In the wake of the overthrow of Saddam Hussein and his Ba’athist regime, two main tasks have confronted the Americans and Iraqis who now hold power. One is to stabilize the country; the other is to liberalize it economically, politically, and socially. Although the requirements of stabilization have so far overshadowed progress toward liberalization, significant steps have been taken in transitioning from totalitarianism to free market democracy. Much more, however, remains to be accomplished.

This report offers an overview of the problems and possibilities of the transitional period, analyzing the nature of the transition and the players involved and focusing in particular on the process of liberalization.

Both stabilization and liberalization have four major elements: dismantling the old power structures; constructing a new political order; liberalizing the economy; and managing the social and institutional forces that the newfound freedom has unleashed.

If liberalization is to succeed, the coalition and its Iraqi partners must do more to acknowledge and address three factors that together shape the unique character of contemporary Iraq: the legacy of totalitarianism, the political economy of oil rentierism, and the multiethnic and multicultural composition of Iraqi society.

Any effective approach to nation building must be built around all-inclusive participatory mechanisms that give each of Iraq’s constituencies a voice in its future. The CPA’s record has been mixed. It has been more successful in dismantling the structures of the former regime than in replacing them. Its policy of creating a new political order on three levels (local, national, and sovereign) is sound, but these three levels are disconnected.

By establishing the Governing Council (GC) as its Iraqi partner, the CPA effectively gave Shi‘i Islamic leaders a platform from which to press for Islamization and for direct...
A year after the fall of Baghdad, Iraq seems to be slowly moving beyond the chaos and power vacuum that overwhelmed the country in the early days of its invasion by U.S.-led coalition forces. The Coalition Provisional Authority (CPA), thus far the final arbiter of power, and the Interim Iraqi Governing Council (GC), its Iraqi partner, are gradually asserting their authority. With little time left before the CPA's departure, they still face multiple tasks, including the need to dismantle the structures of the old regime, reorganize new power structures, and lay the institutional foundations for market democracy, while meeting the urgent demands and expectations of society at large. The complex and politically volatile transitional process is scheduled to culminate on July 1, 2004, when sovereign power is scheduled to be returned to a more representative and stable democratic system.

The CPA and the GC have faced two major tasks. One is stabilizing the country, a task that involves reducing and ultimately ending political armed violence and sabotage, maintaining law and order, rehabilitating defunct essential services (such as utilities, health, and education), and reconstructing the ministries, agencies, and bureaucracies necessary to administer the country. The other—overlapping yet no less crucial—task is to liberalize the country. Since its establishment on June 1, 2003, the CPA has embarked on a comprehensive plan to liberalize the Iraqi political system by action in four areas:

1. **Elections for Iraq’s next government.** While the GC provides greater opportunities for inclusion than the old regime, the successor interim government taking over on June 30 must avoid dividing Iraq along communal lines.
2. **Efforts to liberalize the economy** have been piecemeal so far. The opportunity exists to transform the nature of the oil industry and in the process turn Iraq into a share-owning (and more equitable) society. Until the future of the oil industry has been decided, however, progress toward overcoming numerous economic problems and creating a prosperous Iraq will be halting.
3. **Iraqis have responded enthusiastically to their newfound freedom to engage in political debate,** creating numerous new organizations and newspapers. So dynamic is the current situation that it is impossible to predict which of the social and institutional forces will survive and how they will develop. Already, though, those forces are polarized among many different lines: pro- versus anti-coalition, Islamist versus secular, federalist versus centralist, liberal versus statist, traditional versus modern, and so on.
4. **The June 30 date for the transfer of authority to an interim Iraqi government** has a great deal of symbolic value and should be honored. Assuming it is, the next step will be the negotiation of the status of coalition forces. Discussions also remain on the nature of the transitional government, the role of the United Nations, and the direction of U.S. policies toward the region.

Introduction
socially have often cited the examples of two other countries that were reshaped while under U.S. occupation: post–World War II Germany and Japan. These examples are indeed useful in some respects, but they can also be misleading if the precedents they offer are followed too slavishly. Simply put, the Iraqi case is unique and demands a unique approach. Three factors above all others have shaped contemporary Iraq:

• First, Iraq has grown accustomed to the features of a totalitarian regime: a command economy, a single party, a single ideology, and hegemonic control by the state over both public and private spaces. (In this regard, postwar Germany—and, for that matter, the former Soviet Union—offers some helpful parallels.)

• Second, Iraq is a rentier state. Oil rent has formed the foundation of the political economy of Iraq’s centralized authoritarianism. It has also shaped the political economy of Iraq’s system of state patronage and its nonrational bureaucracy. (In this respect, of course, neither postwar Germany nor Japan is a relevant example.)

• Third, Iraq is a case of a failed state in a multiethnic and multicultural setting, with social groups structured in modern, traditional, and hybrid forms of social organization. (Again, the cases of both Germany and Japan are not salient, though numerous other examples from throughout the world could be cited.)

This report argues that the current transition process in Iraq, though well crafted in many respects, is flawed insofar as it fails to give due weight to certain nuances embedded in these factors. In particular, the nation-building effort now under way will fail to yield a stable and democratic state unless it is institutionally built around all-inclusive participatory mechanisms that steer clear of communal quota-like distribution and give all Iraqis a voice in their country’s future.

The report begins by briefly chronicling the origins of the CPA and its decision to embark upon far-reaching liberalization. Next, we look in turn at each of the four areas in which efforts are being made to transform the country, exploring in each case the complex web of interrelated elements and factors at play. Finally, the report examines the emerging social forces, focusing by way of conclusion on the dangers of immediately holding direct elections to determine the next Iraqi government, which will oversee the various aspects of the transition, including the drafting of a new permanent constitution.

The Origins and Approach of the CPA

Three weeks before U.S. and British forces launched their invasion of Iraq on March 20, 2003, the Office of Reconstruction and Humanitarian Assistance (ORHA) was formed under General Jay Garner. ORHA was tasked with overseeing humanitarian assistance, reconstruction, and civil administration in postconflict Iraq. In addition to the Americans who staffed ORHA, the Pentagon hired scores of Iraqi academics, writers, and activists to form the Iraqi Reconstruction and Development Council to advise the American administrators.

The political options for postconflict civil administration were not clearly defined by Garner’s team. Hypothetically, four options were available to the United States in Iraq: (1) direct military rule, (2) coalition-run civil administration, (3) Iraqi-run civil administration, and (4) Iraqi interim government. Garner’s team seemed to negotiate a transition from a de facto option 1 to option 4. Two conferences were held, one in Nassiriya on April 15 and one in Baghdad on April 24, to discuss the formation of an interim government that would have included native and exile groups. The meetings were boycotted or opposed by a variety of groups, including the Supreme Council for Islamic Revolution in Iraq (SCIRI), led by the late Muhammad Baqir al-Hakim.

On June 1, ORHA was replaced by the CPA, following the adoption of UN Security Council Resolution 1483 on May 22, 2003, which recognized the United States and the United Kingdom as the occupying forces of Iraq and authorized the coalition to

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administer the occupied territories until a native, legitimate, and representative government could be formed. The new head of the CPA, Paul Bremer, quickly switched tack from option 4 to option 2. His move toward a coalition-run civil administration was prompted by a recognition that the United States had failed to plan adequately for an Iraqi interim government. The United States had already vetoed attempts by Iraqi exile groups in London (December 2002) and in Salahudin, Kurdistan (February 2003), to form an interim government. U.S. military planning had been thorough, but U.S. political planning had been sketchy; ideas had been floated in the Pentagon and the State Department, but no specific plans had been developed. This contrasts sharply with the U.S. experience in Afghanistan, where the United States had complemented the military campaign to oust the Taliban with a simultaneous political process in Bonn to ensure that military success would not lead to a political vacuum.

Upon the fall of Baghdad, Iraq’s old power structures disintegrated. The country was thrown into almost total chaos. Essential services, run centrally by the government, came to a standstill. Looting spared no bank, hospital, government office, or power station. Other forms of violence were also rampant, paralyzing economic and social activities. Street politics soon erupted, involving unpredictable and formidable forces, such as the movement led by the fiery young Shi'i cleric Muqtada al-Sadr, who appeared to be in full control of various strategic areas and regions. In the predominantly Sunni areas, there was much antagonism toward the occupation. The situation seemed to be heading out of control. It grew worse yet when the so-called loyalist and other forces commenced their guerilla attacks on coalition forces, first sporadically, but later in a more systematic fashion, with certain spots in the “Sunni triangle” (north, west, and east of Baghdad along the Euphrates, Tigris, and Diyala River valleys) becoming especially dangerous for coalition troops.

A major prewar miscalculation concerned security. Contrary to predictions, Iraq’s bureaucracy and police disappeared as soon as the political void appeared. The United States had no contingency plans to deal with this unexpected development, no resources for deploying an international constabulary force, no obvious inclination to switch its hard-pressed troops from waging war to waging peace, no Iraqi interim government that could liaise with the local police when the latter expressed willingness to reassemble (although not under foreign control), and no trusted and all-Iraqi homegrown military formations that were ready to serve under an Iraqi flag. Lawlessness, especially criminal and political violence, shook the daily lives of Iraqis and has overshadowed the transitional phase from day one.

With Garner’s plans to transfer power to a combination of exiled and resident leaders failing and public dissatisfaction in Iraq mounting, the CPA was created to prevent the situation from becoming chaotic and to take control of the transition. As the final arbiter of power, the new body was able to fill the power vacuum gradually. Given that stability and a reasonable degree of prosperity are always essential for any degree of liberalization, the CPA’s energies were focused on stabilization.

Fortunately, not all aspects of the current Iraqi situation are unfavorable. For instance, nation building is likely to benefit from the fact that the central government that held together the state’s institutions, command economy, and single-party system has disappeared; Iraq’s old institutional structure has fragmented into bits and pieces that can be reaggregated through negotiations with native forces. Under these circumstances of state formation and nation building, wide-ranging liberalization may be extremely difficult but not impossible.

For the sake of analytical simplicity, this broad-ranging policy of stabilization-liberalization may be seen as having four major elements: dismantling and replacing the old power structures; constructing a new political order; liberalizing the economy; and managing the social and institutional forces that the newfound freedom has unleashed. We now examine each of these elements in turn.
Dismantling the Old Power Structures

Administrator Paul Bremer ushered in his term with a series of edicts (CPA orders 1, 2, and 3) dismantling the structures of state power erected by Saddam Hussein. Bremer abolished the Ba’ath Party, the Ministry of Defense (and thus the regular armed forces and the Republican Guard), the Ministry of the Interior (and thus the police, security services, and border guards), and the special security forces, including the Presidential Guard. He also abolished the Ministry of Information, through which the regime had tightly controlled the flow of political information and communication.

The CPA also embraced the concept of de-Ba’athification, a term inspired by the U.S. experience with de-Nazification in Germany at the end of World War II. Most Iraqi opposition groups pressed for total de-Ba’athification (purging all Ba’ath Party members) as a precondition to liberalization. Surprisingly, the CPA’s approach was ideologically driven rather than pragmatic and betrayed a poor understanding of the nature of the regime and of the structure of the ruling elite. In postwar Germany, the Allies had theoretically targeted all members of the Nazi party, and for that reason, they held German armed forces in captivity, providing for their food and shelter until a vetting process could be completed that sorted Nazis from non-Nazis and identified those guilty of genocide, torture, and crimes against humanity. Numerous Nazi elements were co-opted when they proved to be useful in postwar construction or against the new communist threat. In other words, de-Nazification was a pragmatic process and comprehensive de-Nazification was a myth.

In postwar Iraq, in contrast, party and state functionaries, including the agencies of state violence, simply vanished. Aside from hunting down fifty top leaders, no effort was made to summon civil and military state functionaries to their military bases and offices to check on them before any wholesale purge was commenced on the basis of party rank. Thus the de-Ba’athification process was imperfect and incomplete. Some tribal elements, for example, who had never joined the ruling party were part of Saddam Hussein’s inner circle. Party members of lower rank in the security or intelligence services or in the special security apparatuses stand accused of torture, genocide, and other crimes. If judged by their party rank alone, they would have escaped purging. The Ba’ath Party was an instrument of power, social engineering, indoctrination, suppression, and oppression, but it was also the main, though not the sole, vehicle for social mobility and the best way of securing government employment, scholarships, stipends, and even lucrative contracts. The majority of party affiliates were ordinary citizens who might well have opted not to join a party had they been able to make a living outside the confines of the totalitarian system. Furthermore, the leadership of the Ba’ath Party was not a tiny, isolated elite, but a large social group consisting of members of tribal and clan networks and party functionaries. It is this ruling class in its entirety that the CPA should have targeted, first by isolating it from the rest of the nation through selective measures, and second by seeking to widen the political, tribal, and other fault lines that already existed among the elite.

To be sure, Iraq cannot be democratized unless the Ba’ath Party is disempowered, but the methods employed to achieve the latter should have been selective rather than blunt. Instead, the CPA confiscated party assets and offices, and it purged the upper four tiers of party ranks from government agencies without any examination of individual records to sort the good from the bad. This broad-brush approach may have served the process of de-Ba’athification, but it also alienated much of Iraq’s talented and wealthy technocratic class, who number around 250,000 and who were mostly employed by the government.

The dismantling of all state agencies of violence has been even more problematic. The CPA’s order number 2 dissolved with one stroke all armed formations: the regular armed forces, estimated at 385,000, divided into seven corps, two of which formed the Republican Guard; the entire staff of the Ministry of the Interior, a total of 285,000 people,
inclusive of the police force and domestic security forces; and all the special security units run directly by the president, including the Presidential Special Guard, totaling approximately 50,000 men.

The elimination of all agencies of state violence was not necessarily an unwise move—on the contrary, it may facilitate a speedier and smoother transformation if and when security can be maintained by alternative means. However, the ratio of members of the security and defense forces to members of the population dropped overnight from a prewar average of forty-three per thousand to less than three per thousand, creating a security problem for which the occupation forces were entirely unprepared.

Worse still was the decision to let the Iraqi armed formations that had negotiated their own surrender “go home.” As a consequence, almost the entire arsenal of weaponry and ammunition fell into the hands of defeated regime loyalists and the public. Although the conscripts in the Iraqi military were happy to be demobilized, the remainder—some half million strong—were not; abruptly terminating the livelihoods of these men created a vast pool of humiliated, antagonized, and politicized men. No effort was made to differentiate between members of the security units, who were hated and feared by most Iraqis and were notorious for torturing and killing real and imagined opponents of the state, and members of the highly depoliticized regular army, which did not demonstrate any great readiness to defend the previous regime and expected consideration and respect from the coalition authorities. The sudden dissolution of the regular army triggered mass street protests and stirred a sense of national loss among the public, who showed some sympathy for the army officers. Even Al-Ta’akhi, the Kurdish Democratic Party newspaper, criticized the coalition authorities for depriving the soldiers of their only means of making a living.

The CPA has attempted to correct the situation. A total of 200,000 Iraqi military personnel (up to the rank of colonel) were quickly put on the CPA payroll in the summer of 2003. The CPA took control of the system for selecting, training, and financing a new Iraqi army. The CPA plans to train and equip 40,000 soldiers by the end of 2004 and 120,000 by the end of 2005. The Bush administration has earmarked $2.1 billion for the New Iraqi Army and a similar amount for other security agencies.

The CPA has also made progress in addressing the dearth of police. As of September 2003, around 40,000 former police officers had been recommissioned; so, too, had 5,000 border police (with plans to increase their numbers to 20,000), 6,600 members of the Iraqi Civil Defense Corps (to be increased to 15,000), and 20,000 officers in the Facilities Protection Service, responsible for the protection of public buildings. With these forces in place, the crime level has dropped. Even so, the police are clearly still inadequate to the enormous challenges posed by criminal and, more especially, political violence. This inadequacy is compounded, of course, by the profound shortcomings in the military capacity of the new order in Baghdad. These problems will not be solved swiftly and are sure to be bequeathed to any Iraqi government that takes power from the CPA. Indeed, the problems may worsen, for the GC has been excluded from the process of organizing the new army and recommissioning the police. Any future government will likely also remain in a somewhat weakened position insofar as organizing the military is concerned. Most probably the issue will be part of any negotiations between the coalition and the forthcoming Iraqi government on the “final status” of the coalition forces.

The regional consequences of the weakness of the Iraqi military and of future Iraqi governments are twofold. First, the extra freedoms that Iraqi civil society will enjoy under a weak central government will allow closer contacts to develop between Iraqi groups and foreign movements and institutions, with both negative and positive impacts on the future of democratization and stability. Second, Iraq is militarily fragile and weak compared to its stronger neighbors, Iran and Turkey, a situation which may encourage regional security cooperation—between Iraq and the Gulf Cooperation...
Council, for example. It may also encourage Iraqi governments to seek close military cooperation with the United States.

**Constructing a New Political Order**

Iraq's totalitarian, patrimonial system was an amalgam of a single-family and a single-party system. Three key institutions ran the state machinery: the Ba'ath Party; the Revolutionary Command Council (RCC), which was the highest legislative and judicial power; and the president, who was elected by the party and endorsed by the RCC. This trinity was concentrated in one body since, according to the 1974 constitution, all members of the Ba'ath leadership were members of the RCC, and the leader of the party was also, by definition, the chairman of the RCC and, by extension, the president of the republic.

As a consequence, no meaningful institutional division of power existed. Executive, legislative, and judicial powers were controlled by the president. State agencies were personalized to benefit and serve the leader-president. With the interweaving of tribal and familial networks into the agencies of the party-state, the latter lost much of their rational, impersonal character. This personalization and tribalization of the state explains why it vanished so quickly following the U.S. invasion. An aversion to self-reliance was deeply ingrained in the collective psyche of bureaucrats, technocrats, and military commanders, who had been taught to wait for directives from the “boss-leader-patriarch” and who were thus left with no sense of purpose or direction by his disappearance.

The CPA has sought to construct a new political order on three levels: at the local level, with the selection of new municipal council members and provincial governors; at the national level, by reforming and directly running the former bureaucracy (the ministries and other agencies of the national government); and at the sovereign level, by creating the GC as an embryonic sovereign body. The last has proved to be more independent and less cohesive than the CPA would have wished, as amply demonstrated during the debates on drafting a new constitution.

**Selecting New Municipal Councils and Provincial Governors**

At the local level, the CPA has sought to build democracy from below by reconstituting municipal councils. Local bodies have long been part of Iraq's political tradition, and the Ba'athist regime was careful to exploit the tradition, handpicking the members of municipal authorities and tightly controlling their activities. After the overthrow of Saddam Hussein's regime, regional military commanders of the coalition forces formed new councils to fill the void and to encourage grassroots democracy and self-administration. In each province, the coalition commanders invited various local figures who were not tainted by Ba'athist connections to form a collegiate body from which they would select a new provincial council. The kinds of people approached by the coalition commanders have included tribal chieftains, prominent professionals, social activists, and others. In multiethnic and multicultural provinces such as Mosul and Kirkuk, the CPA has sought to include members of all ethnic and religious groups on the councils. The councils have thus far had no connection with the bodies of central authority and in this sense are freer than they were under the old regime. This freedom, however, does not in itself give them the ability to govern locally. They lack the resources, manpower, and wherewithal to function properly, but they may well contribute to spreading democracy from below once nationwide normalcy is attained. Nonetheless, their future status is yet to be defined.

Meanwhile, coalition commanders have selected individuals to serve as governors in various provinces. This process has proved considerably more contentious than the selection of the provincial councils, and the public has challenged the coalition authorities' choices for numerous governors. Local residents have either rejected the reinstatement of former Ba'ath officials, sought to appoint individuals whom they judge more suitable, or
simply boycotted a process that they consider illegitimate because it was initiated by foreigners. Several governorates have changed hands more than once.

**Tackling the Central Government Bureaucracy**

Between April and September 2003, all state agencies fell under the jurisdiction and direct control of the CPA. As noted above, three institutions—the Ministries of Defense, Interior, and Information—were summarily abolished in June 2003. Shortly thereafter, the CPA created new agencies to attend to issues such as human rights, the environment, and women’s affairs, thereby demonstrating support for the modernization of Iraq’s government and society.

From the outset, the CPA faced an uphill battle. Most government offices had already been ransacked and, in some cases, reduced to ashes, and most civil servants stayed home and waited to see how the situation evolved. Direct CPA control of the ministries created a sense of disempowerment among Iraqis. Such sentiments surfaced among state employees as well as among the burgeoning exile and native political class that cooperated with the CPA. When the CPA then failed to quickly restore utilities, Iraqi bitterness and anger intensified and political misgivings about occupation authority grew. The first exception to this depressing picture was the educational system. Upon the initiative of the CPA, schools and universities began to reform the curricula, elect deans, and restore order. The Justice Department and the judicial system swiftly followed on the path of reform. Despite these impressive achievements, power shortages and increasing attacks throughout the past year have led many Iraqis to view the CPA’s record as a failure.

The average Iraqi, who relied on the essential services provided by the central government, was expecting the United States to work wonders in this regard. The Iraqi public could not believe that the United States was “incapable” of providing generators overnight to sustain power supplies. U.S. commanders and CPA functionaries, meanwhile, wondered why Iraqis were so passive, waiting for somebody else to make things work for them. Perhaps totalitarian cultural norms have never conflicted with liberal perspectives as strongly as in postconflict Iraq.

**Shaping the Governing Council**

The third and highest level at which the CPA has sought to construct a new political order is the sovereign level. With the establishment on July 13, 2003, of the twenty-five-seat Governing Council (Majlis al-Hukm), the CPA began to share power with Iraqis, albeit in a controlled and calculated manner.

The CPA’s decision to allow the GC to form at this stage was a response to strong demands by the newly emerging political class and the public at large for the formation of an Iraqi government, signaling a resurgence of Iraqi nationalism. A demand for the retrieval of Iraqi sovereignty (or more moderately put, for ending the transitional phase) was a recurrent theme in the editorials of the Iraqi press and on the banners of demonstrators during June and early July 2003. The worsening security situation strengthened these demands, as it signified in the eyes of the public the CPA’s failure to provide either security or essential services.

The GC was to share power with the CPA and play an essential role in establishing the foundations of the future political order, such as drafting an interim constitution or running the bureaucracy. The GC was to be more than an advisory body but less than a government. The CPA was to retain unwritten veto power. The CPA was not, however, able simply to handpick all members of the GC. Rather, the council’s formation was the result of arduous negotiations involving Iraqi groups (both exiled and in-country) and the United Nations. The list of candidates changed several times as a result of vetoes cast by Iraqis and coalition officials. The final composition of the GC included top leaders of influential Kurdish and Islamic (both...
Shi'i and Sunni) parties, some liberal figures, a handful of notables from the diaspora friendly to the United States and the United Kingdom, and native technocrats. Throughout lengthy negotiations and compromises (in June and July), the CPA helped structure the GC according to a preconceived trinity of Kurds, Shi'is, and Sunnis. As the negotiations proceeded, the GC and some Iraqi partners envisaged the structure of the GC along three basic principles of representation—ethnicity (Kurds, Turkmen, and Arabs), communal quotas (Shi'is and Sunnis), and religious identity (Muslims and Christians). In the process of selection, however, a fourth and important issue, namely exile versus native, was discovered, and a balance between these two groups was also sought.

The trinity of Shi'is-Sunnis-Kurds was, however, the basic notion underlying the composition of the GC. It coincides more or less with the oversimplified conception of Iraqi society as consisting of three neatly cut blocs of fixed communal and ethnic identities. Ethnic identities are a feature of modern multiethnic nation-states; communalism is not. Neither Shi'is nor Sunnis form a monolithic bloc imbued with a sectarian sense of unity of action and perception. Sunnis and Shi'is are divided into modern classes (business class, middle class, peasants, landlords, and others) and traditional status groups (nobles, clerics, tribal chieftains, and others), with sundry ideological and hierarchical (familial or tribal) fracture lines dividing these imagined sectarian “communities.”

The principles followed in the formation of the GC derive from a desire to be all-inclusive, and the breadth of participation in the actual process of the GC’s formation was impressive when compared with the old regime’s disregard for inclusivity. However, from the standpoint of future stability, this participatory approach requires refinement. Indeed, throughout the twentieth century in Iraq, the processes by which diverse ethnic, religious, and social groups (both traditional and modern) have been represented and included in nation-building mechanisms have been flawed, despite the fact that representation and inclusion are the very essence of nation building. Under the monarchy (1921–58), nation-building mechanisms were implemented under an archaic system that served traditional classes (landlords) but disenfranchised modern middle and working classes. The republican regimes (1958–68), in contrast, improved representation of the modern middle class but disturbed nation-building mechanisms. The Ba’ath regime (1968–2003) destroyed both the monarchical and the republican systems. Now it is time to correct these errors.

Representation, as argued below, should be expanded beyond criteria related to ethnicity, religion, sect, and diaspora/native identities to include and balance ideological, provincial, and modern/traditional perspectives as well. In addition, the province should be used as the unit of representation. Using demarcated constituencies would avoid perceptions of communal distribution of power and help foster an all-inclusive sense of Iraqi-ness as well as individualism (one person, one vote when it comes to elections).

Members of Iraq’s burgeoning political class, as well as external observers, have voiced fears that the potential exists to create a Lebanese-style system of political-institutional communalism, whereby sectarian, ethnic, and religious divisions might become artificially entrenched. Such a division of power might improve representation and pacify some Islamic groups in the short run but might also disturb other Islamic groups and create a perpetual source of political tension in the long run. Communalization of the political order has another potential hazard, as empowering radical Islamism may well overshadow the prospects for moderate secularism. Although communalism was a government policy under the former regime, it has never enjoyed widespread support among the Iraqi people, who are accustomed to Shi’is and Sunnis living peacefully together and even intermarrying.

It is important to draw lessons from domestic reactions to the formation of the GC, which were mostly negative and in some cases fiercely hostile. This negativity reflected a rejection of the CPA’s apparent assumptions about intercommunal conflict. Fearful predictions of intercommunal violence in postconflict Iraq have not been fulfilled, although communal perceptions and ideologies have begun to surface on both sides of the

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The destruction under the Ba’ath regime of national, all-inclusive spaces and institutions enhanced the strength of local identity and allowed local social organizations to cut across communities and ethnicities. In such spaces, various traditional social groups exist and subscribe to local solidarities (tribe, city, neighborhood, or family). Further, the modern, mostly salaried middle classes are imbued with Iraqi nationalism and secular modernity that may effectively oppose communalism.

Most critics in the Iraqi press and Friday sermons (the most informative source of public opinion thus far) condemned the sectarian-ethnic quota distribution of power within the GC. Criticism was directed against the narrow base of the council, which excluded ideological forces such as the monarchists and Arab nationalists, as well as representatives of certain provinces (see table 1). The lack of broad consultation over the predominance of diaspora politicians in the GC was also challenged.

In sociological analyses of the GC structure, only four factors—religion, communal affiliation, ethnicity, and diaspora/native identities—were taken into consideration by the CPA and its Iraqi partners. However, three additional factors—traditional/modern affiliation, ideological orientation, and provincial/national representation—clearly warranted consideration. This multilayered participatory mechanism is crucial for the creation of a more durable, stable, secular, all-inclusive, pan-national political order. After June 30.

**Debating the Drafting of the Constitution**

When the CPA was first formed, its plans for political transition gave precedence to the preparation and approval of a new constitution for Iraq. The CPA intended to set up two
bodies—a political advisory council of twenty to thirty members and a constitutional council of two hundred or two hundred fifty members to draft a constitution and prepare for a constitutional assembly or referendum. The two councils would be under the guidance of and answer to the CPA. Opposition to the “advisory” nature of the proposed bodies, however, compelled the CPA to change its plans by creating the GC and putting it in charge of the constitutional process.

But the GC, like the country at large, was already divided on procedures, not to mention the content of the forthcoming constitution. On June 28, 2003, the now well-known Shi‘i Muslim cleric Grand Ayatollah Ali al-Sistani issued a fatwa in which he declared that the “CPA does not have any authority to appoint members of a drafting committee.” Sistani further insisted that general elections would be the only legitimate means of establishing the makeup of the drafting committee. His edict was prompted by at least five factors. First, Sistani was mirroring Iraqi bitterness at UN Resolution 1483, which recognized the United States and the United Kingdom as occupying forces. Second, Baghdad was overwhelmed by rumors that Americans and some of their diaspora allies with Israeli connections were to write the constitution. The appointment of the U.S. scholar Noah Feldman as a CPA legal advisor intensified such rumors, because Feldman was reported in the U.S. media to be an Orthodox Jew. Sistani felt that such moves were threatening Iraq’s ties to Islam. Third, Sistani desperately needed to undercut the accusation leveled against him by the Sadr faction that he was part of the “silent Hawza” (i.e., the quietist religious authority), a derogatory and insulting accusation given that a silent cleric is considered blasphemous, corrupt, and antireligious. Fourth, previous positions taken by Sistani—in particular, his denunciation of violence and opposition to the creation of an Islamic state à la Iran—had been cited by his adversaries as evidence of his support for the U.S. occupation. Previously, his only defense to such charges had been to meet with UN envoys but to rebuff politely requests to receive CPA officials. Now, he had the chance to assert his independence much more boldly. Last, Sistani is a conservative cleric who is also motivated by deep concern and misgivings about the meaning of secularism; he, like many clerics, cherishes Islam as a body of laws.

Paradoxically, Sistani, renowned for his apolitical attitude, was politicized by the very demands and pressures put on him directly by the United Nations and indirectly by the CPA. His rise as a political player marginalized (at least temporarily) the radical group of Muqtada al-Sadr but strengthened other Shi‘i Islamic groups (SCIRI, the Da‘wa, and others). Involving the informal institution of religious authority in the political process, in the person of Sistani, has largely benefited the Shi‘i bloc by focusing CPA and GC attention on Shi‘i priorities.

By the time the Constitutional Preparatory Committee—appointed by the GC to study the most acceptable, scientific, practical, logical, and fair manner of writing Iraq’s new constitution—issued its report on October 1, 2003, the debate over the proper way to choose the drafters of the constitution had reached a stalemate. Sistani, under pressure from Shi‘i Islamic groups that hoped to win a decisive majority in early elections and take control of the transition process, remained in favor of general elections to determine who would draft a new constitution. Kurdish and other representatives supported appointing rather than electing drafters. A third opinion also emerged in the debate, seeking to avoid polarization between the previous two choices by recommending selection of provincial caucuses that would then elect drafters. The Constitutional Preparatory Committee declined to recommend one or another of the three options, leaving the difficult decision to the GC.

The CPA and the U.S. administration were increasing their pressure on the GC to draft a constitution relatively quickly. But the CPA itself was also coming under growing pressure both from the GC, which sought to defend its standing, and, more importantly, from the administration in Washington, which feared the impact of mounting U.S. casualties in the runup to U.S. presidential elections and which was under pressure from France, Paradoxically, Sistani, renowned for his apolitical attitude, was politicized by the very demands and pressures put on him directly by the United Nations and indirectly by the CPA.
Germany, and Russia to set in train a speedy transfer of sovereignty to the Iraqis. The CPA responded by once again changing its policy on the course of the transition—henceforth, the transfer of sovereignty to the Iraqis was to precede, rather than follow, the drafting of a constitution.

In November 2003, the CPA and the GC, under the chairmanship of Jalal Talibani, signed the Transfer of Sovereignty Agreement. The agreement added only one major new element to the transition in that it fixed a specific date, June 30, 2004, for the transfer of sovereignty to Iraq. Other elements of the agreement—for instance, the creation of a constituent assembly to be selected through provincial caucuses, the drafting of an interim constitution and thereafter a move forward to general elections—were continuations of the old plan.

The polarization over constitutional arrangements has now split the GC and set its Shi'i and Sunni liberals, Kurds, leftists, and Sunni Islamists against Shi'i Islamist groups and personalities, moderate or otherwise. Beginning in January 2004, the Shi'i liberal Iraqi National Congress (INC), led by Ahmad Chalabi, has gradually tilted to the Shi'i Islamic bloc, perhaps in an attempt to broaden Chalabi's constituency.

Political polarization in the country took yet another turn in the past year. After April 9, 2003, polarization shifted gradually from opposing or supporting the Ba'ath regime to that of engaging or opposing the occupation authority. A mainstream current of peaceful engagement and institutional politics emerged, although it has been largely ignored in news accounts, which have focused on the growing violence in early 2004. This broad current is now polarizing along new lines: secular versus Islamic, centralist versus federal, and traditional versus modern (of which gender issues form a part).

Liberalizing the Economy

The United States views the reformation of Iraq through a liberal lens, positing that a liberal political order cannot be built in the absence of a market economy. Building such an economy requires dismantling the former regime's command economy, privatizing government-owned industries, deregulating the financial sector and prices, enacting trade liberalization, providing incentives for foreign investment, and reforming the labor market, among other things. At present, however, liberalization has proceeded unevenly, with significant strides in some directions but little or no movement toward other goals.

On the positive side, the CPA and the GC have issued decrees opening the market for foreign investments and allowing unrestricted foreign ownership in every economic sector other than natural resources (oil, gas, and minerals). The private banking system has also received a boost. On the negative side, state-owned industrial complexes, although already obsolete and outdated, have yet to be privatized. Given the political difficulties facing the constitutional and transitional processes, the CPA decided to avoid privatization and to confine its plans to institutional reform.

The future of the all-important oil sector has yet to be determined. The power of oil is both economic and political. Economically, oil is an asset in financing development; politically, it is a tool of authoritarianism, state patronage, and the personalization of state institutions. Indeed, oil rentierism (conceptualized by social scientists as the condition of a state's financial autonomy from society—i.e., from power relations of social wealth or taxation) was one of the defining characteristics of the former regime's political behavior.

On the economic side, oil revenues are still far from meeting the costs involved in running the government and social services. Sabotage and poor maintenance of oil installations have impeded oil production, which was only 2.1 million barrels per day in November 2003. By March and April 2004, production had increased to 2.4 million barrels per day and was approaching prewar production levels, but even so it was still wholly inadequate to Iraq's needs.
On the political side, no decision has been made as to which path to follow in reshaping Iraq’s nationalized oil industry. The leading options include full-blown privatization (which seems impossible, given the legacy of oil nationalization); the “Alaska solution,” which proposes the distribution of oil wealth and some revenues among the Iraqi people, who would thus become shareholders in oil wealth; and putting the allocation of oil revenues under the jurisdiction of the legislature, rather than the executive, in order to curb the authoritarian tendencies arising from the financial autonomy that oil revenues usually give to governments. Currently, none of these options seems to be on the table. Following the scheduled transfer of sovereignty on June 30, 2004, however, they may well be raised again. Reprivatizing the oil industry may invoke “oil nationalism” and prove politically disastrous. Some variant of the Alaska solution is the most attractive of these options, for it would transform Iraq from a society in which the government buys loyalty by distributing benefits into a shareholding society that finances its government (through taxes on shareholder revenue) and holds it accountable. As shareholders, Iraqis of different ethnicities, sects, and religions could have equal shares in their country’s resources; the central government and Kurdish local governments could also share the taxes generated by such an arrangement. This option would appeal to a vast section of the approximately 60 percent of the population who are unemployed, luring them away from radical Islamic groups and their webs of patronage.

With the possible exception of Venezuela, democracy has not evolved in an oil rentier state. The Alaska option would expand economic participation and offer a stronger basis for democratization. As the examples of postwar Germany and Japan have shown, expanded economic participation is an important precondition for stable democratization. In Japan, General MacArthur effected the distribution of land; in Germany, the Marshall Plan helped the nation recover.

Uncertainty over the future of the oil industry is not the only problem with the liberalization scheme. A second problem is the sheer cost of reconstruction of the country’s infrastructure, estimated at somewhere between $150 and $170 billion. A third difficulty is the weakness of the Iraqi entrepreneurial classes. Most of the country’s twenty-four thousand industrialists, bankers, merchants, and contractors relied heavily on government contracts, which they acquired through kinship and party networks. Native industrial, banking, and commercial capital is very limited and is dwarfed by the size of governmental capital and fixed assets.

A fourth problem is Iraq’s notorious indebtedness, the magnitude of which was previously a mystery because Hussein’s regime failed to report its debt statistics to the World Bank. Since the fall of Hussein’s regime, however, the former deputy governor of the central bank has reported the debt to be $130 billion, a figure that excludes debts owed to the Gulf States, which were treated as “grants” or “contributions.” With these debts included, Iraq’s aggregate debt totals $170 billion, a staggering figure, especially when compared with Iraq’s projected annual oil revenue of a mere $6 billion, which will hardly cover the cost of servicing the debt. The Madrid and Paris Conferences in the summer and fall of 2003 made some progress in reducing and rescheduling Iraq’s debt and raising some $33 billion in contributions for Iraq’s reconstruction. Former U.S. secretary of state and of the treasury James Baker, who is in charge of Iraq’s debt dossier, has thus far conducted successful negotiations to write off some half of Iraq’s debts.

Iraq’s indebtedness may well jeopardize hopes of creating a much-needed system of social safety nets. It will also reduce the ability of the authorities to run essential services, such as utilities, education, and health care, and to provide the usual public goods—security and public works. These services are part of the unwritten social contract of authoritarian regimes across the Middle East, and even though the Ba’athist regime has now been destroyed, the Iraqi people still expect the government to run a broad range of services.

The future of the democratic development of Iraq will largely depend on how the problem of oil rentierism and liberalization in general is tackled. The bottom line is that thorough

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liberalization—gradual and underpinned by social safety nets—and the expansion of economic participation are indispensable for establishing solid foundations for democracy.

Managing New Social and Institutional Forces

When the Ba’ath regime of Saddam Hussein was destroyed, so too was the myth that the Ba’athists had built a monolithic, homogenized Iraqi society. A plethora of social, institutional, economic, and cultural forces, hitherto dormant, emerged in full force to compete with already active political and social forces, both within the diaspora and within Iraq. By July 2003, more than 140 groups had emerged to press for action of some kind regarding culture, ethnicity, gender, education, human rights, and countless other issues of national or local significance. By the same date, more than 170 daily, weekly, biweekly, and bimonthly newspapers, magazines, and journals had appeared, as Iraqis seized the opportunity presented by the end of the state monopoly on information. Clearly, many Iraqis were celebrating their newfound freedom, vigorously expressing concerns and expectations that decades of totalitarian control had evidently failed to destroy. Iraqi society is renowned for its passion for debate, for new ideas, and for new ways of living. While Ba’athist rule may have silenced public discussion, it could not eliminate the ideological fracture lines, old and new, that remained hidden just beneath the surface and came into full view with the fall of the Ba’ath regime.

Iraq’s newly emancipated society is in the process of formation, with old and new elements variously coexisting, interacting, fusing, or warily keeping their distance. This dynamic environment defies efforts to identify and define the trends and groups that will have the greatest impact on Iraq in the coming months and years. It is possible, however, to highlight several notable features of the many actors who have taken the public stage, using Iraq’s new freedom to voice their concerns:

- The reappearance of almost all political-ideological trends that have existed in Iraq since 1921. Active groups include liberal monarchists, old liberal organizations, parties embedded in the politics of notable Baghdadi houses, Qassimites and Nasserites, as well as pan-Arabists, Kurdish nationalists, Marxists, and Islamists.

- A growth in ethnicity-based politics. Turkmen and the Assyrians have followed the example of the Kurds and formed their own movements.

- The appearance—albeit in embryonic form—of numerous new civil society groups and associations, including women’s organizations.

- The formation of pan-Iraqi tribal associations and leagues. This development testifies to the enduring strength of tribal affiliations, which were rejuvenated in the 1990s with the support of the former regime.

- The resurgence of faith-based movements and institutions. On the Shi’i side, these include the informal institution of Shi’i marja’ism, centered around Grand Ayatollah Ali al-Sistani, and the Hawza movement, led by the young cleric Muqtada al-Sadr. On the Sunni side, various Salafi (conservative Sunni) societies and associations of ulama (doctors of religion) have re-emerged.

These forces form the fabric of civil society in the making. They generally constitute the mainstream of peaceful politics. Beyond that, there has been a growth of clandestine armed groups, some of them formed by remnants of the defeated regime’s party and security forces, some by clans loyal to the deposed president, and some by members of native or imported violent Salafi organizations.

As a result of decades of clandestine activity and the absence of institutional politics, almost all of these groups are inexperienced in the arts of consensus building, compromise, and conflict resolution, and few groups have shown an ability to build an agenda of achievable goals. Similarly, the absence under the former regime of national political
space for debate and dissent led many groups to rely on local, particularistic networks of support and to embrace a distinctly localized perspective and agenda. Such parochialism may gradually disappear once nationwide institutions are able to function.

**Polarized Agendas**

Opinions and agendas among these groups and forces are polarized along several lines, most significantly in their attitudes toward the coalition forces. The mainstream of peaceful, institutional politics is being attacked on both flanks by groups loyal to the ancient regime and by violent fundamentalists. Former Saddam loyalists have sought to entice a third force to join a violent anticoalition crusade. This force, relatively strong among Shi’is, is the Muqtada al-Sadr movement, which engages in oppositional street demonstrations and mass politics. Until recently, the Sadr camp kept its distance both from the loyalist and Salafi groups and from their violent tactics.

However, these violent groups have marginal public support; neither the call for a return of the Ba’ath regime nor demands for the establishment of a Taliban-style polity resonate strongly among society at large. Mainstream opinion favors peaceful, mostly institutional politics. This is not to say, however, that the mainstream is homogeneous or tranquil. On the contrary, it contains a conflictual space in which secularism competes with Islamism, centralism with federalism, traditional patriarchy with the emancipation of women, and liberalism with statism. Following the constitutional debate last summer and the controversy over the scheduling of elections early this year, a new polarization has also appeared, separating most Shi’i Islamists from almost all other forces.

At the heart of this new polarization is the fear or the hope (depending on one’s position) that the demographic supremacy of the Shi’i community will allow Shi’i Islamists to triumph in elections and establish a central, antisecular, conservative system based on the democratic principle of majority rule. The Shi’i Islamists are conscious of the gap between their current limited representation in the GC and their growing influence among the Shi’i communities—particularly since the assassination in August 2003 of Ayatollah Muhammad Baqr al-Hakim, leader of SCIRI. If the Shi’i Islamists were earlier motivated to cling to Sistani’s fatwa from fear of a foreign-imposed constitution, their embrace of general elections is now driven by their confidence in scoring a sweeping electoral victory.

The unity of disparate Shi’i Islamic parties—including the Da’wa, SCIRI, and Mithaq al-Shi’a of Muwafaq al-Ruba’i—stems from respect for the person of Sistani more than from a desire to act as one bloc. These parties also wish to enhance Sistani’s position in order to counterbalance the Sadr camp and to keep Sistani as an asset for possible conflicts with the CPA and any forthcoming provisional government.

Iranian support for early elections in Iraq should also be noted. An Islamic victory in Iraq would, presumably, weaken U.S. influence and enhance Iran’s position in the region. While most Shi’i Islamists are not inclined to subscribe to an Iranian model of rule by clerics, most do support giving the clergy greater political power and introducing some form of Islamization of Iraq’s polity and society. These forces command not only potent religious-communal symbolic capital but also a large, well-disciplined, and militant army of supporters organized in a Leninist-type centralized movement. The secular, liberal camp, too, has substantial resources, but it is fragmented. One of the lessons drawn from the Iranian upheaval in 1979 is that both the liberals and the left unwittingly supported the “Islamic” Khomeini camp and, by dint of their disunity, fell victim to it.

In Iraq, in contrast, Islamism is divided along ethnic and communal fault lines and Shi’i Islamism is also structured along family-city elite lines. There is no shortage of moderate Islamic groups and moderate secular and liberal forces in the GC and outside of it. The development of such a moderate-liberal bloc that involves liberals, leftists, moderate...
Islamic personalities and groups, women, ethnic groups, and others is another safeguard against any attempts to copy the Iranian Islamic model.

The Future of the Transition

In January 2004, Shi'i Islamist parties and groups took to the streets in massive demonstrations of support for early elections to derail the November 2003 agreement between the coalition, the GC, and the United Nations that set the date of June 30, 2004, for the transfer of sovereignty to Iraqi hands. Their ambition was, and still is, to be at the helm during the transition to control the writing of the constitution and the reorganization of the army, among other things. If these groups were to take power through elections before June 30, the scheduled transfer of sovereignty would, in effect, empower Islamists. Fear of such monopolistic control by one bloc is what unites the varied groups in the Constitutional Preparatory Committee that voted in September 2003 against direct elections. Opponents of direct elections can take some comfort from the fact that Sistani’s position favoring early elections was flexible; although he endorsed direct elections as a matter of principle, he agreed to abide by the UN finding that early elections would be technically impossible. The Shi'i Islamist groups have largely followed Sistani’s lead.

Those interested in seeing the emergence of a stable, liberal Iraq have good reason to oppose direct elections at this stage of the transition. Direct elections should be the end product of the democratization process rather than the opening phase. Like many other economically devastated societies in the immediate aftermath of conflict, Iraq is plagued with violence, awash in arms, and lacking a mature political class with experience in conflict resolution and consensus building. Given the existence of warlords and party militias, direct elections now would hardly reflect rational, free choices. Furthermore, as the UN experts who visited Baghdad confirmed, the country needs many months to compile an accurate electoral register and to fashion electoral laws that would permit a free and fair election.

The composition of the constituent assembly that will emerge in any general elections scheduled for early 2005 is anyone’s guess. One thing, however, is certain: it will not look like the incumbent GC. A one-person, one-vote electoral system would, of course, create a majority of Shi'i deputies in any national assembly. But a Shi'i majority is one thing, and a Shi'i Islamic majority is another. The first is a constant demographic reality; the second is a variable political choice. In demographic terms, there will also be two powerful minority blocs, one representing the various parties of Kurdish regions, the other representing the groups and parties in the Sunni Arab regions. How the ideological-political representation will look is difficult to predict. The Kurdish nationalist parties are likely to fare well, as will Sunni, Kurdish, and Arab Islamic groups. Liberals and leftists could have the weakest representation in a national assembly.

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tion taken by the fundamentalist-familial faction of the Shi'i Muslim cleric Muqtada al-Sadr. Sadr has sought to retrieve his family’s clerical and social power in a world of Shi'i clericalism that recognizes no hereditary power. (Clerics must meet several conditions, including seniority, theological excellence, and recognition by clerical dignitaries of this acquired status, to become “ayatollahs,” or supreme religious authorities. Sadr has met none of these conditions.) He has split the Sadr family (his uncles are against him); he has antagonized the clerical class, above all the Sistani institution; and he has opposed all other Shi'i Islamic groups. He was overshadowed by the colossal rise of Sistani during the constitutional debate and tried hard to stage a violent comeback. During early 2004, he activated a campaign that involved attacking private homes, destroying satellite dishes, seeking to impose an “Islamic” code of dress and conduct, and organizing ad hoc Shi'a courts that arbitrarily condemned private citizens.

Encouraged by Iranian backing and money, Sadr shifted from familial to fundamentalist politics in line with Iranian plans to create a broad Islamic coalition extending from Lebanon to the West Bank and Iraq. His Iranian connections turned his group from a local social movement in search of family-clerical prominence into a dangerous and violent fundamentalist fringe group. The Iranian guide Ayatollah Khamanei, called Sadr the “Nasra Allah of Iraq,” a reference to the leader of the Lebanese Hizbullah.

The confrontation between coalition authorities and supporters of Sadr that exploded in April 2004 had been festering since May 2003. The drastic measures taken by the CPA (and endorsed by the GC) to close Sadr’s weekly newspaper, arrest his aide, and issue a warrant for Sadr’s arrest in connection with the murder of the Shi'i cleric Majeed al-Khoei (killed April 10, 2003, in Najaf) triggered the violent response from the Mahdi Army, the militia considered to be Sadr’s personal army, and others. Continuing violence on the part of both the coalition and the militias is likely to further polarize the population as the transfer date approaches.

**Recommendations**

In addition to the security measures that must continue to be implemented, many social, political, and economic initiatives must be undertaken to ensure future stability in Iraq. The following considerations should be remembered.

- A firm stand toward the violent fringe currents on both sides of the communal divide, while necessary, should not overshadow the need to broaden participation in local and sovereign power structures. In the post-June 30 interim government, much broader political and regional representation is essential to enhance the legitimacy and stability of the new governing body.

- The June 30 transfer date has been imbued with a great deal of symbolic value for Iraqis and coalition members alike, and commitment to this deadline should be honored.

- Assuming the transfer of sovereignty occurs as scheduled, the next step will undoubtedly be the negotiation of the final status of coalition forces. As the CPA will remain a de facto body in charge of defense and security, a joint coalition-Iraqi security and defense body should be organized at the highest level. Furthermore, as the transition week from the end of June to the beginning of July 2004 may well be marked by the largest anticoalition campaign yet, the CPA should not take security initiatives independently from the Iraqi governing body.

- Politically, a centrist-moderate current has been developing and provides a potential counterbalance to fundamentalist Islamic radicals. All liberals, social democrats (former leftists), moderate Muslim figures, moderate tribal forces (thus far, fourteen such groups have emerged), and other groups can and must coordinate to form an alternative to the radical Islamic bloc.
• Socially, civil society groups, foremost among them women's organizations and the "syndicates" (middle-class professional associations), are a reservoir of civility, pan-Iraqism (as distinct from communal discourses), moderate secularism, and centrist tendencies that may enhance democratic transformation. These should be encouraged.

• Finally, the institutional foundations of viable democracy in Iraq, as they are built and consolidated over the medium and long term, will require economic reconstruction to provide employment and expand economic participation. Economic reconstruction should include the dismantling of the command economy and measures to curb the antidemocratic effects of oil rentierism. The Alaska solution provides an apt model for the distribution of oil revenues directly to the people. An Iraqi version should be on the agenda for discussion by the new Iraqi government.
Of Related Interest

In the fall of 2003 the United States Institute of Peace was tasked by Congress to assist peacebuilding initiatives under way in Iraq. Its work in this area complements its long-standing interest in subjects such as international military intervention and postconflict reconstruction. Recent publications that address these issues include the following.

Recent Reports

- Managing Iraq’s Oil Revenues (Newsbyte, February 20, 2004)
- Iraq’s Middle Class Is the Key to Unity (Newsbyte, December 23, 2003)
- The Role of Religion in Iraqi Politics (Newsbyte, December 23, 2003)
- Global Terrorism after the Iraq War (Special Report 111, October 2003)
- Islamist Politics in Iraq after Saddam Hussein, by Graham E. Fuller (Special Report 108, August 2003)
- Prospects for Iraqi Economic and Political Reconstruction Are Better than Anticipated (Newsbyte, August 6, 2003)
- The Road Ahead: Lessons in Nation Building from Japan, Germany, and Afghanistan for Postwar Iraq, by Ray Salvatore Jennings (Peaceworks 49, May 2003)
- Establishing the Rule of Law in Iraq (Special Report 104, April 2003)

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