

# The Way Out of Iraq

*Decentralizing the Iraqi Government*

Ivan Eland



*INDEPENDENT POLICY REPORT*



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Oakland, California

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## **The Current Chaos In Iraq**

The United States has plunged into an Iraqi swamp. The swashbuckling victory in the first Gulf War led to the most egregious sins that can be made in military affairs—hubris and underestimation of the enemy. The U.S. and Soviet superpowers made the same mistake respectively in Vietnam in the 1960s and 1970s and in Afghanistan in the 1980s. But as those quagmires dry up in memory, U.S. government officials apparently have to relearn the same lessons.

In human history, the most successful form of warfare is guerrilla operations by the weak against the strong. Guerrillas take advantage of sanctuaries offered by terrain (for example, thick jungles, high mountains, or densely populated cities) to launch hit-and-run attacks against small or isolated groups of the stronger party's forces. They then blend back into their surroundings, pretending to be ordinary citizens.

In Iraq, after a second swift conventional victory, U.S. overconfidence reigned. A uniformed President Bush stood on a U.S. aircraft carrier in triumph before a banner proclaiming "Mission Accomplished." That bravado quickly evaporated in what looks to have been a pre-planned guerrilla insurgency, designed with the long-term goal of getting the superpower out of Iraq. The vast majority of U.S. deaths have occurred after the "cessation of major combat operations."

Even during the successful conventional phase of this second U.S.–Iraq war, harbingers of doom arose but were ignored. Guerrilla tactics by Saddam Hussein's Fedayeen fighters disrupted U.S. supply lines during the advance to Baghdad. Edward Shinseki, the army chief of staff, was apparently one of the few senior U.S. government officials to realize that the

occupation phase of the Iraq campaign might end up being as difficult or more difficult than the initial invasion. Top Bush administration defense officials, however, ridiculed Shinseki's warning that hundreds of thousands of U.S. ground forces would be required to occupy Iraq.<sup>1</sup> Perhaps these hawkish civilian officials should have paid more attention to an expert on ground combat. (But even a much larger force would have had problems subduing a nation the size of California in which the majority of the people have never regarded the foreign invasion as "liberation.")<sup>2</sup>

### *Iraq Is Not Post–World War II Japan or Germany*

Those officials also should have paid attention to analysts who disputed the administration's claim that "liberating" Iraq would resemble the post–World War II U.S. occupations in Japan and Germany. For example, John Dower, an award-winning historian of modern Japan, maintains that "almost everything that abetted stability and serious reform in postwar Japan is conspicuously absent in the case of Iraq."<sup>3</sup>

Before being destroyed in World War II, Japan and Germany had the social and economic organization and the highly skilled work forces of developed nations. More important, they also had unified societies, at least some experience with democracy, and an external threat (the Soviet Union) that had the potential to be worse for them than the U.S. occupation. Iraq has none of those characteristics.<sup>4</sup> It is a fractious developing country with little prior experience in genuine democracy, a social fabric torn by three recent wars and more than a decade of the most grinding economic isolation in world history, and no potentially hegemonic external enemy.

### *Going from Bad to Worse*

Thus, not surprisingly, the U.S. position in Iraq is bad and is bound to get worse. The number and sophistication of guerrilla attacks are growing,<sup>5</sup> and the situation includes lawlessness, a prostrate economy, shortage of basic services (for example, electricity and clean water), U.S. torture and censorship of the Iraqi press, U.S. cancellation of local Iraqi elections because anti–U.S. Islamists and Saddam loyalists would likely have won,<sup>6</sup> and U.S. pilfering of Iraqi funds to give U.S. companies sweetheart deals. All of these factors make the continuing U.S.

occupation more and more unpopular with Iraqis. Daily attacks on U.S. forces have risen dramatically from fifteen per day in October 2003 to more than thirty per day in December 2003 to forty-five per day in June 2004<sup>7</sup> to almost ninety per day in September 2004.<sup>8</sup> Statistics show that these attacks are happening in most parts of the country.<sup>9</sup> The security of major urban areas is worse than in the Vietnam War. In almost all major cities outside Kurdistan, including Baghdad, the United States is not in effective control.<sup>10</sup>

Another indicator of the strength of the insurgency is that even with the extremely high unemployment levels, enlistments for the new Iraqi security forces are 10 percent lower than planned.<sup>11</sup> With attacks on such forces a prominent tactic of the insurgency, people are simply afraid to sign up. Moreover, the loyalty, competence, and reliability of those who do sign up are questionable.

More than a year after the end of the conventional phase of the war, U.S. intelligence on the enemy is so poor that victory against the guerrillas is unlikely. Knowing how to fight an enemy about whom you know very little is difficult. Even though the U.S. military is taking casualties at lower rates than are the insurgents, the same thing happened in Vietnam. The Vietnamese guerrillas, fighting for their Southeast Asian homeland, were willing to take many more casualties than the United States and to wait for the casualty-averse superpower to become exhausted and go home. The Iraqi resistance is likely to be willing to do the same. And Iraq's insurgents may not have to wait long. With today's twenty-four-hour news, the Iraq war has already become unpopular in the United States in only a little more than a year (as of the summer of 2004, 56 percent of the American people believed invading Iraq was a mistake).<sup>12</sup> It took years for the Vietnam War to lose public support.<sup>13</sup> Thus, as in Vietnam, the U.S. might win every battle and still lose the war—not an uncommon outcome for the strong in guerilla warfare.

According to Seymour Hersh of the *New Yorker*, a former Israeli intelligence official told him that the Israeli leadership had concluded as early as August 2003 that the U.S. situation in Iraq could not be rescued. As a result, the Israelis expanded the military training of Kurdish militias in an attempt to salvage an independent Kurdistan with access to Kirkuk's oil.<sup>14</sup>

Guerrilla movements usually need three important elements to succeed: sanctuary, outside assistance, and, most important, support of the indigenous people. In the urban Iraqi landscape, guerrillas, using hit-and-run tactics, can melt back into the general population—thus foiling U.S. forces' attempts to neutralize them. Although the picture is murky, guerrillas are probably getting money and arms through Iraq's porous borders with neighboring countries.

Some assistance is undoubtedly coming from the inflamed worldwide Islamist jihad movement, but some may also be coming covertly from the governments of Syria and Iran. But not that much outside assistance is needed because, unlike in past insurgencies elsewhere, Iraq is awash with enough arms for the guerrillas to fight on for many years.

The guerrillas draw public support from a well of ill-feeling toward the foreign occupier. It is no wonder that, after leading the most grinding international economic sanctions in history and two wars against Iraq, the U.S. occupiers were not greeted with flowers. (Estimates of Iraqi children who died as a result of the U.S.–led United Nations [UN] embargo range from 227,000 to 500,000.)<sup>15</sup> The U.S. occupation authority's own polls showed that 92 percent of Iraqis think of U.S. forces as occupiers, whereas only 2 percent believe they are liberators.<sup>16</sup> Most Iraqis want the United States to leave Iraq, even if security becomes worse than at present. Only 35 percent of Iraqis want U.S. forces to stay in Iraq, and only 40 percent of Iraqis feel better off since the war.<sup>17</sup> These low approval ratings will likely dip even further as the U.S. occupation drags on and fuels an intensifying guerrilla insurgency.

More than a year after the U.S. invasion, oil production and exports remain below prewar levels, unemployment is at 30 to 50 percent, and electricity and clean water can be had only sporadically. Only approximately \$1 billion of the more than \$18 billion provided by Congress to reconstruct Iraq after the war has been spent there. (In fact, the lack of security, which in part prevents the money from being spent, is so prevalent that the administration intends to divert approximately \$3.5 billion allocated for power, water, and other reconstruction efforts to improve security and to create make-work jobs.)<sup>18</sup> Instead, almost \$2 billion of Iraqi funds have been used to give U.S. defense contractors noncompetitive sweetheart deals—for example, the monopoly contract that Halliburton received for postwar reconstruction.<sup>19</sup> How can the perception be anything but that the United States is looting Iraq's oil resources? All of these factors may also intensify resistance.

Most independent military and intelligence experts think that the Bush administration has led the United States into strategic folly. For example, Senator Chuck Hagel, a Republican on the Foreign Relations and Intelligence Committees, said, "The fact is, we're in trouble. We're in deep trouble in Iraq." Republican Senators Richard Lugar, the chairman of the Foreign Relations Committee, and John McCain, a member of the Senate Armed Services Committee, expressed similar sentiments.<sup>20</sup> Gen. Anthony Zinni, a former Marine commander of U.S. forces in the Middle East, noted, "And to think that we are going to 'stay the course,' the course is headed over Niagara Falls."<sup>21</sup> Similarly, testifying before the Senate Foreign Relations

Committee, marine general Joseph Hoar, another former U.S. Middle East commander, said, “I believe we are absolutely on the brink of failure. We are looking into the abyss.” In a surprisingly candid assessment from an active senior officer just back from Iraq, Maj. Gen. Charles H. Swannack Jr., the commander of the army’s Eighty-second Airborne Division, noted, “We are winning tactically, but have made a few tactical blunders . . . which created strategic consequences in world opinion. We are losing public support regionally, internationally, and within America—thus, currently, we are losing strategically.”<sup>22</sup>

An even more stark analysis was rendered by Larry Diamond, a civilian scholar at Stanford University’s conservative Hoover Institution who was personally recruited by Condoleezza Rice, the president’s national-security advisor, to go to Iraq and be a high level advisor to the U.S. Coalition Provisional Authority. According to Diamond, not only is the United States losing the war, but the whole enterprise has been counterproductive to U.S. security: “Iraq is more dangerous to the U.S. potentially than it was at the moment we went to war.” He continued, “A country not an imminent threat to the security of the U.S. is now in some areas a haven of the most murderous, dedicated enemies of the U.S., including al Qaeda.”<sup>23</sup>

A way must be found to reduce the violence and give Iraq the best chance of future stability and prosperity. Given the hole that the Bush administration has dug for the United States in Iraq, achieving such an outcome will not be easy. According to Diamond, “There are really no good options.”<sup>24</sup> In this report, however, I propose a solution that may prove to have the best chance of salvaging the situation.

## **Reducing the Violence**

To reduce the violence in Iraq, we must discover its root causes. The Iraqi insurgents appear to be fighting for two main reasons. The first is to get the foreign invader out of Iraq. Zbigniew Brzezinski, President Carter’s national-security advisor, has warned that a continued U.S. occupation will result in more zealous Iraqi hostility.<sup>25</sup> As noted earlier, based on the number of attacks against U.S. forces per day, such increased resistance appears to be taking place. The Bush administration blames the violence on criminals, former Saddam loyalists, and foreign jihadists, but those populations are limited. The intensifying guerrilla war appears to indicate that more and more average Iraqis perceive that they are defending their homeland against a foreign invader. For example, the militia of Shi’ite cleric Moqtada al-Sadr appears to fit into

none of these categories. A U.S. withdrawal from Shi'ite cities in southern Iraq has reduced, at least for a time, the violence from this force. Any renewed U.S. military assertiveness in this area, however, could cause the al-Sadr militias to reactivate their rebellion.

It is not surprising that patriotic feelings have arisen in the face of an unnecessary U.S. invasion that appears neocolonial in nature. (If the United States were to be invaded by a foreign power, similar patriotic feelings among Americans would probably ignite and lead to armed resistance.) Furthermore, according to the tenets of Islam, if Islamic territory is attacked by non-Muslims, every Muslim's duty is to fight back in any way possible; it is considered a sin not to do so.<sup>26</sup> Even moderate Muslims have this belief in "defensive jihad." That conviction led Muslims from all over the world to flock to Afghanistan during the 1980s to oppose the Soviet "infidel" invaders. It also has fueled the fierce resistance that Chechens and foreign Islamic fighters have waged against the perceived Russian occupiers in Chechnya.

Given the Islamic faith's belief in defensive jihad, the Bush administration's conduct of the post-9/11 "war on terror," including the very visible invasions of Afghanistan and Iraq, has been the worst possible course of action. Although most Muslims disagree with Osama Bin Laden's killing of innocents, they believe he is waging a justifiable defensive jihad against an infidel U.S. superpower that militarily occupies Muslim-inhabited areas or supports corrupt, secular governments in Islamic lands, including the territory containing the holiest sites in Islam—Saudi Arabia. After the September 11 attacks, the Bush administration reflexively inflamed the Islamic world further and inadvertently raised Bin Laden's stature in it by conducting a much too visible war against Afghanistan and an unnecessary invasion of Iraq.

Al Qaeda sanctuaries in Taliban-controlled Afghanistan clearly had to be eradicated. But this eradication might have been accomplished with a less visible and more aggressive covert war by U.S. military forces. Domestic political pressure on President George W. Bush to show that he was avenging the horrible September 11 attacks caused the war to be waged far too visibly in a Muslim land. In the end, the Bush administration let Bin Laden get away by not pursuing him covertly and aggressively enough with U.S. forces, while roiling an already inflamed Islamic world with a very visible war—the worst possible outcome for the United States. Furthermore, "infidel" U.S. forces continue to occupy Afghan territory three years after they ousted the Taliban.

The Bush administration's snafu in Afghanistan might be excused by its good intentions in going after the sanctuary of terrorists who attacked the U.S. homeland, but the monumental blunder of using the September 11 attacks to settle old scores with Iraq is unforgivable. The

U.S. invasion of Iraq is analogous to invading Romania in 1941 after the Nazis declared war on the United States and the Japanese attacked Pearl Harbor. The 9/11 Commission recently stated that they saw no evidence of a “collaborative operational relationship” between Iraq and al Qaeda or that Iraq had helped al Qaeda attack the United States.<sup>27</sup> Invading another Muslim land for no justifiable reason stoked worldwide Islamic hatred of the United States much more than did the war in Afghanistan, which the Islamic world perceived as more legitimate.

Similarly, most groups in Iraq hate the idea of a long-term U.S. military occupation of their country. If U.S. troops were to be replaced by some sort of international force that had not invaded the country and that was predominantly Muslim—thus increasing somewhat the legitimacy of the occupation—violence in that country would likely be reduced significantly. Most other Muslim countries, however, will not provide forces to help stabilize Iraq as long as U.S. forces remain there.

But opposition groups in Iraq—both Sunni and Shi’ite—are also fighting for their place in post-U.S. Iraq. First, the Sunnis (15 percent of the Iraqi population), the traditional rulers of Iraq, are fighting because they fear harsh paybacks when the majority Shi’ite population (65 percent of the population) likely wins control of the Iraqi central government in possible future democratic elections. Sunnis gained the impression that they were being punished for the excesses of Saddam’s regime when the ruling Baath Party was dissolved and party members were stripped of their positions in the military and civil society and when indigenous Sunnis were excluded from the Iraqi Governing Council in favor of Sunni exiles or Kurds. Second, the Shi’ite al Mahdi militia under Moqtada al-Sadr consists of radical Islamists who fear being marginalized in a post-U.S. Iraq controlled by the more moderate Shi’a under the revered Grand Ayatollah Ali al Sistani. Al-Sadr’s forces have fought U.S. forces and their client Iraqi government, but may be battling more moderate Shi’a in the future if a suitable political settlement is not reached that allows each faction to largely control its own area.

Finally, the non-Arab Sunni Kurds (15 percent of the population), with their own well-armed militia, are not yet fighting, but they have made it clear that they too want to avoid oppression by a Shi’ite central government. Kurdish peoples are currently minorities in four states—Iraq, Iran, Syria, and Turkey—and historically have been oppressed by such states. Thus, the Iraqi Kurds, leery of future oppression from the Shi’a, want to retain the de facto autonomy, democratic government, economic prosperity, and intensified sense of ethnic identity that they have enjoyed for more than a decade. And, most likely, they will want to move toward an independent Kurdish state. The sentiment for independence is rising in Kurdistan;

half the population of northern Iraq has signed a petition in favor of having a referendum on that issue.<sup>28</sup>

According to the Chatham House, a respected British research institute, each of the three groups has an “exclusivist” vision for a future Iraq. The Shi’a in southern Iraq are on a trajectory to an Islamic state. Little support for secular parties exists there. In contrast, the Sunnis are traveling the path of secular Arab nationalism. The Kurds have had their own de facto state for more than a decade, likely want to make it permanent, and do not like the other groups’ goals. The U.S. occupation authority has found that these obstreperous groups are attempting to thwart the formation of a central government.

The Chatham report says that although some Iraqis put their national identity before their group affiliation and that these Iraqis might even be in the majority in Iraq, “grass roots power is currently in the hands of those groups which assert themselves according to their communal identity.”<sup>29</sup> Also, in many such chaotic situations, the opinions of armed and well-organized minorities win out over the wishes of the majority—for example, in the Bolshevik Revolution in Russia. In particular, the Kurds have a stronger militia than either the Shi’a or Sunni and are also more “exclusivist” than those populations.

The Sunni Arab and Kurdish groups will be unlikely to tolerate a Shi’ite-controlled central government,<sup>30</sup> especially if it is an Islamic one. In an Iraq with a population that is 65 percent Shi’a, that outcome is the most likely. In Saddam’s Iraq, as in other authoritarian countries in the Arab world, the only dissent permitted was in the mosques, thus giving the Islamic religion enormous prestige and legitimacy. Therefore, after a genuinely free election, the Shi’a will likely set up an Islamic regime.<sup>31</sup> That election may be the last free one, however. Since the British created the fiction of “Iraq” in the 1920s, it has seen only autocratic governments and so has no experience with true democracy.<sup>32</sup>

Although the Shi’a may want to subject all Iraqis to Islamic governance, even they have some separatist tendencies. They control a majority of Iraq’s oil resources and will not want those revenues diffused to other parts of Iraq.<sup>33</sup>

## **Why a Centralized Iraq Is Not Viable**

President Bush has promised a “free, unified Iraq.” The United States would like to remake Iraq in the U.S. image of a liberal federated republic. Iraq’s interim constitution—drafted

by U.S. lawyers—creates a federal state, but no agreement among Iraqis exists on what this means. Circumstances on the ground make it unlikely that such an Iraqi federal state will come to fruition.<sup>34</sup>

### *Federation versus Confederation*

Federation as a form of government is revered in the United States in part because the United States largely invented it. Australia, Canada, and Switzerland are other modern examples of federations.

A federation is usually defined as a combination of shared rule and self-rule. The central government and state governments directly rule citizens in the same territory, but somewhat independently—that is, in different spheres of citizens' lives. (In areas of overlapping jurisdiction, the central government usually has supremacy over state governments.)<sup>35</sup> For example, the central government will handle foreign affairs, defense, immigration, economic matters that benefit from standard regulation, and activities that physically cross state borders.<sup>36</sup> The powers of the central government and of the states are usually guaranteed by a constitution that can be amended by some sort of majority (that is, nonunanimity) of state governments. The central government cannot dismiss a state government or governments. Neither secession by a state government, nor the state government's nullification of the central government's legislation is permitted.<sup>37</sup> Also, the key power of taxation is shared between the two levels of government.<sup>38</sup>

In contrast, a confederation government interacts mainly with the state governments and does not rule citizens directly.<sup>39</sup> In the system, the states, rather than the central government, have most of the power. The confederation government consists only of institutions that the state governments have agreed to share among themselves.<sup>40</sup>

### *An Iraqi Federation Is Unlikely to Be Successful*

Because each of Iraq's ethnic and religious factions—most of them with armed militias—is suspicious that a strong Iraqi central government might eventually fall under the control of a rival group or groups, any attempt by an outside authority to impose a federation might very well end in civil war.

To begin with, Iraq, like Czechoslovakia,<sup>41</sup> is an artificial state.<sup>42</sup> After World War I, Iraq was created when the British combined three provinces of the defunct Ottoman Empire.<sup>43</sup> These provinces had never been united politically, had no feeling of collective nationality, and contained three different ethnic/religious groups subdivided by tribal loyalties. This situation has made the Iraqi state dysfunctional from the start. Similar to the situations in Czechoslovakia, the Soviet Union, and Yugoslavia, the only way Iraq's fractious populace has been held together in one country has been by the brute force of arms. In fact, authoritarianism was made possible by the hatred and distrust among the groups and their inability to work together in any natural unified political arrangement.<sup>44</sup> Saddam Hussein and his family (within a tribe that was a minority in the Sunni ruling class)—like the Ottomans and British rulers before them—exploited these ethnic fissures to retain control over the country. Although Saddam was able to divide the groups (more accurately, he simply exacerbated the existing divisions) for his own gain, he failed to “conquer” them by imposing a homogeneous political culture on them.<sup>45</sup>

Unless the U.S. government is willing to tolerate a return to such brutal autocratic oppression (given the current chaos, it might eventually be tempted by that option in order to restore some semblance of stability), the same natural centrifugal forces will likely pull Iraq apart. After the dissolution of the Soviet Union and the Warsaw Pact, both the Czechs and Slovak publics were initially against partition, but their leaders eventually led them down the road to separation.<sup>46</sup> It is probably inevitable that the leaders of various factions in Iraq will do the same. The question remains whether partition would be a peaceful, planned road to gradual separation (or decentralization), as in the case of Czechoslovakia, or an unruly split after a bloody civil war, as in the case of Yugoslavia.

Despite upbeat public pronouncements by the Bush administration on progress in remolding Iraq, a highly classified national intelligence estimate written for President Bush was pessimistic about the outcome. The estimate postulated three alternative scenarios—the worst being civil war and the best being an Iraq in which security and political and economic stability remain in doubt.<sup>47</sup> According to David Ignatius of the *Washington Post*, the Iraq situation might be spiraling into a super-Lebanese civil war.<sup>48</sup> So much for the Bush administration's plan to create an Iraqi democracy that will remake the Middle East in the U.S. image—an outcome that most experts in the region have always thought was a stretch.

Similarly, in an even more downbeat report, Chatham House states that the fragmentation of Iraq “is, sadly, a not unlikely scenario.” The think tank continues:

The Fragmentation Scenario represents what will happen if competing elements and interests in Iraq fail to cohere under the new interim government and the combined efforts of the IIG [Iraqi Interim Government], the U.S. forces and U.N. personnel prove powerless to reverse the trend. Indeed, the continued U.S. presence could contribute to fragmentation in the near term, if it is seen to be the power behind the new interim government, variously ignoring it or pulling the strings.

Essentially this is the default scenario, in the sense that it best describes the tendencies at work which have to be overcome in order to avoid fragmentation. Under this scenario Kurdish separatism and Shi'a assertiveness work against a smooth transition to elections, while the Sunni Arab minority remains on the defensive and engaged in resistance. Antipathy to the U.S. presence grows, not so much in a unified Iraqi nationalist backlash, but rather in a fragmented manner that could presage civil war if the US cuts and runs. Even if U.S. forces try to hold out and prop up the central authority it may still lose control. At the end of his fact-finding trip to Iraq in February 2004, U.N. Representative Lakhdar Brahimi warned that the ingredients for civil war were apparent. His warnings should be heeded.<sup>49</sup>

Chatham House predicts a civil war if the United States “cuts and runs” (a characterization it does not define), but does not seem to be much more optimistic if the U.S. forces stay. Thus, if a continued U.S. occupation does not greatly increase the chances of a positive outcome—or, as I believe, most likely diminishes such chances—it would be better for the United States to withdraw its forces and save lives, hundreds of billions of dollars, and its prestige. The U.S. psychology in Iraq is like that of an investor who continues to hang on to a poorly performing stock rather than admitting a mistake, cutting his or her losses, and reinvesting the money in something more profitable. Similarly, during the Vietnam War, arguments were made that U.S. lives and billions of taxpayer dollars had to be spent in the deepening quagmire to preserve U.S. “credibility,” but the United States would have retained more of all three had it withdrawn U.S. forces much earlier. The same is likely to happen in Iraq.

“Cutting and running” is too harsh a description of a possible U.S. exit of Iraq, however. This is especially true if the United States, before leaving, sets up a mechanism that gives Iraqis the best chance for peace and prosperity in the long-term—decentralized governance and genuine self-determination, probably in a confederation of various ethnic and religious groups, a partition or some combination of both.

Trying a federated middle ground in Iraq would probably not work. It failed in

Czechoslovakia. The social cohesion of a federation would probably be endangered by varying economic situations among the subgroupings.<sup>50</sup> Also, the creation of a successful federation is much more likely with a preexisting congenial and tolerant political culture<sup>51</sup> and with the common vision and mutual trust required for shared institutions,<sup>52</sup> all of which are missing in Iraq. Furthermore, according to Professor Clement Dodd, formerly at the University of London, “Federations made from the top down, where there is change from a unitary state, are less stable than those that are made from the bottom upwards: there is likely to be more enthusiasm for the new configuration in the latter than in the former case.”<sup>53</sup> In other words, liberal federated government is better created by the bubbling up of desire from the people rather than by a foreign power’s imposition from above on a reluctant populace—as in the case of Iraq.

Federations have historically been unsuccessful in polities containing fractious ethnic, racial, religious, regional, or other groupings. The late Professor Daniel J. Elazar at Temple University, who was a prominent authority on federalism, needs to be quoted at length on why such societal divisions make successful federations difficult:

Ethnic nationalism is probably the strongest force against federalism. Federalism has become a very popular “solution” for problems of ethnic conflict in public discourse. In fact, ethnic federations are among the most difficult of all to sustain and are the least likely to survive because constituent units based on ethnic nationalisms normally do not want to merge into the kind of tight-knit units necessary for federation. It may be that confederations of ethnic states have a better chance of success. Ethnic federations run the risk of civil war, while ethnic confederations run the risk of secession. . . . Federal theory calls for nationalism on the basis of consent whatever its demographic content, consent which allows both for the division and sharing of powers. Most of today’s nationalisms, on the other hand, emphasize those things which separate peoples: language, religion, national myths, or whatever. . . . In general, nineteenth-century-style ethnic nationalism tends to subordinate all free government to its uncompromising position. Federalism is a democratic middle way requiring negotiation and compromise. All aspects of society fostering uncompromising positions make federalism more difficult, if not impossible.<sup>54</sup>

In another work, Elazar cites Nazism, fascism, communism, and even the French Revolution to argue that ideology rarely triumphs over existing ethnic identities.<sup>55</sup> Thus, in the absence of an oppressive Iraqi dictatorship that suppresses all groups (and maybe even if

the United States makes a desperate attempt to reinstate one), the various factions—especially if they are armed—will probably pull apart any externally imposed federation.

### *Restructuring Iraq at the Point of a Gun Will Not Work*

The Iraqi army and other security forces were dismantled early in the U.S. military occupation and are only now being replaced with newly organized forces. A significant portion of the old security forces have become disaffected with their dissolution and have taken up arms on the side of the resistance. With the new hapless replacements for the Iraqi security forces, a potent insurgency, other groups armed to the teeth, and Bush administration promises to bring democracy to Iraq and the Middle East, the United States will be hard pressed to reinstate autocratic, centralized rule even if that were the only perceived way of restoring stability. After a can of worms has been opened, it is difficult to get them to crawl back into the container.

Where national identity is weak and no tradition of political pluralism exists, suspicions among rival groups that one group or a band of groups will take over any federal government are likely to prevail and lead to the disintegration of a federation. That breakup can be either peaceful (as in the case of Czechoslovakia and most of the Soviet Union) or violent (as in the case of Yugoslavia). With Iraq awash in weapons, violence, and fractious groups, the break up of any federation might very well lead to a nasty civil war.

Of course, any U.S.–imposed federation can be propped up by the continued—or even augmented—presence of U.S. military forces. Yet if the U.S. government chooses this option, it will probably become stuck in an endless Vietnam-style quagmire. Most Iraqis already want U.S. forces to leave. A long occupation will probably only fuel anti–U.S. animosity and cause the number and severity of attacks on the foreign occupier to increase further. The longer the occupation lasts, the less likely the United States is to win its counterinsurgency campaign—on which the viability of the U.S.–imposed federation depends.

The U.S. military is already faced with a “half-in and half-out” Vietnam-like situation. Guerrilla wars are often as much or more political than they are military, and the U.S. armed forces, even after Vietnam, have yet to master the art of fighting them. The U.S. military has a dilemma, as its actions in the Sunni city of Falluja and the southern Shi’ite towns indicate. It can use overwhelming firepower and alienate the all-important hearts and minds of the Iraqi people—as occurred in Vietnam—or it can hold back, appear weak, and let the insurgency continue. So far in Iraq, the United States has vacillated between the two alternatives.

In May 2004, a leaked British memo noted that to reduce anti-American violence, U.S. forces needed to use greater restraint.<sup>56</sup> Similarly, some of the officers commanding other national contingents of the U.S.–led occupation force have complained of overly aggressive U.S. military tactics.<sup>57</sup> (Some of these nations have had more experience in peacekeeping than has the United States.)

In contrast to these tactics, however, the United States at the same time allowed Falluja in the north to be controlled by the Sunni insurgents for many months before using heavy firepower to blow the town to pieces and permitted the radical Shi'ite cleric Moqtada al-Sadr in the south to remain alive and in charge of his still viable militia. As in Vietnam in the 1970s, in Lebanon in the 1980s, and in Somalia in the 1990s, the insurgents' goal is to hang on until the superpower gets tired and goes home. As noted earlier, because of twenty-four-hour cable news and the Vietnam experience, the American public is souring on this war much more quickly than it did on the conflict in Southeast Asia.

The United States needs a way out that gives the Iraqis the best long-term chance of achieving peace and prosperity. Are there any viable alternatives to a return to autocratic rule or to the creation of a federation that will likely disintegrate into internecine strife or alternatively require a permanent U.S. military presence in the country to prop it up?

### **The Best Alternatives among Bad Ones**

The Bush administration had the naive belief that the United States could pop the autocratic top off a fractious country the size of California, be greeted as a liberator, subdue the country easily, and convert a nation with no prior experience with democracy into a U.S.–style liberal federated republic. The administration is now mired in an open-ended counterinsurgency in an unfriendly country and has little chance of achieving its grandiose goal. Given this bungling, no perfect solution exists. Almost any policy option has drawbacks. But those alternatives with the best chance of success would involve withdrawing U.S. forces rapidly, accepting Iraq's fractious nature, and allowing Iraqis to have genuine self-determination that would probably result in some sort of decentralized government.

Up until this point, the arguments presented against a federation have been utilitarian—that is, federations usually fail when strong ethnic or religious groups exist in the polity. But if the United States is held to its rhetoric about letting Iraqis decide their own political system,

they would probably not even pick a federation, let alone a liberal republic. Of course, to date, the Bush administration's rhetoric about democracy and free markets has been largely hot air. Local elections have been cancelled; the Iraqi press has been censored; an interim constitution was written by American lawyers and deliberated by only a small number of Iraqis in secret; reconstruction contracts have been given without competition to U.S. companies tied to the Republican Party; and no privatization and marketization of state-controlled industries (especially oil) or other assets have occurred. Moreover, even Michel Rubin of the neoconservative American Enterprise Institute admits that Iraqis have little control over their own government ministries, over where foreign aid flows, or even over reconstruction of Iraq's electrical infrastructure (despite much local expertise in doing so after the first Gulf War).<sup>58</sup>

True self-determination by Iraqis would probably yield a loose confederation of local units or a partition of the country into more than one state or a combination of confederation and partition. These alternatives have the best chance of reducing the violence and putting Iraqis on the road to peace, stability, and prosperity.

If the United States allows genuine self-determination, the first step would be to withdraw U.S. forces from Iraq relatively quickly. This action would ensure that there was no hint of U.S. coercion to produce a certain political structure. Such a withdrawal would most likely reduce the violence in Iraq because the foreign invader and occupier would be gone. Any temporary multinational force would probably be subjected to less violence because it would avoid the perception of being a potentially permanent neocolonial invader and occupier. The nascent Iraqi police and security forces might also be less of a target because they are no longer perceived as lackeys of the imperial superpower.

But to reduce the violence even further, a constitutional convention would have to be held—without the taint of foreign Western intervention and with representatives from each tribe, geographical area, and ethnic and religious group. The probable outcome of the convention would be some type of decentralized government. Such self-determination would allow the Iraqis to delineate the local units that would send representatives to the convention. Some in the U.S. government might find this a scary prospect, but even more instability will result if the Iraqis are denied this possibility, especially after all the U.S. rhetoric about letting Iraqis determine their own future. In the absence of a convention process allowing self-determination, a civil war among armed groups might erupt as they all fight to gain control of a potentially oppressive Iraqi central government. In contrast, decentralized Iraqi governance would likely take the form of confederation or partition or some combination of both. This report examines

the advantages and disadvantages of the various forms of decentralized government.

## **Confederation**

Confederation is somewhere between a federation (for example, the United States or Switzerland) and an alliance or league (for example, the North Atlantic Treaty Organization [NATO]). Unlike a federal government, the government of a confederation does not rule citizens directly, but only indirectly through the governments of component states. The confederation's actions need to be converted into state legislation before they control citizens of the states. If a state fails to implement the confederal will, the confederation can sanction only the state and not its citizens. States are much more difficult to coerce than individuals.<sup>59</sup>

Unlike the central government in a federal arrangement, a confederation government is not the strongest level of government in the system—the component states have the greatest power. Confederations are essentially treaties among states, which continue to keep their independence under international law.<sup>60</sup> The states do cede control of some limited areas of governance to the confederation government, but keep most areas of governance for themselves. (In most alliances or leagues, states cooperate but do not cede powers to each other.) The states also usually retain the all-important powers of taxation (and secession). Thus, the power lies where control of the money is held.

### *Confederations Are on the Rise*

Until recently, confederations had fallen out of fashion. The perception was that this form of governance was ineffective and that many confederations turned into federations—for example, the United States in the late 1700s<sup>61</sup> and Switzerland in the mid-1800s.<sup>62</sup> In addition, over time the central government of a federation tends to expand at the expense of the state governments. The United States and Switzerland are again examples of this phenomenon. Over the years, the U.S. Supreme Court has preferred people over places (that is, states) in its rulings.<sup>63</sup>

Recently, however, there has been talk among experts on federalism that federation as a form of government may be in decline and that confederations are again on the rise.<sup>64</sup> This

paradigm shift may stem from the break up of Czechoslovakia and the Soviet Union, troubles in the Russian Federation, the spread of secessionist movements, and the coming together of Europe in a confederation.

More generally, the decline of statism and the rise of globalization—as well as the concomitant increase in regionalization—have created a trend toward creating confederal forms of governance.<sup>65</sup> People want to retain their ethnic identities—sometimes by decentralization and sometimes despite centralization—but at the same time gain the benefits of increased economic linkages with other nations. Thus, instead of forming confederations for purposes of security, as in the old days, the new confederations are forming for mainly economic reasons. When based on mutual economic benefit, economic confederations may be much more durable than their older security-driven counterparts, which provided incentives for some states to “free ride” on other states’ defense expenditures. For example, during the American Revolution, some states were reluctant to provide their share of funds for the continental army under George Washington.

### *The European Union*

The European Union (EU) is the most visible confederation in the world. Over time, the union has evolved from consultative agreements between nations into a confederal structure. (In only a few very limited areas—on certain economic issues, such as agriculture—the EU acts as a federation, but, in general, it is a confederation.)<sup>66</sup> In other regions of the world, the EU experiment has spurred similar efforts. For example, there is also a confederation of Caribbean nations called the Caribbean Community. Great Britain first tried to create a West Indies Federation, but that project failed. Instead, the islands wanted their independence but decided to share a supreme court, the function of higher education, and a currency. The Netherlands formed something similar to a confederation with its former Caribbean colonies when it withdrew from its empire.<sup>67</sup>

The Commonwealth of Independent States, the successor to the Soviet Union, is also a confederation. The EU is a more fully developed confederation than either the Caribbean Community or the Commonwealth of Independent States, but the latter two are moving farther and farther down that path.<sup>68</sup>

Although security considerations drove the origin of the EU and still have some relevance today, the organization is now mainly an economic confederation. It has a common market

(tariffs and regulatory nontariff barriers to trade between member states have been removed, and no border controls inhibit the movement of goods, services, and people between member states), a customs union (tariffs on nonmember states' products are uniform), and now a common currency and European central bank. Although the people of various nations are EU citizens and get to vote directly for members of an increasingly powerful European Parliament, few EU citizens migrate from their own state to live and work in another state.<sup>69</sup> More important, the member nations, through the Council of Ministers, still retain the bulk of the governing power (both executive and legislative). In the treaty governing the EU, care was taken to preserve the member nations' sovereignty.

Amendments can be made to the treaty governing the EU only with the "common accord" of the member states and after being ratified by all parties. Individual nations are not bound by amendments and may instead opt to withdraw from the treaty. Unlike in the U.S. Constitution, the treaty does not enumerate the powers of a central government, and EU law does not have supremacy over member nations' laws. The EU's legal system is a series of common modifications to the legislation of the member nations rather than a system superior to such national laws. There is no European police force or enforcement agency to enforce EU decisions; member nations' enforcement mechanisms are used instead. Thus, the EU has difficulty making an errant state comply, and member states have the ultimate power to decide what laws will apply in their territories. In sum, the individual member states have the last say, not the EU machinery.<sup>70</sup>

One further indicator that local governments are dominant in the EU is the composition of the European Commission, the EU's executive bureaucracy. Rather than a system in which appointments are made to the commission based on merit or membership in a particular political party, there is an effort to keep a balance of nationalities.<sup>71</sup>

Taxing and spending authority are the ultimate indicators of governmental power. The EU's member states have varying taxation systems and levels of government spending. The EU itself has negligible central taxing power.<sup>72</sup> Also, the EU's budget remains small when compared to those of federations.<sup>73</sup>

There are nascent efforts to derive a common European foreign and defense policy, but most of the all-important security issues are still left to the states, as is the bulk of social and welfare policy. This approach is likely to remain the status quo indefinitely because the EU's supranational "political union" remains only rhetoric.<sup>74</sup>

Thus, the EU confederation has exhibited integration mainly in the economic sphere.

Although the EU faced secessionist pressures in the late 1970s, it survived because no nation had an interest in withdrawing from the large integrated market. This result illustrates that an economic confederation can be held together by its constituent states' mutual interests.

### *Confederation for Iraq?*

Similarly, some sort of an economic confederation might work for Iraq. It would probably handle Iraq's multitude of ethnic, religious, and tribal factions better than a federation would. Of necessity, the confederation's objectives would be more modest than the EU's. Concomitantly, an Iraqi confederation would probably want to avoid a huge central bureaucratic organization like the EU's. But a simple common market and customs union would allow greater economic efficiency and economic growth than separated local markets in the former Iraq. Also, a common currency might allow the continued use of the new Iraqi dinar. All of this commonality might be achieved with little central bureaucracy.

Some analysts, such as Leslie Gelb, former president of the Council on Foreign Relations, or former U.S. ambassador Peter Galbraith, have proposed varying forms of a confederation with a central government that deals with an expanded list of functions—for example, public health care, monetary policy, and foreign affairs and defense.<sup>75</sup> But this proposal gets the confederation into controversial zero-sum issues that are better left to individual member governments.

A common foreign and defense policy especially should be avoided. Those who have the guns often use them to control others. The existence of the new Iraq-wide army and police raises fears that one faction might get control over these security forces and use them to oppress the other groups. The United States should disband these forces before withdrawing its forces. The natural solution to the problem of security is to let local militias, which already exist, provide security in their own areas. Or local police forces can be developed or strengthened. As columnist Paul Krugman notes, a weak central authority does not have to mean that terrorists will have a haven in Iraq. For a year after the fall of Saddam Hussein, moderate Shi'ite holy men maintained stability and peace in large swaths of Iraq.<sup>76</sup>

Common social policies should also probably be ruled out. The different tribal, ethnic, and religious groups have their own subcultures, customs, and social organizations. Common social policies would reduce these differences to the lowest common denominator and might very well result in social strife or even civil war. For example, the Kurds, Arab Sunnis, and the Shi'a would most likely have different inclinations toward social policy.

The power of taxation should probably remain at the local level and go no higher on the principle that people feel they have the most control over and participation in a government that is closest to them rather than a government in some distant capital city. Also, an Iraq confederation might establish a rotating collective presidency—similar to that of Switzerland.<sup>77</sup> Iraq's presidency might have one representative from each local area and have only limited powers.

A confederation, in which component governments are dominant and have autonomy, would even allow different forms of government at the local level—unlike a federation, which requires the state and federal governments to be very similar. The EU is a confederation of disparate types of states—for example, Germany is a federation, France is a unitary state, and the United Kingdom is a union.<sup>78</sup> And the expanding European confederation is becoming more diverse in language, history, geography, politics, and wealth.<sup>79</sup> In Iraq, for example, the Shi'a would likely want to have a closer relationship between church and state than would the Kurds. Elazar argued, moreover, that confederations can handle ethnic tensions better than federations.<sup>80</sup>

Some analysts believe that a true federation requires democratic governments at all levels.<sup>81</sup> Despite the rhetorical flourishes of American politicians, a multilayered liberal democracy is unlikely to develop in Iraq anytime soon because the political culture for it does not yet exist<sup>82</sup> and is unlikely to be superimposed from above by a foreign invader. In fact, as free-market capitalism became incorrectly associated with racial apartheid (state-mandated segregation) in South Africa, democracy may very well become associated in the Middle East with an “infidel” foreign occupation that imposes it at gunpoint. In fact, shortly before the invasion of Iraq (February 26, 2003), a damning classified U.S. State Department report noted that even if a democracy were established in Iraq, the United States was so unpopular that the new democratic Iraqi government would probably be an anti-U.S. Islamic regime.<sup>83</sup> Liberal democracy has the best chance of success when the political culture for it evolves naturally from the grass roots in a society. History and thirty years of research argue that liberal democracy is also more likely to take root in countries that are more homogeneous and economically developed than Iraq is (for example, postwar Japan or Germany). Saddam's statist economic policies and more than a decade of harsh international economic sanctions have probably made Iraq too poor for genuine democracy to blossom anytime soon.<sup>84</sup>

If all local areas in Iraq were allowed to govern themselves the way they wanted, there would be much less potential for conflict. Abba Eban, a former foreign minister of Israel, has noted the conflicting global trends of political fragmentation and economic integration.<sup>85</sup> A

post-U.S. Iraq might look like a microcosm of world trends—a confederation that is politically diverse and segmented, but economically integrated.

To ensure that local governments have continuing primacy, any new Iraqi confederation might have nullification built into the system. Local governments would be able to nullify any central government legislation that did not fit with local law or customs. (An equivalent would be a requirement for a unanimous vote by member states to approve the confederation's legislation.) In fact, Iraq's Transitional Administrative Law, signed by the Iraqi Governing Council and the U.S. occupation authority in November 2003, contained a form of nullification to benefit the Kurds. The Kurdistan Regional Government could amend Iraqi federal legislation within its jurisdiction. The Sunnis and the Shi'ite majority, under the leadership of the Grand Ayatollah Ali al Sistani, erased any mention of the law or Kurdish autonomy in the UN Security Council resolution supporting the creation of an Iraqi interim government.<sup>86</sup> A two-thirds majority in any three governorates (the Kurdish region has three) is needed to block passage of a referendum on any new Iraqi constitution, but this requirement may lapse after the Iraqi elections on January 30, 2005. Although Kurdish nullification and autonomy are in doubt, the Kurds badly want them and may very well be willing to fight using their potent militia if they fail to get them.

But even with provisions ensuring strong local autonomy, a group (or groups) might not want to be part of any new confederation. To mitigate this potential problem, the option to secede should probably be enshrined in any new Iraqi constitution. Unlike federations, secession is usually an option in most confederations.<sup>87</sup> For example, the recently signed European Constitution includes a secession option for member states.

The option to secede has the practical effect of preventing the central government from becoming too large and powerful. In the United States, the path was opened for the growth of the federal government, and especially of executive power, when the right to secede was effectively removed after the U.S. Civil War. Transactions in a free market work well because the consumer always has the option to exit and buy from someone else; in practice, the exit option does not usually exist *vis-à-vis* a government unless secession is specifically guaranteed.<sup>88</sup> But if a group insists on seceding—the Kurdish groups among the Iraqi factions are most likely to do so—then the question becomes whether peaceful partition or civil war will be the outcome.

In an attempt to end the brutal and long-running civil war in southern Sudan, an agreement was recently reached for the black, Christian and animist south to have autonomy from

the Muslim-dominated Arab government. This decentralized arrangement disperses power to Sudan's constituent states. Southern Sudan will have its own constitution that will be compatible with that of the interim national constitution. The pact also provides for future referenda on the secession of certain Sudanese regions.<sup>89</sup> The arrangement is not perfect because it does not include all groups or solve all conflicts in Sudan (for example, the conflict in the western region of Darfur),<sup>90</sup> but if such an agreement for decentralization can be reached even amid the internecine hostility of this devastating war that has killed millions, some hope exists that one can be reached in Iraq—a country in which the factions are not yet fighting each other.

After the United States has recklessly destabilized Iraq, however, all bets are off. The fall of the communist bloc illustrates that “democratization” of multiethnic countries usually leads to secession and partition—whether peaceful or not.<sup>91</sup>

In the former Yugoslavia, a post-Cold War constitutional confederation on its way to implementation was disposed of in a bloody civil war. The people of the wealthier northern parts of Yugoslavia—Croatians and Slovenians—were more market oriented than the Serbians, who were more statist and who staffed much of the central administration, including the army and secret police.<sup>92</sup> Croatia and Slovenia refused to subsidize the poorer southern regions and seceded unilaterally from them. Serbia, the militarily dominant “republic,” challenged their secession, and a bitter internecine war broke out.<sup>93</sup>

The same tragic outcome might very well happen in any Iraqi confederation. After all, Iraq's groups are as fractious as those in Yugoslavia.<sup>94</sup> One way to avoid such a horrific outcome might be an attempt to negotiate any partition in advance, rather than waiting for the unilateral secession of certain regions. Such a successful negotiation resulted in the peaceful partition of Czechoslovakia and the Soviet Union (except in the Caucasus). Also, in Yugoslavia, the seceding republics were, at least initially, militarily inferior to the dominate Serb armed forces. By comparison, in Iraq, each of the potentially seceding groups—the Sunnis and Kurds—have equal or greater military power relative to the majority Shi'ite militias. In fact, the Kurdish militia, the strongest of any Iraqi group's forces, is powerful enough so that only the U.S. military would be able to prevent any secession attempt.<sup>95</sup> Thus, the Shi'a might be deterred from a replay of Serbia's actions in Yugoslavia—that is, the attempt to keep Iraq together by force of arms.

## Partition

Although partitioning of Iraq into independent states has some disadvantages, it should be actively considered and may be inevitable. The longer it takes to establish a viable Iraqi central government—if it ever happens at all—the more likely the three regions of Iraq will remain on their diverging trajectories. Some analysts believe that the time has passed when a unified Iraq is even possible.<sup>96</sup>

Under partitioning, the moving of ethnic groups becomes more likely. In Iraq, there are some areas where the various groups are mixed, most prominently in and around Baghdad.<sup>97</sup> Some ethnic groups may be “stranded” as minorities in states with majorities from other ethnic groups. If such minorities’ rights are not protected—the key to functioning liberal democracy—violence might result, as it did in Kosovo between the majority Albanians and the minority Serbs. The alternative is the forced removal of people—usually considered a violation of human rights. This problem might be less severe if Iraq were to remain as a loose confederation. The component parts would be smaller than partitioned states and tailored to fit tribal, ethnic, or religious boundary lines. Alternatively, in a partitioned Iraq, minority rights might be guaranteed by deterrence. Country A’s government would be deterred from harming members of country B’s ethnic/religious group within A’s borders by the threat that country B will do the same to members of A’s group within B’s borders, and vice versa. Thus, both governments might be deterred from persecuting minorities.<sup>98</sup>

### *Effect of a Partitioned Iraq on Neighboring States*

Another potential problem with partition is that neighboring states may feel more threatened by or take advantage of a partitioned Iraq. But these fears may be overstated. Some analysts argue that if Iraqi Kurdistan became a separate state or states, Turkey would invade because of fears that its own Kurdish minority would get ideas of separating from Turkey and perhaps merging with the new Kurdish state(s).

Despite Turkey’s blustering over the issue, however, it has lived with de facto Kurdish self-rule in northern Iraq for more than a decade. Also, the Turks desperately want to become members of the EU, and any belligerent action against the Iraqi Kurds would nix that possibility. The desire for EU membership may be an important reason why the Turks have recently been more accommodating to the Iraqi Kurds. And if Turkey gets EU membership—which brings

economic benefits and demands the recognition of minority languages and cultures—Turkish Kurds might be less likely to favor independence. The voting patterns of Turkish Kurds already indicate that a majority does not favor separation from Turkey.<sup>99</sup> These realities should make Turkey less nervous about a new Kurdish state on its borders.

Furthermore, if the Iraqi Kurds give up any attempt to absorb Kirkuk—a city containing many Turkmen—and respect Turkmen minority rights, Turkey would likely even acquiesce to independence for Iraqi Kurdistan rather than quash it with force, according to the Chatham House study. The study also concludes that if Turkey had to choose between a dysfunctional Islamist Iraq and a Kurdish rump state as its neighbor, it would probably choose the latter.<sup>100</sup> Although the Iraqi Kurds should have the right of self-determination and would probably prefer a separate state or states, perhaps any possibility of a Turkish invasion would moderate their push to secede from Iraq and cause them to accept a confederation. (Even if it did not, a land-locked, independent Iraqi Kurdistan would need friendly relations with Turkey to help keep open links to the world.) Thus, the Turks might very well tolerate a formal recognition of what has been the reality on the ground for more than a decade in Kurdistan—Kurdish autonomy. Chatham House concludes that “the common expectation that Turkey will immediately intervene militarily if the fragmentation scenario prevails is overdrawn.”<sup>101</sup>

Some argue that neighboring nations, rather than being threatened by a decentralized Iraq, would take advantage of the situation.<sup>102</sup> For example, they argue that Shi’ite Iran would have undue influence over Iraqi Shi’a or would want to form some sort of a political arrangement with them. But the Iraqi Shi’a are Arabs, whereas the Iranian Shi’a are Persians, thus having different cultures. More important, it is more likely that the Iraqi Shi’a would influence the Iranian Shi’a rather than vice versa. The cradle of the Shi’a sect of Islam is in Iraq, not in Iran. The post-Saddam opening of the holiest Shi’ite shrines in Najaf and Karbala to Shi’a from around the world and the greater stature of Iraq’s Grand Ayatollah Ali al Sistani compared to any religious leader in Iran might force the Iranian Shi’a to play second fiddle to their Iraqi counterparts. That is, the Iranian ayatollahs would be undermined.

Also, the Iraqi Shi’a have a more moderate view about church-state relations than do the hard-line clerics in Tehran. In fact, the Iraqi clerics in Najaf regard the Iranian ayatollahs’ involvement in the government there as running counter to Shi’ite Islam.<sup>103</sup> Finally, the main goal of the Iranian conservatives is to have an Iraq in which the Iraqi Shi’a majority controls the central government.<sup>104</sup> A decentralized Iraq, run at the local level, would effectively deny the Iranians this objective.

The Israeli government's first choice would be a unified democratic Iraq under continued U.S. tutelage. As noted previously, however, the Israelis seem to have written that possibility off as early as August 2003. They would prefer, as a fallback position, a less threatening, decentralized Iraq to a unified Iraq with a strict Shi'ite Islamic government. They are already training the Kurdish militia. Therefore, not just countries hostile to the United States would be gaining influence in a fragmented Iraq.

### *Can the States of a Partitioned Iraq Survive?*

There is also the fear that the smaller states of a partitioned Iraq would be unable to defend themselves against their larger neighbors. As the Israeli example in Kurdistan shows, however, the smaller states would undoubtedly have the help of outside powers with interests in the region. In addition, small states everywhere, including those in the Persian Gulf (for example, Qatar, Bahrain, and United Arab Emirates), have had to make accommodations—some have made them very skillfully—with larger nations to assure their security. The new states of the former Iraq would have to learn how to conduct such statecraft. (Besides, the world survived Iraq's being diminished by numerous wars and by more than a decade of crushing international economic sanctions so that it could act only as a weakened counterweight to Iran; it can probably survive three or more ministates in Iraq's place.)

Economically, there is no minimum size for a newly independent area to be viable, especially if it allows cultural interaction and free trade and financial flows with other states in the region and the world.

Finally, partition does not have to create a haven for "terrorists." Iraq has many militias that can maintain security in local areas. Quite the contrary, if partition achieved its goal of enhanced stability, compared to the current chaos, havens for terrorism would be reduced. And if the United States had removed its forces from former Iraqi territory, any terrorists who do hole up in one of the new states would be much less likely to attack the United States. If there is any doubt that less U.S. military intervention in the Islamic world would reduce anti-U.S. blowback terrorism, the example of U.S. intervention in Lebanon during the 1980s is instructive. After the United States withdrew its military forces from Lebanon, attacks on U.S. targets by the Shi'ite Lebanese-based Hezbollah group plummeted.

## Combination

Professor Daniel Elazar noted the problems that the territorial characteristics of ethnic populations pose for federal structures:

In essence, a federalism based upon ethnicity requires a high level of coincidence between the ethnic group in question and the territory it occupies. Where more than one ethnic group occupies a territory, that itself becomes problematic. Where one or only one does or where it is overwhelming, it may be tempted to secede rather than maintain a federal relationship with those whom it sees as its enemies. Under such conditions, only the sense of interdependence that goes beyond desires for separate ethnic identity can make federal relationships work. In such cases, confederal arrangements may be preferable or more workable.<sup>105</sup>

Thus, in a decentralized Iraq, a combination of confederation and partition might be another option. According to Elazar, confederations are more successful when the constituent states are heterogeneous rather than homogeneous. The more homogenous a population is within a constituent state, the more it resembles a nation-state and the more difficult it is to link with other dissimilar states.<sup>106</sup> Thus, if individual states are homogeneous internally but starkly different from other states, partition may be the only realistic alternative. In contrast, a federation has its best chance of success when the entire population across all or most of the various constituent states is homogeneous.

Although discussions in southern Iraq have focused on creating a separate entity that would include Basra and the holy cities of Najaf and Karbala, perhaps the Sunnis and Shi'a would settle on a confederation to solve the problem of intermingled populations. The cities of Baghdad, Basra, Kirkuk, and Mosul all have mixed populations of various groups, but in general the central and southern parts of the country are more heterogeneous than the Kurdish north. As noted earlier, if the Kurds thought that Turkey would not become belligerent at the thought of Kurdish secession, they might well prefer partition. Although the Kurds have enjoyed autonomy for more than a decade, they are talking more and more about independence these days. But the two main groupings in Iraqi Kurdistan might split the area into two states. Iraq therefore might not completely divide itself up, but may instead consist of a rump Iraqi confederation—including Arab Sunni, Arab Shi'a, and mixed states (for example, the cities of Baghdad and Basra)—and a separate and independent Kurdish state or states. The

decentralized options of confederation and partition can more easily accommodate different ethnic groups and types of governance than can a more centralized federation.

## **Sharing of Oil Revenues**

The key source of revenue for Iraq is oil. This commodity accounts for 90 percent or more of the country's exports.<sup>107</sup> Iraq has the second-largest known oil reserves in the world. Its oil patches are located west of Kirkuk—a city in the north outside the current Kurdish enclave, but which the Kurds desire as their future capital—and in the Shi'ite areas of the south. Any plan to decentralize Iraq in the form of a confederation or partition might go up in the flames of a civil war if an agreement is not reached on the sharing of oil revenues among factions.<sup>108</sup> The squabble over the multiethnic city of Kirkuk, coveted by several groups, might also prove explosive.<sup>109</sup>

Some advocates of partition want to punish the Sunnis for their resistance to the U.S. occupation and to reward the Kurds and Shi'a for being more cooperative.<sup>110</sup> But that is a recipe for disaster. If the Sunnis feel more secure and feel fairly treated, they will be less likely to resist any settlement. Cutting the Sunnis out of Iraq's oil revenues might lead to a bloody civil war, the worst possible outcome. In departing Iraq, the United States should mediate an agreement on oil revenue sharing that is satisfactory to all three groups and an arrangement on the city of Kirkuk that is acceptable to the Kurds, Sunnis, and other minorities. Alternatively, agreement among all Iraqi groups on a respected, independent mediator might be regarded as a less-biased option. The agreement that attempts to end the civil war in southern Sudan contains such a revenue-sharing arrangement for oil and other resources.<sup>111</sup> There is thus hope that one can also be negotiated in Iraq.

## **U.S. Strategic Considerations**

Despite the U.S. government's rhetoric about letting the Iraqis determine their future, many U.S. officials fear that a decentralized Iraq—what true self-determination would probably produce—would induce “instability” in the Persian Gulf oil patch or result in enemies of the

United States gaining more influence there. The fear that Iran will win influence with the Iraqi Shi'a has already been mentioned here. Syria might also try to dominate some parts of a decentralized Iraq. But why should the United States care so much about Iraq and the Persian Gulf?

Of course, all U.S. "strategic considerations" in the Middle East revolve around ensuring the security of Israel and the fear that supplies of oil to the United States from the gulf will be put at risk. Israel, however, is now at peace with many of its Arab neighbors—including Egypt, the most powerful of its potential enemies. Also, the Israelis reportedly have several hundred nuclear weapons, which should deter threats to the nation's survival. Most important, a decentralized Iraq would be less threatening to Israel than a unified one ruled by a strict Islamic Shi'ite government.

As for oil, contrary to conventional wisdom, Persian Gulf countries need to sell oil more than the United States needs to buy it. Oil makes up the following percentage of the exports of Gulf nations: Iraq, 90 percent or more; Saudi Arabia, 90–95 percent; Kuwait, 90–95 percent; Iran, 80 percent; Oman, 75 percent; United Arab Emirates, 70 percent; Bahrain, 65 percent;<sup>112</sup> and Qatar, 75–80 percent.<sup>113</sup> Most Gulf states have little else to export. In contrast, oil makes up only approximately 7 percent of U.S. imports.<sup>114</sup> Despite the existence of the Organization of Petroleum Exporting Countries (OPEC) cartel, a worldwide market for oil does function, and OPEC has little control over the long-term price of oil. Economists agree that cartels have not been very effective in keeping the prices of commodities high in the long run. In fact, in the summer of 2004, increased worldwide demand pushed oil prices up further than OPEC would have liked. OPEC was pumping at maximum capacity to attempt to reduce the price. The reason for that counterintuitive behavior is that when the oil price reaches a certain level, alternative energy sources may become cost effective, spurring research that might permanently reduce the long-term demand for the OPEC cartel's key export. High oil prices can also spur "sticky" (not easily reversed) increases in conservation measures by consumers that can have a similar effect. So the market provides a natural restraint on oil prices in the long run.

Even when oil prices are periodically high, however, the adverse economic effects are vastly overstated. Perennial fears of the dire economic effects of oil shortages or price spikes originated in the 1973 "oil crisis." The economic stagflation of the late 1970s was falsely attributed to rising oil prices. The truth is that bad economic policies adopted by the U.S. government—for example, price controls and excessively lax monetary policy—were more to blame than high oil prices. In fact, economist Douglas Bohi has estimated that the petroleum shocks of the 1970s reduced the U.S. gross domestic product (GDP) by only 0.35 percent.<sup>115</sup> More

recently, although Germany faced a crude oil price increase of 211 percent between the fourth quarter of 1998 and the third quarter of 2000, it experienced economic growth with falling unemployment and inflation.<sup>116</sup>

The irony is that while U.S. policymakers invest so much time worrying about “critical” supplies of imported crude oil and spend tens of billions of dollars a year to “defend” them with U.S. forces in the Persian Gulf, they are paying much less attention to other seemingly critical inputs to the U.S. economy. For example, imported crude oil is refined into gasoline, jet fuel, and diesel fuel using rare platinum-group metals (platinum and palladium) as catalysts. During the more threatening period of the Cold War, only two countries accounted for almost all of the worldwide mine production of these metals—the Soviet Union (49 percent), the main U.S. rival, and South Africa (46 percent), an unstable country under international economic sanctions for its racial apartheid system. At that time, South Africa held 89 percent of the world’s reserve base (minerals still in the ground that are currently and potentially economical to mine) and accounted for 46 percent of U.S. imports.<sup>117</sup> Yet safeguarding South African platinum-group metals using military power was never discussed, and there was even some discussion about banning U.S. imports of such metals to protest South African apartheid.

Similarly, the United States spends almost \$200 billion a year on semiconductors—a product that, like oil, is crucial to the U.S. economy and national security—a total that is 35 percent higher than that spent on oil.<sup>118</sup> The United States imports roughly 20 percent of its oil from the Persian Gulf.<sup>119</sup> It imports approximately 80 percent of semiconductors from East Asia.<sup>120</sup> Yet official Washington never worries about shortages or high prices for East Asian circuits and does not justify spending tens of billions of dollars a year on military power to make supplies of circuits secure.

If the U.S. government’s worry about the security of Persian Gulf oil is therefore unnecessary, then consternation about the Iraqi portion of it is even more misplaced. Thus, what happens in Iraq—outside of the deaths of U.S. service personnel and Iraqis—is much less important than U.S. policymakers and the public believe. If the strategic elephant in the room were to evaporate, the United States would have the luxury of allowing the Iraqis complete and genuine self-determination.

## Conclusion

Permitting Iraq to have self-determination—and a likely decentralized form of governance—is not a perfect solution, but it is very likely the best way out of what has become an ill-advised military adventure. This policy alternative would allow the United States to act more in accordance with its founding principles, to cut its losses in credibility from an unnecessary invasion, to escape a large quagmire, to remove a huge financial albatross hanging from taxpayers' necks, and to say that it removed a dictator and gave Iraq the best chance for future peace and prosperity. Today, there is much hand wringing among the U.S. foreign elite about what to do in another half-hearted Vietnamesque war. The exit strategy proposed here is the best and only real option.

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