



**The
Fund
for
Peace**

LESSONS LEARNED
**Where
do we
go from
here?**

FROM IRAQ

2003-2006

IRAQ AS A FAILED STATE

REPORT #6

Pauline H. Baker

Cover Design by Rose Brust

Lessons Learned from Iraq: Where Do We Go From Here? 2003-2006

Iraq as a Failed State Report #6

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**Lessons Learned From Iraq:
Where Do We Go From Here ?
2003-2006**

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Preface

Although there have been many reports on Iraq, the Fund for Peace (FfP) is contributing to the analysis by providing a systematic evaluation of Iraqi progress, or lack thereof, using specific metrics for measuring social, economic, and political stabilization since the invasion in April 2003. Applying CAST (the Conflict Analysis System Tool), the analytical framework developed by the FfP to assess societies at risk of internal conflict and state collapse, this series of reports evaluates Iraq's progress toward sustainable security – the state at which the country is largely peaceful and capable of governing itself without external military or administrative oversight.¹

The methodology employed is detailed in the Methodological Note at the end of this report. Briefly, it is based on independent ratings of twelve top conflict indicators enumerated in the attached charts, five core political institutions (military, police, civil service, system of justice and leadership,) and “stings” (unanticipated events and factors.) The purpose of the ratings is to trace patterns and trends over time. Ratings are reviewed carefully, based on information gleaned from open-source English and Arabic language scores, government reports, other studies by diverse organizations and groups that had conducted site visits in Iraq, and various scholars and journalists. In a departure from previous reports, we are depicting summary scores and trend lines only. Individual indicator scores are not depicted because there was so little variation during the period under review. Narratives describing the summary trends follow the graphs.

Although research assistants and staff at the FfP have contributed to the report, the conclusions are entirely the responsibility of the author. She has been ably assisted in these reports by outstanding students who have brought creative skills, thoughtful insights, and critical minds to a topic that is highly complex and controversial. For this report, special thanks go to Jessica Gajarsa from Georgetown University and Rupal Mehta from UC Berkeley for their excellent research assistance. Rose Brust, a graphic designer who is a student at the University of Wisconsin, graciously contributed the cover design.

Pauline H. Baker
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¹ For another application of the CAST methodology, see the “Failed States Index” in *Foreign Policy*, May/June 2006 issue. Additional details on the methodology and prior reports on Iraq can be obtained on the Fund for Peace website: www.fundforpeace.org.

Executive Summary and Recommendations

Lessons Learned

Scholars, diplomats, and the public will long debate the lessons learned from the tragedy befalling Iraq. Numerous publications have already detailed many missteps since the 2003 U.S.-led invasion. In this analysis, we highlight two major lessons that are not only relevant to the future of Iraq and U.S. policy options, but also for other peace and stability operations.

One lesson that was not applied in Iraq until recently is that policy decisions must be based on a clear, candid, and accurate analysis of facts on the ground irrespective of political considerations, even if those elements may have to be brought in afterwards. The Iraq Study Group report (ISG)² was a partial departure from that pattern. Partial because, while it presented a realistic assessment of the situation in Iraq, it did not address the central question of how power and wealth could be distributed in Iraq to end the war. What it recommended was the basis for an exit strategy, not a strategy for sustainable security.

The overriding desire for bipartisan consensus and political acceptability in Washington D.C. restricted the scope of commission's mandate. The report made a compelling argument for change, moving the U.S. away from "staying the course." In this sense, it was a refreshing perspective with an analysis that moved the debate forward. Unfortunately, however, it did not go far enough. The recommendations had a short time frame, setting the target of completing and equipping the Iraqi army by the first quarter of 2008. It did not explore what might come next if these goals were not met in that timeframe, other than a U.S. drawdown of military forces. The report advocated placing the police force under the control of the Ministry of Defense, setting the stage for the militarization of society when U.S. forces are withdrawn. Besides U.S. troop redeployments from combat to training, the report called for more robust diplomatic efforts by the U.S., and reconciliation policies by the Iraqi government, goals which Baghdad has already signaled that it cannot or will not fulfill. The diplomatic offensive which the commission advocates will also tie a complicated situation in Iraq to another intractable situation in the Middle East that has been equally, if not more, difficult to resolve, despite efforts by previous administrations for the last half century.

Domestic political considerations are important, but they cannot displace facts on the ground. Opening up diplomatic initiatives on other Middle East conflicts is desirable in its own right and certainly would be welcomed in the Muslim world, but an Israeli-Palestinian peace agreement, if one were possible to achieve, would not mitigate the descent into violent fragmentation that is well under way in Iraq.

² James A. Baker, II and Lee H. Hamilton, Co-Chairs, The Iraq Study Group Report: The Way Forward—A New Approach (First Vintage Books Edition, December 2006).

That leads to the second lesson. Policies must focus on achievable outcomes pointing to the future, not to the past. Americans tend to fight the last war and, in Iraq, we are adapting this maxim by fighting the last phase of that war. U.S. officials, for example, still argue that we must not let Iraq become a failed state, but it already is. They deny that the country has descended into civil war, even though by any reasonable definition this is what is going on. Both the U.S. Administration and the Iraq Study Group say that the U.S. will achieve success when the Iraqi government is able to govern, defend and sustain itself, a goal that the ISG stated is not possible without reliance on U.S. military support. The ISG also advocates talking to Syria and Iran, a useful exercise but one that is not going to mitigate the fighting significantly, since foreign forces, including Al Qaeda, “are responsible for a small portion of the violence in Iraq.”³ The commission calls for more training of Iraqi forces, which are dominated by Shiites who put loyalty to sect above loyalty to their country.

The assumption behind the recommendations is that the goal of having a government that can govern, defend and sustain itself is achievable. While more modest than the original statement of U.S. objectives—to build a multiethnic democracy that would be a partner of the U.S. in the war on terror and a model for the entire region—it is nonetheless a goal that appears to be out of reach, especially in the timeframe the ISG envisions. As the report notes, “many of Iraq’s most powerful and well-positioned leaders are not working toward a united Iraq.”⁴

Is aggressive diplomacy and security force training sufficient to quell fighting in a failed state run by factionalized elites fighting a civil war? The trends suggest not. The charts in this report illustrate not only *how much* the situation has deteriorated, but also *how long* the deterioration has been going on. Graph 1 shows that, except for a short 3-4 month window of improvement following the invasion of Iraq in April 2003, conditions steadily worsened over time.⁵ Graph 2 matches these trends with key events. It shows that the heightened and sustained levels of deterioration date back at least as far as January 2005, when transitional national assembly elections entrenched sectarian power blocks and rejected secular parties. This is contrary to government reports that date the February 2006 bombing of the Askariya Shia Shrine as the turning point. While incidents of violence increased since that attack, a persistent pattern of decline was evident long before then.

By the end 2006, Iraqis were dying at the rate of at least 3,000 per month. Americans were being killed at the rate of nearly 100 per month. The U.S. was spending \$2 billion a week, with estimates of total costs of the Iraq war going as high as \$2 trillion. Ethnic cleansing (often otherwise described as “sectarian violence”) was causing the largest number of Iraqi deaths, especially in Baghdad where 40% of the population lives. Many

³ *Ibid*, p.4.

⁴ *Ibid*, p.19.

⁵ As noted elsewhere in this report, high scores show increasing intensity of conflict indicators (bad) while lower scores show decreasing intensity (good).

of these deaths were the result of death squads torturing their victims in revenge for earlier sectarian attacks. The Lebanization of Iraq forecast in earlier FFP reports continues, with rival sects, each of which has a veto on key issues, vying for control and with splits within these communities widening. The U.N. has estimated that 1.6 million people have been displaced and up to 1.8 million Iraqis have fled, including university professors, doctors, business professionals, and the educated middle class. As moderates are leaving the country, extremists are establishing footholds, neighborhood by neighborhood. The ISG summarized the situation as “dire” and warned that if current trends continue, the consequences could be “severe.”

*A slide toward chaos could trigger the collapse of Iraq’s government and a humanitarian catastrophe. Neighboring countries could intervene. Sunni-Shia clashes could spread. Al Qaeda could win a propaganda victory and expand its base of operations. The global standing of the United States could be diminished. Americans could become more polarized.*⁶

Managed Partition

It may be too early for the international community and Iraqi elites to embrace bolder alternatives that would redraw the political boundaries of the country for the sake of stability, but it is not too early to start thinking about them if a centralized, unified Iraq does not appear workable in the next several months. By 2008, American forces will likely begin withdrawing, and Shias and Kurds will probably implement their federal ambitions at the expense of Sunni marginalization and impoverishment. Iraq is heading for a violent break-up and none of the recommendations made thus far seem capable of stopping it. Thus, if Iraq is going to fragment, then it is time to start thinking about a soft landing based on a new political dispensation.

One model would be a managed partition, an outcome that is often dismissed out of hand as impractical. Most observers fear it will plunge the country into a level of violence comparable to that of the partition of India and Pakistan in 1947 and open the door to neighboring countries intervening in the resulting power struggle. The ISG admitted that partition might be “a possible consequence of continued instability” but that the U.S. should not support this course as a policy goal. “If events were to move irreversibly in this direction, the United States should manage the situation to ameliorate humanitarian consequences, contain the spread of violence, and minimize regional stability (sic).”⁷ By that time, it might be too late.

For a managed partition to work, it must be planned well in advance, accepted by the majority of Iraqis, and have regional support. Handled right, it has the potential to

⁶ *Ibid*, p. xiv.

⁷ *Ibid*, p.39.

diminish sectarian violence, end the Sunni insurgency, create an equitable basis for sharing the oil revenues, and steer neighboring states into a constructive role in support of a stable political geography rather than chaotic fragmentation. It might take several years to complete, and it might evolve into a different form than the one presented here. However, the idea of a managed partition offers a way forward, with a positive vision of the future that would permit reconstruction to proceed and coalition forces to begin drawing down in a responsible manner.

Managed partition differs from a decentralization plan which would give considerable provincial autonomy to each of the three main groups and contain an agreement on sharing oil revenue. The problem is that decentralization would keep a central government in power that would control defense, internal security and foreign affairs, an unworkable outcome if it means domination by Shiites and Kurds over Sunnis. Decentralization is, in effect, the 80% solution, which would rekindle the insurgency and keep Iraq in turmoil for years.

Based on a modified version of the European Union, a managed partition would create a new Union of Iraqi States (UIS) that would divide sovereignty among three states – affirming Sunni, Shiite and Kurdish self-determination – albeit with an integrated economy having a single market, currency, customs union, and central bank. Like its European counterpart, no internal passports would be required for citizens who could live, travel, work and invest anywhere in the UIS. Each state would have its own constitution, government, security forces, and a seat in the United Nations.

Would this create violence as many observers have predicted? Probably no more than what is likely to transpire if current trends continue. Indeed, a managed partition is not likely to follow the India-Pakistan precedent, which took place 60 years ago as a disorganized decolonization process. Rather, it would likely follow in the footsteps of more recent precedents in the Balkans and southern Sudan, where partition stopped internal wars. Protected by NATO since the 1999 air campaign stopped ethnic cleansing, and under the auspices of the UN, Kosovo remains the only territorial fragment left of the former Yugoslavia that is not yet independent. Its status will be resolved with international diplomacy. The civil war in southern Sudan ended with the Naivasha Peace Treaty in 2005, an internationally negotiated pact that granted the south autonomy for six years and a referendum in 2011, which most observers feel is likely to endorse independence.

Partitions that successfully stop civil wars may take years to implement fully, but under international stewardship, they provide the time needed for the drivers of conflict to be reduced and capable state institutions to be created. The chances for a successful peaceful partition in Iraq would increase under a five-point plan that would include the following:

- 1) There should be **internationally monitored treaties** or agreements concluded among the UIS member states, which guarantee protection of

minority rights, freedom of religion, and an amnesty for insurgents and militias that enter a disarmament, demobilization and reintegration program. Universal human rights under international law should also be guaranteed, whatever legal code is adopted, and a non-aggression pact should be concluded. The international community, principally the U.N., would review compliance, with serious violations triggering mandatory targeted sanctions.

2) There should be an **equitable oil revenue sharing formula** agreed upon in advance by all three emerging states possibly based on three criteria: one third of the total income pool to go to regions on the basis of derivation; one third to be divided in equal shares among the three states; and one third to be distributed on the basis on population and need. This would ensure that the Sunnis would get a fair, but not disproportionate, share of the oil revenues while giving an edge to oil-producing states and allowing them to retain the right to manage natural resource development, including oil concessions, in their own areas but with revenues shared according to the agreed formula. For 10 years, oil revenues should be deposited in an account managed by the World Bank so that the possibility of a diversion of revenues that could undermine the agreement would not occur. The UIS would inherit that system, and operate it on an intergovernmental basis with transparency.

Third, **each state would get a major city as its capital**: Kirkuk would go the Kurds, Baghdad to the Sunnis, and Basra to the Shiites. Residents who wish to change their residence could do so with guaranteed safe passage by the international community in cooperation with the states; those who wanted to stay would have the right to do so. Minority populations living in mixed cities and towns would have the right to be citizens and stay where they are, conducting business, enrolling in schools and universities, voting in elections, owning property, intermarrying and exercising full citizen rights. As part of the UIS, citizens from other states would have the right to travel, live, work, invest, or attend school as residents of the other member states. Resettlement would be voluntary.

Fourth, **disputes over land, housing and other property claims would be adjudicated in a special intergovernmental Property Claims Commission (PCC)** composed of Iraqi representatives from the three states and external experts. The PCC would have the authority to identify legitimate property owners whose property was appropriated since the days of Saddam Hussein. They would be compensated out of an Iraqi Oil Compensation Fund that would be given revenue for restitution of claims from the revenue sharing pool. Other interstate authorities could also be

created, as needed, to resolve problems, heal the wounds of war, address lingering grievances and manage a common economic space.

Fifth, the emerging **states would enter into a formal economic union based on the European model** in which they would cooperate in running fiscal and monetary institutions for trade and commerce in an integrated economy. This could lay the basis for international private investment and the creation of a co-prosperity sphere that could accrue to the benefit of neighbors as well as members of the UIS.

Support of the international community, full public debate within Iraq, and consultation with its neighbors, are essential to the success of such a plan. The U.N., Europe, Arab countries and the U.S could all play a role, providing diplomatic, economic and military support for such things as border security, safe passage, management of oil revenues, facilitation of treaties, and reconstruction and development.

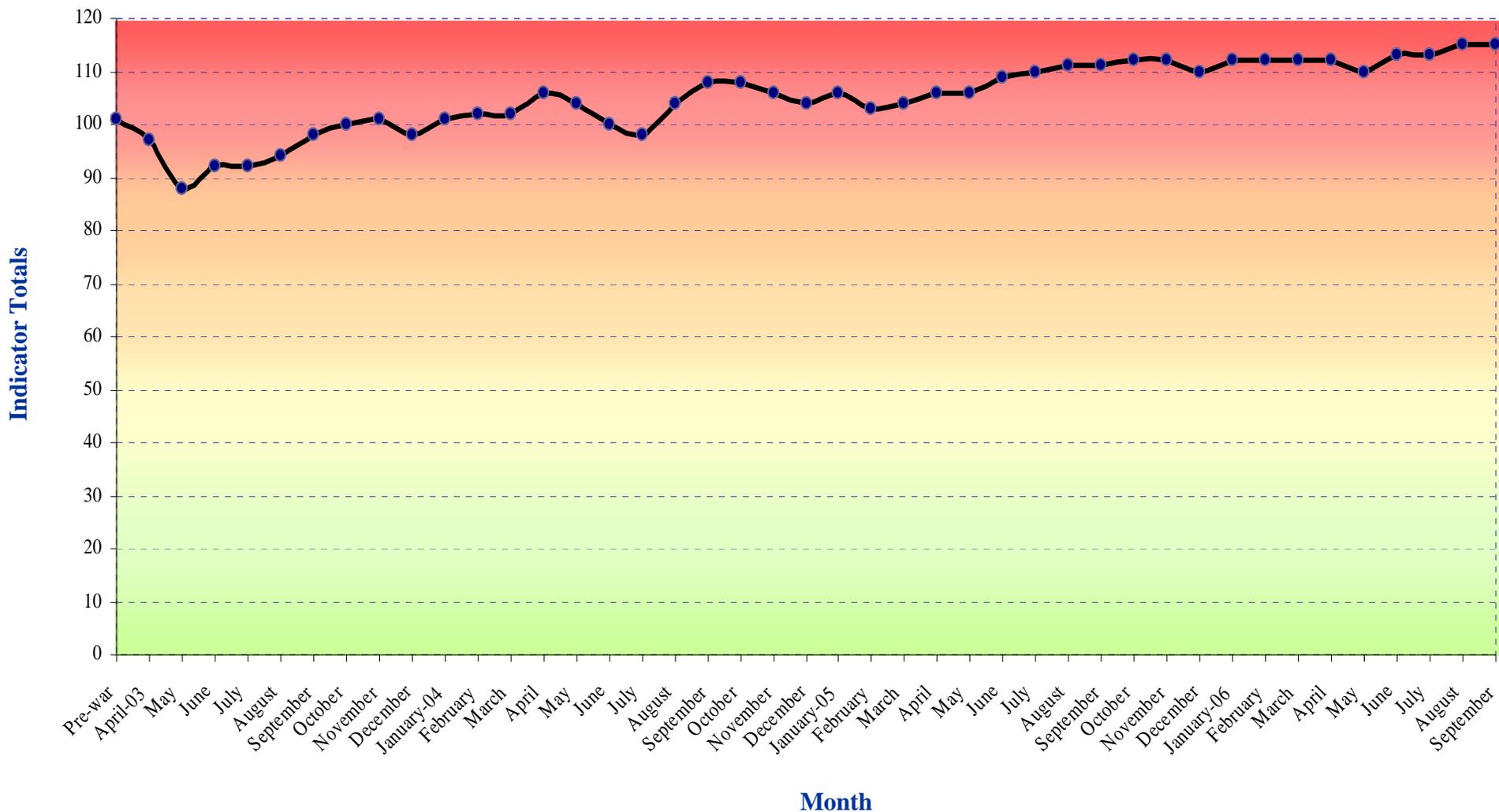
Among the confidence building steps that should also be taken are non-aggression pacts between the new and contiguous states in the region. Particularly delicate is the relationship between a new Kurdish state and other states in the region, especially Turkey, which has legitimate concerns about the implications of partition on its own security and fiercely opposes Kurdish independence. The U.S., as an ally of both Turkey and Kurdistan, could help maintain the peace between these two states by negotiating reciprocal pledges of non-intervention, the creation of a monitored demilitarized zone, use of U.S. intelligence for surveillance of troop movements, border protection, and honest brokering of other matters.

Importantly, this plan would shift the role of the U.S.-led coalition forces from occupation to state-building. It contains a vision of the future, would set deadlines for the political transition, and would provide for gradual disengagement of foreign troops and an increase of international support for reconstruction and development.

Sayed Ayyad Jamaluddin, a secular Shiite who serves on the Higher Council for National Reconciliation stated recently that, "Iraq has only two options, fragmentation or civil war. And civil war will be a catastrophe because it will be fought on the basis of religion." Managed partition is a way to avoid such a catastrophe and move the country toward sustainable security. It may look like a far more attractive option when the drift toward violence fragmentation can no longer be ignored.

Graph 1

IRAQ INDICATOR TOTALS PRE-WAR – SEPTEMBER 2006

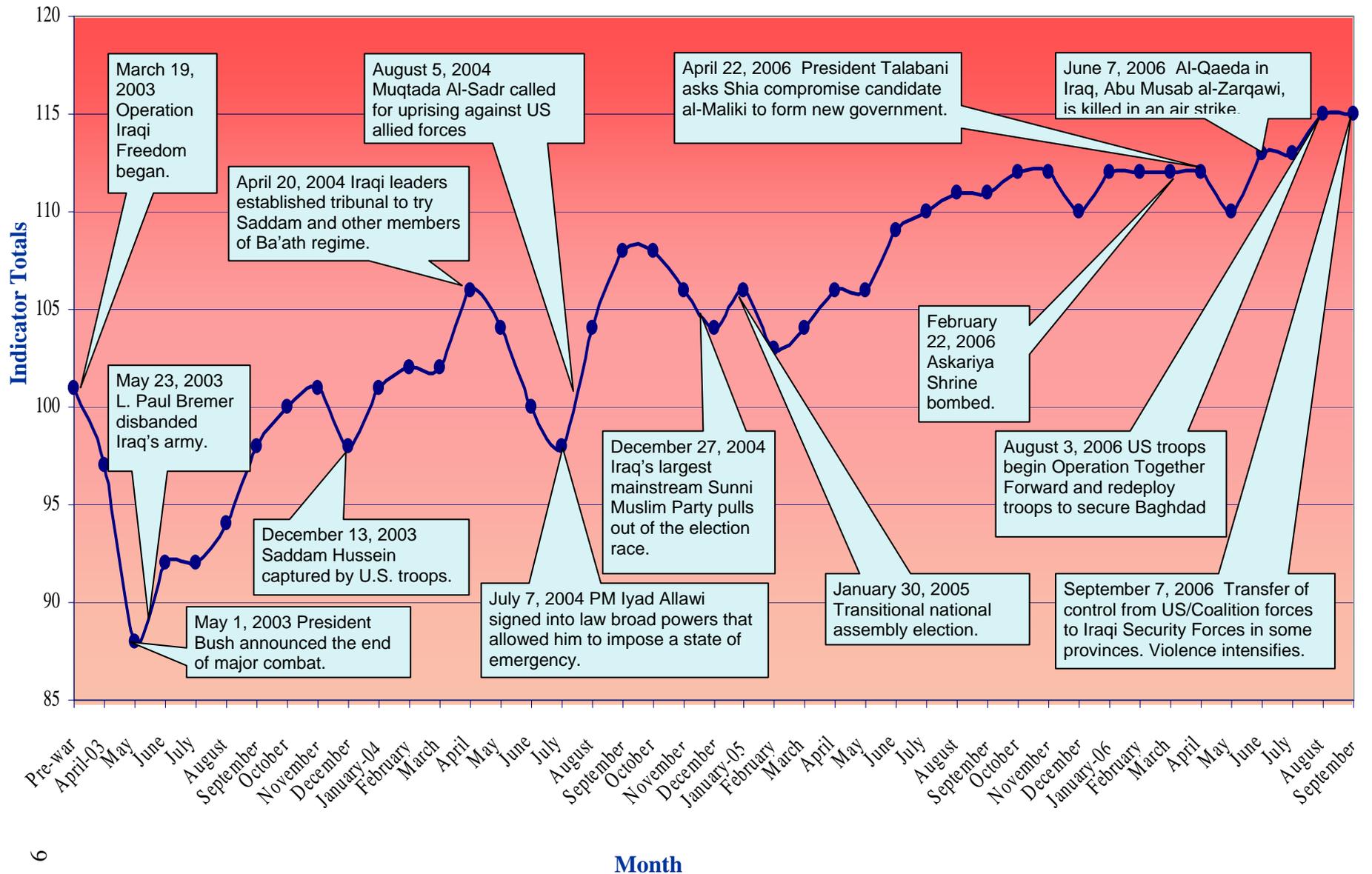


Legend

| Month | |
|--------|-------------|
| 91-120 | Alert |
| 61-90 | Warning |
| 31-60 | Monitoring |
| 1-30 | Sustainable |

Graph 2

IRAQ THREE AND A HALF YEAR TREND LINE PRE-WAR – SEPTEMBER 2006



Indicator 1 Summary: Mounting Demographic Pressures

Over this period, demographic factors continue to be dire. The worsening security situation in some regions causes increasing numbers of IDPs and refugees while the direct targeting of Iraqi service providers, foreign aid and contract workers has rendered relief and services extremely difficult to deliver.⁸ The agricultural sector continues to suffer from erratic service provision and low productivity.⁹ There is critical environmental degradation, pollution and natural resource depletion.¹⁰ Reconstruction efforts that would increase services such as electricity, water and sanitation remain erratic.¹¹ For example, water resources are not being used efficiently but better technology and repairs on older water delivery systems would bring immediate benefits.¹² In Basra, doctors report that rotting piles of garbage left on the streets where children play are causing high rates of typhoid fever as well as fungal and bacterial skin diseases.¹³ The lack of a sustainable agriculture industry and diminished services has kept an estimated 25 percent of the population still dependent on food rations.¹⁴

Further characterizing the demographic problems throughout Iraq, the number of Iraqi civilians killed in the conflict, most especially with the proliferation of sectarian militias, has escalated drastically in the past few months. Although the increase in brutal murders attributed to sectarian violence in the capital and elsewhere shows no signs of abatement, sources are in disagreement about a correct estimate of the death toll.¹⁵ Morgue officials stated that 90% of the 60 deaths per day suffered violent deaths, noting that most were gunshot wounds to the head and some were strangled or beaten to death.¹⁶ Critics argue that morgues give insufficient data because they only count the number of bodies that can be contained in the morgue. Also, bodies are often not retrieved because killers will target those that try to retrieve the body of a victim. A study conducted by Johns Hopkins University in conjunction with Mustansiriyah University in Iraq issued a report finding that more than an estimated 655,000 Iraqis have been killed since the war began in 2003.¹⁷ This is a far higher death toll than previous estimates.¹⁸ A lead author of the report, Dr. Gilbert Burnham states that the reason why his group came up with a much higher estimate is because the report's methodology utilized cluster sampling of house-to-house surveys instead of basing estimates on body counts or media reports.¹⁹ One critic notes that the cluster sampling done by the report is faulty because the research used only 47 cluster points for a population of about 27 million.²⁰ To create a more accurate estimate of the death toll, the research should have used a minimum of 270 cluster points.²¹ The estimate of 655,000 is therefore probably much higher than the actual number but many critics find the estimate of the Iraqi government too low. The Iraqi and U.S. governments have denounced the report as incorrect and its methodology as faulty.²² Nevertheless, ground conditions indicate that these demographic challenges continue to plague Iraqi society and create horrific living conditions for Iraqi civilians.

⁸ "Iraq: Humanitarian Emergency Appeal No. 05EA026," *International federation of the Red Cross and Red Crescent Societies*, 9/21/2006

⁹ "Cluster B – Education and Culture," *UNAMI*, 10/16/2006

¹⁰ *Ibid.*

¹¹ "US erred in Iraq rebuilding programme," *Reuters* 8/31/2006

¹² "Cluster B – Education and Culture," *UNAMI* 10/16/2006

¹³ "Garbage accumulation causes health problems," *IRIN*, 8/8/2006

¹⁴ "Cluster B – Education and Culture," *UNAMI* 10/16/2006

¹⁵ "Death Toll survey provokes controversy," *Relief Web*, 10/16/2006

¹⁶ *Ibid.*

¹⁷ "655,000 war dead?" *The Wall Street Journal* 10/18/2006

¹⁸ *Ibid.*

¹⁹ "Death Toll survey provokes controversy," *Relief Web*, 10/16/2006

²⁰ "655,000 war dead?" *The Wall Street Journal* 10/18/2006

²¹ *Ibid.*

²² "Death Toll survey provokes controversy," *Relief Web*, 10/16/2006

Indicator 2 Summary: Massive Movement of Refugees or Internally Displaced Persons (IDPs)

The increasingly likely prospect of lingering civil war has also led to the de facto partitioning of Iraq, with radical groups forcing people to segregate themselves by sect through internal displacement. Iraqis are moving from city to city and within neighborhoods for fear of sectarian violence. The threats usually come from telephone calls at night, bombs placed in cars, or bullets left on shop counters.²³ The Iraqi Ministry of Migration and Displacement estimated that close to 39,000 families or 234,000 individuals have relocated, the majority in fear for their lives in the aftermath of the Samarra shrine bombings.²⁴ This number is 44% higher than it was in late July and 10 times the total in mid-March.²⁵ Many flee to areas where they can live with relatives while others live in small camps until they can find housing. Thousands of Arabs have fled to Kurdistan to escape the more violent regions of the country. In the last five months, 27,744 people have fled the violence and threats of sectarian groups in Baghdad.²⁶ People are also escaping from areas where criminal groups are taking advantage of the lawlessness to commit violence for profit.²⁷ Mass kidnappings and abductions in broad daylight are becoming more common in Baghdad.²⁸ The increased numbers of people fleeing violence in Baghdad are becoming more visible as more homes are boarded up and shops and markets are shut down.²⁹ Aside from the professional class, Shiite and Sunni laborers have fled north from the killing and threats.³⁰

The Migration Ministry of Iraq put the number of IDPs and refugees in Iraq at 182,154.³¹ Officials from the Iraqi Migration Ministry admit that this number is likely low as it only counts those who have stayed in Iraq and have requested official aid from the government.³² The estimate is based on the Ministry's data of 30,359 families who have requested formal assistance after the February 22nd bombing of a Shiite shrine in Samarra intensified sectarian violence between Shiites and minority Sunni groups.³³ This estimate does not include those who have become refugees abroad or are staying with relatives in safer areas.³⁴ Furthermore, these government figures seriously underestimate the growing problem of internal displacement because they only account for those who have registered as displaced. Aid agencies working with displaced populations, on the other, such as the Red Crescent or the International Organization for Migration (IOM) deal mainly with high-risk populations, namely those living in tents or illegally staying in public buildings.³⁵ IOM reported that its monitors had assessed that 29,556 families or 177,354 individuals were displaced in Iraq with the largest proportion in the Baghdad province.³⁶ The UN estimated that 1.6 million people were displaced and 1.8 million have fled the country.

²³ "It's moving day, all over Iraq," *The New York Times*, September 24, 2006

²⁴ *Ibid*

²⁵ *Ibid*

²⁶ *Ibid*

²⁷ *Ibid*

²⁸ *Ibid*

²⁹ *Ibid*

³⁰ "Fleeing violence, Iraq's Arabs flock to Kurdistan," *Reuters* 8/31/2006

³¹ "Violence swells refugee numbers by 20,000 in Iraq," *The Irish Times*, 8/1/2006

³² *Ibid*

³³ *Ibid*

³⁴ *Ibid*

³⁵ *Ibid*

³⁶ *Ibid*

Indicator 3 Summary: Legacy of Vengeance-Seeking Group Grievance or Group Paranoia

The escalation of violence in Iraq is increasingly taking the form of sectarian violence, or ethnic cleansing, carried out by sectarian death squads and militia forces. Reports by the UN and the U.S. military indicate that the civilian death toll is on average between 50 and 75 dead each day and confirm statements by the Baghdad morgue that the majority of these deaths result from sectarian fighting.³⁷ Attacks on September 13 made it one of the bloodiest days of sectarian fighting in Baghdad. Nearly 100 people were killed or found dead in a twenty-four hour period, reflecting the overwhelming wave of ethnic cleansing.³⁸ Despite the massive deployment of U.S. troops in Baghdad that saw 12,000 U.S. and Iraqi soldiers move into the capital for “Operation Together Forward,” Shiite death squads and Sunni and Shiite militias remain undeterred.³⁹ According to both U.S. and Iraqi troops, a growing number of young insurgents and militia members, including ethnic death squads, are targeting civilians from the rival sect, either for revenge or in an attempt to make them flee from contested neighborhoods.⁴⁰ The nature of the killings, showing torture, burning, beheadings and execution-style gunshot wounds to the head, indicate the severity of the crisis. The escalation of violence over the past few months signifies the transition of the violence from civil strife to revenge killings to terrorize entire populations.

According to Senator Joseph Biden, “the new central reality in Iraq is that violence between Shiites and Sunnis has surpassed the insurgency and foreign terrorists as the main security threat. Leading [U.S.] civilian and military experts on Iraq – Ambassador Zalmay Khalilzad and Gens. George Casey, Peter Pace, and John Abizaid—have all acknowledged that fact.”⁴¹ According to a Pentagon report, sectarian violence is at its highest in two years and preventing the escalation of sectarian fighting into civil war is Iraq’s greatest priority. Executions, kidnappings, and other sectarian attacks compose the nearly 51% rise in casualties among the Iraqi security forces and the civilian population.⁴² The average number of all types of attacks is close to 800 a week while the portion directed at civilians is continually growing. “Death squads and terrorists are locked in mutually reinforcing cycles of sectarian strife, with Sunni and Shia extremists each portraying themselves as the defenders of their respective sectarian groups.”⁴³ The Pentagon report also states that revenge killings by Sunni and Shiite death squads are proliferating beyond the capital into the country and that Iran and Syria are actively supporting forces fueling the unrest among the religious factions.⁴⁴ The report also asserts “sustained ethno-sectarian violence is the greatest threat to security and stability in Iraq. Conditions that could lead to civil war exist in Iraq.”⁴⁵ This report is significant because it is an official acknowledgement that the level of sectarian violence is consistent with trends toward full-scale civil war.⁴⁶

³⁷ “The UN issues grim report on Iraq,” *The Los Angeles Times*, 9/21/2006

³⁸ “Bloody day in Baghdad defies big US deployment,” *The Financial Times*, 9/14/2006

³⁹ “Bloody day in Baghdad defies big US deployment,” *The Financial Times*, 9/14/2006

⁴⁰ *Ibid*

⁴¹ “A plan to hold Iraq together,” *The Washington Post*, 8/24/2006

⁴² “Pentagon cites spike in violence in Iraq,” *The Washington Post*, 9/2/2006

⁴³ “Every week, there are now 800 attacks,” *The Independent*, 9/4/2006

⁴⁴ *Ibid*

⁴⁵ *Ibid*

⁴⁶ *Ibid*

Indicator 4 Summary: Chronic and Sustained Human Flight

The fear of horrific violence, which at times targets the professional and intellectual class of Iraq, has forced thousands of Iraqi civilians to flee to protect their families and their lives. Increasing portions of the middle class seem to be doing everything they can to leave the country. In the last 10 months, the state has issued new passports to 1.85 million Iraqis, 7 percent of the population and an estimated quarter of the country's middle class.⁴⁷

The departure of doctors and academics is leaving a gap in the staff at hospitals and universities in Baghdad.⁴⁸ There are no definitive figures on how many educators have fled Iraq since the 2003 invasion, but the University Professors Union of Iraq (UPUI) report that more than 10,000 professionals in general, including doctors, have left.⁴⁹ Many doctors and other professionals have fled to Sulaimaniya from Baghdad.⁵⁰ Nurses and doctors in Basra are being driven away by violent criminal gangs, with more than 200 leaving since January. At the Basra Teaching Hospital, the emergency unit closed for five months after unidentified groups killed several doctors. Health Ministry statistics indicate that an average of thirty health professionals per month have left Iraq in the past year.⁵¹ Iraq's Deputy Health Minister says that 1,000 doctors have left Iraq.⁵² Furthermore, the Ministry of Higher Education has attempted to offer higher wages but the lack of security is a deterrent for many to stay.⁵³ The lack of the rule of law and general impunity towards violence is creating a culture of violence among students, some of whom have murdered professors for giving them a failing grade.⁵⁴ Several Arab university professors have fled Baghdad to the north because of the deteriorating security situation, in addition to professors being abducted or assassinated.⁵⁵

Indicator 5 Summary: Uneven Economic Development Along Group Lines

Despite heavy reconstruction inputs, Iraq's economic growth is stagnant. High inflation rates, close to 25% throughout this year, and slow per capita GDP growth have helped create a strained Iraqi economy.⁵⁶ According to the Brookings Institute's "Iraq Index," unemployment remains extremely high, between 25% and 40% for several months.⁵⁷ Despite stated goals for electricity generation and oil production, these figures fall far below interim goals for 2005.

Iraqi Kurdistan, on the other hand, is leapfrogging ahead of the rest of the country in terms of security and economic development. To herald positive developments in Kurdistan, the regional government rolls out a campaign to attract tourism and investment to Kurdistan called "The Other Iraq."⁵⁸ Iraqi Kurdistan enjoys the greatest potential for economic development because of its relative security and stability, especially in

⁴⁷ "As death stalks Iraq, middle-class exodus begins," *The New York Times*, 5/19/2006.

⁴⁸ *Ibid*

⁴⁹ "Threatened teachers fleeing the country," *IRIN*, 8/24/2006

⁵⁰ "Fleeing violence, Iraq's Arabs flock to Kurdistan," *Reuters* 8/31/2006

⁵¹ "Iraq: Insecurity, under-funding threaten children's health in Basra," *UN Office of the Coordinator of Humanitarian Affairs*, 7/10/2006.

⁵² "The doctors who are too afraid to care for patients," *The Times*, 7/20/2006.

⁵³ *Ibid*

⁵⁴ *Ibid*

⁵⁵ "Kurdish government to build camp for IDPs," *IRIN*, 8/29/2006

⁵⁶ "Iraq Index," *The Brookings Institute*, 10/2006

⁵⁷ *Ibid*

⁵⁸ "The Iraq we haven't seen," *The Washington Post*, 7/26/2006.

comparison to other urban provinces such as Baghdad.⁵⁹ This has allowed Iraqi Kurdistan to improve beyond the rest of Iraq.

According to Professor Juan Cole from the University of Michigan, asymmetrical economic development among the ethnic groups in Iraq is fueling much of the conflict. Cole stated that joblessness, estimated around 60%, rising inflation, and worsening basic services in the Shiite south are causing militias to fight over a “shrinking economic pie.”⁶⁰ Dominic Asquith, the new British ambassador to Iraq, blames economic stagnation in Basra, and other industrial cities throughout Iraq, as contributing to the collapse of security. He writes, “Basra...until not long ago enjoyed a stable security climate. However, one of the reasons for the unrest is that there has been no perceptible improvement in the quality and extent of the services.”⁶¹

Indicator 6 Summary: Sharp and/or Severe Economic Decline

Iraq’s economy is weaker now than at any point since the U.S. invasion. Estimates measure unemployment at 60% and prices for basic goods and staples continue to rise.⁶² The country’s Central Bank recently warned that this massive unemployment would be in tandem with faltering growth and an inflation rate of nearly 70%.⁶³ Furthermore, the escalation of sectarian violence is driving prices higher, destroying jobs, and straining a weakened society that is generating new recruits for the sectarian militias most responsible for the economic decline.⁶⁴

As U.S. military commanders and Iraqi government officials address criticism that they are losing the war in Iraq, they contend that economic growth and the development of Iraqi infrastructure will be just as important in measuring success. As Major General Richard Zilmer stated, “Economic development and the establishment of social order and public services are the conditions which must be set that will result in the support of the local people, and ultimately cause the defeat of this terrorist-backed insurgency.”⁶⁵ Iraqi officials also argue that the instability in Iraq has kept oil companies from investing in the reconstruction of the country, making the situation worse, with its already unbridled corruption and oil fields that are not properly maintained. Analysts and government officials agree that the billions of dollars needed to clean up the oil industry will be in place only after governmental action that ensures political stability and security in Iraq.⁶⁶

Indicator 7 Summary: Legitimacy of the State

Baghdad residents express disbelief at the government’s inability to provide security as the city spirals out of control following the bombing of the Askariya Shrine in Samarra.⁶⁷ The new government and the armed forces remain divided along sectarian lines, providing little hope that the authorities will be able to rein in the feuding factions.⁶⁸

⁵⁹ *Ibid*

⁶⁰ “Firefights mark further splintering in Iraq,” *Christian Science Monitor*, 8/31/06

⁶¹ *Ibid*

⁶² *Ibid*

⁶³ “Iraqi economy staggers from inflation, fighting,” *Morning Edition*, 9/12/2006

⁶⁴ “Iraqis feel weight of high prices, few jobs,” *The Christian Science Monitor*, 9/15/2006

⁶⁵ “Iraqis feel weight of high prices, few jobs,” *The Christian Science Monitor*, 9/15/2006

⁶⁶ “U.S. oil companies need a safer Iraq for investment,” *All Headline News*, 06/27/2006.

⁶⁷ “Baghdadis crave strong leadership,” *IWPR*, Iraqi Crisis Report #166, 3/2/2006.

⁶⁸ “Sectarian fighting changes face of conflict for Iraqis,” *The Washington Post*, 3/13/2006.

Lack of confidence in the new government increases as more Iraqis flee their homes following widespread sectarian violence. Criminals are increasingly kidnapping civilians, usually for ransoms of \$20,000-\$30,000.⁶⁹

Iraqis are increasingly arming themselves with AK-47s, pistols, grenades, and other weapons. Some are armed militiamen, while others are civilians buying weapons for protection. Since February 22, 2006, the price of guns and ammunition has increased dramatically. Before the bombing of the Askariya shrine in February the average cost of an AK-47 was \$112, but prices have more than doubled to \$290.⁷⁰

Evidence continues to mount that the high level of corruption is rampant throughout Iraq. U.S. Inspector General for Iraq Reconstruction, Stuart Bowen, admits, "Despite some progress, violence and corruption continue to thwart reconstruction efforts in Iraq."⁷¹ Bowen also stated that corruption and the permeation of Iraqi government and security forces by Shiite militia members continue to be grave threats to the government and costs approximately \$4 billion per year.⁷²

Indicator 8 Summary: Progressive Deterioration of Public Services

The lack of public services in large portions of the country continues to have severe consequences on the general population. Scarcities of food, water, electricity, and fuel are creating critical health and demographic problems. Despite some gradual improvements since the beginning of the occupation, public services are a primary concern.

As prices of common Iraqi nutritional staples continue to rise, the majority of the Iraqi population cannot afford to maintain a balanced diet. The cost of staples, such as eggs and tea, have quadrupled and doubled, respectively, in some markets.⁷³ The changing diet and the unavailability of many basics are, in turn, creating health problems for many Iraqis. According to the Nutrition Research Institute, anemia rates are rising considerably in adults and especially among children.⁷⁴ The Director of the Nutrition Research Institute, Osama Abdul-Aziz, found that nearly 50% of pregnant women in Baghdad and 60% of students in primary schools have anemia; 79% of women near childbearing age in the Basra province are afflicted with anemia as well.⁷⁵

Sectarian violence is also preventing ordinary Iraqi civilians from receiving urgent medical treatment. Sunni civilians face grave danger when they visit hospitals throughout the country. According to government officials, growing numbers of sick and wounded Sunnis have been abducted from public hospitals operated by Iraq's Shiite-dominated Health Ministry, which is accused of letting Shiite militia members into the hospitals.⁷⁶ According to family members and hospital staff, the primary targets of the abductions are based on rival religious affiliations.⁷⁷

Electricity output is still sporadic at best. For most of the period analyzed, the nation-wide average amount of electricity generated (in megawatts) was 4430.⁷⁸ The level of electricity produced has only recently surpassed

⁶⁹ "Civilians in Iraq flee mixed areas as killings rise," *The New York Times*, 4/2/2006.

⁷⁰ "Sectarian suspicion in Baghdad fuels a seller's market for guns," *The New York Times*, 4/3/2006.

⁷¹ "U.S. official says violence, corruption hinder Iraq rebuilding," *Embassy of the United States - UK* 8/2/2006

⁷² *Ibid*

⁷³ *Ibid*

⁷⁴ "Beefed up flour to tackle anemia" *IRIN*, 8/23/06

⁷⁵ *Ibid*

⁷⁶ "Iraqi hospitals are war's new killing fields." *The Washington Post*, 8/30/2006

⁷⁷ *Ibid*

⁷⁸ "Iraq index," *The Brookings Institution*, 10/9/2006

pre-war levels and is nowhere close to the stated output goal for 2004.⁷⁹ The average number of hours of electricity per day in Baghdad is near to 6 hours and closer to 11 hours in the rest of the country.⁸⁰

Indicator 9 Summary: Suspension or Arbitrary Application of the Rule of Law and Widespread Violation of Human Rights

Lawlessness and widespread disregard for human life has resulted in an estimated 6,559 people killed in July and August.⁸¹ The reporting period of the UNAMI Human Rights Report, which included July and August, marks the unprecedented loss of civilian life since the invasion.⁸² Torture and extra-judicial killings by militias and the Shiite-dominated security forces have become widespread and common.⁸³ Most of the violence seems to be based on terrorist methods to create sectarian friction that leads to a cycle of revenge killings.⁸⁴ The level of impunity has intensified instability in the country. There have been several instances of extra-judicial killings of members of the Iraqi government, the former Ba'athist regime and armed forces. Over the past few months, numerous Iraqi politicians, including the Interior Minister Jawad al-Bolani who survived a roadside bomb in Dora, have suffered assassination attempts, most of which have succeeded. Increasingly, members of the Iraqi police force and recruiting centers are targeted. Suicide bomber have directed attacks at police headquarters, including one in Mosul, resulting in the deaths of many police recruits.⁸⁵ Much of the overall instability is due to the actions of sectarian groups, insurgents and growing numbers of armed gangs and organized criminal operations.⁸⁶ Battles have erupted between Shiite militia, the Mahdi Army and Iraqi security forces for control of Diwaniya over militia members that the Iraqi Army had taken prisoner.⁸⁷ These battles signify the inability of the Iraqi army to prevent the rampant violations of human rights.⁸⁸

Indicator 10 Summary: Security Apparatus Operates as a “State Within a State”

The rapid growth of ethnic-based militias and death squads has created a fractured security apparatus that is not under the control of the central authority. Militias have increasingly infiltrated Iraqi security forces, creating an atmosphere of terror and panic. During the reporting period, the Mahdi Army and the Badr Brigade, the two largest militias, had infiltrated the national army and police. Muqtada al Sadr's control of four ministries also includes influence over 70,000 uniformed, armed men who are part of the government agency known as the Facilities Protection Service.⁸⁹ These militias are also increasingly self-financing – using millions of dollars from kidnapping ransoms, oil smuggling through corrupt government officials, and counterfeiting to fund their terrorist and insurgent attacks.⁹⁰ Between \$70 million and \$200 million a year is generated from illegal activities.⁹¹

⁷⁹ *Ibid*

⁸⁰ *Ibid*

⁸¹ “Human rights report” *UNAMI*, August 2006

⁸² *Ibid*

⁸³ “U.S. official discusses law in lawless capital” *Los Angeles Times*, 8/30/2006

⁸⁴ “Human rights report” *UNAMI*, August 2006

⁸⁵ *Ibid*

⁸⁶ “Human rights report,” *UNAMI*, August 2006

⁸⁷ “A flick of a lighter kills scores of gas-looting Iraqis” *The New York Times* 8/30/2006

⁸⁸ “U.S. official discusses law in lawless capital” *Los Angeles Times*, 8/30/2006

⁸⁹ “Shiite giant extends Its reach,” *The Washington Post*, 8/24/2006

⁹⁰ “Iraq insurgency has funds to sustain itself, U.S. finds,” *The New York Times*, 11/26/2006

⁹¹ *Ibid*

The State Department reported that, in most cases of large-scale human rights abuse, the police are identified as the perpetrators.⁹² Given the demographic makeup of the country, the security and police forces are predominately Shiites and Kurds.⁹³ Shiites represent the majority of the police forces. Given the blatant bias against Shiite soldiers, army desertion rates in some Sunni units operating in the Anbar Province, the western heart of the Sunni insurgency, is close to 40%.⁹⁴ The Second Public Order Brigade is known for its allegiance to al-Sadr. The head of that brigade was replaced by a Sunni in December; he fired 160 people he claimed had ties to militias. The commander of the police commandos, a Sunni, admits that he does not have control over the force, as power lies with Shiites. Shiites expressed their belief that they should head security in Iraq, due to their previous suffering under Saddam Hussein. In this environment, police reform to resolve this problem could take years.⁹⁵

In one instance, there was a two day battle between U.S.-backed Iraqi troops and radical Shiite militia men in Diwaniyah.⁹⁶ In response to the fighting, Barham Salih, deputy Prime Minister, said that members of the cabinet would be shuffled. He stated, "we will not tolerate people who have one foot in the government and one foot outside," referring to officials with ties to militias.⁹⁷ This sentiment also comes from prominent Shiite clerics, such as the Grand Ayatollah Ali al-Sistani. In a meeting in Najaf, al-Sistani urged Iraqi Prime Minister al-Maliki to make dealing with sectarian militias his top priority. Sistani stated that it has "become necessary to have weapons only in the hands of government forces," and that the government must "rebuild [security] forces on sound, patriotic bases so that their allegiance shall be to the homeland alone."⁹⁸ However, no significant actions were taken on this front by the end of this period under review.

Indicator 11 Summary: Rise of Factionalized Elites

The persistent lack of central authority in the Iraqi government reflects the extent to which sectarian leaders and their factions have gained power. Shiite leaders such as radical cleric Muqtada al-Sadr, Badr Brigade leader Abdul al-Hakim, and Prime Minister Nouri al-Maliki, are each attempting to use the uncertain and unstable nature of Iraqi society to gain more power. U.S. military officials worry that intra-Shia rivalries, in addition to the Sunni and Shia sectarian violence and the Sunni insurgency, will worsen. Neither the U.S. military nor Iraqi security forces have been allowed to disband the militias due to the orders of Prime Minister al-Maliki. In one instance, Iraqi forces and U.S. troops carried out a raid on a Shia militia stronghold that supports Muqtada al-Sadr in Baghdad, but this was criticized by Maliki.⁹⁹ Iraqi President Jalal Talabani said that he was worried about the tensions between al-Sadr's followers and U.S. forces, and called for al-Sadr's militias to disband or integrate into government forces.¹⁰⁰ However, Prime Minister al-Maliki, a Shia, criticized the U.S. raid on the Mahdi army by saying that it undermines his efforts towards national unity and reconciliation as well as violates the rights of Iraqi citizens.¹⁰¹ He promised that such an action will not happen again.¹⁰²

⁹² "Iraqi police are tied to abuses and deaths, U.S. reviews finds," *The New York Times*, 3/9/2006.

⁹³ "Sectarian fighting changes face of conflict for Iraqis," *The Washington Post*, 3/13/2006.

⁹⁴ "Which Iraqi army," *The New York Times*, 9/1/2006

⁹⁵ "U.S. is seeking better balance in Iraqi police," *The New York Times*, 3/6/2006.

⁹⁶ "Iraqi troops battle Shiite militiamen in southern city; 20 U.S.-Backed Soldiers Are Killed" *The Washington Post* 8-29-2006 p. A01

⁹⁷ *Ibid*

⁹⁸ "Top Iraqi Ayatollah urges action to rein in militias," *The Washington Post*, 4/28/2006.

⁹⁹ "U.S., Iraqi raid on Shia militia kills 3; concern grows over tensions with radical groups" *Newsday* 8/8/2006

¹⁰⁰ *Ibid*

¹⁰¹ *Ibid*

¹⁰² *Ibid*

Indicator 12 Summary: Intervention of Other States or External Political Actors

Numerous external political actors are vying for influence in the country. Aside from the U.S. and international humanitarian institutions, Turkey, Iran, Syria and Saudi Arabia are interested in playing a role in Iraq's stabilization and rebuilding.

While the U.S. has gradually handed power over to the new Iraqi government, American officials and troops remain a significant part of the Iraqi political and security scene. Though more than 260,000 Iraqi soldiers are trained and in uniform, and power is being transferred in high-profile ceremonies, these are not accurate measures of force strength.¹⁰³ Many of the areas under the purview of the Iraqi army remain enclaves for ethnic militias, death squads, and local insurgents.¹⁰⁴

In addition, neighboring Iran poses a threat to the independence of the Shiite-dominated Iraqi government. On August 18, 2006, two Shiite parties charged the Iranian government with causing violence in Iraq and with trying to disrupt Iraqi reconstruction, further deepening divisions among the Shiite factions in government. The leader of the Islamic Allegiance Party, Adnan Abouti stated, "all of this violence is because of Shiism in Iran."¹⁰⁵ These accusations of Iranian interference are being directed at the two largest Shiite parties in parliament, the Supreme Council for the Islamic Revolution and the Dawa Party, as other Shiites believe that Tehran provided monetary and military support to Shiite militias to maintain power in Iraq.¹⁰⁶ Most reports, however, argue that the nature of the Iraqi insurgency is primarily homegrown. At a Department of Defense news briefing, Colonel Sean MacFarland, Commander of the 1st Brigade Combat Team, 1st Armored Division, stated "foreign fighters are very few in number, although as far as we can tell, they constitute about 100 % of the suicide bombers."¹⁰⁷ *The Iraq Index*, compiled by the Brookings Institution, estimates the number of foreign fighters in the insurgency as close to 800 while the number of homegrown Iraqi insurgents remains greater than 20,000.¹⁰⁸ According to a Multi-National Force Report issued in April 2006, the capture of 51 combatants of different nationality since September 2005 indicates that Syria has contributed the greatest number of foreign fighters.

Finally, Turkey's interaction with the Kurdish autonomous region in northern Iraq provides another example of external influence. In early August, the Turkish Prime Minister, Recep Tayyip Erdogan, warned Tariq al-Hashemi, the Iraqi Vice-President and a Sunni Arab, that the Iraqi government needed to take sufficient action to curb the efforts of the Kurdistan Workers Party to retain power in region and spark a separatist movement among the Kurdish population in Turkey.¹⁰⁹ The role of these countries remains a concern for both Iraqi leaders and the civilian population.

¹⁰³ "The US view: we can pull out in a year," *The Guardian* 8/31/2006

¹⁰⁴ *ibid*

¹⁰⁵ "Two of Iraq's Shiite parties denounce Iran" *The Washington Post* 8/18/2006

¹⁰⁶ *ibid*

¹⁰⁷ "Iraq Index," *The Brookings Institute*, 10/9/2006

¹⁰⁸ *ibid*

¹⁰⁹ "For an Iraq cut in 3, cast a wary glance at Kurdistan," *The New York Times*, 8/27/2006

Methodological Note

This report is the sixth in a series of progress reports on the war in Iraq launched in March 2003. These reports are based on an analytical methodology, CAST (the Conflict Assessment System Tool), that has been developed and tested since 1996. The objectives of this particular project are to:

- Assess the extent to which Iraq is moving toward sustainable security, a situation in which it can solve its own problems peacefully without an outside military or administrative presence.
- Analyze trend lines in Iraq along 12 top social, economic and political/military indicators of internal instability.
- Evaluate five core institutions, (political leadership, civil service, system of justice, police and military) which are necessary for the state to function.
- Review “stings” – the surprises, triggers, idiosyncrasies, national temperament, and other frequently overlooked factors.
- Present a “before” and “after” portrait, with trend lines, showing progress and regression in specific indicators as well as the aggregate at several intervals over time.
- Make concrete policy recommendations and conclusions.

This study is an objective, nonpartisan assessment, tracking the post-war reconstruction effort in systematic fashion, with updates at approximately six-month intervals. It is important that both the U.S. presence in, and exit from, Iraq be neither premature nor longer than necessary. Only a comprehensive tracking and assessment study can make reasonably reliable judgments of this kind.

This report offers a balanced combination of quantitative data grounded in rigorous qualitative research. This even blend of statistical and descriptive analysis accurately portrays the internal situation in Iraq according to trends across 12 distinct variables, or indicators. Ratings are assigned to each indicator according to a comprehensive assessment of daily news coverage of Iraq. The research team referenced over 150 domestic and international news sources, including Arabic language sources. The data collected is information available to the public through accessible media sources. At the end of each month, a rating (on a scale of 1-10, with 1 being the best and 10 being the worst) is assigned based on the developments of that particular month by indicator. Each month’s rating is assigned relative to the previous month’s ratings.

This report is a comprehensive analysis that examines trends since the start of the U.S.-led invasion in March 2003. It is important to note that these summaries provide a condensed representation of the most significant developments on the ground, as reported by the media, expert, and independent organizations, some of which were on site. Any specific developments omitted are done so because they are judged by the research team to be redundant, outliers, or relatively unimportant with respect to the highlighted events. From this methodology, the internal stability of Iraq is assessed by following trends, both by indicator and aggregate ratings.

This research team was lead by Dr. Pauline H. Baker, president of the FfP and the original author of the methodology. We recognize that the rating system of 1-10 is somewhat subjective. However, in light of the logistical barriers to conducting field research in any conflict environment and/or collapsing state, the potential for bias is reduced by internal checks, extensive citation, the collection of vast amounts of data, and comprehensive discussion. Moreover, the research team maintained consistency in research patterns and sources, accompanied by cross-referencing of any observed inconsistencies. Furthermore, over time, as these reports continue, the numerical ratings define themselves in specific tangible conditions, relative to previous ratings, so that clear trends emerge.