included interviews with Iraqi figures in politics, security, economics, and religion, including former Prime Minister Nouri al-Maliki; militia leader Hadi al-Ameri; senior ayatollahs in Najaf; former Defense Minister Khaled al-Obeidi; Labor Minister and prime ministerial hopeful Mohamed Shia al-Sudani; advisers to Prime Minister Haidar al-Abadi; Sunni tribal sheikhs; university professors in Kufa; Kurdish Gorran party members; and Sunni politicians aligned with Shiite cleric Moqtada al-Sadr's electoral bloc.

The research trip, conducted with Dr. Michael Rubin of the American Enterprise Institute, came at a moment when the Iraqi political system was processing the electoral success of Moqtada al-Sadr and wondering whether his role in forming the next Iraqi government offered a chance to address longstanding problems of corrupt sectarian governance. Baghdad's political elites were struggling with how to translate campaign promises of jobs and clean, nonsectarian governance into viable economic reforms and improved governance. Iraqis expressed little apprehension to the author about continued U.S. troop presence and security partnership, and most who were interviewed recognized the United States' continued influence in Iraqi politics alongside Iran's. Nearly all were also eager to see the U.S.-supported diplomatic opening between Iraq and Saudi Arabia mature into deeper cooperation. However, as the threat of the Islamic State recedes, several Iraqis expressed questions to the author about the nonmilitary dimensions of U.S. engagement and worried that rising U.S.-Iranian tensions would ultimately harm Iraq. These findings inform this brief's recommendations that the United States should redouble its efforts to engage and compete in Iraq; sustain close security cooperation to ensure the Islamic State does not return; push and assist the next Iraqi government to make headway on economic reform, anti-corruption, and ties with Riyadh; insulate Iraq from zero-sum U.S.-Iranian competition; and define a robust agenda for nonmilitary cooperation.

What follows are specific findings along with recommendations for the continuing path forward.

General assessment

Signs of progress

- Iraqis continue to contest political power peacefully via elections and are poised to transfer power to the next elected government in the months ahead.
- A nationalist mood and rhetoric, which emphasizes equal citizenship over sectarianism, has taken root.
- Security continues to improve as commercial activity returns and the Islamic State lays low.
- Saudi Arabia has forged promising new cross-sectarian ties with Iraqi Shia leaders.
- Vibrant independent institutions such as the Shia clerical “marjaiyah” in Najaf remain bulwarks against sectarian conflict and Iranian domination.
- Despite the ups and downs of Iraq’s early government formation, the United States remains better-positioned than many observers realize to exercise influence inside Iraq. This is due to valuable security cooperation between the U.S. and Iraq, as well as the lead role America plays in connecting Iraq to an international military coalition, international financial institutions, and Gulf Arab partners.

Causes for concern

- Iraq continues to miss the opportunity to deliver on anti-corruption election rhetoric.
- The near-universal allegations of electoral fraud reflect widespread and bitter mistrust of Iraq’s political system.
- There are increased risks that Iraq’s halting economic reforms will not survive higher oil prices, leaving Iraq dangerously unprepared to find work for the million-plus Iraqis entering the labor force each year.
- Predominantly Shia militias, some with troublingly close ties to Iran, continue to penetrate the Iraqi state, and may help form the next Iraqi government. Americans and Iraqis continue to talk past one another about the problems militias pose to Iraq’s future.
- Iraq’s leaders have left unanswered the question of how the country will transition from short-term stabilization in the liberated areas where the Islamic State took hold to address both long-term reconstruction needs and the two million Iraqis who are still displaced.

In Baghdad and Najaf, the sense of both forward progress and lingering worry about Iraq’s long-term trajectory were palpable. Iraqi politics has moved beyond the fight against the Islamic State and last year’s crisis over Kirkuk to look forward. However, several interviewees wondered how, absent better governance and economic solutions, Iraq could avoid another descent into insurgency or internal conflict.

Key findings

Iraqis in Baghdad want no part of a U.S.-Iran fight

In the wake of the Trump administration's exit from the Iran nuclear deal, Iraqis in Baghdad were nearly unanimous in reiterating a consistent message: "Not on our ground." If the United States feels compelled to fight Iran, it should not do so on Iraqi soil. Iraq's relationships with its top security partners in Washington and Tehran are too important and internal stability is too fragile for Iraq's largest partners to treat its territory as a geopolitical battleground.

Iraq's reconciliation with Saudi Arabia is promising, but needs a push under the next Iraqi government

For years, the United States pleaded with Saudi Arabia to engage Iraq and show up to counter Iranian preeminence inside Iraq rather than withdrawing to make it a self-fulfilling prophecy. Today, the opening between Saudi Arabia and Iraq has led to an unprecedented level of dialogue between the two countries. But Iraqis have seen little in the way of Saudi aid and investment to rebuild Iraq. Saudi Arabia has discussed building factories and a much-anticipated soccer stadium, both of which Baghdad and Washington still hope will materialize.

Significant opening of ties, but a struggle to finalize deals

Meetings between Iraqi and Saudi defense chiefs and interior ministers, as well as Saudi firms showing up at a Baghdad trade fair represent something new and consequential in relations between the two countries. But it has been a struggle for both sides to finalize investment contracts.

The United States should help the next Iraqi government advance from meetings to deal-signings

Significant gains have been made already, thanks in part to the United States' facilitating role. It will be important for the United States to have plans in place to catalyze Baghdad-Riyadh ties as the next Iraqi government takes office.

Iraqi Shia politicians are still wary of the country's reconciliation with Saudi Arabia

Some Iraqi Shia politicians were less optimistic about Iraq's opening with Saudi Arabia than during a previous visit last October. This may be in part because they see Riyadh as supporting their political rival, Moqtada al-Sadr. So far, Saudi Arabia and Iraq have been able to insulate their rapprochement from escalating regional tensions. However, several Iraqis complained to the author about Washington's support for the Saudi-led military campaign in Yemen. In fact, Iraqis' complaints on this subject were more consistent and intense than those about the U.S. embassy opening in Jerusalem or the violence on Israel's border with Gaza.

As Iraqi politics accommodates a growing role for Moqtada al-Sadr, the United States will need to do the same

During the series of meetings, Iraqi political elites were coming to grips with the news that Moqtada Sadr's Sairoon bloc had won the most seats in parliamentary elections.¹ Iraqi television featured wall-to-wall coverage of Sadr's every move and utterance. In interviews with the author, a few prominent Iraqis dismissed Sadr as an unsteady demagogue "rented" by Saudi Arabia or pointed to his supporters' past violence. One educated young Iraqi lamented to the author, "Populism hit us, and now it's our turn to have a [hothead] who tweets emojis." A senior cleric in Najaf reminded us, "demagogues come and go, but we outlast them all." But most others the author interviewed, recognizing his electoral achievement, sought to give him time and space to test his promises to reform Iraqi politics, advance a nationalist agenda, and work constructively with the United States despite his refusal to talk directly to Americans.

A countervailing mood of nationalism

A surprising cross-section of Baghdad elites expressed openness to test whether Sadr's bloc and its nationalist anti-corruption agenda could pry loose the vise-grip of corrupt political parties on governance. (Notably, this sentiment was expressed before Sadr announced his alliance with Hadi al-Ameri). These elites acknowledged Sadr's inconstancy but several said he finally found a message for Iraq's moment: a newfound conviction, or at least a sincere opportunism. Many saw his trip to Saudi Arabia in 2017 as an inflection point in his political evolution and believed Sadr now received Saudi help.² Still, several Iraqis voiced sentiments that Sadr was "not on someone else's agenda"; "The difference with Moqtada is he is a Shia Arab but he doesn't belong to Iran"; and "Like Trump, he's exuberant and brave—they should be friends." Asked how Iraqis in Baghdad and Najaf reconciled Sadr's growing role with past episodes such as the 2003 killing of Grand Ayatollah Majid al-Khoei—which is believed by many to be the work of Sadr supporter—most Iraqis were determined to treat these events as history.³

Direct talks with Americans are likely to take time

Regarding Sadr's unwillingness to talk directly to Americans, Iraqis pled for time and patience. Interviews with Iraqis on this subject yielded the following explanations: "He's a religious man"; "It's not his brand to talk to Americans"; and "Be patient; [communication with the U.S.] will happen when it needs to." Iraqis made clear to the author that Sadr's acolytes in government would be empowered to speak to Americans. Iraqis suggested the United States has channels to engage in dialogue with Sadr's chosen representatives, including via Saudi Arabia. However, Sadr's avoidance of Americans and his political cooperation with militia leaders close to Iran post-elections will likely damage his standing in Washington. He campaigned on anti-corruption, nonsectarian citizenship, and independence from Iran—all issues that the United States and Prime Minister Abadi support.⁴ However, Sadr then confounded expectations and formed an initial post-election partnership with a sectarian militia leader close to Iran, before forming another partnership with Abadi.

All of which presents an awkward situation: Sadr won't talk directly to Americans or reliably caucus with U.S. partners. But his political success has made him indispensable to any potential coalition of moderate Shia should his alliance with harder-line factions falter. Regardless of where he lands, Sadr may well try, as he has done in the past, to find creative ways to influence politics but maintain opposition credibility.

Iraq's Shia clerical "marjaiyah" in Najaf remains an independent institution and a bulwark against Iranian domination—but its stabilizing role may be in flux. Najaf is home to the clerical "marjaiyah," a vibrant center of Shia religious learning that attracts adherents and clerics from across the world. Our meetings there revealed an institution full of open intellectual debate and in the midst of rethinking its role in Iraqi politics.

A pre-election statement made by Najaf's most senior religious leader proved controversial with Iraqi politicians

Before the elections, Najaf's widely-respected Grand Ayatollah Ali al-Sistani issued a statement that asserted Iraqis' right to vote but broke from past practice in not demanding that they do so. Sistani's statement also condemned political corruption. Several politicians complained that this statement dampened turnout—which was officially recorded at 44 percent but rumored to be much lower—and thereby advantaged Sadr's tighter social networks.⁵

Quietism is resurgent in Najaf

The "yellow light," approach regarding political participation expressed by some Shi'ite clerics in interviews is consistent with Najaf's traditional brand of political quietism, which separates religion from politics and contrasts with Iran's revolutionary theological concept of clerical rule. Several clerics expressed a dislike of politics and noted the exceptional circumstances of civil war and terrorist insurgency under which Najaf had previously intervened in Iraq. After several centuries of survival under Sunni domination, 15 years of Shia-majority rule, and the receding of Iraq's recent crises, Najaf appeared to be articulating—and Iraqis debating—its proper distance from the rough-and-tumble of politics. Given Najaf's stabilizing role in Iraqi politics, this arms-length approach may prove to be cause for concern.

Iraq's security has significantly improved—at least for now

Large-casualty terrorist attacks have been exceedingly rare by Iraqi standards.⁶ Baghdad's shopping malls are open and reportedly crowded. When political and security officials were asked why there have not been more attacks most pointed to a combination of improved intelligence and speculation that the Islamic State has made a tactical decision to stay quiet and await opportunity.

Key security U.S. priorities include bolstering Iraqi border forces and Counterterrorism Service training

The meetings noted several key U.S. efforts required to help Iraq address its security needs.

- Professionalize Iraqi border forces, including both the border guard and army
- Move from urban combat to “wide area support,” which would give Iraqis the capabilities to move quickly and cover larger swathes of territory
- Help Iraqis keep the pressure on the Islamic State through targeted military operations against the group’s remnants
- Return the Iraqi Counterterrorism Service (CTS) from an elite light infantry force to their original intelligence-driven counterterrorism mission
- Train the Iraqi Air Force, which conducted its own anti-Islamic State airstrikes over Syria, but still requires significant U.S. advice and support
- Help Iraq train a new special forces capability akin to the U.S. Army Rangers which, unlike CTS, will be overseen by Iraq’s minister of defense.

Iraqi political elites are receptive to a respectful U.S. diplomatic and military role

Iraqis are accustomed to U.S. role, alongside Iran’s, in government formation

The United States has to walk a tightrope when it comes to exerting its preferences and exploiting Iran’s overreach without being seen as interfering. (More than one Iraqi lamented in interviews that U.S. and Iranian interference egged on the other.) During the series of meetings, most Iraqis felt that the requirement for both U.S. and Iranian buy-in for the next Iraqi prime minister was intact even if some chafed at the notion that it should be. It is a proposition that could well be tested if Sadr’s political partnership with militia leader Hadi al-Amiri bears fruit while Sadr’s partnership with U.S.-friendly leaders, such as prime minister Abadi, do not.

Iraqis interviewed were receptive to continued U.S. troop presence

The American troop presence in Iraq did not emerge as a campaign issue. Indeed, Iraqis noted that, for months, Sadr has exercised rhetorical restraint when it comes to the United States. This could always change, but no concerns were expressed to the author about U.S. troop presence during the meetings in Iraq.

While the United States has enduring influence, Iraqis sense the lack of a nonmilitary U.S. strategy for future relations

The U.S.-led military coalition, international financial institutions, and a conduit to Gulf investors present an attractive proposition and serve as the foundation for continued U.S. influence. Iraqi political elites, accustomed to bombastic rhetoric, dislike but largely discount President Donald Trump’s attempt to ban Iraqis from entering the United States and campaign threats to steal Iraq’s oil. Of much more concern to Iraqis was a complete lack of clarity regarding U.S. intentions for future engagement beyond military cooperation and jockeying for power against Iran.

The United States and Iraq continue to talk past one another regarding predominantly Shia militias

A recurring theme among Iraqis—and not only Shia—is how differently Americans and Iraqis view the country’s militias. It is clear that a better dialogue is needed.

Iraqis and Americans understand militias very differently

Professors at al Furat al Awsat Technical University near Najaf recounted stories of students’ battlefield valor. For them, these students, not high-profile Iranian operative Qassim Suleimani, represent the face of Iraqi militias. While few Iraqis agree, many Western anti-Iran hawks view Suleimani as the movement’s patron and leader.

U.S. may want to shift its rhetoric on militias in a manner that resonates with a majority of Iraqis

During one of an interview—after a jeremiad on the unfairness of the lack of U.S. airstrikes or tanks to support militias—even an Iraqi militia leader close to Iran recognized the need for forces like his to be subordinate to the Iraqi state and the rule of law. Others expressed hope that, over time, the Iraqi state would be able to reassert control and downsize the militias. Nobody ventured to the author a persuasive rationale or even a ballpark estimate when it came to just how many militiamen Iraq actually needed in peacetime. On the other hand, nobody agreed with former Secretary of State Rex Tillerson’s line that militias should be disbanded immediately.⁷ To gain resonance with Iraqis, U.S. officials may want to shift the terms of their dialogue to recognize the contributions of militia forces against the Islamic State as a prerequisite to talking practically about the problems large militias can pose to Iraq in peacetime. This approach is preferable to painting militias as fundamentally malign Iranian proxies, which rings hollow to most Iraqis.

Iraq’s economic reform plans are in jeopardy, due to high oil prices and political horse-trading

Several Iraqis expressed concerns about the future of the tenuous International Monetary Fund-driven efforts at economic reform instituted by Prime Minister Abadi. Iraq’s IMF deal locks in some measures and who holds key economic ministries still matters to which reforms can be sustained. However, rising oil prices bode poorly for change, as do the lack of interest in market-friendly reforms among the Shia bloc who received the most votes.

Jobs are a priority

As the Islamic State recedes, Iraqis are increasingly worried about creating jobs for the 1 million Iraqis who enter the labor force each year. At present, oil accounts for more than 90 percent government revenues; but this revenue source will eventually end. Iraq needs a plan for new revenue sources and employment opportunities.

There are real fears of a “lost generation”

Forty percent of Iraqis were born after 2002, and several political and religious leaders worried about a lack of animating ideology or purpose for this group and the risk that poses for creating a “lost generation.” In an interview with the author, one Iraqi expressed that this generation is endangered by “triangle of death”—corruption, sectarianism, and terrorism.

Economic issues present opportunities for U.S. engagement

Sadr and his team are rumored to have cited economics and technology as areas where they are keen for U.S. cooperation. This could be an opportunity worth exploring. Already, there is Iraqi demand for engagement on these issues—if the United States can help the next government find the clarity, capacity, and political courage to match it.

Secondary anti-Iranian sanctions are a potential looming issue

Another iceberg that could sink U.S.-Iraq economic relations is the prospect of future anti-Iran sanctions. Iraqis in the meetings said they were surprised to see a prominent Iraqi banker recently placed on a sanctions list. It is unclear if Iraqis have fully grasped the prospect of additional secondary sanctions, given the posture of the current White House and Congress.

Iraqis expressed a strong demand for anti-corruption measures and technocratic governance—but few convincing plans

As government formation negotiations advance, Iraqis wonder whether the longstanding dream of progress toward technocratic government might really be possible. Historically, in Iraq, idealistic campaign rhetoric gives way to partisan deal-making that turns ministries into patronage-mills. Strong demand was expressed by interviewees for such measures, but there was neither confidence nor compelling plans to bring this nonpartisan vision into practice.

Iraqis want a more professional and technocratic government

A broad spectrum of Iraqi political leaders seemed determined to choose experts for cabinet positions for the next Iraqi government—and to forge a “national program” based on “policies rather than personalities.”

Plans to deliver cleaner governance are underwhelming

Many Iraqis acknowledged the lack of an adequate legal framework to counter corruption but tended to look to the next government to set the tone via qualified, nonpartisan cabinet officials; harsh anti-corruption edicts by the next prime minister; and a sense of accountability from voters who made this a defining issue. The Iraqi technocrats who were interviewed had a few compelling ideas to improve government, such as replacing cabinet ministries’ inspectors general, which include party loyalists and others holding jobs for more than a decade. Iraq could make strides toward less politicized governance by insisting that inspectors general belong to different political parties than the ministers they oversee. Iraqis participating in the meetings were optimistic about incremental progress, but wary of meaningful change. As one ruefully quipped, “Everyone’s against corruption, and everyone’s corrupt.”

Policy recommendations

Show up to engage and compete in post-Islamic State Iraq

The United States has the enduring interests and resilient sources of influence to play a constructive role inside Iraq. Without heavily alienating Iraqis, the Trump administration should make clear its support for diplomatic efforts in the field to engage and compete to shape Iraqi politics.⁸ U.S. interests include empowering Iraqi nationalists and public servants to push back against sectarianism, militia-ism, and corruption, and for independent and inclusive Iraqi governance.

Insulate Iraq from a zero-sum U.S.-Iran fight

The U.S. push back against Iran's domination of Iraq—apart from specific issues such as leakage of American weapons to militias—is best achieved through intensified engagement that taps into Iraq's nationalist mood to strengthen Iraq's sovereign institutions.

Push the next Iraqi government and Saudi rulers to go from rapprochement to results

Iraqis are hopeful about relations with Saudi Arabia, but they worry it will not translate into actions to rebuild and stabilize Iraq. The United States has unique leverage and insight with both sides to ensure that this rapprochement leads to results.

Patience is warranted in building ties with Sadr

Moqtada al-Sadr has made himself an indispensable player in Iraqi politics. He is unlikely to either live up to the best hopes raised by his campaign rhetoric or down to the worst fears raised by his past. While actively pursuing its interests in government formation, the United States should exercise strategic patience in building direct ties with Sadr.

Continue close U.S. security cooperation with Iraq

The presence of a small U.S. troop contingent can be a critical element to Iraq's future stability and professional military capability to fight terrorists. The United States should continue to honor Iraqis' sensitivities regarding permanent bases and training rather than direct combat. This should include continued work with the Kurdish Peshmerga and Iraqi local police.

Define with the next government a U.S. agenda for nonmilitary cooperation with Iraq, and champion Iraqi economic reforms

Most Iraqis have little sense of U.S. priorities beyond fighting the Islamic State and countering Iran. Nevertheless, they are hungry for economic cooperation and technical assistance. This presents an opportunity to extend U.S. influence and challenge Iran's. Because of Iraq's disaffected populations and the fiscal challenge of sustaining its military readiness, discarding nascent economic reforms would put Iraq's security at risk. The United States should vocally support these reforms and seek out partners to advance them.

Challenge the next Iraqi government to follow through on anti-corruption efforts

Iraqi candidates, especially Sadr, were vocal about this issue and remained so post-elections. The United States should challenge the next Iraqi government to make headway—without launching polarizing prosecutions of political enemies—and offer technocratic advice and potential solutions to make headway in combating corruption.

Conclusion

While the world's attention has shifted to other conflict zones in recent years, Iraq still matters for the United States. It remains on the frontlines of three interlocking struggles: the long-term fight against extremist groups such as the Islamic State and its successors; the struggle to protect sovereign countries from Iranian domination, including via the local militias it cultivates; and the challenge of proving that different sects and ethnicities can still live peacefully together in today's Middle East. America has an interest in each one of these goals, as well as the capacity—with limited investments of resources and attention—to help Iraqis advance all three. Recent meetings with Iraqis highlighted both the immensity of the challenges ahead and emerging opportunities for partnership in helping Iraqis meet them. As Iraq's next government forms, the United States can exercise constructive influence toward an inclusive, effective government that addresses the roots of its citizens' discontent. Iraqi politics have reached a consequential juncture. After investing so much to defeat the Islamic State, the United States must now continue to engage and compete to shape what comes next in Iraq.

Endnotes

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