Iraq's Political Transition After the Surge

Five Enduring Tensions and Ten Key Challenges

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Executive summary

The 2007-2008 surge of U.S. troops achieved important gains in reducing violence in Iraq. But it has not delivered on its central objective: achieving a sustainable power consolidation among Iraq's different political forces. The surge has frozen into place the accelerated fragmentation that Iraq underwent in 2006 and 2007 and has created disincentives to bridge central divisions between Iraqi factions.

The common refrain that the surge has produced military success that has not been matched by political progress fundamentally misrepresents the nature of Iraq's political evolution. The increased security achieved over the last two years has been purchased through a number of choices that have worked against achieving meaningful political reconciliation. The reductions in violence in 2007 and 2008 have, in fact, made true political accommodation in Iraq *more* elusive, contrary to the central theory of the surge.

Rather than advancing Iraq's political transition and facilitating power-sharing deals among Iraq's factions, the surge has produced an oil revenue-fueled, Shia-dominated national government with close ties to Iran. This national government shows few signs of seeking to compromise and share meaningful power with other frustrated political factions. The surge has set up a political house of cards. But this does not mean that the U.S. military must stay longer to avoid its collapse. Quite the contrary: Without a U.S. military drawdown, Iraq will not be able to achieve the true internal consolidation of power necessary to advance U.S. security interests in the Middle East.

Now that the last surge brigades are gone, Iraq's government is demanding a strict timeline for the departure of U.S. troops, and U.S. policy in Iraq is moving toward an inevitable transition, it is time to take stock of Iraq's internal politics

Iraq's internal politics today are a complicated mosaic of competing interests and contradictory trends. Five enduring, unresolved tensions lie beneath the surface, each capturing a part but none the entirety of the political dynamics of post-surge Iraq.

1. **Centralizers vs. de-centralizers.** Some Iraqi factions want to see more power placed in the hands of the national government, while others continue to push for more power to be vested in local and provincial governments.

2. **State power holders vs. popular challengers.** Certain factions have disproportionately benefited from the national government's spoils, such as Dawa, the Islamic Supreme Council of Iraq, and the Kurdish factions who are part of national govern-

ment. Some factions that have not benefited from the national government's increased oil wealth and military power have stronger support in key areas of Iraq such as the Sons of Iraq in central and western Iraq and the Sadrists in central and southern Iraq.

3. **Sunni vs. Shia.** Sectarian conflicts are much reduced since high levels of violence in 2006, but the Sunni-Shia sectarian strain endures.

4. **Arab vs. Kurds.** The Arab-Kurd division is coming to a head in the unresolved crisis over the status of Kirkuk and other disputed territories.

5. **Religious factions vs. secular factions.** Latent tensions remain between Iraqis who are concerned by the religious nature of Iraqi politics versus those who see politics as one facet of advancing enduring religious principles of either Sunni or Shia Islam. Religious minorities such as Christians and Yazidis have suffered from persecution at the hands of other groups in Iraq since 2003.

The five persistent fault lines are present in the three major alliances and political groups that continue to evolve in Iraq: the fragmenting Shia-Kurdish coalition that has ruled Iraq, the transformations in Sunni politics, and the still fledgling efforts of nationalist and secular groups.

Iraq will need to overcome numerous hurdles in its political transition before the end of 2009, including two elections and a long list of unresolved power-sharing questions. Not all of the 10 key challenges outlined in this report are of equal magnitude—failure to resolve some would likely lead to major, systemic crisis, while failure on others would simply be suboptimal. Yet all are interconnected, and none have been resolved by the security improvements of the last 18 months or will be meaningfully addressed simply by postponing U.S. troop withdrawals. Ten key challenges ahead for Iraq's political transition include:

 1. The U.S.-Iraq security agreement
 2. Provincial powers and elections
 3. Refugees and internally displaced persons
 4. Disbanding and integrating militias and other armed groups
 5. Constitutional review
 6. Kirkuk and other disputed territories and Article 140
 7. De-Baathification reform implementation
 8. Amnesty implementation
 9. Oil and revenue sharing laws
10. State capacity, governance, and anti-corruption

These are all issues that Iraq's leaders must address on their own terms, and at their own pace. The United States cannot impose a military solution to the power-sharing disputes among Iraq's leaders, and expending significant resources in an effort to do so is unwise while other pressing national security challenges loom in Afghanistan, Pakistan, and Iran. True progress in Iraq requires the United States to acknowledge the increasing moves by Iraqis to assert sovereignty and control over their own affairs.

Most analyses tend to assume that the United States is the principal driver of events in Iraq. From this perspective, Iraqi political progress will only be achieved under constant U.S. pressure, which would make withdrawing troops and reducing U.S. power on the ground a self-defeating proposition. But this perspective is dangerously backward, since the primary drivers of Iraqi politics are Iraqis, and a stable political order must rest on the alignment of their interests and not the exercise of U.S. willpower or tinkering

The U.S. military presence in Iraq is not politically neutral. It creates a distinct set of incentives for political actors that directly work against the reconciliation that U.S. diplomats try to promote. U.S. military dominance and support absolves the major political actors from having to make the tough decisions necessary to achieve a power-sharing equilibrium.

In the months ahead in Iraq, the United States will have to distinguish between those outcomes that are truly catastrophic and those that are simply suboptimal given the limits on U.S. leverage over Iraqi actors—leverage that declines each day as the Iraqi government becomes financially self-sufficient and more assertive. Iraq's leaders over the next year will increasingly demand greater control over their own affairs. The United States needs to rebalance its overall national security approach by stepping out-side of the trenches of intra-Iraqi disputes over power and putting the focus back on its core national security interests.

Introduction

When President George W. Bush announced the surge in January 2007, its stated objective was to improve security in order to provide the space for meaningful political reconciliation. The underlying theory was that violence impeded Iraq's political transition and national reconciliation. But Iraq's brutal violence is better understood as politics by other means rather than as an alternative to politics. Key factions in Iraq used violence to reshape Iraq's internal balance of power and altered the demographic composition of important areas of Iraq such as Baghdad.

U.S. policy in Iraq has too often failed to understand the relationship between the military and political dynamics in Iraq, and it has rarely dealt with these dual challenges in an integrated fashion. Since the ouster of Saddam Hussein, the United States has defined its goals in terms of forming political institutions that would form the foundation for a stable, unified, and democratic Iraq. Yet its choices along the way have too often worked to undermine its stated ambitions: exacerbating rather than checking sectarianism, undermining rather than building state institutions, and devolving military power away from the state rather than building effective state sovereignty.

These self-defeating choices have often been driven by immediate demands rather than a systematic strategy. The Bush administration's determination to demonstrate progress led it to rush into drafting a Transition Administrative Law in 2004 and problematic constitution in 2005, and to hold premature and ill-designed elections in 2005. Its need to demonstrate progress in building the Iraqi Security Forces led it to encourage an overly rapid expansion of the Army and Police, which was exploited by sectarian militias. Its reliance on the Sunni Awakening Councils in 2007 and 2008 against Al Qaeda in Iraq built up independent military power outside the Iraqi state, compromising state sovereignty and essentially handing power over to local warlords. In short, the surge, like several previous U.S. initiatives, has frozen Iraq's fragmentation into place, leaving a less violent, but still bitterly divided country.[1]

One of the failures of the 2007-2008 surge of U.S. military forces is that the declines in violence from record levels that it accomplished did not fundamentally alter the strategic calculations of Iraq's leading factions in ways that advance political accommodation and progress toward power-sharing deals. The threats posed by terrorist groups such as Al Qaeda in Iraq are much diminished, and militias such as the Mahdi Army, though not defeated by any means, operate less freely. Streets are calmer now, but it is a very tenuous calm, with the surge essentially freezing into place a fragmented and increas-

ingly fractured country. The new fluidity in Iraqi politics is more accurately described as continued national fragmentation. The positive sign of a new desire of formerly alienated groups to join the political process must be tempered by the realization that key factions in control of Iraq's central government have resisted the inclusion of these groups in a new Iraq.

Before, during, and after the surge's completion, Iraqi politicians demonstrated that they had other ambitions than those put forward by the United States when it comes to national reconciliation and power-sharing. Their rational pursuit of their own self-interest has consistently resulted in U.S.-backed initiatives producing unexpected, often negative outcomes. Seen from Baghdad rather than Washington, the lack of political progress is a feature, not an unintended consequence, of improved security. The sectarian leadership coalition led by Prime Minister Nuri al-Maliki now sees less reason to make painful compromises with rivals of any sectarian group—or with the United States— while the very fragmentation that stands as an obstacle to meaningful political progress helps it to maintain power despite a narrow political base.

It is not a coincidence that the improved security environment of 2007 was accompanied by a near total collapse of the ruling coalition, as the Sunni Iraqi Accord Front, the Fadilah party, the Sadrists, the secular Iraqiya party of Ayad Allawi, and others walked out of the government. The rump coalition of the two main Kurdish parties, ISCI, and part of the Dawa party, continued to govern, but even this grouping has recently shown signs of strain.

The recent return of the relatively unpopular Sunni Arab Iraqi Accordance Front to Maliki's government cannot mask the growing alienation of most of the Sunnis, whose reconciliation has been with the United States and not with the Maliki government. Indeed, the Iraqi government is now cracking down on the very Awakenings which lay at the heart of U.S. strategy, despite many months of efforts to convince it to integrate them into the security forces.[2] The failure to reach agreement on a provincial elections law in the summer of 2008 revealed the simmering, underlying political stalemate masked by the security gains of the last 18 months.

The core political fact ignored by too many military-oriented analysts is that most Iraqi political actors still lack the proper incentives to strike power-sharing deals necessary to stabilize the country. Collectively, Iraq's current ruling elite does not share U.S. assessments of the consequences of failing to achieve political accommodation. Key Iraqi leaders have calculated that they are protected from the consequences of their failure to reach power-sharing agreements. The political progress that the United States claims to want can only be achieved by fundamentally altering the incentives facing these Iraqi leaders.

For this reason, the U.S.-Iraq security agreement that has been under discussion for the past nine months is problematic. Ultimately, any such agreement could serve as an impediment to achieving a true political reconciliation in Iraq by providing a safety net that prevents Iraq's actors from testing the limits of their power and achieving a sustainable political consolidation. In particular, "conditions-based" approaches to a time-

table would create a multitude of perverse incentives for Iraqi politicians, who would likely consistently find ways to produce just enough "progress" to keep the U.S. forces engaged, but never enough to allow them to leave. Unless the strategic calculations of key Iraqi factions can be transformed to make them see a vital self-interest in achieving national reconciliation, political progress will continue to dance just out of reach with its "failures" always offering a reason for the United States to delay the drawdown of its military forces.

U.S. policy in Iraq has not systematically considered the relationship between security and political dynamics. Most analysis, whether supportive or critical of the current policy, continues to operate on the false assumption that increased security would lead to progress in Iraq's political transition.[3]

Iraq's future primarily lies in the hands of Iraqis, not Americans. It is time to evaluate Iraqi politics on its own merits, rather than as a function of either security trends or of U.S. preferences, and to think seriously about how those politics have developed, how those developments matter, and what needs to be done.

Iraq's political landscape after the surge

Most assessments of the current state of Iraq focus on the security dimension, with only a superficial treatment of the complicated political issues that do not answer to a military logic. Taking stock of the state of Iraqi political accommodation requires looking carefully at both power-sharing arrangements and the implementation of those agreements reached.

The Bush administration and Congress have focused on measuring political accommodation through legislative benchmarks. But this view is too narrow, because legislation that ostensibly meets mandated benchmarks often fails to address the underlying problems it was meant to resolve or gets lost in the morass of sporadic or politically biased implementation.[4] The passage of a general amnesty law and de-Baathification reform earlier this year, for instance, ostensibly met two key Sunni demands of greater inclusion in Iraq—only to lead to greater frustration when far fewer Sunnis than expected actually got out of prison or returned to government service. Rickety, corrupt, and sectarian state institutions undermine the implementation of even well-intentioned legislation. And political fragmentation proceeds apace, complicating all efforts to form a coherent opposition or an alternative ruling coalition.

Simply focusing on the next round of elections in Iraq as a panacea to solve these troubles risks repeating the mistakes made in 2004 and 2005, when the Bush administration assumed that even rushed electoral processes would help consolidate an increasingly fractured country. The two elections and constitutional referendum in 2005 instead further accelerated the country's fragmentation. The new provincial elections, which have been delayed for several years and will likely be held in 2009 at the earliest, already offer discouraging signs. The chairman of Iraq's election oversight agency, Faraj al-Haydari, noted earlier this summer that there have been patterns of voter intimidation by Iraqi security forces during the voter registration process.[5] Murders and incidents of violence against Iraqi officials making election preparations have already occurred.[6] Even if the elections proceed relatively fairly, they will likely produce a muddled outcome rather than clear resolutions.

It is clear that the Iraqi government is demonstrating growing confidence as its oil revenues rise and its security problems recede. Maliki and his allies in the national government, in the closing months of the surge, worked to try to consolidate their power rather than take meaningful steps forward to advance Iraq's political transition and national reconciliation. Iraq's military campaigns in the spring and summer of 2008 in

Basra, Amara, and Sadr City, among other places, have greatly improved the Iraqi government's image. But operations in Sunni areas are still inconclusive and campaigns in Shia areas have largely targeted Maliki's political enemies such as the Sadrists.

It is also clear that many formerly alienated actors, especially in the Sunni community, now want to enter into the political system through elections or new alliances—a genuinely positive development. But to this point, such efforts have been systematically frustrated as the current ruling elites instead seek to consolidate their hold on power. The United States has raised these rising challengers' expectations of gaining power at the ballot box. But their ambitions have been frustrated by the current elites' refusal to share power, leading to a dangerous surge of dashed expectations.

Attempts at political accommodation to this point have been only at the surface level. The surge has resulted in few real gains in power-sharing. National reconciliation conferences convened by Prime Minister Maliki have been exercises in showmanship, with little real dialogue or compromise. The Iraqi government has urged refugees to return, and even offered a free ride back to Iraq, but no serious arrangements have been made for reabsorbing them or resolving the massive, inevitable property disputes. The Sunni Iraqi Accordance Front's return to the government after a year-long boycott created the appearance of a more broadly based government, yet many Sunnis complain that the parties in question have little popular support.

The 2007-2008 surge of U.S. troops has contributed to significant declines in violence in Iraq, and the country is now less vulnerable to the threats posed by international terrorist networks than it was in 2005. But Iraq remains as politically divided as ever, and the U.S. troop presence in Iraq further exacerbates those divisions by impeding a true consolidation of power in Iraq. A long-term U.S. troop presence signals to Iraq's leaders that the United States is prepared to provide a long-term safety net that keeps them in power, which fosters moral hazard, discouraging them from making the tough power-sharing compromises, and ultimately forestalls a sustainable power-sharing arrangement in Iraq.

Five enduring tensions in Iraqi politics

Iraq's national politics are a complicated mosaic of competing interests, despite the security advances of 2007 and 2008. Some of these tensions have even been exacerbated by the choices underlying these security gains, and there is now a series of time bombs waiting to explode in the new Iraq. Each of these five tensions by themselves describes one element of the current political reality in Iraq, but none on their own provide an adequate overall description of internal dynamics in post-surge Iraq.

1. Centralizers vs. de-centralizers

Some Iraqi factions want to see more power placed in the hands of the national government at the center, while others continue to push for greater decentralization.[7] Defining federalism is a battle that endures even though it was largely settled on paper in the

narrow passage of the Iraqi constitution in the October 2005 referendum. Kurds, who enjoy a constitutionally protected special status, and Shia factions, such as the Islamic Supreme Council of Iraq, which has of late scaled back its efforts to create a Shia "super-region" in the south, support a more decentralized Iraq.

Most Sunni Arab Iraqis have traditionally favored a strong central state. But the local tribal actors' empowerment through the "Awakenings"—nearly 100,000 Iraqis, many former insurgents, who struck deals directly with the United States to act as local police forces quelling violence in their areas—has led to a greater focus on local concerns rather than national politics in Baghdad.[8] Surging oil revenues and the security gains bought by the U.S. military have meanwhile increased the Maliki government's self-confidence, which is demonstrating the will—and to a lesser extent the means—to centralize and entrench its own power.

2. State power holders vs. popular challengers

Certain factions have disproportionately benefited from the national government's spoils, such as Dawa, ISCI, and the Kurdish factions who are part of the national government. Several of these political movements empowered in the national government were originally exile groups based outside of Iraq during Saddam Hussein's rule. Some factions that have not benefited from the national government have stronger support in key areas of Iraq such as the Sons of Iraq in central and western Iraq, and the Sadrists in central and southern Iraq.[9] This discontinuity between governmental power and popular support creates a dangerous mix for the upcoming elections, where the currently disenfranchised hope to seize a share of power at the ballot box. Those in power will seek to use state control to ensure electoral victory by any means necessary.

3. Sunni vs. Shia

Sectarian conflicts are much reduced since high levels of violence in 2006, but the Sunni-Shia sectarian strain endures. Comparable cases, such as the former Yugoslavia, offer little hope that the passions and hatreds unleashed in those years will fade quickly. And property disputes, already a major problem in Kirkuk and other disputed territories between Arabs and Kruds, have increased between Shia and Sunni Iraqis as a result of population displacements in the capital city of Baghdad.

4. Arab vs. Kurd

Another enduring tension inside of Iraq is the Arab-Kurd division, which is coming to a head in the unresolved crisis over the status of Kirkuk and other disputed territories. The Kurds have benefited from the autonomous region in Iraq's three northernmost provinces, and they have increasingly sought to expand and define the areas under the control of the Kurdistan Regional Government. Iraqi Arab factions have criticized and

resisted Kurdish efforts to expand their control over key disputed areas along the southern borders of the KRG, and attempts to find a resolution by the United Nations and others have thus far not achieved significant results.

5. Religious factions vs. secular factions

Iraq on the whole is a deeply religious country; various forms of Islamism imbue politics at many levels. Secular nationalists have not had much political success since Saddam Hussein's ouster in 2003, and secular political factions fared poorly in the last national elections, receiving only single-digit support. Nevertheless, latent tensions remain between Iraqis who are concerned by the increasing religious nature of Iraqi politics versus those who see politics as one facet of advancing enduring religious principles of either Sunni or Shia Islam. Iraq—a diverse country composed of Shiites, Sunnis, and numerous religious minorities—is unlikely to achieve a national consensus and reconciliation if it has a government that is based on certain interpretations of Islamic law. Religious minorities such as Christians and Yazidis have suffered from persecution at the hands of other groups in Iraq since 2003.

Three evolving political coalitions

The five persistent fault lines described above are present in the three major alliances and political groups that continue to evolve in Iraq: the fragmenting Shia-Kurdish coalition that has ruled Iraq since Saddam Hussein's removal, the transformations in Sunni politics, and the still fledgling efforts of nationalist and secular groups. These three groupings are the ones that many analysts focus on in arguments premised on the notion that maintaining tens of thousands of U.S. troops in Iraq will help achieve political accommodation. But an analysis of how these key political groupings have evolved during the surge demonstrates that a large U.S. military presence does not necessarily translate into greater political cohesion and accommodation.

1. The fragmenting Shia-Kurdish coalition

Masked by the growing outward confidence of Prime Minister Nuri al-Maliki, the ruling coalition that has dominated the Iraqi political landscape has slowly collapsed.[10] The disintegration began within the United Iraqi Alliance, the coalition of largely religious Shia parties that ran as a bloc at the encouragement of Iraq's top Shia cleric, Grand Ayatollah Ali Sistani. The UIA originally included the Islamic Supreme Council of Iraq, the Sadrists, both factions of the Dawa party, and the Fadilah party.

The breakup of this alliance of convenience was inevitable, given its political, social, theological, and class divisions. Fadilah left the UIA in March 2007 because it was not represented in the national cabinet. Six Sadrist cabinet members also resigned, with the Sadrists leaving the UIA altogether in September 2007, while Maliki's own Dawa party

broke apart into competing factions.[11] Just a little over a year into the national unity government formed in 2006, nearly half of the ministers had abandoned their positions in the Maliki government.

After the Sunni Iraqi Accord Front left Maliki's government, the remaining Shia parties—ISCI and Dawa—announced a new alliance with the two top Kurdish groups, the Patriotic Union of Kurdistan and the Kurdistan Democratic Party. The Kurds backed the Shia parties in exchange for a free hand in the Kurdish provinces. This new "alliance" was merely a reaffirmation of the core groups that have dominated Iraq's power structures since the transition from Saddam Hussein's rule.

Now this core group is showing signs of strain in the face of continued Arab-Kurdish disputes over the status of Kirkuk and disputed territories, as well as the oil law and revenue sharing law. The Shia-dominated government preferred a federal government with a state-led oil sector, whereas the Kurds moved forward in signing independent contracts with international firms to reaffirm the Kurdistan Regional Government's autonomy. Failure to implement Article 140 of the constitution, which set out a December 31, 2007 deadline for resolving the status of Kirkuk and other disputed territories by a referendum, has also escalated tensions. A showdown between the Iraqi Army and the Kurdish Peshmerga in the town of Khanaqin (Diyala) has sparked intense conflict between the Kurds and Maliki's government over the question of sovereignty.

The Shia-Kurdish alliance showed signs of fracturing in January 2008 when a group of 130 Sunni and Shia members of Iraq's Council of Representatives signed a joint statement urging a political solution to the status of Kirkuk and protesting independent oil deals the Kurds had signed with international oil companies.[12] This alliance of convenience between certain Shia and Sunni groups sided with the minority Turkomans in their proposal to share power equally in Kirkuk. This new alliance passed a draft provincial law in the Iraqi parliament on July 22, but it was vetoed by President Jalal Talabani, head of the Patriotic Union of Kurdistan, in the Presidency Council.[13] Masoud Barzani, President of the Kurdish region, now complains that Iraq "seem[s] to be still under the influence of a totalitarian regime."[14]

The fracturing within the Shia-Kurdish coalition offers evidence that decreased violence or increased capacity of the security forces does not necessarily translate into political progress and greater consensus. In fact, the opposite may be true—one set of factions could use Iraqi security forces' increased capacity to impose their will on another set of factions.

2. More tensions in intra-Sunni politics

U.S. support for the Sons of Iraq and the Awakenings has had an ambiguous effect on Iraq's politics, despite the security assistance that the groups have provided. The United States has raised these groups' expectations for political and institutional gains that require the agreement of the Iraqi government to deliver, and which have thus far not

been forthcoming. The transformation of Sunni politics over the last two years has generated considerable turbulence and sharp conflict, but has not yet produced meaningful change in political representation or power. This lack of results has generated growing frustration among the tribal leaders and rising power brokers who cast their lot with the United States in 2006 and 2007.

Some analysts point out that U.S. efforts with the Sons of Iraq and the Awakenings have led to a consolidation of power among and within former insurgent groups. But this has not yet translated into meaningful advances in Iraq's politics; these groups have not yet developed consolidated political agendas that increase the prospects of sustainable power-sharing arrangements in Iraq. A dizzying array of new political parties and entities has sprouted up from the Awakening movement, reflecting and driving the fragmented and decentralized nature of the Awakening movement itself. The interests of the Awakenings are almost exclusively local, focused on patronage and the flow of resources. Their elevation to a lead position in Iraqi Sunni politics would serve as a reward for cooperation against Al Qaeda, but would not necessarily serve the interests of consolidating a sovereign, capable, institutionalized Iraqi state.

The Awakenings and the traditional Sunni political parties have been locked in growing political warfare over the last year, with the Awakenings blocked from political power at every turn. Maliki toyed for months with the idea of bringing in Awakening representatives to replace the boycotting members of his government, but ultimately dropped the idea and welcomed back the IAF—a move that many observers believe was motivated by its desire to control government resources ahead of the provincial elections.[15] Failure to reach agreement on a law governing provincial elections pushes that opportunity again off the horizon.

The frustration of the Awakenings' leadership is palpable. Shaykh Ali Hatem Suleiman recently told *The New York Times* that, "we are running out of patience." Another leading Awakening leader, Sheik Hamid al-Hayis, added that, "we couldn't make a big change in the government structure. That pushed us to work to make change in the provincial council. But even that we can't touch."[16] The Iraqi government has just recently begun cracking down on the Awakening, driving some of its most prominent leaders, such as Abu Abed of the Amiriyah Awakening, into exile. Others are hiding under threat of arrest while declaring that, in the words of the prominent ISCI leader Jalal al-Din al-Saghir, the Awakenings have "no future" in Iraq.[17]

Meanwhile, targeted violence against the leaders of these movements, whether at the hands of Al Qaeda or of Shia groups, has killed or injured several hundred of their leaders and members.[18] The most prominent figure in the Awakenings movement killed was Abdul Sattar Abu Risha, one week after he met President George W. Bush during a brief presidential visit to Iraq in September 2007.[19] Most of these killings are presumed to be conducted by forces affiliated with Al Qaeda in Iraq—on December 4, 2007, the Islamic State of Iraq announced the creation of a new assassination brigade called "Abu Bakir Al-Sadiq" to assassinate Awakening Council members.[20] Some of the violence also stems from longstanding rivalries between competing tribes and clans in Iraq, or in naked struggles for power or control of black markets.[21]

The political effects of the rise of the Awakening Councils are thus deeply mixed. The highly fragmented and fractious nature of the Awakenings makes it as difficult for them to coalesce into an effective national political movement as it is for them to orchestrate a coordinated return to the insurgency. Their efforts to reach out to Shia tribes to overcome sectarianism have thus far achieved little. The currently dominant Sunni parties, such as the Islamic Party, view them both as useful—improving the lives and bargaining power of the Sunnis—and as deeply threatening to their own political power. Maliki has been happy to encourage the rise of the Awakenings in areas such as the remote, Sunni-dominated Anbar province because they weaken his Sunni rivals in the Green Zone. But he is cracking down on the Awakenings in Baghdad, Abu Ghraib, Diyala, and elsewhere.

The tension between U.S. support for the Awakenings and the Iraqi government's skepticism is one of the shakiest elements of the house of cards that the surge helped to create. Making matters even more uncertain, the Iraqi government has agreed to take administrative responsibility for the 54,000 Sons of Iraq members in and around Baghdad. This move has done little to alleviate the concerns of Awakening leaders, and some fear the Iraqi government will use its new power to eradicate, rather than integrate, them.[22]

3. The elusive prospect of nationalists

Numerous analysts have pinned their hopes on the notion that Iraq's political leaders would rise above sectarian and ethnic divisions to unify in nationalist political tickets that cut across ethnic and sectarian lines. Some anecdotal evidence exists that Iraqis are exhausted with the divisions and sectarianism. Qualitative research conducted by the National Democratic Institute during the height of sectarian conflict found fairly broad discontent with sectarianism as a factor undermining the stability of the Iraqi state.[23] But such sentiments rarely seem to manifest into a coherent political front. The nationalist ticket that ran in the 2005 elections received less than 10 percent of the vote, and these political movements have lacked popular support, as well as organizational and financial capacity.

Independent mediators have tried to bring together leaders across the sectarian divide to create new coalitions as an alternative. In July 2008, a multiethnic and multisectarian group of 37 Iraqi leaders representing many key factions in Iraq signed a declaration of principles defining possible negotiations over power-sharing arrangements in Iraq, the result of a series of quiet discussions held in Helsinki, Finland.[24]

Despite these efforts, political entities with sectarian and ethnic tendencies maintain a fairly strong control through security forces and government budgets. The great hope that some national bloc will simply appear if the United States just "stays the course" and maintains a military presence through the next elections seems little more than the triumph of hope over experience in Iraq.[25] Nationalist forces are handicapped by the structure of the state, the electoral system, their own internal dysfunctions, and a wide range of other factors quite unrelated to the level of U.S. troops. Indeed, Maliki is now bidding to seize the mantle of Iraqi nationalism, which could pull the rug out from under this grouping before it even comes together.

During the Council of Representatives special extended summer session in July of this year, a new group called the "Forces of July 22" formed that included members of the Iraqi List, Sadrists, Fadilah party, the Iraqi Front for National Dialogue, Tawafuq, and the National Reform Movement. Their goal was to push through the provincial elections law that was ultimately vetoed by President Talabani. Some analysts have speculated that this "Forces of July 22" could form a cohesive alternative to the fracturing Shia-Kurdish alliance that has dominated Iraqi politics for the past few years, but it remains unclear whether such a diverse group is anything but a temporary alliance of convenience on a single set of issues.

There are major problems with holding out hope for the near-term emergence of a nationalist bloc. To the extent that a nationalist bloc exists, it is little more than an oppositional bloc to a particular issue along one or two of the enduring five fault lines outlined above. Nationalists could come together in opposition to a provincial elections plan that would affirm Kurdish control over Kirkuk and offer an alternative as they did this summer. But the political forces that were part of that coalition have major differences of opinion on questions such as de-Baathification reform or the amnesty law.

From a U.S. policy perspective, any emerging nationalist bloc would be welcomed if it opposed Iranian influence, but a nationalist bloc is also likely to strongly oppose a U.S. military presence, which according to those who propose keeping a large U.S. troop presence in Iraq, is necessary to facilitate the emergence of such a bloc. Iraqi nationalist leaders tend to be the most vocal in their opposition to a foreign troop presence. It should be a high priority, however, particularly for those who are committed to U.S. troop withdrawal, to promote the kinds of institutional changes to electoral law, state institutions, and civil society that would allow such a coalition to emerge.

Ten challenges ahead for Iraq's political transition

I raq will need to overcome numerous hurdles in its political transition before the end of 2009, including two elections and a long list of unresolved power-sharing questions. Not all of the ten key challenges outlined here are of equal magnitude—failure to resolve some would likely lead to major, systemic crisis, while failure on others would simply be suboptimal. Yet all are interconnected, and none have been resolved by the security improvements of the last 18 months or will be meaningfully addressed simply by postponing U.S. troop withdrawals.

1. The U.S.-Iraq security agreement

The Iraqi political trends detailed above have significantly affected the shape and course of negotiations over the proposed U.S.-Iraq security agreement.[26] The peculiar combination of Maliki's security confidence and growing state patronage capacity with his narrow political base has led him to grab for more power at home and abroad before his own window closes. Prime Minister Maliki has called for all U.S. troops to leave by the end of 2011, pushing back against efforts by the Bush administration to have a less clearly defined timetable for U.S. troop withdrawals.[27] This move is not surprising given the broad consensus in Iraqi society that foreign forces should leave Iraq: Two recent polls show 70 percent-plus of the Iraqi population disapproves of the continued presence of coalition forces.[28]

The deal currently on the table is the best of both worlds for Maliki. It allows him to simultaneously claim that he has negotiated an end to the occupation—which is key because Moqtada al-Sadr has promised to disband his Mahdi Army militia if a date for withdrawal is agreed upon[29]—and maintain enough room to call upon the United States to stay if necessary. Nevertheless, any proposed deal must pass through the Iraqi parliament, where a majority has called for a firm date for withdrawal.[30]

Opposition to a continued U.S. troop presence is one of the strongest forces binding together otherwise sharply divided nationalists. Followers of Shia cleric Muqtada al-Sadr have staged repeated demonstrations denouncing the Status of Forces and Strategic Framework Agreements being negotiated between the Maliki government and the United States. Sadr withdrew his parliamentarians from Maliki's coalition when the prime minister refused to set a timetable for withdrawal last year, and has offered to disband his militia if the United States withdraws.

The main Sunni Arab parliamentary bloc, Tawafuq, also officially opposes the U.S. presence in Iraq. Its leader, Vice President Tariq al-Hashimi, has publicly called for a withdrawal timetable in the past. However, it is rumored that Tawafuq implicitly favors a U.S.-Iraq security arrangement to protect Sunni interests against the Shia-led central government.[31]

Many of the Awakening and Sons of Iraq groups throughout Sunni Iraq, and the insurgency factions from which they emerged, premised their cooperation on an eventual U.S. withdrawal from Iraq.[32] Yet like the IAF, a number of these groups have become ambivalent toward U.S. withdrawal because they view the United States as their main protector against a sectarian Shia government.

The political forces that favor a decentralized Iraq, as well as the ones that have enjoyed the financial support and security umbrella provided by the United States, are the ones that tend to favor a longer-term agreement. The Kurdish factions are the most pro-U.S. elements in Iraq and have favored a long-term U.S. presence, but their focus is mostly on protecting their autonomy in the three northern provinces. ISCI, the Shia Islamist party with close ties to Tehran and a critical supporter of Maliki in parliament, is widely believed to be the non-Kurdish party most amenable to a U.S. military presence in Iraq. However, after Maliki's statement calling for a timetable, Vice President Adel Abdul Mahdi of ISCI stated that any agreement with the United States should "restrain or end the mission of [U.S.-led] multinational forces."[33]

Nevertheless, it appears clear that Iraqis share a clear desire for an eventual U.S. departure. Determining Iraq's relationship with the United States will likely remain a core issue within Iraqi politics even after the negotiations currently underway are concluded and agreements are reached. Iraq's political transition will not be complete until it comes to a consensus as to its formal political, economic, and military relations with the United States.

2. Provincial powers and elections

One of the top items on the Iraqi parliament's agenda this fall will be the provincial elections. The United States has placed great emphasis on holding new provincial elections in order to foster political accommodation. Some of the hopes for accommodation via provincial elections are well grounded. The elections could help correct the first round of provincial elections in 2005, which left local councils in many areas under the control of unrepresentative factions who decided to participate when most boycotted. And the Provincial Powers Law passed in March as part of a key legislative package also places more power than before in the hands of the provinces. Yet elections may not be a panacea to Iraq's enduring tensions.

The United States expects provincial elections to offer some political power to the numerous parties associated with the Awakenings and the Anbar Salvation Council in the Sunni provinces. Such gains would come primarily at the expense of the Iraqi

Islamic Party, headed by Vice President Tareq al-Hashemi, which currently dominates local councils in Anbar. This has led to increasingly vicious political combat in Anbar province, punctuated by threats of violence against the Islamic Party and palpable frustration at the slow pace of change.

The popularity of the Sadrist movement in Shia areas poses a major problem for the governing coalition headed by Nuri al-Maliki. Fair elections could lead to a wipeout for the ruling coalition's candidates, especially the Islamic Supreme Council of Iraq. The governing coalition's first response was an abortive effort to bar the Sadrist movement on the grounds of its militia. When that stalled, the military made incursions into Basra, Sadr City, and Amara designed as "shaping operations" to weaken the Sadrists before the elections.

The United States welcomes the challenges in the Sunni areas and opposes them in the Shia areas, but the incentives in each case are strikingly similar. The current ruling elite has a lot to gain from stacking the deck in the elections to the disadvantage of their outside challengers—whether through deploying state resources in support of their electoral bids or through actual electoral fraud. The Iraqi Higher Electoral Commission has already stated publicly that it could not guarantee a fair vote on the original deadline of October 1.

3. Refugees and internally displaced persons

The massive population displacements of 2005-2007 have created political challenges as well as a humanitarian crisis. Iraqis were displaced by factions with armed groups for a political purpose—to reshape the balance of power inside of Iraq. Preparations for the provincial elections have virtually ignored Iraq's estimated 5 million refugees and internally displaced persons. According to United Nations election officials, refugees outside the country will have no voting accommodation at all. Internally displaced Iraqis will be required to vote for councils in their place of origin, rather than their current place of residence. This requirement will radically sever voting from its consequences since internally displaced people will not live in the area governed by the council for which they vote, and it could give a boost to more radical candidates or make them easy targets for voter fraud. Many of these internally displaced people will be disenfranchised simply due to the Iraqi state's failure to maintain accurate registries—with insufficient time to remedy these structural problems.

The displacement of Iraqis will have far-reaching political consequences beyond the election. Iraqis will have to decide whether or not the displaced will be able to return to their previous places of residence. If not, the Iraqi government will essentially ratify the country's new sectarian map, created by militias and terrorists during the bloody fighting of 2006-2007. Iraqis more broadly will have to decide what their responsibilities are to the displaced.

If Iraqis decide to allow displaced persons to return to their previous place of residence, a procedure for adjudicating property disputes will have to be formulated and uniformly enforced. Squatters of opposing sects have taken over many properties, so returning the displaced will become a politically contentious issue. Without an evenly administered and comprehensive system for resolving disputes between these squatters and returnees, both groups could turn to militias to enforce their claims. This development, in turn, could re-ignite Iraq's frozen civil war.

4. Disbanding and integrating militias and other armed groups

Most factions would be happy to see their rival's militias disbanded, but few seem as eager to give up their own military wings. Some of these mostly Shia militias have deeply penetrated the Iraqi security forces,[34] and were responsible for some of the worst of 2006-2007's sectarian cleansing against Sunni Arabs. It is highly unlikely Sunnis will fully agree to some form of political accommodation without the effective dissolution of these militias and accountability for those responsible for past crimes. At the same time, members of Shia armed groups will, like the largely Sunni Sons of Iraq, need to be formally integrated into Iraq's security forces. The prospect for this eventuality occurring seems slim at the moment, with U.S. General David Petraeus acknowledging publicly that the Iraqi government "had been purposefully slow in absorbing [the SOI] into its security forces."[35]

Sadr's Mahdi Army is the largest Shia militia in Iraq, thought to number some 60,000 members.[36] Yet since early 2007, the Mahdi Army's position has eroded. After a clash with ISCI's Badr militia in the Shia holy city of Karbala left 50 dead, Sadr declared a cease-fire that has more or less endured for a year. Large-scale fighting with the Iraqi army in Basra and Sadr City ended in agreements between Sadrists and the government to allow government security forces into contested areas. These deals allowed government forces to establish themselves in previously no-go zones for the first time. Sadr recently directed the Mahdi Army to transform itself into a social and political organization, concentrating armed activity in a smaller, specialized wing,[37] and has offered to disarm his militia if the U.S.-Iraqi security agreements under negotiation include a date for U.S. withdrawal.[38]

ISCI's Badr militia took a different path: It essentially joined the Iraqi government. Iran's Revolutionary Guard Corps created Badr during its bloody eight-year war with Saddam Hussein, but formally separated itself from the party shortly after the invasion in order to give ISCI plausible deniability over Badr's activities. When ex-Badr commander Bayan Jabr became head of the Interior Ministry following the January 2005 elections, Badr began extensive infiltration of Iraq's official security services, becoming, in essence, the official militia of the Iraqi government.[39]

The sectarian heart of the struggle for institutional power is best seen in these diverging paths, with Shia militias integrated and Sunni militias kept at a distance.[40] With roughly 103,000 Sons of Iraq militiamen now on U.S. payrolls, the future status of the SOI has become a linchpin of political accommodation. The integration has so far not

been encouraging. While exact numbers vary, roughly 17,000 Sons of Iraq had been absorbed into the ISF at the end of May 2008,[41] including only 3,000 of 32,000 from the provinces north of Baghdad.[42] In addition, U.S. commanders have said they expect Iraqi security forces to integrate only 20 percent of SOI fighters, with the rest given public works-style employment.[43] By this goal, the current roughly 17 percent integration of Sons of Iraq into the ISF nearly completes SOI integration nationwide.

Even if public works employment goes forward, many Sons of Iraq may be less than satisfied with their prospects. They will, in effect, be exchanging their high social and political position as a neighborhood defender for the lower status job of a trash collector or bricklayer. While some SOIs left unintegrated into the ISF may be comfortable with this transition, others may not, leading to the possibility of a return to violence. If even 10 percent of the Sons of Iraq return to the insurgency, the United States and Iraqi government will be confronting 10,000 angry, armed men.

Demobilizing militias and asserting effective state sovereignty are absolutely vital to the consolidation of any stable Iraq. Maliki's attempts to use the Iraqi military to impose "law and order" in Basra and elsewhere have been popular, and do respond to one of the greatest problems facing Iraqi political order in principle. The problem lies, as it so often does, in the implementation rather than the conception. Many Iraqis view these campaigns as partisan efforts designed to enhance the power of the ruling coalition through state power, rather than as genuine efforts to create a non-partisan rule of law.

The divergent fates of the different militias here are telling and problematic. Badr and other Shia militias became part of the security forces, and Maliki quickly found jobs for some 10,000 local tribesmen in Basra in April 2008.[44] At the same time, the Sunni Awakenings' efforts to join the police and army are blocked at every turn, with Maliki now leading a crackdown on its leadership in the Baghdad area. The confrontation between the Iraqi army and the Kurdish Peshmerga in Khaniqan may well signal another front in this campaign of highly selective militia demobilization.

5. Constitutional review

Sunni Arabs were initially locked out of the constitutional drafting committee as a result of their boycott of the January 2005 elections. Shia Arab and Kurdish politicians thereby dominated the initial drafting phases until U.S. pressure brought 15 Sunni representatives into the drafting process during the summer. Despite this effort at inclusion, the new constitution not only failed to deliver Iraq from sectarianism, it entrenched sectarian political behavior as Shia and Kurdish leaders wrote a constitution that first and foremost served their narrow interests.[45]

The constitution wound up passing on sectarian lines in an October 2005 plebiscite. Shia and Kurd-dominated provinces approved the draft, while Sunnis voted overwhelmingly against it, despite the government's pledges to amend the constitution were it approved.[46] To date, the promise to reform the constitution that brought Sunni groups into the politi-

cal process remains unfulfilled, and the demands for constitutional reform are at the center of the core power-sharing disputes that continue to divide Iraq's factions.

Abdul Aziz al-Hakim, the head of ISCI, rejected making any major changes in the constitution after the December 2005 election, saying categorically, "We will stop anyone who tries to change the constitution."[47] Humam Hamoudi, the chairman of the committee that drafted the 2005 Iraqi Constitution, was appointed to head a Constitutional Review Committee that was due to report recommendations on constitutional reforms by May 15, 2007. The CRC still has not yet completed its work. The unresolved constitutional questions are at the core of disputes over power-sharing in Iraq and cut across all five of the enduring tensions in post-surge Iraqi politics.

6. Kirkuk and Article 140

The constitutional provision addressing the status of the disputed city of Kirkuk—Article 140—consists of three main steps to settle Kirkuk's status: "normalization," or a return of people displaced by Saddam Hussein, a census, and a referendum. This process should have been completed by the end of 2007, but neither a census nor a referendum has been finalized because of unresolved disputes between Iraq's Arabs and Kurds.

The United Nations is currently attempting to broker a solution outside the Article 140 framework. Failure to resolve Kirkuk's final status has left inter-ethnic tensions between Kurds, Arabs, and Turkomans to simmer. These tensions came to a boil in late July 2008 when a suicide bomber targeted Kurds protesting the proposed provincial election law. Kurds subsequently went on a sectarian rampage, targeting Turkoman parties they held responsible for the attack. Without prompt and fair resolution, further violence between Kurds, Turkomans, and Arabs over and within Kirkuk will become increasingly likely.[48]

The problems expand beyond the city of Kirkuk to other disputed areas in northern Iraq between the territory controlled by the Kurdistan Regional Government and the Iraqi government. The Iraqi government ordered Kurdish Peshmerga forces to stand down in certain parts of the Diyala province this summer, leading to a standoff between the Kurdish forces and the central government's Iraqi security forces.

7. De-Baathification reform implementation

De-Baathification reform was meant to redress Sunni complaints over what they believed to be a biased program that unfairly prevented them from engaging in public life. The Accountability and Justice Law, passed in January 2008, ostensibly reforms the old de-Baathification procedures.

But the changes brought about by the new laws appear to simply recreate many of the same problems that plagued earlier de-Baathification measures. As the International Center for Transitional Justice noted in its analysis just after the law passed, "The new

law is not the major change that reformers had hoped. It essentially preserves the previous de-Ba'athification system and extends it reach to a number of organizations not previously affected, including the Iraqi judiciary."[49]

Rather than resolving the fundamental problems at the heart of previous de-Baathification regulations, the Accountability and Justice Law allows Iraqi politicians and the Bush administration to claim symbolic victory while avoiding substantive political accommodation.[50] Without sufficient reform of the efforts to undo the political damage done by the expansive efforts to eliminate members of the Baath party from Iraqi government positions, Shia-Sunni tensions will endure.

8. Amnesty implementation

The Iraqi parliament passed the amnesty law that promised to release large numbers of Sunnis from prison and offer a fresh start. In a case of strange bedfellows, Sunni parties and the Sadrists—both of whom felt their supporters had been unjustly detained—provided the law's core of support.[51] A remarkable number of cases have been reviewed— over 115,000 according to the High Court's spokesman and its regular press releases. But there is little evidence that this has led to significant numbers of Sunni prisoners actually being released from prison. The United States, for its part, has released 11,000 detainees so far this year, up from 8,900 last year, but it still holds 20,000 in custody.

Despite these high official numbers, the main sponsors of the amnesty legislation—the Iraqi Accordance Front and the Sadrists—have issues with its implementation. One Sunni lawmaker complained of "influences played by political parties to delay the implementation of the law's items." A Sadrist added that the number of releases was "still below the expected level" and stated that many Sadrists remain in coalition jails, out of the reach of the amnesty law.[52]

Like the de-Baathification reform, without serious implementation and follow-up on the amnesty legislation, Shia-Sunni tensions will likely endure because Sunni groups will continue to see a Shia-dominated government preventing true reconciliation and power-sharing.

9. Oil and revenue sharing laws

Iraq is home to the world's third largest oil reserves. According to Iraqi Deputy Prime Minister Barham Salih, new exploration indicates Iraq may have as many as 350 billion barrels of oil—nearly 90 billion barrels more than Saudi Arabia's estimated reserves.[53] Revenues from oil export are critical to the functioning of the Iraqi state: Ninety-four percent of cumulative revenues from 2005 to 2007 came from oil profits.[54] Decisions on the federal budget therefore amount to a *de facto* division of Iraq's national oil wealth.

Formal codification of revenue sharing and who, exactly, controls Iraq's substantial oil deposits remains stalled. It's true that Iraqis are distributing oil revenues even without a law, but the lack of codification is a major impediment to a lasting political settlement. Without a formal mechanism for sharing Iraq's oil wealth, the major parties to Iraq's conflicts are dependent on the goodwill of the central government to maintain the current arrangement. This dynamic encourages Iraqi actors to hedge their bets and keep violent options open.

Efforts at compromise on oil and revenue sharing laws have been made. Iraq's cabinet approved a draft oil law in February 2007, but this draft law collapsed seven months later as Kurds grew unhappy with amendments and both Sunni and Shia Arabs withdrew support over Kurdish contracts that were signed before the law passed.[55]

Iraqis must decide who has control over the development and management of oil fields: the national government in Baghdad, or regional and provincial governments. No outside oil companies can legally invest in oil exploration and extraction in Iraq without this determination. Shortly before the national oil deal broke down, the KRG passed its own oil law in August 2007 and began signing its own oil contracts shortly thereafter.[56] The Iraqi government blacklisted companies making deals with the KRG, with Oil Minister Hussein Shahristani proclaiming them illegal and unconstitutional.[57] In return, the Kurds called for Shahristani to be removed from office and negotiated with Baghdad without his involvement.[58]

The Arab-Kurd dispute over oil and revenue sharing laws is at its core about the role of the national government. Kurdish parties and the Kurdistan Regional Government, suspicious of Baghdad's authority, want to sign contracts to develop the KRG's oil fields and achieve economic self-sufficiency. Arab parties, across sectarian lines, want this authority to reside mainly at the national level in Baghdad. Even ISCI, which has advocated a nine-province super-region in southern Iraq, opposes Kurdish desires on this issue. As a result, the struggle over oil and revenue sharing legislation is helping to fuel conflict between Arab and Kurdish nationalism and competing visions of Iraqi national identity.[59]

10. State capacity, governance, and anti-corruption

Endemic corruption drains needed resources away from the state and creates a class of politicians, bureaucrats, and other government officials who benefit from it and resist efforts to tackle corruption. Iraq is the third most corrupt state on the planet according to Transparency International's corruption perceptions index—just a tenth of a point ahead of the Myanmar junta and lawless Somalia.[60] Radhi Hamza al-Radhi, the former chief of Iraq's Commission on Public Integrity (now the Commission on Integrity), estimated that corruption had cost Iraq $18 billion by October 2007.[61]

At around the same time, a sensitive State Department report concluded the Iraqi government was "not capable of even rudimentary enforcement of anticorruption laws."[62] Despite efforts toward reform and enforcement of anticorruption laws and norms, a

number of Iraqi laws serve to protect corrupt officials. Iraqi parliamentarians are immune from prosecution unless caught in the act, and Iraqi ministry heads can halt corruption investigations and prevent arrests of their employees. This particular provision was used 67 times in 2007—up from 15 uses in 2006. In addition, Prime Minister Maliki issued an administrative order limiting the Commission on Integrity's powers.[63] Those currently in power in Iraq have insulated themselves from corruption investigations and have every reason to fear the use of such investigations as a political weapon against them should they lose power.

This rampant immunity from corruption illustrates a government that rules *by* law rather than obeying the rule *of* law. Abuse of power will remain rampant as long as provisions allowing officials to immunize themselves and their subordinates remain, and Iraqi politics will remain near zero-sum so long as there is little accountability for those in power.

Corruption is simply one case of politics impeding implementation of formally passed laws. Whether through ill will or incompetence, many Iraqi ministries simply do not implement laws passed by the Iraqi parliament. As the Government Accountability Office noted last October, "political and sectarian loyalties" are a main reason Iraqi ministerial capacity remains lacking.[64] Political and sectarian rivalries have similarly paralyzed the Iraqi Interior Ministry, a crucial agency upon which Iraq's future security depends.[65] This lack of capacity is at its core a political problem, as Iraqi ministries are seen by political parties as both patronage and vehicles for pushing a party's particular agenda. More time and money invested by the United States cannot fundamentally alter the political nature of Iraqi government ministries.

Conclusion

T he U.S. debate on Iraq has been reshaped by an increasingly assertive Iraqi leadership that has demanded a specific timetable for the withdrawal of U.S. troops. U.S. policy in Iraq post-surge is heading toward an inevitable transition. Three conclusions follow from the analysis in this paper as a new U.S. administration prepares to devise an Iraq policy that reflects new realities in Iraq.

1. The United States must recognize the limits of its political influence and acknowledge that its military presence in Iraq is not politically neutral.

The United States has an interest in seeing the evolution of an Iraqi political order that fosters internal and regional stability. But keeping U.S. military forces in Iraq for an extended period of time to balance the multifaceted interests of competing factions is not only unsustainable—it ultimately prevents the United States from achieving its objectives in Iraq.

The U.S. military presence is not politically neutral. It creates a distinct set of incentives for political actors that directly work against the reconciliation that U.S. diplomats try to promote. U.S. military dominance and support absolves the major political actors from having to make tough decisions necessary to achieve a power-sharing equilibrium, and the active and intense U.S. interventions in the Iraqi political process actually interfere with the emergence of an authentic Iraqi political consensus. Just as the surge made a U.S. withdrawal riskier by inserting Coalition Forces as peacekeepers for hundreds of local-level ceasefires, the U.S. Embassy's pivotal role as political mediator has made it indispensable to the functioning of the political system.

The current ruling elite in Iraq see no reason to make political compromises that will reduce its own power and privileges when no serious consequences follow. The U.S. military presence creates a condition of moral hazard, shielding Iraqi politicians from the consequences of their risky behavior, which no amount of pressure or advice will overcome. The logic of withdrawal is that the anticipated reduction in the U.S. military presence will immediately and drastically shift the incentives facing Iraqi politicians and their own calculation of self-interest. This is not about increasing U.S. leverage—it is about changing the interests of Iraqis, so that they can achieve a political consolidation and internal equilibrium that is self-sustaining, and not dependent on a long-term U.S. military presence to continually balance competing factions.

Advocates of the 2007-2008 surge, and indeed most analyses of all stripes, tend to assume that the United States is the principal driver of events. From this perspective, Iraqi political progress will only be achieved under constant U.S. pressure, making withdrawing troops and reducing U.S. power on the ground a self-defeating proposition. But this perspective is dangerously backward, since the primary drivers of Iraqi politics are Iraqis, and a stable political order must rest on the alignment of their interests and not the exercise of U.S. willpower or tinkering.

2. U.S. national security policy must necessarily prepare for less-than-optimal outcomes in the Iraq war, where no clear "victory" or "defeat" is realistic, given the bad set of policy options.

It is important to distinguish between those outcomes that are truly catastrophic and those that are simply suboptimal given the limits on U.S. leverage over Iraqi actors— leverage that declines each day as the Iraqi government becomes financially self-sufficient and more assertive. Failure to achieve fundamental, base-level political accommodation could have truly catastrophic outcomes such as a return to sectarian violence or the collapse of the state. But failure on other dimensions would only be disappointing, not catastrophic.

Many of the grander ambitions offered by advocates of "strategic patience" such as the promotion of secular or pro-U.S. political parties, and the rise of a robust market economy, can be safely set aside. Those are up to Iraqis. As Iraq's leaders grow increasingly assertive in advancing their country's sovereignty, the United States would further undermine its interests by trying to advance complicated strategies for Iraq that require extensive U.S. military and financial commitments.

U.S. leverage over Iraq, often overstated throughout the past five and a half years since the start of the war, is going to continue to decline. The U.S. military readiness crisis, as well as other national security challenges such as the mission left unaccomplished in Afghanistan, will require General David Petraeus, the incoming head of the U.S. Central Command, to recommend a recalibration of U.S. troop levels in Iraq. In 2007 and 2008, the United States reached the high point in terms of the numbers of troops it could maintain in Iraq, and those numbers are certain to decline in the next administration. The end result will be an Iraq that is not the beacon of freedom and democracy that the Bush administration had hoped for when it invaded Iraq. Instead, the end result is increasingly looking like a central government in Iraq that has close ties with Iran, which presents a series of complications to U.S. national security policy in the Middle East.

3. Elections are vital to Iraq's political future, but will not themselves resolve its problems.

The political crisis that erupted over provincial elections law in the summer of 2008 reveals the deep, continuing rifts in the Iraqi political fabric. The current U.S. enthu-

siasm for provincial and national elections in Iraq risks repeating the mistakes of 2004 and 2005, rushing to elections as a magical cure-all without a broader consensus on foundational principles in a post-Saddam Iraq.

The December 2005 national parliamentary election further entrenched sectarianism and undermined democratic inclusion. Those elections were held on a closed-list system that virtually forced people into sectarian voting patterns, wiping out non-sectarian groupings and entrenching power in an alliance of convenience between the Kurdish Alliance and the Shia United Iraqi Alliance. More than 90 percent of Iraqis living in Shia provinces in the south voted for religious Shia parties; similarly, more than 9 in 10 Iraqis in Sunni Muslim areas of central and western Iraq voted for Sunni parties, and Kurds in northern Iraq voted for Kurdish parties.[66]

New elections could produce a more representative national parliament and assuage the complaints of those currently excluded from power. But it is also possible that current power-holders will find ways to hold on, further alienating and frustrating their challengers. New elections will produce losers as well as winners, and how those losers respond will have long-lasting consequences.

If current power holders win—and they will likely use the resources of the state to that end—there will be tremendous frustration and doubts about the legitimacy of the election. Given the outcomes of earlier elections, which left a deeply fractured "national unity" government that was not unified or national in its outlook, it is more likely that the elections will produce another mixed verdict rather than a shining new day, leaving Iraqis and the United States no closer to resolving the fundamental questions. Elections should be held, but only after careful preparation, national consensus on the rules governing them, and effective international supervision in accord with accepted best practices.

More important than elections are the efforts to develop a national consensus on the foundational principles of a new Iraq in the moribund constitutional reform process. Countries that have leverage over key Iraqi political factions should encourage Iraq's leaders to bridge their divides over power-sharing peacefully, with the recognition that some actors will continue to seek to advance their agendas by force and violence.

The next U.S. administration will grapple with a different set of challenges on Iraq, but the core question remains the same for Iraq's leaders: how to share power among the diverse ethnic and sectarian groups. Iraq's leaders over the next year will increasingly demand greater control over their own affairs, and many of the power-sharing questions outlined in this paper will likely remain unresolved for years to come. The United States needs to rebalance its overall national security approach by stepping outside of the trenches of intra-Iraqi disputes over power and putting the focus back on its core national security interests.

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