



Defeating ISIL is Not Enough to Save Iraq

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Two years into the fight against the Islamic State in Iraq and the Levant (ISIL) and amid the persistent downward trend of global oil prices, Iraq is obviously in a gradual descent into the abyss. The nearly decade-old patronage system in the country is becoming increasingly difficult to manage and is only producing political infighting, corruption and a growing fiscal crisis, while an undeclared state of emergency is granting war powers and unchecked influence to clerics, tribes and irregular forces.

Furthermore, an ISIL-centered policy in Iraq only underpins this status quo. President Barack Obama said on April 21 that “now is not the time for government gridlock or bickering.” The current US approach of encouraging “political stability” and deferring to address the roots of the crisis could potentially lead to armed confrontation between Iraqi factions. Looking beyond the ISIL challenge is crucial to understand three core dimensions of the Iraqi impasse: First, the rise of the irregular forces; second, the political crisis and the need for reform; and third, the fiscal crisis and its impact on relations between the central government and the Kurdistan Regional government (KRG).

The Rise of Irregular Forces

Iraq’s failed military efforts to counter the territorial expansion of ISIL in June 2014 resulted in a power vacuum, which was filled on June 13 of the same year by Grand Ayatollah Ali al-Sistani’s national call to arms. This announcement paved the way for establishing irregular forces across Iraq, known as the Popular Mobilization Forces (PMF) that are now considered a “potential ticking bomb” at the core of the Iraqi crisis. Besides the volunteers who answered the call to arms without political motivation, the PMF is primarily composed of established Iranian-backed political parties and/or armed groups that previously fought against US forces. Backed by the religious establishment, the irregular forces are also known to publicly display their weapons and commonly abuse their power.

The emergence of irregular forces and their gains against ISIL until mid 2015 came at the expense of the credibility and morale of the Iraqi military. On March 27, General Muhammad Ridha, the military officer in charge of Baghdad’s Green Zone, kissed the hand of the controversial Shiite Cleric Muqtada al-Sadr as he was entering the city to protest. This act was symbolic of the waning public image of the military since Ridha led the Iraqi army nearly a decade ago in ending the rebellion of Jaysh al-Mahdi, a militia once led by al-Sadr that challenged US and Iraqi forces between 2003 and 2008.

The already established Iranian-backed PMF are now loosely divided into two groups, those connected to Prime Minister Haidar al-Abadi with a primarily Iraqi agenda and those



connected to his predecessor Nouri al-Maliki with activities that extend to neighboring Syria. In April 2015, al-Abadi moved the direct command of the PMF from the Interior Ministry to the Prime Minister's office, giving them further legitimacy while attempting to restrain the unruly factions associated with al-Maliki. These PMF factions are challenging the authorities and spreading chaos across Iraq, particularly in al-Basra and Diyala Governorates. However, al-Abadi's government is only attempting to exert mild control in return, fearing a backlash on the Iraqi armed forces and a division inside the ruling Shiite coalition.

Another major repercussion is the funding of the irregular forces in a country with increasingly scarce resources. The Iraqi parliament passed last December the 2016 budget law allocating \$2.7 billion to the PMF, exceeding by far the \$1.5 billion budget of the Jordanian armed forces. A PMF fighter makes roughly \$450 per month compared to the average salary of \$900 for Iraqi soldiers. In addition, the irregular forces receive health care services, death benefits for their families, and free ammunitions. Yet, the primary support in funding and weaponry comes from Iran, in addition to financial support from wealthy Iraqi Shiite businessmen. Al-Abadi government instructed the PMF last February to reduce its forces by 30 percent, decreasing the number to roughly 110,000 fighters, of which nearly 30,000 are Sunnis.

In recent weeks, both al-Abadi and the US have been taking steps to appease the irregular forces in an attempt to balance the influence of Iran and al-Maliki among the factions. When al-Abadi was announcing that the PMF would take part after all in the battle of Mosul, the US Consul General in Basrah, Steve Walker, paid an unprecedented visit on March 12 to the wounded fighters of PMF at al-Sadr educational hospital. Walker expressed American appreciation and affirmed that there is no US veto on the contribution of the PMF in the fight against ISIL.

Even though this recognition might have short term political benefits, it does not facilitate settling the status of the irregular forces. There have been Iraqi discussions about the best way to achieve that objective. In February 2015, al-Abadi government approved a bill that would convert the PMF into a National Guard of 120,000 forces. Yet, after resistance from the Shiite base, al-Abadi put this plan on the back burner. There was disagreement not only on the mandate, the budget and the weaponry but also on the provision of allowing each Governorate to command its own National Guard that was meant to reassure Sunnis of their ability to self-defense. The PMF refused the plan arguing that it will increase sectarianism and will disintegrate Iraq.

Despite the US support of the National Guard bill, Iran suggested integrating the PMF in the armed forces under the command of the central government. Just last March, the defense ministry reinstated the mandatory military service for Iraqi youth, part of a plan to overcome the burdens of the US decision to dismantle the Iraqi army in 2003. Putting forward this plan might be a way for al-Abadi to suggest an alternative to the National Guard while resolving the status of the irregular forces.



To further complicate the situation, after al-Sadr loyalists broke down the high concrete walls of Baghdad's Green Zone on April 30 and Iranian-backed irregular forces were deployed as a sign of defiance, the Ministry of Defense opened on May 8 the door for 1,500 volunteers from local tribes to come forward and defend the capital. This move will only increase the risks of armed confrontation among Iraqis at a time when the military is stretched thin in the war against ISIL.

Abadi is in political survival mode and too vulnerable to open the debate about the current status of the PMF while al-Sistani has yet to rescind his call to arms, the cornerstone of the PMF legitimacy. In this context, a direct contact between the US and Iran, at the level of ambassadors in Baghdad, is crucial to help find a common ground on this issue even though Tehran might not be willing to give up this bargaining card easily.

Political Crisis Enters Unchartered Territories

The second dimension of the Iraqi crisis is the inadequacy of the political class to deliver on governance. Amid an intense summer heat wave in 2015, the civic movement of young secular Iraqis took to the streets of central Baghdad's Tahrir Square and across Iraq. With al-Sistani's blessing, al-Abadi answered the calls for reform announcing measures against corruption and sectarian-driven political appointments. However, the Prime Minister failed to maneuver the resistant political class and to follow through on reform. He was a disappointment for the civic movement and later stood idle as dozens of key organizers of that movement were killed or kidnapped, most notably the activist Jalal al-Shahmani.

As the weak civic movement was marginalized by armed groups, al-Sadr saw an opportunity to lead a new wave of protests against corruption. His supporters besieged the fortified Green Zone until al-Abadi announced on March 31 a new technocratic government without consulting the major parliamentary blocs. The chaotic scene in the Iraqi parliament that followed this announcement was indicative of a troubled democracy, in particular the attempts by the blocs of al-Maliki, al-Sadr and former premier Ayad Allawi to unseat Speaker of Iraqi Parliament Salim al-Jabouri. The US and Iran intervened with their respective allies to end the "quasi coup" in the parliament and reaffirmed that the current status quo should remain in place until the next parliamentary election in 2018. Al-Sadr instructed his bloc to end the siege of the Parliament, leaving al-Maliki and Allawi extremely isolated. On April 26, the mostly technocratic new cabinet gained a partial confidence vote in Parliament.

However, al-Abadi's reform mantra remains tainted by being a member of the ruling al-Daawa party. The challenge for him moving forward is to exit this partisan role and put al-Maliki on the defensive, which will give him leeway in better managing relations with the ruling elite. The "National Reform" document, signed by Iraq's major political leaders on April 12, was indeed an attempt to restrain al-Abadi's unpredictable moves against the ruling elite by forming a "consultative political council" to discuss strategic issues of high priorities. However, this



council, if formed, consolidates the kleptocrats' power and provides an unconstitutional alternative for resolving this governance crisis.

Al-Sadr's decision to assault the Parliament is most of all a direct challenge to the tacit agreement between the US and Iran in Iraq. The country's political crisis seems to hinge now on Tehran's intervention, as al-Sadr announced a two-month hiatus and flew to Iran after his loyalists chanted "Iran, out, out" while breaking into the Green Zone. Iran's Supreme Leader's advisor for international affairs, Ali Akbar Wilayati, described al-Sadr actions as "illegal." Yet, it is unclear if Iran will allow the al-Abadi government to proceed with prosecuting al-Sadr loyalists. While awaiting Iran's verdict, Iraqi institutions are in complete paralysis. The Parliament is unable to meet and the central government is lacking a quorum to convene. While Abadi is mediating with PMF leaders to withdraw their militants from the capital, Kurdish officials are asking for security guarantees before returning to the capital.

Fiscal Crisis: Growing Tensions between Baghdad and Erbil

The third dimension is the fiscal crisis in Iraq as well as the budget and trust deficits in the relation between the central government and the Kurdistan Regional Government (KRG). The swift fall of Mosul in the hands of ISIL in June 2014 and the decision of the central government in February 2014 to withhold the 17% share of KRG from the federal budget led to a growing divide between Baghdad and Erbil. Struggling to deal with the devastating impact of ISIL, in particular the economic slowdown and the hosting of nearly 2 million refugees and displaced people, KRG is taking unpopular measures by cutting paychecks for 1.4 million government employees and initiating fuel subsidies cuts to balance a budget that is accumulating \$400 million deficit every month. As a result, the dominance of the two ruling parties, the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK), is being challenged.

The KRG has recently floated again the idea of holding a nonbinding referendum on Kurdish independence. Unlike al-Maliki, the Abadi government is not attempting to block oil deals made by the Kurdistan region independently since last June, especially at a time when the KRG and the Iranian government are finalizing a deal to build a pipeline allowing Erbil to export its oil through Iranian ports. The fiscal pressure and political divisions are encouraging the Iraqi government to withhold some of its commitments to the KRG. Baghdad did not pay the Kurdish Peshmerga forces since last summer, nor did Baghdad pay the Kurdish border guards primarily because the revenues of these border gates are not sent back to the central government. Instead of bridging the budget differences, the US announced this month the disbursement of \$400 million to the Peshmerga forces at a time when the number of Kurds in the Iraqi military dropped to a record low of only 1%. However, Washington maintains the policy of arming the Peshmerga through the central government and has advised the KRG to let go of demands for independence and to support reform efforts in both Erbil and Baghdad.

The central government is obviously going through a severe financial crisis with no signs that oil prices will overpass \$40 per barrel by next fall despite the speculations of the Iraqi



government. For an economy that depends up to 90% on oil exports, the budget deficit is estimated to reach \$30 billion (77% of Iraq's GDP) by the end of 2016. The Iraqi government is in discussion with the International Monetary Fund (IMF) to reach as early as June a standby arrangement (SBA) providing Baghdad \$15 billion in international assistance over the next three years. However, the IMF deal is contingent on progress in balancing the budget and targeting social spending, two contentious issues for a patronage system. The Iraqi government will have to deal with more than 3.5 million civil servants while looking for new sources of taxation and revenue. This could be a recipe for social unrest by the end of the year.

Conclusion

Costing over \$6.5 billion since the summer of 2014, the war on ISIL continues to dominate US policy on Iraq, even though the war on terrorism in Iraq was never enough to bring stability. When US forces were able by the summer of 2010 to take out most of the leadership of al-Qaeda in Iraq and cut them off from their hierarchy in Pakistan, the jihadist movement re-emerged stronger in the spring of 2011 with a new version dominated by Iraqi citizens. What led to ISIL announcing a caliphate in 2014 was the distrust and animosity between the central government and the KRG, therefore repairing this relation is a prerequisite to defeating ISIL.

While the fight against extremism is in full force, a new Iraq is emerging from the dust and rubble. The ongoing political rivalry for the core of the Shiite community will define the future of Iraq in the coming decades. After the secular movement was squashed, the radical cleric al-Sadr is emerging as a kingmaker who will likely succeed the ailing moderate al-Sistani. The US is intentionally avoiding a confrontation with the Shiite coalition; the last thing Washington wants is to make nearly 5,000 US forces in Iraq vulnerable to Iranian backed militias.

However, the US approach in Iraq of "bandage-fixing" the challenges instead of addressing them is putting the country on a dangerous track. A direct engagement between Washington and Tehran at the level of ambassadors in Baghdad could help put Iraq on the track of resolving some of those issues, in particular finding a comprehensive solution to the PMF. Encouraging al-Abadi to visit Erbil and discuss KRG concerns in an attempt to repair the contentious issues is key to bridge the differences. Meanwhile, the liberated Ramadi is becoming a ghost city where neither the Iraqi government nor the United States is helping recover and where extremism could crawl up again in no time. The only way out of the Iraqi crisis is to move away from the patronage system and the politics of sectarianism. As crucial as defeating ISIL is, it will not solve Iraq's problems.