

**Beyond Iraq:
Repercussions of Iraq's Stabilization and
Reconstruction Policies**

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Background

In the months preceding the Iraq war, an intense international debate took place on the wisdom and consequences of using military forces to overthrow Saddam Hussein. One issue on which supporters and most opponents of the war concurred was that the United States and its allies would defeat the Iraqi armed forces, and that the most difficult problems were likely to arise following victory. This prediction was correct. The short-term glory of a quick, decisive and remarkably effective military victory has been replaced by a more sober realization of America's long-term strategic commitments to the region.

Recent events have provided the wake-up call. First, the new round of terrorism in Saudi Arabia and Morocco suggests that Al-Qaeda is back in business. Now it is to be hoped that America's war on terrorism has been joined by more vigorous efforts by key Arab countries, especially Saudi Arabia, to engage in closer intelligence and law enforcement cooperation. Most encouraging are signs that the Saudi government is prepared to address the problems posed by Islamic extremists in its own country, including a reevaluation and revision of school curricula and the funding of Madrassahs in other countries. Further east, the security situation in Afghanistan remains precarious. President Karzai is making a valiant effort to extend his authority outside Kabul but reconstruction programs are woefully behind schedule because of poor security. Absent a secure environment essential foreign investment will not materialize and economic conditions will deteriorate. The most telling statistic is that the opium trade is once again booming with drug cartels back in business. Perhaps most disturbing are reports that Pakistani intelligence operatives are once more interfering in a heavy-handed way in Afghan politics, and warning that the Western military presence will not go on forever but that Pakistan will remain a powerful neighbor.

Second, the much-vaunted "roadmap" for Israeli-Palestinian negotiations and an eventual peace settlement is off to a precarious start. Palestinian rejectionists continue to use terrorism to undermine Prime Minister Mahmoud Abbas's hopes for substantive negotiations with Prime Minister Sharon. The role of Yasser Arafat remains highly controversial. The Bush Administration is convinced he will continue to be an obstacle to peace and are urging European leaders not to meet with him. The good news is that President Bush seems committed to the roadmap but what will this mean in practical terms? Will he put greater pressure on Prime Minister Ariel Sharon to explicitly curtail further settlement activity in the West Bank and Gaza Strip, or will he limit his intervention to continued pressure to have the Palestinians curb the violence? If the White House is to be taken seriously, both Israel and the Palestinians must be persuaded to take painful actions in the hope of rebuilding trust. The fact that Prime Minister Sharon has officially endorsed the roadmap is important. The best indicator of this is the angry response his endorsement has generated within his own party and within the settler communities.

Most troubling for the administration are the difficult questions of how to reconstitute Iraq's military forces and bring law, order and a better quality of life to the citizens of

Baghdad, Basra and other Iraqi cities. Particularly difficult is the need to bring responsible Iraqis into the decision-making process while assuring a balance of representative leaders within Iraq's diverse population. How to deal with the majority Shia population is the most important and most complicated task. If a moderate Shia leadership emerges that is supportive of democracy and not an Islamic state, the repercussions in the neighborhood could be far reaching and could eventually pose a major challenge to Iran's conservative mullahs. For this reason hardline elements in Iran will continue to interfere in Iraq and this raises the risks of a U.S.-Iran confrontation.

From Washington's perspective, the most dangerous scenario would be successful military or terror operations against U.S. or British forces in Iraq. This would require the allies to take a tougher line and deploy additional military forces at the very time Iraq's residual security forces are in limbo. This, in turn, will undermine hopes for the speedy establishment of a representative Iraqi regime and the drawing down of occupation forces.

For the foreseeable future the U.S. will have to sustain a major military presence in the region if it wishes to protect vital interests. It will require patience and it will be costly and increasingly controversial. If the White House handles this mandate poorly, the Middle East could prove to be a political nightmare for yet another American president.

Regional Winners and Losers

With this background in mind, one way to assess the impact of the fall of Saddam Hussein on the regional and international environment is to describe the winners and losers from this event and how they could change dependent upon the success of the stabilization and reconstruction programs.

So long as Saddam was in power he posed no direct military threat to his neighbors, thanks to UN sanctions and the formidable U.S. presence in the region and the enforcement of the northern and southern no-fly zones. Iraq's oil exports were contained by lack of investment and the UN Oil for Food Program. A tight, but by no means fool proof, embargo on military supplies, assured that Iraq's conventional weapons were not in good condition. Nevertheless, Saddam retained enough internal power to rigidly control his country and prevent large-scale instability. These conditions suited a number of neighbors, especially Syria, Turkey, Jordan, Iran and Saudi Arabia. Farther afield, traditional rivals of Iraq, such as Egypt, did not have to share the limelight with the leader in Baghdad who was isolated in Arab circles and unable to exert Iraq's traditional influence on Arab politics. Many countries, directly or indirectly, profited from the flourishing black market trade with the Saddam regime. With the coalition victory these perks have all ended.

In the short term, the clear regional winners from the ouster of Saddam Hussein have been Kuwait and Israel. If the U.S. succeeds in building a stable, pluralistic, humane and economically viable Iraq, the positive impacts for U.S. regional and global policy will be considerable. In contrast, if Iraq emerges as an unstable, violent and ethnically conflicted

entity, the outlook for U.S. policy will be grim. The most likely outcome is probably a mixture of good and bad with ambivalent implications for the administration's grandiose designs for changing the Middle East.

Several realities must be acknowledged, particularly when discussing the short-term conditions. Until Saddam and his immediate entourage are found alive or dead and the issue of Iraq's WMD is resolved and the day to day conditions of Iraqis improve, it would be premature to pass definitive judgment on current policies. Postwar scenarios are always messy and, while clearly there was a lamentable lack of foresight and preparation for the aftermath of Saddam Hussein, perhaps because his army collapsed so quickly, postwar Iraq is very much a work in progress and therefore requires the most careful scrutiny by the U.S. Congress and the American public. This is the time to look at the facts on the ground and interpret them in a sound and sober manner. No one anymore doubts the effectiveness of U.S. military power in destroying regimes such as the Taliban and the Iraqi Ba'athists, but the early mistakes of the administration in handling the postwar reconstruction need to be fixed quickly. At this time, post-Saddam Iraq does not look like postwar Germany or Japan; it looks more like Afghanistan or Bosnia. The coming months will be decisive in determining whether or not a brilliant military campaign and faulty postwar policies can be formulated into a successful outcome.

The tasks facing the coalition forces in Iraq are truly formidable. Security remains the key because without it, nothing else will work. (For instance, infrastructure cannot be repaired if the moment it is, facilities are looted.) But security concerns must be balanced against the priorities of establishing good governance and a justice and reconciliation process that deals with the horrendous legacy of the Ba'ath party. This includes the huge problem of Iraq's internally displaced persons, especially Kurds and Shias, and the growing resentment of these groups who, as in the case of the Kurds, embraced the Coalition victory and fought alongside its forces. The Shia population was less enthusiastic in view of the terrible legacy of 1991 and their perceived abandonment by the U.S.

Regional Consequences

- **Syria**

For the last couple of years, prior to the war, Syria's leadership under Bashar al Assad re-established close relationships with its Ba'athist cousins in Baghdad. The bitter personal feud between Bashar's father, Hafez al Assad, and Saddam has ended and Syria benefited greatly from trade with Iraq, including the illegal importation of Iraqi oil through Syria's pipeline. Whether there was any military cooperation and how extensive it was remains one of the intelligence mysteries of the war. But the fact of the matter is Syria opposed the war.

During the first week of the fighting when things were not going so well for the coalition, Bashar al Assad gave a blistering interview to the Lebanese newspaper *al Safir* in which

he, in effect, called for guerilla operations against American occupying forces equivalent to those conducted against both the United States and Israel in Lebanon in the 1980s. Once the war went well for the coalition both Secretaries Rumsfeld and Powell weighed in against Syria, including a visit by the latter to Damascus. Since that time Syria has remained quiescent. One reason for this is that the United States has been on record for many months indicating that Syria's involvement in support of terrorism that kills Americans, notably its protection of Hezbollah, will eventually become a target for U.S. wrath. This was put very explicitly by Deputy Secretary of State Richard Armitage in an address to the United States Institute of Peace on September 5, 2002 when he said, in effect, "Hezbollah's part of the A-team and we will come after them."

Syria finds itself in a difficult position, being accused of harboring Ba'athist renegades and possibly storing Iraqi weapons. Syria fears that Iraq could emerge as a powerful challenge to its own influence and interest in the region and therefore may have interests in destabilizing the American presence. However, it must be very careful for it now has on its borders three countries with extremely powerful military establishments, Turkey, Israel and the United States. Any false move by Syria could prove fatal to the regime. However, Syria, along with its neighbor Lebanon, will want to keep the pot boiling if only because both Syria and Lebanon have unresolved issues with Israel. In the case of Syria, until the Golan Heights problem is addressed as part of a formal agreement with Israel, Syria's interests will lie in noncooperation with the United States but not to the point where it is likely to attract a military response.

- **Iran**

Iran is the country that probably has most at stake with what is happening in Iraq. It also has the most potential to influence, for good or ill, how the U.S. policies emerge. Of course, there was no love for Saddam Hussein in Iran and no tears when his regime was ousted. Iranians are still bitter about their isolation during their eight-year war with Iraq and the fact that they were the victims of massive chemical attacks. Nevertheless, as described above, they benefited from Saddam Hussein's control of the country and his containment. Now they face a formidable American presence on all borders; they are literally surrounded by American military power whether in Afghanistan, Pakistan, Saudi Arabia, Kuwait, Iraq or Turkey.

Iranians fear both a strong, pro-Western Iraq, but also an unstable Iraq that they do not control. Iran will be under great pressure from its own nationalists to continue to exercise a nuclear insurance policy, that is to say, build a nuclear infrastructure but do not cross the nuclear threshold and build nuclear weapons, at least not at this point time. Iran will clearly be influenced by how the United States handles the Iraqi armed forces and rebuilds them. If the United States sets out to provide Iraq with modern conventional technology, including weapons that could ultimately have an offensive capability, then Iran will continue its own strategic modernization and perhaps cross the nuclear threshold.

The most immediate issue for Iran is the future of the Shiite community in Iraq. As the majority group, the Shiites have the power to determine Iraq's future. It would be wrong to assume that Iran controls the Iraqi Shiites. Yet they do have a strong influence with certain Shiite factions. Control for the hearts and the minds of the Iraqi Shiites is perhaps the most serious problem confronting both the United States and Iran. Many Iranian reformers - that is to say, those who want to change the constitution of the Iranian regime rather than mount a counter revolution - believe that the reemergence of Najaf as a center for Shiite learning will have a powerful impact on the theocracy of the Iranian revolution and could strengthen the hands of those who believe that hardline Iranian mullahs will have their authority further undermined if countervailing theocratic voices emerge in Najaf which are respected and listened to by a growing number of Iran's more moderate clerics. Thus, the future of the Tehran regime may be affected by how the United States manages the Shiite question in Iraq. If it does so in a sensible and effective way it could achieve the best of both worlds for both Iraq and those in Iran who want modernization and reform.

Iran also has major economic stakes in what happens to the Iraqi economy. Should the Iraqi oil industry receive massive infusions of foreign investment to reconstitute its damaged oil infrastructure, Iraq could, in theory, raise its oil production beyond that achieved during the past ten years. Dependent upon whether Iraq rejoins OPEC, its role as a key supplier could influence the pricing policies of OPEC. If Iraq is as rich in oil as some analysts predict, a time could come in the next decade when Iraqi production could threaten Iran's own woefully stretched and under invested oil industry. This could pose a serious problem for Iran given that its own economic problems require that it continue to generate foreign currency from oil earnings until such time as it can develop its huge natural gas reserves, which remain fallow, thanks to the effectiveness of American sanctions.

For Tehran's hardline mullahs, the coming months will be crucial for the future of their powerbase. If events go badly for the Coalition forces in Iraq, with more and more attacks on U.S. and British soldiers, some in the Iranian regime, particularly in the Ministry of Security and Information and the Revolutionary Guards Corps will be tempted to directly interfere and use the occasion to further undermine the U.S. presence by participating in terrorism. The effect of this would be to draw the American forces deeper into occupation of Iraq and would, at some point, lead to voices in the U.S. calling for massive retaliation against Iran, if its sponsorship of such acts was clear and proven. The parallel concerns about Iran's nuclear capacity would also be a factor. The mullahs would have to fear that if they play a confrontational role in Iraq, they could, themselves, become the targets of American wrath. Alternatively, if the mullahs decide to be pragmatic and to follow a "wait and see" policy, then there are those in Iran who believe that there are opportunities for the United States and Tehran to address some of their longstanding disputes and for Iran to reappraise its own foreign policy on matters such as the Arab-Israeli conflict and the support of Hezbollah, Hamas and the Islamic Jihad. Were the Iranians to use the new balance of power in the region to reassess their relationship with America this could, indeed, become one of the great positive outcomes of the war.

But for this to happen, the United States must adopt a more sophisticated and nuanced policy towards Iran and stop using simplistic sloganeering, including extremely unwise, and potentially dangerous, talk about destabilizing or changing the regime in Tehran. Such behavior will only convince the hardliner mullahs that they must resist the American military presence and make it difficult for reformers, both inside the government and on the universities and streets, to push for their own.

- **Israel**

Aside from Kuwait, no country benefited more in the short run from the Coalition victory than Israel. Ever since the founding of the Jewish state in 1948, the Israeli military strategic concerns have focused on threats from three fronts – Egypt, Syria and the east. So long as Iraq was controlled by a hostile leader, Iraq's military potential could never be ignored by Israel, particularly since it had engaged in previous Arab-Israeli wars. The Israeli fear was that if Saddam was not removed decisively by the United States, there would come a time when he would be able to reconstitute his weapons programs, the sanctions would end and Iraq would, in a matter of years, reestablish itself as the predominant military power on the peninsula. This is no longer the case. Israel now has strategic dominance over all of its neighbors and no longer has to worry about an eastern threat. It is the only nuclear power in the region and has the support and largesse of the United States. Some Israelis believe, and possibly even Prime Minister Sharon himself, that for this reason, Israel must use the victory in Iraq to make bold strategic decisions about its own future with the Palestinians and its place in the Middle East.

The three underlying threats to Israel's future (aside from a very intense and difficult internal struggle amongst Israelis themselves) are terrorism, weapons of mass destruction and demography. Israel's formidable military forces cannot stop terrorism and the spread of WMD. Only the United States and the international community can do this. The demographic challenge to Israel is stark. Within ten years there will be more Arabs living in the area between the Mediterranean and the Jordan River and Israel cannot continue occupation of this territory and remain a democracy with a Jewish majority which, of course, is the underlying purpose of Zionism. The fact that Prime Minister Sharon has talked about "occupation" and the possible evacuation of settlements suggests that this reality has sunk in even to those hardliners in Israel who for many years pursued a Greater Israel strategy. In other words, at a time of strategic superiority, with the full backing of the United States, Israelis are debating whether this is the moment to finally compromise on the territorial issue and accept the fact there will be a Palestinian state.

- **Europe and NATO**

All regional scenarios will, of course, be subject to the ebbs and flows of the reconstruction and stabilization effort in Iraq itself. In the worst case, one can imagine a situation where the United States finds itself deeper and deeper embroiled in counterterrorist operations and U.S. casualties continue to mount on a daily, if not weekly, basis. Once the number of U.S. casualties lost in the postwar period exceed those lost during the war itself, the political stakes for the administration will become

even greater. How long the American people will wish to stay in such an inhospitable region without clear results is anyone's guess, but the betting would be not forever. On the other hand, if things go better than expected in Iraq and a viable leadership emerges within a year, then, indeed, the contagion effect may have positive benefits for the region and international security. Whatever happens, the United States cannot do it alone which is why it is so important to eventually bring in outside powers, including the much maligned Europeans.

Despite the hope on the part of some that Europe would just stop meddling in the Middle East, geopolitical realities rule this out. It is Europe, not the United States, which is adjacent to the Middle East. The EU is Israel's largest trading partner. As EU expansion continues, perhaps eventually including Turkey, its relationship with the Middle East and the Muslim world will grow ever closer. But this in turn, could lead to serious conflict potential as representative government continues to elude most Middle East countries. Europeans argue that a failure to resolve the Arab-Israeli conflict has a profoundly negative impact political and economic environment in the Middle East.

Immigration, both legal and illegal, from Muslim countries has become a critical factor in contemporary European politics. Europe has huge political, economic and strategic stakes in what happens to its south and southeast. Europeans know that there can be no stability in the Middle East without the direct and powerful involvement of the United States. Like it or not Europe needs America's help to manage its own neighborhood. But America must be sensitive to European, as well as Arab and Israeli concerns as it presses its agenda on the region. Without European cooperation, American diplomacy will fail and without American diplomacy, European hopes for peaceful relations with the Muslim world will be stymied.

Which brings up the question of NATO and its potential involvement in Iraq. If the U.S. and Britain decide that a broader military presence is required, NATO is the natural choice, as has been the case in Afghanistan. A NATO decision to participate would go a long way to repair the bitter schisms that developed in the period leading up to the war. However, such a development would invariably mean that key NATO members other than the U.S. and the UK would have a greater say in the management of Iraq. This could be to the benefit of the United States which has neither the temperament nor the will to be a permanent hegemon in such an inhospitable region of the world.