Iraq: The Missing Keystone in U.S. Policy in the Gulf

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One of the odd side effects of both the U.S. focus on withdrawal from Afghanistan and on the possible revival of the JCPOA agreement with Iran is that U.S. relations with Iraq seems to be getting passing attention at best. In practice, U.S. relations with Iraq, its development as a stable and secure state, and ensuring that it can become independent of Iranian influence may well be far more important than leaving Afghanistan and reviving the JCPOA.

Important as the dealings with Iran and other issues driving stability and instability in the MENA region are, retaining U.S. ties to Iraq, building it up as a stable state and counterbalance to Iran, reducing its deep internal tensions and the lasting threat of extremism may well represent America’s most important immediate strategic challenges in the region. The U.S. has many strategic objectives in the MENA region, but forging a successful strategic relationship with Iraq is now be one of America’s highest priorities.

This commentary addresses some of the key issues involved in creating both successful U.S. relations with Iraq and a successful Iraq, but both the security and civil dimensions are highly complex. Accordingly, two separate Annexes have been developed that explain the security and civil challenges involved in depth.


- Annex Two is entitled Dealing with the Civil Crisis in Iraq. It is available on the CSIS website at https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/210427_Burke_Iraq_Missing_Keystone.ANNEX_2.pdf?gxJH8Wu1HK8E7icfSgXTyEBxcu5YPNw.

Iraq Is a Vital Strategic Interest

Geography, demographics, regional politics, and petroleum make Iraq a keystone in any effort to meet those challenges. Iraq’s geography, large petroleum resources, large population, and the strategic impact of its alignments with outside powers all make creating a stable and secure Iraq critical to limiting Iran and Russia’s growing regional influence; to ensuring that Assad’s Syria remains at least partly isolated; to creating a broader and more effective regional strategic structure involving Egypt, Jordan, and the other Arab Gulf states; and to ensuring that Iraq’s petroleum development and exports become stable, are developed competitively, and benefit the Iraqi people and not Iran.

So far, however, the U.S. has failed to come to grips with this reality in spite of the fact that it has fought the equivalent of four wars in Iraq since 1990. The first was the war to liberate Kuwait from 1990-1991, the second was the U.S.-led invasion that deposed Saddam Hussein in 2003. The third was the war against Sunni extremists from 2004 to 2011, and the fourth was using U.S. forces to help Iraq to break up the ISIS protostate – or “caliphate – from 2014-2018.
It is important to note that the 2003 invasion was, to some extent, the result of the fact the U.S. had suddenly ended the first Gulf War in 1991 with no real plan for conflict termination or shaping some form of lasting outcome. At the same time, ISIS only became a major threat to Iraq and the region because the U.S. prematurely reduced its support of Iraqi military forces in 2011, failed to provide clear security guarantees until ISIS threatened to take control of Iraq, and never developed civil aid programs that could help to create a stable Iraq and an honest and effective Iraqi central government.

America’s premature withdrawal in 2011 left Iraqi government military and security forces that could not deal with the causes of terrorism or the revival of extremism. It left an Iraq that lacked the capability to deter and defend against outside threats – like Iran and Turkey – or the spill over of the Syrian civil war. It also left an Iraq that was deeply divided between Shiites and Sunnis as well as Arabs and Kurds. It was an Iraq with a crippled and unworkable economy and with the divided and corrupt shell of a government that was incapable of meeting its people’s needs.

In fairness, Iraq’s self-seeking political leaders, its competing factions, and its sectarian and ethnic divisions are to blame for many of Iraq’s problems, and many of Iraq’s leaders pushed the U.S. to leave in 2011 – as many are pushing now. The Bush administration failed to rebuild Iraq’s forces after 2003, and the Trump Administration has now left the Biden administration with little more than the hollow shell of a U.S. military train and assist effort.

This, however, is no excuse to repeat the same mistakes that the U.S. made in 2003 and 2011. No amount of U.S. political “spin” can disguise the fact the Iraq’s current military and security forces are not yet capable of securing the country against the revival of extremist movements, sectarian and ethnic divisions, and interventions by outside powers.

Most importantly, Iraq now faces serious outside threats. Iran’s growing influence over Lebanon, Syria, and Yemen, as well as its potential capability to dominate Iraq all create the potential risk that Iraq may become part of a hostile power bloc that ranges from the Mediterranean to the Indian Ocean and the Red Sea. This Iranian threat goes far beyond the remnants of ISIS extremist force, and Iraq’s forces are only half rebuilt at best. The Iraqi government is no more effective than it was in 2011, and Iran’s ties to key elements of Iraq’s Popular Mobilization Forces (PMFs) give it a de facto security presence in Iraq that already may exceed that of the U.S.

So far, it is not clear that the Biden administration has really addressed the weaknesses in Iraqi security forces, the emergence of a new Iranian threat, or the extent to which Iraq’s failures in civil governance and development leave it vulnerable to new extremist threats or sectarian and ethnic conflict. The U.S. strategic dialogue with Iraq’s leaders in April 2021 does not seem to have produced any positive results, just more “spin,” and background briefings that grossly exaggerate the progress Iraq is making in building up its security forces.

**No Clear Progress in Strategic Relations**

The results of the U.S. meeting in Baghdad on April 6 and 7, 2021 on Iraqi-American strategic relations were scarcely reassuring. The two countries issued a joint statement that did little more than confirm the U.S. transition from fighting ISIS to an undefined focus on building up Iraq’s forces that officially took place in July 2020.

The two governments described that latest round of strategic dialogue as producing “important progress,” and stated that: “Based on the increasing capacity of the ISF [Iraqi Security Forces], the parties confirmed that the mission of U.S. and Coalition forces has now transitioned to one focused
on training and advisory tasks, thereby allowing for the redeployment of any remaining combat forces from Iraq, with the timing to be established in upcoming technical talks.”

The reality, however, is that meaningful progress in creating effective Iraqi security forces requires major aid efforts, or Iraq is likely to remain vulnerable to Iran and other outside states, be divided by its sectarian and ethnic tensions, crippled by the weaknesses in its economy, and/or dominated by power brokers. Iraq’s government now has better leadership at the top under Prime Minister Mustafa Al Kadhimi, but it remains divided, factional, corrupt, and ineffective both in terms of national security and virtually every aspect of civil development and stability.

The April security dialogue does not seem to have led to any progress in dealing with Iran’s growing influence or in considering the fact that ISIS fighters remain a threat and the country is bankrupt and desperately needs economic aid and support in unifying its government as well as in making it more effective. There is an acute risk that 2021 will be a repetition of 2011, but this time it will occur in ways that benefit Iran and will create a dangerous increase in its regional power and influence.

The April security dialogue also does not seem to have dealt with the remaining threat from extremism. The ISIS “caliphate” has been broken up, but ISIS is still active, the main internal threat posed by Shi’ites vs. Sunnis exists, and Kurdish separatism remains. Iran may be unpopular in many circles, but its influence continues to grow, and the U.S. presence continues to shrink – although it is impossible to determine by how much.

The Odds of U.S. Success are Limited. But Options Remain.

The U.S. should learn something about the need to create a stable Iraq from the last four decades, and in many ways, Iraq – not Afghanistan – is its “longest war.” The U.S. has now played an active role in Iraq since the end of the First Gulf War in February 1991, long before it invaded Iraq in 2003. It created an active “UN inspection force” that operated throughout the country, set up a wide range of limits on Iraqi governmental and economic activity, and took steps that created the Kurdish security zone in Northern Iraq. In practice, the “long wars” in Iraq have been roughly 50% longer that the “longest war” in Afghanistan, and the various “cost of war” reports show they have been far more costly.

Since 2018, the U.S. has largely pursued the same failed approach in helping Iraq create the security forces and civil stability that Iraq actually needs – and in helping Iraq reform its government and economy – that it chose in 2011. In the case of Iraq’s security forces, the Trump administration’s narrow focus on claiming victory against ISIS resulted in sharply undercutting the remaining U.S. presence in Iraq and Iraqi confidence in the United States, and it opened up Iraq to Iran and potentially to Syria, China, Russia, and Turkey.

Unlike the war in Afghanistan, the Iraq Wars have focused on an area of critical strategic importance in terms of the stability of the global economy and the flow of imports of manufactured goods from Asia to the United States. Afghanistan’s only economic importance consists of its exports of narcotics, and its security is largely irrelevant to U.S. interests unless some extremist movement emerges that actually does present a direct risk to the U.S. or its strategic partners – a risk that currently seems to be no greater than the threat from extremism in many other countries. Any global map that highlights such countries shows that the U.S. and its partners face many other extremist movements with the same potential growth, and many of them have much larger trade flows and access to the world.
The Trump Administration’s policies certainly did not help. The Trump administration focused almost exclusively on ISIS, and it began to slash the size of U.S. forces, the train and assist effort, and U.S. access to military facilities in Iraq almost immediately after the break-up of the “caliphate.” It never created a serious aid effort to deal with Iraq’s major civil problems or to create anything like an integrated civil-military aid effort.

This legacy does make it difficult for the Biden Administration to salvage the U.S. position, but there are still two major options that the U.S. should consider. The first is a U.S. led effort to help Iraq finish creating the security forces it needs to both defeat extremism and to deter and defend against outside threats and pressure from nations like Iran. The second – which may well be the most important – is to create some common aid effort with its Arab and European partners to help Iraq with its massive problems in governance, political factionalism, population growth, ethnic and sectarian divisions, and equitable economic development.

These are both complex challenges and whose nature and the need for aid is explained in detail in two annexes to this commentary that deal with the real-world readiness of Iraqi forces and the real-world crisis in the Iraqi economy. These are, however, some key conditions that any such aid efforts must meet.

**The U.S. Can Only Help an Iraq that Helps Itself, and Aid Must Be Conditional**

Any discussion of such aid options must be prefaced with the fact that the U.S. can only really aid Iraq if Iraq’s leaders take far more responsibility for their own actions. If there is any common lesson that the U.S. can learn from virtually every U.S. intervention since the end of World War II and the colonial era, it is that outside aid cannot transform a nation’s political, security, and economic structure, it can only help a country that is prepared to help itself and that can lead its own process of change.

Outside aid can be a powerful catalyst if it focuses on the reforms a country is already considering and ready to make, but the United States cannot force ethnic and sectarian unity on Iraq’s military and security forces. It cannot create an Iraqi power structure that finds the right ways to integrate the PMFs and Kurdish forces into Iraq’s central government forces. It can only help Iraq pursue its own reforms of its internal security, police, and justice systems. It cannot create the kind of economic growth that leads to lasting stability by demanding plans that do not reflect both a country’s political and social priorities for change and that it is actually willing to implement.

At the same time, Vietnam, Afghanistan, and past U.S. efforts in Iraq have all made it clear that the U.S. cannot ignore sources of tension and conflict in a country’s political system, ignore the incompetence and corruption of its government, or ignore the weaknesses in its security efforts and its failures in achieving internal security in ways that do not breed division and extremism. The U.S. cannot transform the nations it seeks to help, but aid must be coupled to successful internal efforts at reform.

The U.S. – and any security and civil aid coalitions it forms or joins – should certainly advise and propose where it can help Iraq move forward. However, the lessons of the last few decades make it all too clear that outside powers like the United States cannot impose their own values and systems on nations with different cultures and values and transform them from the outside. And, these lessons also make it clear that donors cannot rely on a host country’s plans or pledges of reforms that do not materialize, and that aid efforts cannot succeed by tolerating corruption, waste, and failure.
There are obvious risks in any outside aid effort. Iraq may or may not have reached the point where its leaders will agree on the necessary reforms and plans, although the most recent Iraqi proposals and plans do reflect some progress. It is even less clear that they will actually implement the plans and reforms they propose without outside incentives and pressure.

This makes the “conditionality” of all aid efforts a critical path to any lasting success. The grim lessons of U.S. efforts in Iraq since 1991 make it brutally clear that security and civil aid must be tied to Iraqi ability to make actual progress, to its honesty in using aid, and the effectiveness of key aid programs and reform efforts.

Important as Iraq may be strategically, the U.S. – and any states its joins with – should make it clear from the outset that it will only provide aid and support if Iraq creates effective plans and programs, uses aid effectively and relatively honestly, and assumes basic responsibility for its own future. A nation’s needs for aid are irrelevant if it cannot use the aid effectively and take such responsibility.

Uncertain and grim as the results will sometimes be, it is better to hope that the inevitable collapse of such governments as well as the violence and humanitarian problems that result will end in a more successful structure of power and governance than remaining to rely on a constant series of promises, waste, and failures that only prolong the agony and make the cost of a failed government’s collapse even more costly in human and economic terms.

**Helping Iraq to Rebuild the Forces It Actually Needs to Deter and Defend**

That said, the United States does need to accept a major part of the blame for the failure to rebuild effective Iraqi security forces since 2003. So far, the U.S. has made the same basic mistakes in Iraq that it did in Vietnam and Afghanistan. The U.S. must look beyond defeating the enemy at the tactical level and creating host country forces in its own image. It must address security challenges from the start in ways that can create local forces that can sustain themselves, move towards real independence, and help build a successful nation – not simply fight.

Equally, it must couple civil aid to military aid wherever the host country lacks political stability, effective governance, and effective economic development. This aid cannot, however, be transformational. It must focus on the real-world prospects for development, provide a full analysis of the factors that have weakened the host country and made it a fragile state, and seek reforms and changes a country can actually make that suit its culture and political structure.

In practice, the U.S. will always face three threats in such efforts – not just one. The first is the military threat posed by internal groups, guerrilla and extremist fighters, and outside powers. The second is the mix of failures in the host country – political, governance, and economics – that creates an enemy threat as well as a serious challenge. The third – and sometimes the greatest threat – is American ignorance of how the host country actually functions, the military and civil factors driving the conflict, and what levels of reform and change that meet the expectations of its people are actually needed and possible.

As Appendix One to this analysis – *The Need to Create Effective Iraqi Forces* – shows, far too many the official claims that U.S. government spokespersons have made, implying that Iraq’s forces are now ready to deal with the remnants of ISIS, are largely a dishonest spin. They follow the same patterns of exaggeration and lies by omission that have dominated far too many empty reassurances about the progress in Iraqi and Afghan forces over the last decade.
More than that, the U.S. cannot succeed in creating a strategic partner whose security forces are linked to the U.S. rather than to Iraqi national interests. This will virtually ensure Iranian, Syrian, Russian, and other outside pressure as well as internal resistance from large numbers of Iraqis who are simply nationalists and not tied to Iran or other outside powers.

The U.S. needs to offer Iraq a military and security assistance program that will actually help its military and security forces transition to the point where they can securely deal with the remaining extremist threat and the pro-Iranian PMFs – and that can create a credible deterrent to Iran, Syria, and Turkey. Such a program should not be overtly focused on Iran or try to make Iraq a “strategic partner” in the classic sense. A relatively stable Iraq that is strong enough to deter Iran is enough to prevent a major axis from being formed – expanding from Syria to Iran – and allows Iraq to join with the other Arab states in establishing close security relations.

Such an effort will also be much stronger if it is supported by America’s European and Arab Gulf allies and partners, and if it is part of a coalition effort, which makes it clear that the U.S. is not trying to dominate Iraq but only to aid it. It also can have significant advantages in some key areas. European powers have more experience in creating the kind of paramilitary security forces that Iraq needs than the U.S. does. European allies can often offer weapons that are cheaper and easier to sustain and operate – as well as forms of contract support that are simpler and cheaper and do not raise as many issues regarding their political impact as U.S. contractors do.

The U.S. can work with Arab states to support Iraq, and it can quietly maintain a power projection capability in its Arab strategic partners like Jordan and the Southern Gulf states that will make it clear to Iran or any other outside power that puts direct military pressure on Iraq will face a major response from the United States. Here, speaking “softly and carrying a big stick” is likely to be far more effective in achieving successful deterrence and regional stability than the policy of speaking “stickly and carrying a big soft” that characterized all too much of the Trump administration’s approach.

A mix of building up Iraq’s forces and providing on a cost-effective mix of forward deployed U.S. forces in Iraq and the Gulf also offers the advantage of being relatively inexpensive – particularly if Iraq can develop an effective approach to reforming its economy in ways that both help unite it and give it enough earnings to meet both its civil and security needs.

Keeping an adequate U.S. train and assist force would not eliminate the risk of attacks on U.S. and allied personnel and facilities, and it would require significant U.S. military aid funds during the initial years of such an effort – both to act as an incentive to Iraq to create effective national forces and to help it until it can deal with its present economic crisis – but any success in stabilizing and security Iraq may well limit the future cost of U.S. operations in the Gulf region, and if the effort fails there will be no need to continue funding failure.

Once again, the U.S. can only really help Iraq create the security forces it needs if Iraq takes responsibility for its own actions. The U.S. cannot force ethnic and sectarian unity on Iraq’s military and security forces. It cannot create a power structure that finds the right ways to integrate the PMFs and Kurdish forces into Iraq’s central government forces. It can only help Iraq pursue its own reforms of its internal security, police, and justice systems, and here, the U.S. may well be better off supporting European aid – given the risk that U.S. aid will often be seen as an attempt to expand U.S. influence.
Providing the Kind of Civil Aid Iraq Really Needs

Providing the kind of civil aid Iraq needs to create political unity and internal stability poses a very different set of challenges, but it may well be a more important one than creating effective security forces. As Appendix Two to this analysis – *Dealing with the Civil Crisis in Iraq* – shows, Iraq now faces massive civil costs and problems that are the legacy of nearly half a century of crisis and war. They not only include the four wars since the First Gulf War in 1990-1991, but the Iran-Iraq War which lasted from 1980-1988. They are also shaped by critical pressures from population growth that date back to at least 1950 and from long-standing crises in virtually every aspect of civil governance, economic development, and efforts to build the civil side of a stable nation.

Dealing with these problems is not only critical to achieving Iraqi stability, but to achieving any degree of lasting security. Building a more unified Iraqi government, making governance more effective, and creating a stronger economy where growth meets the needs of all the Iraqi people is the best way to fight the extremism and heal Iraq’s divisions. Creating more effective civil governance and more equitable economic growth addresses the causes of terrorism, extremism, and sectarian and ethnic violence rather than simply the symptoms. It can provide incentives to all Iraqis to create a stronger nation. It does not feed the regional arms race or tie Iraq to a given bloc, but it does undermine all of the divisions inside Iraq that Iran and other outside powers currently exploit.

Such aid does not have to be an effort to transform Iraq from the outside. *In fact, all of the mistakes the U.S. has made since 2003 show that it should not be.* The right kind of civil aid will be aid that allows the U.S., its Arab strategic partners, and its European and Asian allies to quietly encourage the steps that leaders like Iraq’s Prime Minister Kadhimi are now taking to create a more stable and effective political structure.

Any successful approach to civil aid must help Iraqi leaders build bridges between its Arab and Kurdish factions as well as between its Shiite, Sunni, and minority sectarian divisions. It should also fully recognize the fact that only Iraqi leaders can take the necessary actions to move Iraq forward. There is no practical chance of creating a united Iraq without such steps, and only an uncertain prospect that any form of Shiite dominated rule can succeed or last.

Such civil aid packages must give Iraq real incentives to move forward in making the necessary reforms, and it will have to look beyond the narrow goal of economic development. Simply raising Iraq’s GDP or GDP per capita will not deal with Iraq’s deep structural problems or ensure that all its factions and regions get a fair share of aid and the resulting economic progress. Creating a far more practical plan for economic development that does gives an equal balance of incentives to every major faction and helps to deal with their worst grievances is likely to have far more productive results.

The key to success will be an aid effort that addresses Iraq’s divisions and political problems rather than just apply the standard global development templates used in typical development recommendations like those of the World Bank and IMF – and the equally pointless generic mixes of program and project aid that USAID and the State Department has used so far in both Iraq and Afghanistan. It cannot ignore deep structural problems like massive pressure from population growth, permeating corruption and factionalism, an ongoing shift away from a rural nation to what is already 70% urbanization, and the need to create a diversified modern economy.
A successful civil plan that provides the proper incentives must address the need for equity between Arab and Kurd or Shiite and Sunni. It must address the cumulative effects of more than 40 years of war and crises that have occurred between Iraq’s invasion of Iran and the present. It must address the humanitarian legacy of the recent fighting with ISIS, the damage to cities like Mosul, the rise in urbanization, and decade after decade of distorted government intervention in creating massive and unproductive districts and distorting the economics and structure of Iraq’s agricultural sector.

It also must address the challenges posed by forms of extremism that try to drag Iraq back into an Islamic past that never existed and cannot possibly cope with Iraq’s present needs and challenges. One of the greatest problems posed by extremism goes far beyond terrorism. It is that it demands social and economic practices that cannot begin to cope with Iraq’s current population, economic and social needs, and the demands imposed by a global economy.

As is the case with security aid, the probable success of civil aid will be greatly increased if the U.S. supported a coalition approach that included Europe, key Asian partners, and the wealthier Arab Gulf states. Moreover, the final costs of such an effort to all of the donor states involved could be limited by mixing direct aid with loans that delayed repayment until Iraq could actually exploit its oil wealth and development opportunities properly.

The key governance and macroeconomic challenges such civil aid would have to address – and the complex challenges in providing the kind of civil aid Iraq really needs – are laid out in detail in Appendix Two – *Dealing with the Civil Crisis in Iraq*. Here, however, it is important to note that any outside success in providing civil aid will be even more dependent on Iraq’s capability to take responsibility for its own future and that the level of *conditionality* in providing U.S. and other outside aid will need to be at least as ruthless and rigidly enforced as security aid.

Iraq’s economic crisis is closely tied to one of the highest levels of governmental corruption in the world and to one of the worst levels of governance. The “Corruption Perception Index for Iraq” that Transparency International issued in February 2021 ranks Iraq at 160, and as the fourth most corrupt government in the world.¹ Public opinion polls and even the statements of Iraq’s current prime minister strongly argue that many Iraqis feel the same way.²

The World Bank’s rating of Iraqi corruption and every other aspect of Iraqi governance is equally bad. Any upward trends since 2003 are marginal at a best, and they indicate that violence and failures in the rule of law have continued to decline.³ Even the U.S. State Department’s *Country Report on Human Rights* for 2020 flags Iraq’s exceptional status.⁴

Some of the country studies referenced in Appendix Two do show, however, that tasking the World Bank with such an effort might provide the framework for the kind of coalition needed, avoid making the U.S. seem to be imposing its own approach, prove a collective approach to conditionality that would not expose given donors to charges of interfering in Iraqi affairs, and make it easier for Iraqi leaders to accept such conditionality.

Success would require a realistic and conditional approach to aid planning and management, but a U.S.-led effort would raise tensions with Iran and other outside powers. The UN and UNAMA failed dismally to coordinate aid in Afghanistan and make aid more effective. Reporting by both the now disbanded Special Inspector General for Iraq Reconstruction (SIGIR) and the current reporting by the Special Inspector General for Afghan Reconstruction (SIGAR) show all too clearly the U.S. State Department and USAID are committed to structures of U.S. program and
project aid that they cannot adapt to either meaningful national civil development plans or that can effect joint civil-military efforts. They too have consistently failed to show they can deal with Iraq’s needs for broader forms of planning and reform.

At the same time, a civil aid effort does not need to succeed in every critical respect. It only needs to provide enough incentives to help make Iraq’s factions cooperate and to make enough progress to help Iraq steadily move forward at the more modest levels of success that will meet real-world Iraqi expectations. Making even this level of civil progress will still be a major challenge, but Iraq’s current leadership does seem to offer some hope, and Iraq’s petroleum wealth is still large enough to give it a unique potential advantage if it is properly allocated and used.

