Rebuilding a Non-Sectarian Iraq

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Introduction

The U.S. invasion of Iraq sought to remake the country in the neoconservative vision that dominated Bush Administration policy in 2003. That vision called for a classic "night watchman" state that would refrain from offering social services and running economic enterprises. Markets would be the primary instrument of economic reconstruction and laissez-faire economics would reign supreme. Not only did Bush Administration policy differ sharply from traditional Iraqi understandings of the social role of government, but applying "shock therapy" to a society whose economy, health care infrastructure and national educational system had been devastated by twelve years of harsh United Nations sanctions, and participation in two of the most destructive wars of the 20th century, the Iran-Iraq War of 1980-88, and the Gulf War of 1991, was unrealistic and largely destructive. Frustrated at almost every turn, Bush Administration policy has involved a systematic retreat from the original goal of remaking Iraqi society. Recent improvements in the security situation notwithstanding, Iraq still faces serious problems. In light of the failures of Bush Administration policy, what are the prospects for building a politically stable, prosperous and ultimately pluralistic Iraq?

Although the attempt to impose a neoconservative understanding of democracy on Iraq has failed, this article agrees with the Bush Administration's original premise that a bold vision is needed for post-Ba'athist Iraq. However, the vision proffered here differs sharply from that proposed by American neoconservative thinkers and policy-makers. Instead of a largely absent state, this article argues for an international effort to rebuild the Iraqi economy—a "Marshall Plan for Iraq"—and a massive jobs program that will address Iraq's extensive unemployment. This comprehensive rebuilding of the Iraqi economy must be accompanied by serious political and institutional reform, particularly efforts to root out the pervasive corruption that plagues the Iraqi government. This reform should include placing government agencies under competent technocrats who will assure that these institutions deliver the services for which they were created. Despite the loss of much credibility, the United States can still play a central role in the rebuilding process. It must take seriously the proposition that economic reconstruction and political reform are the keys to a stable, prosperous and ultimately democratic Iraq, as well as the long term process of national reconciliation.

Apart from its moral obligations, having invaded Iraq and deposed Saddam Hussein's Ba'athist regime, the United States has a critical strategic interest in not leaving behind a socially devastated country. At current prices, Iraq's oil reserves are estimated at $30 trillion (not including as yet unexplored oil fields).[1] Situated between Iran and Saudi Arabia, Iraq occupies a critical

geopolitical position. Possessing significant human capital in the form of educated middle and entrepreneurial classes, water resources, an agricultural sector yet to reach its potential, and a great civilizational heritage, Iraq has the potential to become one of the region's most prosperous nations.[2] Conversely, were al-Qa'ida in Mesopotamia and sectarian militias to take control of significant portions of Iraq, such an outcome would lead to even more bloodshed and greater instability in the Middle East.

Despite the reductions in violence that have accompanied the current "surge" that added 30,000 troops to American force levels, the military option alone cannot create a stable Iraq. Many analysts argue that the recent decline in sectarian violence is more a function of Mahdi Army leader Muqtada al-Sadr's order that his militia cease military operations for six months, than sending additional American troops. The question that U.S. policy-makers have yet to answer is what will prevent a return of radical Islamist and sectarian militias following scheduled American troop reductions in July 2008.

The United States has been caught between a number of policy options, none of which offers hope for stabilizing Iraq. The military option has been shown to be sorely wanting. Instead of the democratic transition that the Bush Administration envisioned in 2003, an ineffective, sectarian and highly corrupt government rules Iraq, civilian and combatant forces have suffered extensive causalities, and a substantial portion of the populace has been displaced, both inside and outside Iraq.

A second option, that calls for withdrawing American troops from Iraq, does not address how to confront the instability that would follow a draw down of troops. It offers little hope to the large number of Iraqis who are committed to building a new democratic Iraq and would become targets of authoritarian forces once U.S. forces were withdrawn. A third option calls for the partition of Iraq. Apart from the vigorous rejection of partition by virtually all Iraqis (including almost all Kurdish intellectuals and policy-makers with whom I spoke during a recent trip to Iraqi Kurdistan), partitioning Iraq is logistically impossible. Almost all analysts agree that partition would increase, rather than decrease, the level of violence within the three proposed "ethnic mini-states," controlled respectively by the Sunni Arabs, Shi'a, and Kurds. Few policy-makers and analysts have discussed a fourth alternative proposed here, namely a massive internationally organized reconstruction of Iraq on the order of the Marshall Plan in post-World War II Europe.

The main barrier to progress in Iraq is the problem of sectarianism. While the United States did not create Iraq's sectarian identities, a series of egregious errors following the March 2003 invasion helped promote them. These mistakes stemmed not only from the Bush Administration's lack of planning for the transitional period following the toppling of Saddam Hussein's regime, but also from a profound ignorance of the political and social dynamics of Iraqi society. The decisions taken by the Coalition Provisional Authority (CPA) that did most to encourage the spread of sectarianism included the disbanding of the 385,000 man conscript army, the laying off of 500,000 workers in public sector factories, the termination of agricultural subsidies, and the formation of Iraq's first post-Ba'athist government according to ethnic quotas. The first three decisions dramatically increased the recruitment pool for insurgent organizations and sectarian militias. The formation of the Iraqi Governing Council in July 2003 sent a message to sectarian based political parties, such as the Da'wa Party and the Supreme Council for the Islamic Revolution in Iraq (SCIRI), that confessional rather than nationalist politics were the order of the day.[3]

Against the advice of many Iraqis and its own military commanders, the Bush Administration authorized what may be one of the greatest blunders in United States policy-making history, disbanding the conscript Iraqi army. This decision sent ripple effects throughout Iraqi society because many officers and soldiers suddenly were unable to provide for their families. Disbanding the army and laying off workers in state-run factories are estimated to have affected six million Iraqis who depended on the incomes of those who were now unemployed. Beyond

providing recruits for insurgent groups and sectarian militias, increased unemployment benefited the many criminal organizations that developed amidst the social and economic chaos of the 1990s, often operating under the guise of being religious charitable associations. CPA Law No. 80, which removed agricultural subsidies, intensified the migration of Iraqi farmers to urban areas, providing still further recruits for sectarian and criminal organizations.[4]

The sectarianism that currently exists is the result of Iraq's political economy, rather than "ancient hatreds." The problem with much Western analysis of Iraqi politics is the use of conceptual prisms that employ simplistic and flawed conceptions of ethnicity and religion. Iraq is not unique in having ethnic and regional tensions. The key task is not to identify the existence of sectarian feelings, but to explain why, *at a particular point in time*, such feelings are translated into violent behavior. In modern Iraq, sectarian violence has been the exception, rather than the norm. Moving beyond the assumption of Iraq as a captive of rigid sectarian identities not only suggests new policy options, but the possibility of leveraging Iraq's enormous oil wealth to engage in the type of reconstruction that could indeed produce the stable and democratic Iraq that was the stated United States policy goal in 2003. How can we move beyond the flawed conceptual prism through which Iraq is usually viewed to one where serious political and economic change can be envisioned? What can be done to eliminate the sectarian violence and killings that have characterized Iraq since 2003?

History Matters

Many United States policy-makers and Western analysts suffer from "historical amnesia." History does matter in the effort to rebuild a non-sectarian Iraq. Paradoxically, the failure to take history seriously has created a perverse convergence of arguments between radical Islamist organizations, such as al-Qai'da in Mesopotamia, on the one hand, and the many critics of Bush Administration policy who argue that Iraq constitutes an "artificial state," on the other. Radical Islamists assert that democracy is alien to Iraq's Islamic heritage and political culture, while Bush Administration critics proffer that Britain's creation of the modern state of Iraq from the remnants of the Ottoman Empire forced Iraq's three main ethnic groups to form a nation against their will. Both perspectives lead to the same conclusion: Iraq is unable to prosper and make a democratic transition, and attempts to establish a non-sectarian society constitute a "fool's errand."

Both perspectives illustrate a profound ignorance of Iraqi history. Contrary to Western misperceptions, Iraq's modern political history has not been one of continuous political strife based in sectarian cleavages. The Iraqi nationalist movement, that began following the 1908 Young Turk Revolt and was suppressed by the first Ba'athist regime that seized power in February 1963, was characterized by extensive cross-ethnic cooperation between Sunni and Shi'i Arabs, Christians, Jews, Kurds and other ethnic groups. The nationalist movement promoted extensive associational behavior in the form of programmatic political parties, professional associations, women's and student organizations and labor unions. It also stimulated the establishment of a large and vigorous press that pushed for greater democratization and the expansion of civil society. Innovative literary and artistic movements, especially during the 1950s and early 1960s, challenged traditional forms of authority and drew upon Iraq's multiple civilizational heritages, emphasizing tolerance and cultural pluralism. Although a small sectarian wing of the nationalist movement existed among Pan-Arabist army officers, this tendency was suppressed after the May 1941 uprising against the British.[5]

This democratic political culture developed during a period of parliamentary rule and constitutional monarchy lasting from 1921 to 1958. While the Hashimite monarchy manipulated elections and cabinets were frequently replaced, the political system offered a modicum of democracy, in the form of negotiation and dialogue among political parties, cabinet ministers and members of parliament, even if the social needs of the Iraqi populace were not addressed. Following the monarchy's overthrow in 1958 (an event that many older, educated Iraqis view as a political loss), Iraq had its first truly non-sectarian government. Although the new leader, General

‘Abd al-Karim Qasim, was a dictator, there was a significant growth of civil society, as professional syndicates, artists organizations and labor unions flourished. When the first Ba'athist regime seized power in February, 1963, Iraqi society began a long period of political decline. However, even under the second Ba'athist regime (1968-2003), Iraqis engaged in covert efforts to sustain a democratic political culture inside Iraq, while outside Iraq an extensive and impressive literature on Iraqi society and culture and the building of civil society and democracy was written by Iraqi expatriates throughout the Arab world, Europe and North America.[6]

The policy implications of this historical perspective are threefold. First, Iraq’s modern history suggests that the sectarian politics that currently confront Iraq are not primordial—a function of “ancient hatreds”—but rather historically contingent, i.e., the outcome of the economic, social, and political decay that began during the Iran-Iraq War, but dramatically increased once United Nations sanctions were imposed after the 1991 Gulf War. Second, if Iraq’s ethnic groups were able to engage in cooperative political participation in the past, then such cooperation is possible again in the future. Finally, the history of Iraqi nationalism challenges the characterization of Iraq as an “artificial state.”[7]

The Political Economy of Sectarianism

If sectarianism did not characterize pre-Ba'athist Iraq, where did it originate? The answer is to be found in the behavior of the state. Systematic efforts to promote sectarian identities began after Saddam Hussein deposed President Ahmad Hasan al-Bakr in 1979. Sectarianism became an integral part of Saddam’s strategy for the September 1980 invasion of Iran in an effort to prevent the spread of the Islamic Revolution in Iran to Iraq, and to make Iraq the dominant power in the Arabian Peninsula and Persian Gulf. Saddam’s characterization of the Iran-Iraq war as Saddam’s Qadisiya was an attempt to have Iraqis hark back to the Battle of Qadisiya when invading Arab-Islamic forces defeated the Sassanian Empire at al-Qadissiya in southern Iraq in 637 CE. Subtly, Saddam and the Ba'athists were impugning the patriotism of Iraq’s Shi’a population by suggesting that they were more loyal to their Shi’i co-confessionalists in neighboring Iran than to Arab Iraq. This effort to promote an Arab rather than Shi’i identity among Iraq’s Shi’a was belied by the fact that the Iraqi army, overwhelmingly Shi’i, fought bravely, ultimately forcing a truce with Iran in 1988.

Severely weakened by the massive defeat and bombing of the 1991 Gulf War and subsequent national uprising (*Intifada*), Saddam Hussein intensified the promotion of sectarian and religious identities during the 1990s as part of a cynical policy of “divide and conquer.” His regime banned alcohol, introduced amputations for theft, and curtailed the rights of women, all in the name of Islam. In rural areas, Saddam disrupted the tribal structure by making heads of tribal sub-units or clans (*fakhd*; pl. *afkhadh*) “shaykhs,” who now competed with the authority of the tribe’s paramount shaykh.

The decay of social and political institutions, seen in the decline of state power, and the disruption of the tribal structure, was also evident in the religious sphere. The authority of the traditional Shi’i religious hierarchy was increasingly challenged in the 1990s by clerics who sought a more activist challenge to Saddam Hussein’s regime. They were led by Ayatallah Muhammad Muhammad Sadiq al-Sadr, the father of Mahdi Army leader Muqtada al-Sadr, whose assassination Saddam Hussein ordered in 1999.[8] These politically activist clerics supported the idea of replacing the traditional consultative leadership of the Hawza, a loose association of religious academies in and around the shrine city of al-Najaf, with that of the “Supreme Jurisprudent” (*wali al-faqih*), following the model of religious leadership promoted by Ayatallah Ruhallah al-Khumayni and his followers in Iran. This Shi’i activism, opposed by Grand Ayatallah ‘Ali al-Sistani and the Hawza leadership, called in effect for rule by a religious dictator, indicating the increasing politicization of religion. Similar decay could be seen in the Sunni Arab community where radical Salafi ideas began to make inroads during the 1990s, nurtured by Saddam Hussein’s sudden “born again” and highly

reactionary interpretation of Islam, and its role in the public sphere. Tolerance for non-Muslims and women's rights were two of the most pronounced casualties of these political developments.

On the eve of the U.S. invasion of March 2003, Iraq faced a prostate economy, the destruction of all secular organizations of civil society, a large cohort of poorly educated Iraqi youth, and conflict within the religious clergy in both the Shi'i and Sunni Arab communities. Only the Kurdish north, which had been able to achieve an autonomous status after the 1991 *Intifada*, had been spared the excesses of Ba'athist rule. However, violent struggle in 1996 between the two dominant political parties, the Kurdish Democratic Party (KDP), and Patriotic Union of Kurdistan (PUK) pointed to the precarious balance of political power in Iraqi Kurdistan. Such tensions, and the exclusionary and authoritarian rule exercised by both the KDP and PUK, suggest that the differences between the South and the North were less dramatic than argued by some analysts.

During the 1990s, many Iraqis turned inward to religious, tribal, and confessional identities in response to widespread socio-economic and political decay. With the state no longer providing social services, and only limited food rations (that provided only a fraction of caloric requirements in any event), Iraqis were forced to look to non-state actors to help them meet their material needs. As the stringent UN sanctions regime led to a collapse of the national economy and education system, it was only natural that Iraqis were forced to look to their ethnic groups, to religious organizations, and to their tribes to meet social needs no longer provided by the state. With Saddam's regime having destroyed all secular organizations of civil society, religious institutions were best situated to fill the vacuum created by a weak state and economy in collapse.

Combating Sectarianism

Addressing the problem of sectarianism—the main impediment to national political accommodation and economic growth—requires two fundamental types of change. First, there must be significant political restructuring of the current political system to address serious institutional and representational imbalances. These imbalances resulted in large measure from the lack of institutional mechanisms that could fairly represent both majority and minority interests in the new Iraq, especially Iraq's Shi'a majority that refused to remain politically excluded. U.S. policy was not constructive in the transition process. The Bush Administration pressures on Iraqi politicians to complete a new Iraqi constitution by August 2004 were more a function of the American presidential election calendar, than an effort to produce a well-crafted foundational document that would lay the basis for a truly democratic state. In addition to formulating a nebulous federal structure, one that encouraged secessionist tendencies, the hastily written constitution largely ignored the needs of Iraq's once politically dominant Sunni Arab community. Predictably, the constitution produced great resentment among Sunni Arabs. Likewise, it encouraged conflict among the major Shi'i political parties in southern Iraq, the Mahdi Army, Fadila Party and Supreme Iraqi Islamic Council, as each sought to dominate the anticipated semi-autonomous "Shiastan" and control its vast oil wealth.

Second, there must be a comprehensive rebuilding of the Iraqi economy, particularly addressing the problem of unemployment. One of the worst kept secrets in Iraq is that unemployment, especially among Iraqi youth, which constitutes 60 percent or more of the population under 25, is a key driver of sectarianism. High rates of unemployment are compounded by a rate of inflation since 2003 that has undermined the standard of living of even those who have seen significant salary increases.[9] Unemployment among Iraqi youth, estimated to be as high as 60 to 70 percent, provides a huge recruitment pool for radical Islamist and neo-Ba'athist groups among the Sunni Arabs, and for sectarian militias among Iraq's Shi'a community. There is even some evidence that unemployment and lack of hope in the future is fueling recruitment for radical Islamist organizations in Iraqi Kurdistan as well.[10]

Western analysts still have not recognized the extent to which sectarian identities are dependent upon an economy based on pervasive criminal activity. This criminality was a “natural” outgrowth of the unnatural conditions that resulted from the UN economic sanctions of the 1990s. While Saddam Hussein’s regime and its counterpart in Iraqi Kurdistan, the Kurdish Regional Government (KRG), came to depend on oil smuggling as their main revenue source after 1991, regional criminal gangs engaged in the same activity, only on much a smaller scale, and often with political elites turning a blind eye. It is no exaggeration that criminality (and not sectarian identities based on ethnicity and religion) became the main problem of post-Gulf War Iraq.

The dynamics of sectarianism in Iraq are much more complex than their portrayal in the Western media. Although the current Kurdish political elite has adopted a quasi-rejectionist stance towards the Arab South, KDP leader Masoud Barzani asked Saddam Hussein to send his tanks to Arbil, the KRG capital, in 1996, to help him fend off defeat by his arch-rival, the Patriotic Union of Kurdistan (PUK). Although he rejected the Iraqi flag after 2003, Barzani was pleased to let it fly when Saddam’s army came to his rescue in 1996. While Kurds rightfully begrudge the Ba'athist regime’s genocidal Anfal campaign of the 1980s, 100,000 Kurdish irregulars (known as *juhush* or donkeys) helped implement it. Kurdish officers who served in the Iraqi army during the 1980s indicate that relations with Arab counterparts were extremely cordial.[11] Numerous Arabs and Kurds who lived and continue to live in the contested city of Kirkuk, and the surrounding area of al-Hawija, still believe in sustaining amicable Arab-Kurdish relations.

When discussing Sunni-Shi’i tensions, it should be remembered that virtually all Iraq’s Arab tribes have both Sunni and Shi’i branches. Saddam Hussein’s elite guard, Saddam’s Fedayeen (*Feda’iyu Saddam*), was comprised of both Sunni Arab and Shi’i Arab units. Despite the assumption of a uniform “communal mind,” the struggle between the three main Shi’i political forces in and around the port city of Basra, as each struggles to control the south’s vast oil wealth, and the struggle between Shi’i political elites in Basra and the south, and those in the south-central shrine cities of al-Najaf and Karbala’, demonstrates that Iraq’s Shi’a do not march in communal lock-step. The struggle between the “Anbar Awakening” tribal confederation (*Sahwat al-Anbar*) and al-Qa’ida in north central Iraq demonstrates that Iraq’s Sunni Arabs likewise have sharp internal cleavages. In short, the idea that Iraq’s political fault lines are built along rigid ethnic cleavages distorts the reality of Iraqi society.

How are we to make sense of the sectarian identities that have existed among certain segments of Iraqi society since 2003? While Iraq’s middle class benefited from the substantial salary increases authorized by the CPA, young Iraqis, both educated and non-educated, found few employment opportunities when entering the market after 2003, apart from joining the police forces or the army. Sectarian and criminal organizations have been the main beneficiaries of high unemployment rates among Iraqi youth. Criminal organizations use sectarian identities as a mechanism to control their members. Commitment to vertical, sectarian identities (whether the member actually subscribes to them or not) becomes the central criterion for access to the spoils of criminal activity.

The deteriorating security situation has enabled sectarian-criminal groups to expand their oil smuggling, kidnapping, theft and extortion activities, thereby undermining the national economy.[12] Their power has impeded the transportation of goods. For example, to move goods north from Iraq’s southern port of Basra requires paying extensive bribes to criminal groups and tribes. Because truck drivers need to avoid the risks of areas populated by a different confessional group, goods often have to be transferred en route to different vehicles and drivers. Many goods cannot reach particular areas of the country. While kidnapping has subsided as many wealthy Iraqis have fled the country, and districts of Baghdad and other cities have been “ethnically cleansed,” sectarian-criminal organizations have concentrated on the more lucrative oil smuggling business. It is estimated that Iraq loses over 500,000 barrels per day, almost $50 million, through theft. Even organizations that steal a relatively small amount of 1000 barrels per day can expect annual profits of $36.5 million.[13] In Iraq’s Kurdish region, theft is less pervasive

but the political elites tied to Kurdish leaders Masoud Barzani and Jalal Talabani have certainly appropriated revenues from oil sales. Kurds point to the lavish villas being constructed around Arbil as evidence of this corruption. Meanwhile, in the Arab South, members of the Iraq Anti-Corruption Commission, who have taken their work seriously, have been forced out of office and have even had to leave the country for fear of their lives.[14]

The foregoing analysis suggests that sectarian identities are not at the core of Iraq's problems but rather are exploited by "sectarian entrepreneurs" to mobilize and enforce discipline on their members as a means to achieve political and criminal ends. Recently, the true nature of these organizations has become evident in Baghdad neighborhoods that have been "ethnically cleansed." In Ur, Amin, Topchi, Sadr (Revolution) City and other Shi'i districts, Mahdi Army members have turned on local residents, stealing their automobiles, other personal property and often seizing their homes. As competition within the Mahdi Army over the "spoils of war" has increased, Shi'is have begun to ask how it is that an organization that purportedly was formed to serve their interests now undermines their livelihoods.[15] What the Mahdi Army's expanded criminal activities and infighting indicates is Muqtada al-Sadr's loss of control over much of his militia.

How can the problem of sectarianism be addressed? It is instructive to examine the results of the CERP (Commander's Emergency Response Program) initiative that was developed by the U.S. military in Iraq. CERP used funds captured from the Ba'athist regime to put Iraqis in urban neighborhoods and rural towns to work. Interviews with U.S. army officers who used CERP funds indicate that the program was invariably successful, leading the *Iraq Study Group Report* to recommend its expansion.[16] In neighborhoods where Iraqis were employed to clean up refuse and sewerage, pave roads, replace broken sewer lines, and build schools and health care clinics, violence dropped significantly, while local residents demonstrated appreciation to the U.S. military for the funds they received. As officers noted, after a hard day's work, Iraqis were too tired to engage in insurgent activity against U.S. and Iraqi forces.[17]

The CERP initiative and "bottom up" reconstruction projects (those developed according to needs expressed by Iraqis, rather than imposed by the United States) demonstrate that economic development can have an extremely beneficial impact on reducing violence, a key prerequisite for economic recovery and the process of national reconciliation. Projects organized by the Iraqi-American Chamber of Commerce and Industry (IACCI), which Iraqi businessman Raad Ommar has used to bring together a large alliance of entrepreneurs from all Iraq's major ethnic groups, have been successful because they have focused on middle range initiatives and have stressed the use of local Iraqi employees and laborers. However, the CERP Program does not possess the necessary funds to address the unemployment problem that fuels Iraq's sectarian violence. Although its initiatives have received some funding from the Agency for International development (USAID), the IACCI lacks the capacity to have a major impact on the Iraqi economy.

The Need for a 'Marshall Plan' for Iraq

Given the nature of the crisis in Iraq, and its importance to the Middle East and larger global economy, what is needed is a *bold* policy initiative. When Europe faced economic devastation after World War II, the United States provided huge amounts of material aid and capital through the Marshall Plan. All analysts agree that the Marshall Plan was critical not just to economic reconstruction, but also to the political stability and democratic governance that characterized Europe by the mid-1950s. No one would be naive enough to argue that economic reconstruction will, by itself, solve Iraq's problems. However, the obverse is certainly true. Without a comprehensive reconstruction effort that must, of necessity, be international in scope, conditions will not improve in Iraq.

This article suggests that the United States should assume a leading role in developing an international coalition that would operate under the auspices of the United Nations and a Special Commission for Iraq Reconstruction. The Special Commission, which would report to the United Nations, would be comprised of Iraqi technocrats, and technocrats from other Arab countries, Europe, Asia, and developing countries. This commission would be responsible not only for implementing reconstruction projects, but assuring the transparency and accountability of funds spent on these projects. While the United States would "prime the political pump" by organizing the international coalition of nation-states, international organizations, NGOs, and multinational corporations, funding for Iraqi reconstruction would come from the European Union and Japan (which are heavily dependent on oil from Iraq and the Persian Gulf), wealthy Arab oil-producing countries such as Saudi Arabia, and the Arab Gulf States (none of which can afford an unstable Iraq under the control of radical elements), Libya, and member nations of the Organization of Islamic States, such as Indonesia and Malaysia. Funding and technical expertise could also be provided by NGOs and Western multinational corporations.[18] Forward looking multinational corporations could expect future economic benefits once the Iraqi oil industry was fully developed and Iraqi consumer demand for foreign products increased. One only has to visit Jordan, Saudi Arabia and the Arab Gulf States, where such efforts have already born fruition, to realize the investment opportunities that await foreign firms that have the foresight to invest in Iraq.

Economic reconstruction would proceed in three stages. First, funds would be allocated to develop a *national employment program* that would be used to find work for chronically unemployed sectors of society who would then participate in public works projects, such as those mentioned above. The second stage would entail a large scale effort to initiate *small*, *locally based enterprises and social service projects* designed to rebuild neighborhoods in urban areas and rural towns, e.g., bakeries, groceries, schools and health care clinics. Particular attention would be paid in this phase to initiate projects that local residents indicated were of greatest need in their communities, thereby creating incentives for local residents to protect these projects from disruption by insurgent and criminal groups. Local notables and entrepreneurs (such as the IACCI), both in Iraq and in neighboring countries such as Jordan, would be consulted to identify potential projects and to gain their support.

The third phase of economic reconstruction would focus on *infrastructure development*, particularly rebuilding the oil industry, the main component of the Iraqi economy. Longer range projects, such as the plan to make the port city of Basra the major economic hub of the Arab Mashriq, with rail lines and highways linking it to the Eastern (Iranian) and Western (Arab) sides of the Persian Gulf, would not only create more employment in southern Iraq, but establish the infrastructural nexus to facilitate Iraq's long term economic growth.[19]

Fighting Sectarianism at the Political Level

Following the adage that "the fish rots from the head down," the Iraqi government needs to demonstrate that it is serious about fighting sectarianism through prosecuting officials linked to sectarian-based killings and corruption. Government officials in the ministries of Interior and Health, and officers in the national police force, have all been accused of complicity in sectarian killings. The Iraqi government has tentatively begun to prosecute two officials, one former judge and one former official in the Ministry of Health, for complicity in the killings of Sunni Arabs in Baghdad hospitals. These prosecutions will take place in the new Rule of Law Complex, where judges live under continuous military protection to prevent them from assassination. A similar center was successfully used in Mosul where judges from outside the city were used to try those accused of sectarian-based killings. Rule of Law complexes provide a model that needs to be expanded to other parts of Iraq, e.g., the South.[20]

While the current government of Nuri al-Maliki does not condone sectarian killings, it certainly has done little to address the problem. The first step is political reconciliation, especially rebuilding trust among Iraq's ethnic groups that Saddam Hussein worked to destroy through a "divide and

conquer" strategy, e.g., expelling Kurds and Turkmans from Kirkuk and settling Arabs in the homes that were seized. This requires definitive and forceful action by the Iraqi government. Prosecuting sectarian killings and government corruption (which are highly interdependent as I have indicated above) would send a strong message to sectarian entrepreneurs that such behavior will no longer be tolerated. Here the United States and the international community should bring pressure to bear on the al-Maliki government to move forward with such prosecutions.[21]

A serious reduction in sectarian behavior and corruption within the current Iraqi government would help lay the basis for larger structural reforms, especially redressing Sunni Arab concerns about amending the Iraqi constitution. Once Sunni Arabs felt that they had less to fear from their own government, talks on national reconciliation could more easily move forward. The recent visit by Vice-President Tariq al-Hashimi to Grand Ayatallah 'Ali al-Sistani's home in al-Najaf, to deliver a 34 point plan for national reconciliation, was of tremendous symbolic importance because it said to the nation that a substantial number of Sunni Arabs now accept Shi'i majority rule.[22] This positive step forward needs to be supported by economic reconstruction and political reforms. Iraq's Kurds would likewise feel more comfortable in committing to a strong federal system if they saw economic and political progress in the Arab South.

Conclusion

A stable, prosperous and democratic Iraq offers great hope for one of the world's most troubled regions. With energy prices reaching all time highs, Iraq's vast oil wealth offers the prospect for meeting much current global energy demand while new technologies are developed to reduce dependency on carbon-based fuels. Unlike Europe under the Marshall Plan, Iraq possesses the ability to fund much of its own reconstruction, once it receives the requisite international economic and political support. Creating the type of international effort suggested in this article will not only help Iraq and the Middle East, but also help promote the type of international cooperation and diplomacy that are required by an increasingly interdependent global economy.

In rebuilding a non-sectarian Iraq, the United States needs to begin by realizing that changing one prime minister for another not only contradicts its policy of encouraging democracy-building in Iraq, but cannot address the serious economic and political problems that currently face the country. The United States must also realize that, while markets are the main engine of economic growth, they cannot function under conditions of high unemployment and where economic deprivation leads to political violence.[23] The initiatives envisioned in this article are admittedly wide ranging and complex. However, their potential payoffs are enormous. They not only offer great hope for Iraq, but a model for all nations of the region.

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References

1. Jim Holt, "It's the Oil," *The London Review of Books*, October 18, 2007; Iraq's oil reserves are estimated at 155 billion barrels.

2. One of the most significant developments in Iraq after 2003 has been the steady increase in university enrollments, including the development of a new system of private universities to meet the increased demand for a college education. See *al-Hayat*, October 1, 2007.

3. SCIRI has since changed its name to the Supreme Iraqi Islamic Council.

4. On the negative economic consequences of CPA policy between May 2003 and June 2004, see Bassam Yousif, "Economic Restructuring in Iraq: Intended and Unintended Consequences," *Journal of Economic Issues* 41, no. 1 (March 2007): 43-60.

5. For additional material on the Iraqi nationalist movement, see my *Memories of State*: *Politics, History and Collective Identity in Modern Iraq*, Berkeley and London: University of California Press, 2005, 29-147; and, "History Matters: Past as Prologue in Building Democracy in Iraq," *Orbis* 49, no. 2 (Spring 2005): 229-244.

6. For a discussion of the opposition inside Iraq, see *Memories of State*, especially Chapter 8: "Memories of State and the Arts of Resistance," 200-226.

7. The most recent indicator of Iraqi nationalism could be seen in the outpouring of support for the national soccer team that includes players of all major ethnic groups, following its winning the Asia Cup. Iraqi flags even appeared in Iraqi Kurdistan, but were ordered withdrawn upon pain of imprisonment by the KRG. Interviews, Iraqi Kurdistan, October-November, 2007.

8. For information on the assassination of Muhammad Muhammad Sadiq al-Sadr, see *Al-Hayat*, February 2, 1999.

9. During a recent trip to Turkey, Iraq and Jordan, a Kurdish engineer from Kirkuk told me that, despite a four-fold increase in his salary since 2002, high inflation has lowered his family's standard of living over the past five years.

10. Interviews conducted in Iraqi Kurdistan, October and early November, 2007. For a plausible, economic efficiency-prompting way in which an unemployment scheme may be structured, see Yousif, "Economic aspects of peacekeeping in Iraq: what went wrong?," *The Economics of Peace and Security Journal* 1, no. 2 (2006): 24-30, especially 26-7.

11. This information was obtained during interviews with former Kurds who served as officers in the Iraqi army (mostly in southern Iraq) in Iraqi Kurdistan in March 2005.

12. For the report of the Special Inspector General for Iraq Reconstruction, see www.sigir.mil. See also, T. Christian Miller, *Blood & Oil: Wasted Billions, Lost Lives and Corporate Greed in Iraq* (New York: Little, Brown and Company, 2006).

13. Interview with a former Iraqi oil minister, Amman, Jordan, November 6, 2007.

14. Earlier this year, the director of the Central Organization for Statistics and Information Technology (COSIT), was assassinated after having been charged with developing a census of all government employees. I would like to thank Dr. Keith Crane for calling my attention to this fact.

15. "Relations Sour Between Shiites and Iraq Militia," *The New York Times*, October 11, 2007.

16. James A. Baker III, and Lee H. Hamilton, co-chairs, *The Iraq Study Group Report*, New York: Vintage Books, 2006, Recommendation 68; the ISG likewise recommended creation of the position of a Special Advisor for Economic Reconstruction in Iraq.

17. For ways in which the Iraqi government could structure an employment scheme on a community/neighborhood basis, see Yousif (2006).

18. American taxpayers have already contributed an estimated $480 billion to the war effort in Iraq. For the war's cost, see, www.nationalpriorities.org/Cost-of-War/Cost-of-War.

19. For discussion of this plan, see my , "The New Iraq: The Uses of Memory," *Journal of Democracy* 16, no. 3 (July 2005): 66.

20. "In Baghdad, Justice Behind the Barricades," *The New York Times*, July 30, 2007.

21. All Iraqis with whom I spoke during a trip to northern Iraq and Jordan in October and November 2007, see the need to rid Iraq of sectarianism as the first priority in bringing stability to their country.

22. "Tariq al-Hashimi Proposes a Solution (the National Memorandum), Which Aims to Unify Iraq, Condemn and Isolate Violence, and Open Comprehensive Political Dialogue" *Al-Sabah*, September 26, 2007; "Hashimi Meets With Sayyid Sistani and Asks for His Support for the Memorandum of National Relations," *Al-Mada*, September 27, 2007.

23. Unfortunately, ideology, rather than pragmatism, still reigns in the Bush Administration, long after the shortcomings of its policies have become clear. This can be seen in the characterization of Deputy Under Secretary of Defense for Business Transformation, Paul A. Brinkley, as a "Stalinist" by American diplomats in Baghdad, due to his efforts to reopen potentially viable public sector factories that were closed in 2003 in order to address Iraq's unemployment problem "Defense Skirts State in Reviving Iraqi Industry," *The Washington Post*, May 14, 2007.