Formulating US policy toward Iraq can be a fraught matter, given all the debate and disagreement concerning the actions that brought us to the current situation. However, our policy must be formulated in light of it, regardless of views about our past actions.

Policy formulation should begin with the realization that Iran has gained a predominant political and military influence in Iraq. Despite efforts of past PM Adel Abdul Mahdi and current PM Mustafa al-Kadhimi, many of the militias comprising the Popular Mobilization Forces (PMF) still answer to Iran, not the Iraqi government. Iran exerts widespread influence throughout the political class. Economically, Iraq remains dependent on Iran for energy; religious tourism from Iran to the holy sites in Karbala and Najaf is an important source of revenue; and Iran has flooded markets with cheap food and consumer goods.

Although Iraqi oil production has rebounded, the economy remains relatively moribund and the level of basic public services is poor. (That Iraq flares off its natural gas at the same time it is importing it from Iran to produce electricity highlights the economic disfunction.) Popular discontent boiled over in 2019, leading to widespread protests. The protests took on an anti-Iranian aspect, and Iran-aligned PMF units attacked the protestors.
The key question is whether we should devote significant additional resources (primarily, political/diplomatic and economic) to containing and decreasing Iranian influence in Iraq and promoting Iraq’s political and economic independence. Would the benefits of an independent and moderately successful Iraq, with an (albeit imperfect) democratic political system, be worth the cost? Or should we accept that Iraq will be under predominant Iranian influence for the foreseeable future?

The immediate question deals with the security of US personnel (civilian and military) in Iraq. Faced with rocket attacks in Baghdad by Iranian-linked PMF militias, the US has threatened to withdraw all personnel from the Baghdad embassy. However, PM Kadhimi is not strong enough to clamp down effectively on these militias. The most immediate result of this warning was a visit by Iraqi Foreign Minister Fuad Hussein to Tehran, presumably to ask, among other things, for Iran to curb the militias’ activities.

Thus, a serious policy designed to bolster the independence of Iraq from Iran would have to be two-pronged: 1) continuing pressure on PM Kadhimi and the Iraqi political class in general to stand up to Iran and, in particular, to rein in Iranian-affiliated militias, and 2) political and economic efforts to strengthen Iraqi government and civil society against Iranian interference. As the recent threat to shut down the Baghdad embassy illustrates, there may be tensions between these two requirements: the threat exerts pressure on the Iraqi leadership, but at the cost of reducing the society’s confidence in the US as a counterweight to Iran. Carrying out the threat would hand Iran a major victory.

A serious policy would have to be a long-term project, drawing on and cultivating widespread, but currently ineffective, Iraqi nationalist sentiment opposed to Iranian domination. To implement it, we would have to use all the levers we possess to influence conditions in Iraq, including:

**Military:** We would continue our military presence, currently devoted mainly to training. It would be important to closely track all military supplies we provide, to make sure none of them go to Iran-affiliated militias. More generally, we would need to gain insight into the Iraqi military personnel system (and, where possible, influence it) so as to be able to promote and direct our support toward military units with a national ethos and more meritocratic, less political, promotion criteria. Training activities, and other forms of mil-to-mil engagement, would be directed at those units.

US military and civilian personnel come under attack from Iranian-affiliated militias on a regular basis, and the intensity of such attacks could increase if this policy showed signs of success. Hence, we would need to plan for a more robust defense of our personnel.

**Political:** We should increase our engagement throughout country, not only in Baghdad and Erbil. We should seek out and cultivate political leaders who oppose Iranian influence and develop ties to promising young and local leaders who may play key roles in national politics in the future.

This would require implementing recent proposals for allowing US diplomats and USAID employees to operate securely in dangerous areas.

**Economic:** Iraq needs help in fighting the “resource curse,” the atrophy of productive economic activity that often results from an overdependence on extractive industries such as oil. We should help develop Iraqi industry, especially in areas where it is now dependent on imports from Iran, and promote US business activity in the country. Of particular importance would be the implementation of recent agreements between Iraq and US companies Honeywell International, Baker Hughes, GE, and Stellar Energy to increase Iraqi electrical production, including by making use of natural gas now being flared off.
Agriculture: No area of the Iraqi economy has suffered as much from the “resource curse” as agriculture. In its universities and Department of Agriculture, the US possesses the expertise to help reinvigorate Iraqi agriculture and enable it to compete with Iranian imports.

The US has consistently held to a “one Iraq” policy that seeks to counter the centrifugal forces of sectarianism and ethnicity. Unfortunately, we have sometimes let that policy constrain our efforts to deal effectively with regional and local political forces. Iranian influence is exerted throughout the country, and we can’t counter it unless we also deal with all parts of Iraqi society. We can’t let the sensitivities of the Baghdad political elite—or our basic commitment to Iraqi sovereignty—curtail those interactions. (This may sound radical, but we have on occasion insisted, for example, on our ability to deal with the Kurdistan Regional Government [KRG] in ways that annoyed Baghdad. Without going so far as an open break with Baghdad, we should be willing on occasion to push the envelope, and if necessary, present Baghdad with a fait accompli.)

Our closest relationship with an Iraqi region is with the KRG. This relationship should be maintained and strengthened. We should use our influence to promote the societal and political development of the region; in particular we should continue to push for the merging of the political parties’ military forces (peshmerga) and intelligence services into entities of the KRG itself. We should also push for a reinvigoration of democratic political life in the region.

Basra is Iraq’s second largest city and the center of its vital oil industry. There is a widespread sense among its citizenry that it has been short-changed by Baghdad with respect to infrastructure and development. This was the background for anti-regime and anti-Iranian riots in September 2018.

At the same time, we closed our consulate, located at the Basra airport, due to a rocket attack on the airport by Iranian-affiliated militias. The reopening of the consulate, and engagement with local leaders, would allow the US to capitalize on anti-Iranian sentiment and work with them on improving their influence in Baghdad as well as on projects to improve the Basra infrastructure. One possible solution for Basra would be its transformation (either Basra province by itself, or in conjunction with neighboring provinces) into a region of Iraq (with powers similar to the KRG) as provided for by the Iraqi Constitution. The US should be open to this course, despite opposition from the Baghdad political class.

Similarly, the US should enhance its relationships with other regions of Iraq. The Sunni areas north and west of Baghdad have in the past expressed some interest in “regionalization,” to which we should be open. These areas were the basis of the Sunni Awakening of 2006-08, which played an important role in the defeat of the Sunni insurgency during the “surge.” Becoming a region would give them more control over their own police and security forces, which might make them more adamant in resisting any return of ISIS or a similar extremist group.

Najaf, the Shiite religious center of Iraq, is another area to which we should pay attention. Currently, the aged Ayatollah Sistani, the foremost Shiite cleric in Iraq, is an opponent of the Khomeinist interpretation of Shiism calling for direct political rule by a cleric and a supporter of the democratic Iraqi constitution. If a Khomeinist cleric were to be recognized as Sistani’s successor, Iraqi democracy would lose a crucial supporter and it would be difficult for Iraq to get rid of Iranian influence. While representatives of the US government will not be in a position to affect this process directly, it will be vital for us to understand the process and the participants in it, and to be able, under some circumstances, to offer discreet support (e.g., protection against Iranian violence) to participants in the process.
Endnotes

1 Iraq imports electricity and natural gas from Iran. The US has been issuing waivers to Iraq to purchase Iranian natural gas to produce electricity without running afoul of US sanctions against Iran. As a show of displeasure with Iraq’s failure to rein in the Iranian-oriented PMFs, the US limited the validity of the most recent waiver to 60 (as opposed to 120) days. Voice of America, “US Grants Iraq New 60-Day Waiver to Import Iranian Gas,” https://www.voanews.com/middle-east/us-grants-iraq-new-60-day-waiver-import-iranian-gas.


5 See, for example, the discussion of security in Leading Through Civilian Power, The First Quadrennial Diplomacy and Development Review, published by the Department of State and USAID, 2010, pp. 71-72. The Review recognizes that some acceptance of greater risk will be necessary: “If we ask our personnel to accept a higher level of risk, we must ensure they have the proper skills and training to deal with more dangerous situations.” https://2009-2017.state.gov/documents/organization/153142.pdf.

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Abram N. Shulsky is a senior fellow at Hudson Institute, where he has worked on Middle East issues and the ideological aspects of the fight against terrorism. His current research program includes an investigation into how the US can best prepare for the economic and financial aspects of a long-term competition with China.

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