Strategic Dialogue: Shaping a U.S. Strategy for the “Ghosts” of Iraq

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Anthony H. Cordesman

Secretary Pompeo announced on April 7, 2020 that the United States would hold a strategic dialogue with the Iraqi government in mid-June 2020:

With the global COVID-19 pandemic raging and plummeting oil revenues threatening an Iraqi economic collapse, it’s important that our two governments work together to stop any reversal of the gains we’ve made in our efforts to defeat ISIS and stabilize the country. All strategic issues between our two countries will be on the agenda, including the future presence of the United States forces in that country and how best to support an independent and sovereign Iraq.

Secretary Pompeo made it clear that the United States would have to reassess its strategy in Iraq in terms of the growing Iranian and Iraqi Popular Mobilization Forces (PMF) pressure on the U.S. troop presence in Iraq, but also in terms of the impact of the Coronavirus on the Iraqi economy and the lack of any clear political unity in Iraq. He stated that the United States would support any Iraqi regime that moved, “away from the old sectarian model that ended up with terror and corruption.”

Setting such goals for a strategic dialogue is a critical step towards creating some form of lasting U.S.-Iraqi relationship, and one that will counter both extremism and Iran. At the same time, it is also similar to setting up a strategic dialogue with a ghost. The Iraqi government does not have a clear path to effective leadership, and it is dysfunctional and corrupt at every level. Iraqi politics are deeply divided, and these divisions reflect deep and growing failures.

The Iraqi economy is also something of a “ghost.” It faces near collapse because of the global drop in demand for petroleum caused by both the Coronavirus and the surplus of support from the “oil war” between Russia and Saudi Arabia. It was weak and unstable even before these crises began, had weak agricultural and industrial sectors, and was affected by Iraq’s divided elite that took a far larger share instead of providing the kind of income distribution that would bring Iraq stability. Divided as Iraq was on a sectarian and ethnic level, it faced further growing divisions because its economy did not serve its people.

Finally, neither Iraq nor the U.S. have made a functional shift away from the battle to break up the ISIS “caliphate” in creating effective Iraqi security forces that are unified, serve the central government, deal with the continuing threat from ISIS and other extremists, and can defend Iraq as a nation from potential regional threats like Iran. It may be unfair to describe Iraq’s divided security forces as Iraq’s third “ghost,” but they are more haunted by the past than moving towards a clear future.

Accordingly, a meaningful strategic dialogue between the United States and Iraq must address all three of these sets of issues – or ghosts – politics and governance, economics, and security. It cannot continue to be focused on security, and particularly on ISIS. Iraq must find its own answers in each case, and the United States cannot help an Iraq that cannot unite or act to the point where it can help itself. At the same time, the United States must decide whether it will commit itself to a sustained effort to help Iraq emerge as a nation that is unified and strong enough to prevent further civil conflict and act independently of Iranian pressure and threats.
Creating a Strategic Dialogue with a Missing or “Ghost” Government

At present, Iraq’s government is not simply divided, it is a hollow shell. It is far from clear that Iraq will even have all the key figures that could make up a functional form of a national government by mid-June. Iraq has not had a functioning prime minister since December 2019, and it has not had a fully functional parliament for several years. It is even less clear that Iraq can achieve a parliamentary consensus around a new strategic relationship with the United States.

Iraq has not had a functioning prime minister since mid-May 2019. It did have a potential prime minister, Adnan al-Zuri, who was appointed on March 17th. He was a Shi’ite, a former governor of the holy Shia city of Najaf, and a prior leader of the Nasr parliamentary grouping of former Prime Minister Haider al-Abadi. His group was somewhat centrist but divided.

Many Shi’ite factions – including the leaders of pro-Iranian Iraqi Popular Mobilization Forces (PMF) and some Sunni factions – did not support him. Some Shi’ites felt he was too close to the United States. He was also appointed by Iraq’s President, Barham Salih, without any formal consultation of Iraq’s parliament and was only given 30 days to form a government. In the end, they could not broker any agreement to forming a new government and had to withdraw on April 9th.

This has led to the appointment of another potential prime minister in waiting: Mustafa al-Kadhimi, Iraq’s third PM-designate in just over a month. He had been appointed head of the Iraqi National Intelligence Service by former Prime Minister Haidar al-Abadi, and he has served in this post since June 2016. He is seen as a more serious potential compromise, although some experts differ over his attitudes towards the U.S. and Iran, while some Iraqi Shi’ites who support Iran see him as too close to the United States. Unlike al-Ziri, he was introduced with something that could approach consensus support without any vetoes from the Shi’ite blocs. He has until May 9, 2020 to form a government, and he might become the actual Prime Minister in time for a strategic dialogue in mid-June.

At present, however, the only top Iraqi official who has a proven track record of trying to unite the country is the current President Barham Salih, a Kurd who is serving in a time when the Kurds are as deeply divided as the Arab Shiites and Sunnis. As for the parliament, it sometimes meets, but largely to quarrel over how to divide the spoils of office rather than meet the nation’s needed. It is a body of self-seeking factions that cannot address critical issues like vital economic reforms, recovery in the Sunni regions that are facing the aftermath from the fight against ISIS, and the full reintegration of Iraq’s Kurds.

More broadly, Iraq has one of the worst rated and most ineffective governments in the world according to the World Bank. It not only has a low percentile rank compared to other states in all six of the Bank’s categories – with the possible exception of voice and accountability – but truly low ratings in political stability, the absence of violence and terrorism, the rule of law, and corruption. Iraq also ranked as the 18th most corrupt country in the world according to Transparency International’s most recent rank in 2019.

Iraqi public opinion polls show that the government lacks popular support and trust at every level from national to local, and that its Arab population is dividing into steadily more polarized Shi’ite and Sunni factions, which are deeply – and sometimes violently – divided and command more force than popular support. Whatever momentum existed towards unity after the break-up of the
ISIS “caliphate” has largely been lost through the failure to help the largely Sunni areas in the West – where the fighting was centered – recover, the failure to reach effective working relations with the Kurds, and Baghdad’s failure to share the country’s oil wealth with the Shi’ite areas in the South.

Iraq does, however, at least still have the shell of a functional democracy, and it does have a history of nationalism and periods of real unity. It also still has relatively high levels of education and development for the region. At the same time, its deep ethnic and sectarian divisions are coupled to self-seeking politicians and factionalism leaving Iraq crippled by favoritism and high levels of corruption that will drive the government to the point of near kleptocracy. Levels that can make Iraq more vulnerable to outside pressure from states like Iran as well as from built-up mass popular demonstrations and anger both between and within given factions.

There is no way that the United States or any power can change these conditions from the outside. The history of Iraq from 2003 to the present makes this all too clear. The United States can, however, work with other countries to create economic and aid incentives that are tied to important steps that will keep Iraq moving forward. The United States can actively encourage unity and compromises, and it can make it clear that the U.S. goal in doing this is for a strong and independent Iraq – not some form of a client state.

**Dealing with a “Ghost” Economy, Not Just Security**

This means, however, that a strategic dialogue with Iraq must offer both sustained U.S. support and focus as much on governance as on security, but same is true of Iraq’s second “ghost” – its economy. The United States must come to grips with economic reasons that have done so much to help drive Iraq’s growing instability, divisions, and popular demonstrations.

Iraq not only has a “ghost” government; it has a “ghost” economy. Iraq is a major petroleum power. The latest country report by the U.S. Energy Information Administration (EIA) notes that Iraq is the second-largest crude oil producer in the Organization of the Petroleum Exporting Countries (OPEC), and it has the world’s fifth-largest proved crude oil reserves – some 140-145 billion barrels.

However, these petroleum assets also help fuel Iraq’s sectarian and ethnic divisions – almost all are in the Shi’ite and Kurdish areas. Some 90% of Iraq’s crude oil production comes from onshore oil fields in the southern Shi’ite part of the country. It also has some 135 trillion cubic feet (Tcf) of natural gas reserves – the 12th largest in the world.

Iraq’s crude oil production has also been highly erratic. It peaked at some 2.5 MMBD in 2000 before the U.S. invasion in 2003. It then dropped below 1.5 MMBD during the war in 2003, then grew by an average of about 300,000 barrels per day (b/d) from 2013 through 2017, and it averaged 4.4 million b/d in 2017. During the first half of 2018, Iraqi crude oil output stood at about 4.5 million b/d. These production estimates include oil produced in the Iraqi Kurdistan Region, the semiautonomous northeast region in Iraq governed by the Kurdistan Regional Government (KRG).

The EIA reports that Iraq earned some $66 billion in export revenues on 2017 and $91 billion in 2018, and also that its market economy has long been heavily dependent on these crude oil export revenues: “in 2017, Iraq (excluding KRG) earned almost $60 billion in crude oil export revenue, $16 billion more than in 2016 as a result of increasing oil prices and slightly increasing export volumes.”
EIA reports that “in 2017, crude oil export revenue accounted for an estimated 89% of Iraq’s total government revenues, according to the International Monetary Fund (IMF). The CIA World Factbook estimates that, “Iraq's largely state-run economy is dominated by the oil sector, which provides roughly 85% of government revenue and 80% of foreign exchange earnings.”

These increases in production and export income have been highly erratic, however, and has left Iraq – which has a population of some 39 million – with a relatively low per capita petroleum income even in periods when oil export revenues were far higher. EIA estimates that Iraq’s per capita net export revenues totaled $1,715 in 2017 and $2,304 in 2018. These compare with Saudi revenues of $5,248 in 2017 and $7,098 in 2018; UAE revenues of $5,911 in 2017 and $7,797 in 2018; and Kuwaiti revenues of $10,965 in 2017 and $14,683 in 2018. Iran, however, has had much lower revenues: $685 in 2017 and $820 in 2018.

The Coronavirus and Saudi-Russian oil production crises have since had a massive impact on Iraqi exports as well as the Iraqi economy and budget. The EIA reports that as of April 2020, Iraq’s oil revenues fell steeply in March 2020 to a four-year low, even though countrywide exports held steady at over 3.87 million barrels per day (bpd). The Iraqi Federal Government earned just $2.989 billion – selling its 3.390 million bpd of oil exports at an average price of $32.73 – according to the Oil Ministry. This total was down by $2 billion compared to February 2020 and amounted to less than half of the January total.

These crises had a massive impact on Iraq’s current total per capita income, although that impact is both still unclear and unpredictable. The crises have also interacted with failed government economic policies that date back to the fall of the monarchy, such as the case of agriculture in which gross over-investment in efficient and subsidized state industries peaked in the period just before the Iran-Iraq War. Since that time, the Iraqi economy has been in a constant state of war, crisis, or sanctions for 40 years.

The CIA World Factbook estimated that before the current crises that, The Government of Iraq …faces a number of obstacles, including a tenuous political system and concerns about security and societal stability. Rampant corruption, outdated infrastructure, insufficient essential services, skilled labor shortages, and antiquated commercial laws stifle investment and continue to constrain growth of private, nonoil sectors. Under the Iraqi constitution, some competencies relevant to the overall investment climate are either shared by the federal government and the regions or are devolved entirely to local governments. Investment in the IKR operates within the framework of the Kurdistan Region Investment Law (Law 4 of 2006) and the Kurdistan Board of Investment, which is designed to provide incentives to help economic development in areas under the authority of the KRG.

Inflation has remained under control since 2006. However, Iraqi leaders remain hard-pressed to translate macroeconomic gains into an improved standard of living for the Iraqi populace. Unemployment remains a problem throughout the country despite a bloated public sector. Overregulation has made it difficult for Iraqi citizens and foreign investors to start new businesses. Corruption and lack of economic reforms - such as restructuring banks and developing the private sector – have inhibited the growth of the private sector.

The CIA also estimated in October 2019 – long before the current crises began – that, The Government of Iraq is eager to attract additional foreign direct investment, but it faces a number of obstacles, including a tenuous political system and concerns about security and societal stability. Rampant corruption, outdated infrastructure, insufficient essential services, skilled labor shortages, and antiquated commercial laws stifle investment and continue to constrain growth of private, nonoil sectors. Under the Iraqi constitution, some competencies relevant to the overall investment climate are either shared by the federal government and the regions or are devolved entirely to local governments. Investment in the IKR operates within the framework of the Kurdistan Region Investment Law (Law 4 of 2006) and the Kurdistan Board of
Investment, which is designed to provide incentives to help economic development in areas under the authority of the KRG.

The current World Bank overview for Iraq also predates the current crises, but warns that,

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Higher spending together with lower oil prices will result in a fiscal deficit projected at 3.3 percent of GDP in 2020 and remain in a similar range in 2021. Lower oil prices and increased imports will cause the current account balance to remain in deficit and international reserves to decline. Volatility in oil prices remains the main risk, reflecting a lack of diversification and budget rigidities. These factors reduce Iraq’s financial buffers and increase its vulnerability to external shocks. Volatility could also reverse the outcomes of recent positive government reforms, especially in the electricity and agriculture sectors.

There is no clear way to estimate the impact of the current crisis on Iraq’s people, or how it will worsen the lack of fair income distribution by sect, ethnicity, or region. There are no reliable figures on actual income distribution. Even the simplest economic data – such as average national per capita income are uncertain – as the following two examples show:

The current CIA World Factbook estimates that Iraq’s total per capita pre-crises income was $16,700 in 2017, 107th in the world. This compares with $20,100 for Iran; $46,000 for Oman; $49,000 for Bahrain; $54,500 for Saudi Arabia; $65,800 for Kuwait; $68,600 for the UAE; and $124,100 for Qatar.

In contrast, the World Bank estimate of GNI per capita by the Atlas method in current $US in 2018 may be the best standard of comparison in terms of a modern market economy and does not have the built-in exaggerations of the PPP method.1 The World Bank estimates that Iraq’s total per capita pre-crises income was $5,040 in 2018. This compares with $5,470 for Iran; $15,140 for Oman; $21,890 for Bahrain; $21,600 for Saudi Arabia; $32,490 for Kuwait; $40,880 for the UAE; and $61,150 for Qatar. (https://data.worldbank.org/indicator/ny.gnp.pcap.cd)

There are no reliable figures on actual income distribution, and Iraq’s budget data present further problems. Even in September 2019, before the crises, a deputy in Iraq’s parliament warned that Iraq’s budget deficit had already reached $US 23.3 billion and it could reach $US 30 billion by late March 2020, and he also warned that Iraq funded 93% of its budget though oil exports and that “Iraq has lost half of its financial revenues, with oil prices dropping to $30 [per barrel].” He stated that the 2020 budget draft that the government had proposed was $135 billion, with a deficit that had reached of $40 billion. These numbers were calculated on a price of $56 per barrel of oil, and that this price had dropped by nearly 50%.

Once again, this discussion touched on a number of budget cuts that affected an already angry public and did not analyze the impact of the Coronavirus. It was triggered by budget cuts that had affected an already angry public. Equally important, the budget discussion did not mention Iraq’s national security spending – which the IISS had put at some 10% of Iraq’s GDP in 2019. It also did not address the fact that most of the budget went to pay for labor in Iraq’s state industries, and did not state the extent to which Iraq’s petroleum wealth was consumed by a relatively limited elite in its power structure and corruption and had favored Shi’ite areas – particularly around Baghdad – since 2005.
There are many good reasons why Secretary Pompeo warned that a successful strategic dialogue would require a government that moved “away from the old sectarian model that ended up with terror and corruption.” It is hard to believe, however, that any strategic dialogue can have a meaningful result that does not give as much emphasis to the civil economy and budget reform as to Iraq’s other two “ghosts.” Economic and military aid may be extremely limited in a post-Coronavirus world, but options like Work Bank and IMF loans – and other loans – may well be as critical as governance and security.

**Managing a “Ghost-like” Security Posture**

The final set of issues that must be addressed in a meaningful security dialogue involve its current focus: security. Some aspects can only be addressed by Iraq. These include the rule of law, the role of the police and the internal security forces, and the civil sector of security. Outside powers like the U.S. can provide technical aid in some of these areas, but resolving Iraq’s endemic sectarian, ethnic, and corruption issues in providing a fair and efficient rule of law can only come from within.

The story is different when it comes to military forces, fighting terrorism, and national security, but here Iraq has a third family of “ghosts.” The break-up of the ISIS caliphate in no way has defeated extremism and terrorism in Iraq or created the kind of army, air force, land-based air defense forces, navy, and counter-terrorism forces necessary to give Iraq the ability to deal with any resurgence of terrorism, sectarian warfare, internal conflict, or outside pressures from states like Iran and Turkey.

Iraq will have to come to grips with the divisions between central government and Kurdish forces as well as the deep sectarian divisions within the Popular Mobilization Forces (PMF) – some which act as near proxies for Iran and have been the source of repeated attacks on U.S. forces based in Iraq. Iraq almost certainly cannot find quick solutions to all of these problems, but it does need some form of agreement on a plan to resolve them over time and a strategy to create military forces large and strong enough to secure its borders next to Syria, Turkey, and Iran.

Even the most basic comparison of Iraqi government and Iranian active military forces illustrates the problem. The Iraqi security forces are underdeveloped; for instance, many of the Iraqi Army armored systems other than tanks have limited real world readiness. The Iraqi data also do not include some 193,000 in Shi’ite or Sunni Popular Mobilization Units from groups like the Badr Organization; Kataib Hizbullah; Kataib Imam Ali; Kataib Sayyid al-Shuhada, and others. It is unclear that such forces would fight for the central government and the Manning levels seem seriously inflated.
The Iraqi Iranian Military Balance in 2020

<table>
<thead>
<tr>
<th>Category</th>
<th>Iraq</th>
<th>Iran</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military Budget ($US billions)</td>
<td>17.3-20.5</td>
<td>17.4-22.0</td>
</tr>
<tr>
<td>Total Active Military Personnel</td>
<td>193,000</td>
<td>610,000</td>
</tr>
<tr>
<td><strong>Army &amp; IRGC Personnel</strong></td>
<td><strong>180,000</strong></td>
<td><strong>500,000</strong></td>
</tr>
<tr>
<td>Main Battle Tanks</td>
<td>391+</td>
<td>1,513+</td>
</tr>
<tr>
<td>Other Armored Fighting Vehicles</td>
<td>753+</td>
<td>725</td>
</tr>
<tr>
<td>Armored Personnel Carriers</td>
<td>1,592+</td>
<td>640</td>
</tr>
<tr>
<td>Heavy Artillery (Towed, SP, MRLs)</td>
<td>111</td>
<td>3,798</td>
</tr>
<tr>
<td><strong>Air Force &amp; Air Defense Personnel</strong></td>
<td><strong>10,000</strong></td>
<td><strong>45,000</strong></td>
</tr>
<tr>
<td>Total Combat Aircraft</td>
<td>90</td>
<td>333</td>
</tr>
<tr>
<td>Fighters/Attack Fighters</td>
<td>66</td>
<td>310+</td>
</tr>
<tr>
<td>Major Surface to Air Missiles</td>
<td>0</td>
<td>237+</td>
</tr>
<tr>
<td><strong>Navy Personnel</strong></td>
<td><strong>3,000</strong></td>
<td><strong>38,000</strong></td>
</tr>
<tr>
<td>Submarines</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Submersibles</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Major Surface Missile Combatants</td>
<td>0</td>
<td>63</td>
</tr>
<tr>
<td>Missile Patrol Boats</td>
<td>0</td>
<td>22</td>
</tr>
<tr>
<td>Other major Patrol Boats</td>
<td>6-26</td>
<td>88</td>
</tr>
<tr>
<td>Landing Ships</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Landing Craft</td>
<td>0</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: Adapted from the IISS, *Military Balance 2020*, pp. 349

So far, the United States has not presented any unclassified plan to help Iraq transform these forces into independent, modern national military forces. The United States did help Iraq rebuild serious land counterinsurgency forces – forces that often showed great courage and effectiveness in dealing with ISIS forces even under the most stressful urban warfare conditions. Even these forces, however, were dependent on massive U.S air strikes and IS&R support during the fighting with ISIS and could not have made the gains they did without such support. The present Iraqi Air Force is just beginning to acquire serious air strike capabilities and has no major surface-to-air missiles.

Accordingly, one of the major goals of any U.S.-Iraqi strategic dialogue must be to develop a plan for expanding and modernizing Iraqi military forces, as well as for dealing with the future of the PMF forces – some that are actively hostile to the United States and others that are decoupled from real world control by the Iraqi central government.

**Expanding the Options for Dialogue and Cooperation**

The U.S. can only help Iraq lay these “ghosts.” A successful strategic dialogue requires an outcome where Iraq assumes primary responsibility for its own plans and reforms of its politics, governance, economy, and security forces. Iraq must also accept the fact that outside aid will be limited in a world recovering from the shock of the Coronavirus. Here, the odds of Iraq being able to make
such progress are uncertain at best. If there was a window of opportunity immediately after the collapse of the ISIS “caliphate,” Iraq’s divided leaders missed it.

Neither the United States nor Iraq can also reach a workable agreement that ignores the fact that it will be far easier for Iran, Iraqi factions and PMFs, and other outside states and non-state actors to play the spoiler role – and exploit Iraq’s weaknesses and divisions – than it will be for Iraq to move towards a stable path forward in any of the three major areas discussed in this analysis. Iran, in particular, has already shown its capabilities to exploit internal divisions in Syria, Lebanon, and Yemen, and in significant parts of Iraq.

Iran can also succeed simply by making the Iraqi government fail. It may well want to achieve a stable Iraq that is under heavy Iranian influence to be part of a stable axis that includes Syria and Lebanon. The fact remains, however, that Iran can achieve its ends simply by driving the United States out of Iraq and assume the role of an outside provider of civil and military aid. A weak, crippled, or divided Iraq will still give Iran relative freedom of action and present no threat to its influence.

This means that the U.S. must be prepared to provide serious assistance on the ground in Iraq for at least several years. Accordingly, one key issue for any successful and strategic dialogue will be a U.S. commitment to stay the course in Iraq as long as possible – hopefully to the point of future success. The United States cannot succeed by withdrawing from Iraq, by claiming a broad victory against ISIS that does not exist, and by ignoring the gains being made by pro-Iranian PMFs.

The U.S. also must not focus on the military dimension alone, and particularly focus on creating stronger Iraqi counterinsurgency forces rather than a balanced level of national security capabilities that include national defense.

The sheer lack of any consistent U.S. effort to deal with these issues has crippled Iraq’s development ever since 2003, when U.S. forces leveled Iraq for the first time and failed to take a realistic approach to helping Iraq develop a workable system of governance and economic development. Moreover, any security dialogue in June will occur at a time when the U.S. has a serious credibility problem. The causes include the recent series of sudden U.S. military actions against Iran and Iraq’s PMFs, the U.S. announcements of force cuts that are then promptly reversed by U.S. government officials seemingly on a whim, and the lack of a U.S. strategic commitment to Iraq’s future. They come all too close to repeating the damage the United States did in leaving too easily and with too little concern for the future back in 2011.

This damage has also been aggravated by the United States abolishing U.S. consulates reducing its diplomatic presence, by gutting the size and role of the U.S. Embassy in Baghdad, and by the more recent cycles of reacting to attacks on U.S. occupied bases by simply giving them up without any clear effort to work with the Iraqi government and forces to retain a U.S. presence. While there do not seem to by any current reliable and unclassified data on the U.S. military and civil presence or on the distribution of military, civil, and contractor personnel in Iraq, this new cycle of putting added pressure on Iran but then withdrawing from Iraq has become all too clear in a Gulf region with less and less reason to trust the United States:

- The United States currently 9 bases in Iraq, although varying sources differ on the exact number with estimates ranging from 6-9 bases:

1. Al-Taji Military Base
2. Military Base at Erbil International Airport
3. Camp Victory Army Base at Baghdad International Airport
4. K1 Air Base
5. Balad Air Base
6. Al-Taqqaddum (Habbaniyah) Air Base
7. Ain al-Asad Air Base
8. Qayyarah Air Base
9. Harir Air Base

- The United States has since pulled out of the following bases in response to Iranian and pro-Iranian PMF pressure in 2020:

1. March 19, 2020: Al-Qaim
2. March 26, 2020: Qayyarah West (Q-West)
3. March 29, 2020: K1 Air Base
4. April 4, 2020: Al-Taqqaddum Air Base

The United States and Iraq can only succeed if U.S. forces stay in Iraq until Iraqi forces are ready. It is far from clear how the United States can play the role Iraq needs to emerge as a truly independent power unless the U.S. provides train and assist brigades in forward areas, offers broad help in forcing a modern air defense, gives similar aid in rebuilding a surface-to-air missile force, and at least oversees limited naval assistance.

The U.S. will also need to work closely with Iraq to decide between the role of building up an Iraqi force and then leaving, or trying to then create some form of lasting strategic partnership. It is tempting to advocate partnership, but Iraq has a history of independent nationalism and very divided views of the United States.

There may well be a need for a compromise that reflects Iraq’s desire for a limited period of direct U.S. military involvement – although this could be supported by the tacit promise that the United States would still aid Iraq at its request in an emergency. At a minimum, a successful strategic dialogue must end with an Iraqi commitment to provide real Iraqi support for using Iraqi military forces to fully protect Americans serving or based in Iraq, and/or U.S. retaliatory strikes under some conditions. This will present problems for the Iraqi government but might be traded for U.S. willingness to waive sanctions on Iraqi imports of Iranian gas and electricity – waivers that now expire on April 25th.

The U.S. needs to be equally careful when it comes to any intervention in Iraqi politics and governance. The United States does, however, have every reason to make aid and support conditional on the kind of unity Secretary Pompeo mentioned in calling for a strategic dialogue. The U.S. should actively encourage national unity, efforts to reduce the causes of ethnic and sectarian division, as well as efforts to encourage honest, effective government. It should make U.S. aid and support conditional on the quality of Iraqi leadership and integrity. It should make no effort, however, to transform Iraq at rates that the Iraqi political system does not support or cannot absorb.

The other critical element of a strategic dialogue is that the United States does support economic aid as a key incentive for Iraqi progress in achieving national unity and does not focus on security alone. Here, the United States needs to do what it failed to do in Afghanistan and in Iraq during 2003-2011. It needs to work with Iraq to create a truly conditional economic aid program that is
tied to – and conditional on – both major reforms and the honest and equitable distribution of such aid.

Such aid should be as international as possible, and it should be tied to conditional loans rather than grants. The Coronavirus and post-Coronavirus periods will be ones when grant aid funds will be extremely scarce at best. Iraq should, however, be able to repay most aid over time, and loans can be flexible and sometimes forgiven. Internationalizing aid will reduce the strain on the United States, probably raise additional funds, and – like building up Iraqi forces and then leaving – lower the threshold of tension with Iran.

Controlling cash flow and any adjustments in payment levels or loan repayments must be made dependent on the honesty and effectiveness of Iraqi officials and companies in using U.S. aid. Political figures in recipient countries like Iraq may not like conditional aid, but the reality is that far too many of such officials are far more concerned with their own greed than any aspect of sovereignty or the welfare of their own people.

The United States has moral and ethical obligations to the Iraqi people in addition to serving its own strategic interests, but it has no obligations to such Iraqi politicians and officials. In fact, the U.S. and its partners should act to publicly oust Iraqi officials rather than repeat calls for national anti-corruption drives, and they should seriously consider denying such officials and their families entry visas. There is no point in continuing the long history of demanding anti-corruption drives and internal efforts, which seemingly always end up punishing those that try to make them work or are used to punish rivals and scapegoats.

In saying this, it is all too clear that these steps may not exorcise all or most of Iraq’s “ghosts.” The U.S. should, however, give Iraq valid options and not simply repeat its past mistakes. At the same time, it is all too clear from the growing scale of the Coronavirus crisis that there will not be enough resources to meet every valid need for such aid. If Iraqi officials cannot learn how to make good use of aid, other nations certainly will. In this case, it is these nations that should get U.S. strategic support and aid.
GNI per capita, Atlas method (current US$) GNI per capita (formerly GNP per capita) is the gross national income, converted to U.S. dollars using the World Bank Atlas method, divided by the midyear population. GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI, calculated in national currency, is usually converted to U.S. dollars at official exchange rates for comparisons across economies, although an alternative rate is used when the official exchange rate is judged to diverge by an exceptionally large margin from the rate actually applied in international transactions. To smooth fluctuations in prices and exchange rates, a special Atlas method of conversion is used by the World Bank. This applies a conversion factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences in rates of inflation between the country.