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Options for Iraq:

The Almost Good, the Bad, and the Ugly

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3rd Working Draft for Outside Comment,

Revised: October 18, 2006

EXECUTIVE SUMMARY

Iraq is already in a state of serious civil war, and current efforts at political compromise and improving security at best are buying time. There is a critical risk that Iraq will drift into a major civil conflict over the coming months, see its present government fail, and/or divide or separate in some form.

The US cannot simply “stay the course,” and rely on its existing actions and strategy. It needs new options to reverse the drift towards a major civil war and political failure. There are no truly good options that can guarantee success and there are many bad ones. This paper suggests that the US should avoid unilateral options and seek to negotiate new incentives with the Iraqi government and its allies.

Some variant of the following options seems particularly likely to encourage progress and Iraqi success:

- ***Conciliation Conferences - Iraqi Factions***

As has been discussed earlier, the US has already conducted proactive diplomacy at the embassy level and at the level of the President and the Secretary of State. It continues to do, and the effects are constructive. Having the Iraqi government call a conciliation conference is an "almost good" idea, not because the idea is not a good one, but because calling a conference that fails could make things even worse, and it is far from clear Iraqi's factions are ready to seriously compromise.

The US needs to find the proper balance in helping Iraqis move forward to this point, and then providing visible aid and support without visibly appearing to interfere and dictate. The US ambassador and embassy team have already shown considerable skill in achieving such goals. It is clear that the US can play a major role in any Iraqi initiated conciliation efforts by offering aid, the promise of continued support, and aid and support designed to assure given factions that they will be protected, receive support in economic and oil development, and outside efforts will seek to protect their rights and security and aid in the effort to create Iraqi security forces that protect them.

However, the Iraqi government should not only appear to take the lead, it must be ready to take the lead and act with a reasonable hope of success. For all of the reasons discussed shortly in the "encourage federation" option, there should be no forced deadlines or overt US pressures that make success less likely. The US needs to act in the background, and might well do best by letting Britain take a more visible and active lead for the Coalition, and seeking a solid UN representation. Above all, the US should avoid any repetition of the Camp David case where failure leads it to visibly blame any side or appear to give up. It may well take repeated efforts and repeated failures to succeed.

- ***Conciliation Conference - Outside Powers***

As has also been mentioned earlier, bringing neighboring and "interested" powers together is a good idea. There are times, however, where the US should not take the lead, and any such conference must also have strong Iraqi government representation where it is clear that all major Iraqi factions are present and active.

A forum is needed where the UN can take the lead or some regional power, like Saudi Arabia, that can bring together all of the interested powers, including Iran, Syria, and Turkey. The US should make it clear before hand that it is willing to talk to Iran openly or privately without seeking to solve issues like proliferation at the same time.

The conference should also focus solely on Iraq. Any effort to introduce broader security issues -- like the Arab-Israeli conflict or global war on terrorism -- would paralyze progress on Iraq, bog down in hostile position taking, and make things worse in dealing with the other issues, each of which requires a major policy focus on its own.

The timing of such an effort should dictate its nature to some degree. Given the slow Iraqi progress in conciliation, it might be useful to hold an "aid conference" whose purpose was to provide a wide range of incentives for Iraqi political compromise tied to continued Iraqi success. US aid offers could be linked to Arab League aid efforts, Turkish offers to work with the Kurds, and Iranian and Syrian offers of support with tactics promises of non-interference. Once again, Britain could act as a major buffer to help the US because far less hostility is now focused on the British role in Iraq.

One key to success will be to recognize just how much a source of anger the US has become in the region. Having the UN or an Arab power like Egypt or Saudi Arabia convene and lead such an effort, and getting broad help in seeking positive offers of help from Iraq's neighbors could be critical. The US should seek to "lead" from the sidelines, and work with its regional friends and allies.

- ***Conditional economic aid package***

Negotiate an aid incentive package in the \$10 to 20 billion range with the Iraqi government and Iraqi factions that is clearly conditional on Iraqi political compromise and conciliation.

Seek international support in cooperation with key allies like Britain, concentrating on the Gulf states and Arab League. Consider having the World Bank administer the effort or finding some other form of international authority like the UN, but demanding a strong IG and audit function, and clear measures of performance and effectiveness that are transparent on an international basis.

- ***Conditional military aid package***

Negotiate a similar aid package to the Iraqi military and police conditional on Iraqi success in conciliation and compromise, subject to the same audit and performance measures, and offering not only full equipment and facility aid, but longer term aid in creating forces capable of defending against foreign enemies.

Once again, seek international support in cooperation with key allies like Britain, concentrating on the Gulf states and Arab League. Consider restructuring MNF-I as a broader multilateral aid command under the Iraqi government and forces.

- ***Transfer all security operations to Iraqi command***

Work with Iraqis, its allies, and outside powers to complete a full transfer of authority over military operations to the Iraqi government under Iraqi command, subject to suitable conditions. The US and MNF-I have already taken many steps to transfer authority for military operations and Iraqi force building to Iraqi hands. These have been very publicly announced in Iraq and in the Iraqi media, and these somewhat limited what the US can do in terms of additional measures to transfer control to Iraq.

A full transfer of authority by the President of the US, Prime Minister of Britain, and other MNF-I heads of state, tied to the UN and a major aid program, that was conditional on Iraqi political compromise and its continued progress would not be a radical departure from ongoing efforts, but would have a far more dramatic effect and might well help encourage Sunni participation and more Shi'ite support.

The caution that must be applied to this option illustrates the need for caution in all of the available options. Rapid, substantive progress is not possible in any area and it takes time and effort to make things work. False promises of progress and US withdrawal can cloak leaving but not lead to success. This is all too clear from a passage buried deep in the Department of Defense

Quarterly status report for August, “The new Minister of Defense, Abd al-Qadr Muhammad Jassim al-Mufraji, is confronting the challenges he faces and is already making his mark...Close and effective relationships are being forged by team members with all senior MOD headquarters officials, and the confidence, and thus capacity, of these officials is strengthening. The ministries and the Joint Headquarters are expected to be in the lead with Coalition support by the end of 2007.” *However, a partnership with these institutions will be required through at least the first peaceful transfer of power in 2010.*

- ***Militia aid, support and absorption plan***

It is easy to talk about disbanding militias. The fact is, however, that no near-term Iraqi security plan can easily replace them, and throwing 10,000s of Iraqi young men into the street has already been a disaster once, after the collapse of the Iraqi Army.

Negotiating an aid program specifically tied to economic aid and jobs for militia men, that has a transition so that existing militias and security forces provide carefully defined local security functions, and absorbing some into the Iraqi forces will be difficult, but the alternatives all seem worse.

A negotiated bilateral or multilateral aid program is one way to smooth what at best is going to be a major ongoing problem for at least one-two years.

- ***Outside aid consortium; bridged withdrawal***

A variation on one or all of the above plans is to tie aid and US/MNF-I withdrawal together to a plan conditional on Iraqi compromise. A phased plan to build-up Iraq and build down all outside intervention would be difficult, but even agreement to the principle might have some political value.

- ***International oil consortium***

Defuse one of the most damage conspiracy theories, address the most critical single economic and funding problem, and offer every faction a lasting incentive by creating a major international consortium to help Iraq not only revitalize its entire petroleum industry, but expand capacity and develop reserves in ways that offer every sectarian and ethnic faction a major incentive not only for compromise but to secure operations in its own area.

Such an effort would be costly in terms of investment – possibly \$15-25 billion over the next decade -- but no more costly than the investment needed to restore Iraq as a major energy supplier. If the effort is international, benefits all of the major actors in Iraq, and is negotiated on terms where Iraqis can see real benefits without any risk of exploitation or “imperialism,” it is perhaps the best single incentive option available.

The US cannot, however, ignore the risk that any combination of “almost good” options will still fail. It must honestly address the possibility of large-scale or total withdrawal with the Iraqis, its MNF-I allies, and its friends in the region. All of the options for withdrawal are “bad” in the sense that they will be seen as a major US defeat and trigger new problems with regional stability and the war on terrorism. Some, however, are actively “ugly” in the sense that mismanaging withdrawal or rushing out of Iraq would make things far worse.

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A CAUTIONARY INTRODUCTION: THE REALITY OF CIVIL WAR

Iraq is already in a serious civil war, driven by rising sectarian and ethnic violence between Arab Sunni and Arab Shi'ite, and Arab and Kurd. Iraq's government is not moving towards political conciliation and compromise at the rate necessary to keep this civil war from getting worse, discrediting the central government, and potentially dividing the country. Existing security efforts cannot succeed without far more political conciliation and compromise than has taken place to date. They are at best buying time, and so far without arresting the escalation of civil conflict.

The US cannot simply wait to see if its existing strategy and actions will work. They will not. The situation is spiraling out of control, and the US must either strongly reinforce its existing strategy or change it. It also needs detailed plans and options for "Plan B," the possibility that it may have to withdraw its troops and possibly most or all of its civilian presence from Iraq.

This paper surveys a range of US options for dealing with these issues. They range from options designed to make the current Coalition and Iraqi government strategy work to options for US withdrawal. Some set goals not only are probably unworkable, but would impose demands on US policy and Iraqi action in ways that could make things worse and further erode the chances of success. Others might well increase the odds of success.

No mix of options for US action can provide a convincing plan for "victory" in Iraq. The initiative has passed into Iraqi hands. US and outside action can encourage progress towards political conciliation and compromise, and improved security, but cannot force it upon Iraq's leaders or the Iraqi people.

In the real world, the chances of emerging from the present crisis with anything approaching Iraqi stability, security, pluralism, and unity on any terms are at best even. Stripped of both optimistic spin and dire pessimism, the realities in Iraq may be summarized as follows:

- **Political conciliation:** Iraq's leaders still seek national unity and compromise, but talk has not been followed by substance. Prime Minister Maliki's conciliation plan has not taken hold, and the new government has not shown it can implement such plans or bring Arab Sunnis back into an effective political structure.
- **Governance:** The national government cannot even spend its budget; much less demonstrate that it now has an effective ministerial structure or the ability to actually govern in many areas. Actual governance continues to default to local authorities and factions.
- **Legal system and rule of law:** There is no real consensus on what legal system to use, courts do not exist in many areas and are corrupt and ineffective in many others. Legal authority, like governance, is devolving down to the local level.
- **Politics:** The election in late 2005 effectively divided Iraqis by sect and ethnic group, with only a small minority voting for truly national parties. No clear national party structure has emerged since that time. The Shi'ites increasingly demonstrate the rivalry between the three main Shi'ite parties. The Kurds are unified but tensions exist over "independence," dealing with the PKK, and past tensions between the PUK and KDP. Sunnis are just beginning to acquire a true political identity and the two main Sunni parties are divided and divisive.
- **The Role of the Constitution:** The creation of a new constitution has done nothing to establish consensus and much to divide the nation. It leaves more than 50 areas to be clarified, all of which

involve potentially divisive debates between sectarian and ethnic groups, and most of which could lead to added tensions over the role of religion in the state.

- **Economic Development:** Increases in macroeconomic figures like the total GDP disguise massive problems with corruption, the distribution of income, and employment, particularly in troubled Sunni areas and the poorer parts of Iraq's major towns and cities. Young men are often forced to choose between the ISF, insurgency, and militias for purely economic reasons. The real-world economy of Sunni areas continues to deteriorate, and investment in even secure Shi'ite areas is limited by the fear of crime and insurgency. Only the Kurdish area is making real progress towards development.
- **Aid:** Iraq has largely spent the flood of US and other aid provided after the fall of Saddam as well as its oil food money. Large portions of this aid have been spent on corruption, outside contractors and imports, security, and projects with poor planning and execution that now are unsustainable. Iraq will, however, desperately need major future aid to construct and develop if it can achieve political conciliation and security. The US committed \$20.6 billion of \$20.9 billion in aid funds as of September 20, 2006. It had obligated \$20.1 billion, and spent \$15.8 billion.
- **Energy and Oil:** Iraq continued to produce less than 2,5 million barrels of oil per day (2.3 MMBD in September), and exported well under 2 million barrels a day. It was dependent on imported fuel and gasoline for more than 50% of its total needs. No major rehabilitation of Iraq's oil fields and facilities has taken place. Waterflooding and heavy oil injection continued to be major problems, and the ability to recover oil from producing fields amounts to less than two-thirds of the world average.

If Iraq is to avoid a major civil war, the collapse of its government, and/or separation or division in some form, it has less than a year in which to make major progress and it may well only have months.

The most time-urgent form of progress is the need for a lasting political compromise between its key factions: Arab-Shi'ite, Arab Sunni, and Kurd – while protecting other minorities. Political conciliation must also address such critical issues as federalism and the relative powers of the central and regional governments, the role of religion in politics and law, control over petroleum resources and export revenues, the definition of human rights, and a host of other issues.

Security has roughly equal priority, but security cannot come simply through political compromise and the use of force. Security efforts must have the checks and balances that can only come when governments and courts are active in the field.

Iraq must establish both effective governance and the rule of law; not simply deploy effective military, security, and police forces. Legitimacy does not consist of how governments are chosen, but of how well they serve the day-to-day needs of their peoples.

Over time, Iraq must also address its economic and demographic challenges. A nation cannot convert from a corrupt, state-controlled “command kleptocracy” in mid-war. It cannot survive unless it makes such a conversion over time and puts an end to a hopelessly skewed and unfair distribution of income, ends full and partial unemployment levels of 30-60%, and becomes competitive on a regional and global level.

The present reality is that progress is slow or faltering in each of the areas necessary to make Iraqi force development successful.

THE RIGHT APPROACH TO US OPTIONS

There are no "silver bullets" that can quickly rescue the situation, and many efforts to change the existing US strategy in Iraq could be extremely destabilizing. Bright, radical ideas are easy to formulate. Useful, workable proposals are not.

The fact that no option or mix of options can stop Iraq from being a high risk case does not, however, mean that the US does not have a range of options that can either improve the situation or ease the cost and shock of failure. The US does have such options, and it is time to explore them honestly and without prejudice.

To succeed, the US must approach all such options by the standards set by the art of the possible, not by the standards set by ideology or by a triumph of hope over experience. This includes a new focus on Iraqi desires and values even if they conflict with those of the US and mean compromises in efforts in introducing democracy, human rights, the rule of law, and the creation of secular regimes.

The idea that Iraq would somehow become a democracy and example that would transform the region was a pathetic neoconservative fantasy from the start, and an initial probability approaching zero will not change in the future. This does not mean that things cannot be much better in Iraq, but political compromise, conciliation, and day-to-day security must have priority and reform must come at the pace Iraqis want, not the US. Any workable strategy must be based on "encourage" and not "impose."

It is equally important to understand that this survey is designed to present ideas, not plans. The list and discussion of options that follows only provides rough summaries of given options. Workable versions of any given option would require detailed implementation plans and cost-benefit analyses. Every option listed has important negatives and can trigger unanticipated short and long effects. Iraq is now so unstable, and so divided by sect, ethnicity, city, region, and tribe that translating broad ideas into detailed plans is a vital first step before proposing new options at the official level.

UNILATERAL US OPTIONS

The US has a range of unilateral options, although almost all offer a far higher chance of success if negotiated with the Iraqis and in cooperation with America's friends and allies:

- ***Conciliation Conferences - Iraqi Factions***

The US has already conducted proactive diplomacy both at the embassy level and at the level of the President and the Secretary of State. It continues to do, and the effects are constructive. The US can also play a major role in any Iraqi initiated conciliation efforts by offering aid, the promise of continued support, and aid and support designed to assure given factions that they will be protected, receive support in economic and oil development, and outside efforts will seek to protect their rights and security and aid in the effort to create Iraqi security forces that protect them.

The time has passed in Iraq, however, when the US could aid Iraq by even appearing to impose conciliation, or direct some form of compromise. Many factions would see such an effort as occupation or an effort directed to preserve US influence. The US also needs to understand that it cannot force the pace of events in the face of opposition by a major

Iraqi faction, and this is almost certain to be the case. The Shi'ites are divided and at least the Sadr faction is almost certain to be hostile. The Sunnis have no meaningful coherent leadership and political parties are just emerging as meaningful forces. Pushing Iraqis too hard and too visibly will not help. Unilateral US action to call or manage such efforts, or the appearance of it, will probably do far more harm than good.

- ***Conciliation Conferences - Outside Powers***

Like US unilateral efforts to bring Iraqis together, the US should understand that it brings too much baggage to the issue to bring outside powers together. Sunni Arab resentment is high over both Iraq and the Israeli-Lebanon conflict. Tensions with Turkey are significant, and the US does not openly speak to Iran.

Bringing neighboring and "interested" powers together is a good idea; having the US visibly take the lead or appear to try to use a conference to solve its own problems in Iraq is a bad one.

- ***More US troops***

As is the case in Afghanistan, the US simply does not have enough forces to both provide added security and carry out the training mission. At this point in time, even the recent rise to some 140,000-147,000 troops is insufficient to provide area security, deal with key cities, and handle the training burden. There is no magic number, but at least another division is probably needed.

This option, however, presents several critical problems. The US does not have a pool of surplus troops with the skill levels and area expertise needed. Putting troops in the field requires support and facilities that often are missing. US land forces are already over-rotated and head towards a one year or less at home cycle versus the goal of 18 months. Domestic political problems would be serious.

One possibility is to provide a special bonus program for long-service personnel in key specialties and who have extensive contact with Iraqis or experience in the area, adding both a focused number of "boots" and the proper "brains above them." The fact is, however, that the US is not in a serious regional conflict that needs more forces, and faces both serious force structure and political limitations in proving the troops it needs.

- ***Larger civilian aid package***

The US will almost certainly need a major new aid package in the course of the next year. This effort can be reactive, be dribbled out in increments and come too late to have a major political impact. Alternatively, the US can act decisively and use it to try to win political compromise and stability. At a current operating cost of roughly \$10 billion a month to keep troops, a major aid package (\$10-20 billion) that could accelerate US troop cuts by even a few months would be highly affordable, particularly if phased to spend out over two fiscal years.

In some ways, such an option also simply anticipates the inevitable if the US does meet the real-world standards for success in Iraq. The US will have to provide aid and support

through 2010, and probably beyond. Planning for this reality now allows the US to create new incentives, not simply react to events.

The key problem with such a unilateral version of this option is that even if presented with strong conditions as an incentive for Iraqi action, it will be seen as imposing, not supporting. A program developed jointly with the Iraqis, would be a far more credible incentive. Such an effort could also attract far more British and other MNF-I support and possibly support from allied Arab and Islamic nations.

Moreover, winning Congressional and domestic support for a blank check will be even harder than most aid efforts, and the US government and contract community has not shown that it can plan, manage, or secure an effective massive aid effort—or allocate one in ways that meet Iraqi desires and expectations.

In contrast, a joint US Embassy/US government effort to negotiate a program that Iraqis plan and manage, and distribute with suitable US fiscal controls could do much to set conditions Iraqi factions will accept and be willing to act upon. It would provide a basis for international, allied, and Arab/Islamic participation or later support.

- ***Changing the military/police aid package***

The current US aid effort is running out of money, and does not provide the level of weapons and protection necessary for even counterinsurgency missions, much less create an Iraqi military that can transition to eventual defense of the nation. A major program phased out over several years, with a clear transition to Iraqi control and management and phase out of US and MNF-I advisors could be an incentive for unity and conciliation. Once again, success means US commitment to 2010 and beyond in any case.

The practical problem with a unilateral version of this option, however, is that it has all of the negatives as the similar option for economic aid. Even if presented with strong conditions as an incentive for Iraqi action, it will be seen as imposing, not supporting. A program developed jointly with the Iraqis, would be a far more credible incentive, and reduce the risk that better arms and equipment would end up arming factions if Iraq falls apart into civil war. Such an effort should involve British and other MNF-I support since their troops are at risk, winning support from allied Arab and Islamic nations would be critical.

Moreover, it would again make it easier to win Congressional and domestic support, and would allow the US military and MNF-I team in Iraq to negotiate a workable, detailed plan.

- ***Deadlines/Conditions/Goals for Iraqi action and US withdrawal***

The US cannot simply act as if it can “stay the course” through an open-ended commitment. This is a dangerous form of reassurance because the US domestic political situation probably cannot support it.

There is, however, an important difference between setting calendar deadlines and announcing US goals and conditions for continued support. Implied deadlines are also more flexible than fixed deadlines. The US has already sent these messages to some degree, but could do a much better job of communicating the limits to its commitments.

Having key members of Congress communicate this message would further help make it clear to Iraqis that time may be running out if progress does not occur.

It should be stressed that merely setting deadlines for withdrawal, or compromise/conciliation, will not force positive Iraqi action. The last year has made it brutally clear that it will simply encourage those who want the US out at any price, create pressures the Iraqi government cannot cope with unless it has new incentives to work with, and provide a target for insurgents and hostile groups.

- ***Make a clear Presidential commitment to no US bases, to no US presence beyond what the Iraqi government asks for; and to immediate withdrawal if Iraqi government does ask for US/MNF-I withdrawal***

The US has every reason to make it clear to Iraqis that it has no ambitions for a lasting presence in Iraq, that it is firmly committed to phase down every aspect of its presence as soon as possible, that it has no ambitions relating to Iraqi oil, and that it is firmly committed to Iraqi sovereignty and will immediately withdraw if asked.

The US needs to defuse fears and conspiracy theories, warn Iraqis that it will not take sides in a civil war or intervene or negotiate if a government asks it to leave, and transfer responsibility for sizing the length and size of the US effort in Iraq into Iraqi hands.

Some in the Bush Administration and US team in Iraq feel this message has largely been communicated. This is true to some extent. However, only the President can really send this message and it must be unambiguous and not buried in some other message.

A variation on this theme would be to offer to transfer the security mission to UN or international hands as soon as Iraq requested it, creating an open-ended incentive for such a transfer and again defusing fears and conspiracy theories

- ***Encourage effective “federation” or division of the country***

The US may well have to eventually provide economic or security aid to an Iraqi-developed concept of federation or separation. The idea that the US has the competence to propose federation or some form of separation, could do so without immediately being seen as an enemy by some or all factions, could avoid massive backlash in the Arab world, and is prepared for violent “cleansing” and relocations is a dangerous illusion.

There are real questions, however, as to how long the issue can be deferred. The assembly voted to review the issue after three months on September 11th, and the divisiveness is illustrated by the large Shi’ite bloc vote for such a review and the almost total Sunni abstention. The Kurds have a clear pro-federation agenda, while some Shi’ites like Sadr oppose it, as do most of Iraq’s remaining nationalists. Iraq may force the US to try to find answers to water, energy, infrastructure, protection of the large minority population in 17 of 18 governorates, urban relocation, population mobility, control of revenues and oil income, etc., etc.

The best option is probably quiet negotiation before an Iraqi government debate, and then reacting to Iraqi decisions with aid and advice to help stabilize the situation. As Lebanon and Somalia warn, the peacemaker becomes the enemy the moment any given faction

sees US action as hostile or aiding the other side. Neutrality is difficult even in supporting an Iraqi plan and compromise; imposing a plan is a recipe for disaster.

- ***Encourage/develop national unity government, strong “non-elected” leadership to replace current government***

The US may have to live with realignments in Iraqi politics that cause the fall of the current government, and bypass the current political structure in some form. There are positive measures like deferring the constitution, or simply ignoring it as too divisive, that also essentially ignore the legacy of the TAL that the US may have to react to.

There is no evidence, however, that anyone in Iraq can now predict what kind of replacement leadership would really be better or that even a hint of outside interference could help develop a more competent leadership, versus trigger more internal dissent and discredit potentially competent leaders and officials. An “ugly” option.

- ***Encourage/develop strong man or “coup”***

The US has consistently failed to pick the right man and find the right side. The fall of Diem in Vietnam is only one example of many. No one on the inside of Iraqi politics can now predict who is really strong, and capable of leading/uniting with the right mix of ruthlessness and popular support. There is no evidence that the US has ever considered this option. It should not. Another “ugly” option.

BILATERAL OR MULTILATERAL OPTIONS TO BRING STABILITY AND SECURITY

The US has already made Iraqi political conciliation and compromise its highest priority at the Embassy level and through high level visits. There are a number of options that might strengthen US ability to achieve these goals as well as the economic and security dimensions of US strategy.

- ***Conciliation Conferences - Iraqi Factions***

As has been discussed earlier, the US has already conducted proactive diplomacy at the embassy level and at the level of the President and the Secretary of State. It continues to do, and the effects are constructive. Having the Iraqi government call a conciliation conference is an “almost good” idea, not because the idea is not a good one, but because calling a conference that fails could make things even worse, and it is far from clear Iraqi's factions are ready to seriously compromise.

The US needs to find the proper balance in helping Iraqis move forward to this point, and then providing visible aid and support without visibly appearing to interfere and dictate. The US ambassador and embassy team have already shown considerable skill in achieving such goals. It is clear that the US can play a major role in any Iraqi initiated conciliation efforts by offering aid, the promise of continued support, and aid and support designed to assure given factions that they will be protected, receive support in economic and oil development, and outside efforts will seek to protect their rights and security and aid in the effort to create Iraqi security forces that protect them.

However, the Iraqi government should not only appear to take the lead, it must be ready to take the lead and act with a reasonable hope of success. For all of the reasons discussed shortly in the "encourage federation" option, there should be no forced deadlines or overt US pressures that make success less likely. The US needs to act in the background, and might well do best by letting Britain take a more visible and active lead for the Coalition, and seeking a solid UN representation. Above all, the US should avoid any repetition of the Camp David case where failure leads it to visibly blame any side or appear to give up. It may well take repeated efforts and repeated failures to succeed.

- ***Conciliation Conferences - Outside Powers***

As has also been mentioned earlier, bringing neighboring and "interested" powers together is a good idea. There are times, however, where the US should not take the lead, and any such conference must also have strong Iraqi government representation where it is clear that all major Iraqi factions are present and active.

A forum is needed where the UN can take the lead or some regional power, like Saudi Arabia, that can bring together all of the interested powers, including Iran, Syria, and Turkey. The US should make it clear before hand that it is willing to talk to Iran openly or privately without seeking to solve issues like proliferation at the same time.

The conference should also focus solely on Iraq. Any effort to introduce broader security issues -- like the Arab-Israeli conflict or global war on terrorism -- would paralyze progress on Iraq, bog down in hostile position taking, and make things worse in dealing with the other issues, each of which requires a major policy focus on its own.

The timing of such an effort should dictate its nature to some degree. Given the slow Iraqi progress in conciliation, it might be useful to hold an "aid conference" whose purpose was to provide a wide range of incentives for Iraqi political compromise tied to continued Iraqi success. US aid offers could be linked to Arab League aid efforts, Turkish offers to work with the Kurds, and Iranian and Syrian offers of support with tactics promises of non-interference. Once again, Britain could act as a major buffer to help the US because far less hostility is now focused on the British role in Iraq.

One key to success will be to recognize just how much a source of anger the US has become in the region. Having the UN or an Arab power like Egypt or Saudi Arabia convene and lead such an effort, and getting broad help in seeking positive offers of help from Iraq's neighbors could be critical. The US should seek to "lead" from the sidelines, and work with its regional friends and allies.

- ***Support national unity government, strong new leadership to replace current government if Iraqis create such a government on their own.***

It is far too easy to blame Iraq's current elected leadership for failing to solve problems it lacks the power to solve. As the US should have learned in Vietnam, backing unknown leaders for the sake of change is more likely to increase risk than reduce it. That said, the US may have to live with realignments in Iraqi politics that cause the fall of the current

government, and bypass the current political structure in some form. There are positive measures like deferring the constitution, or simply ignoring it as too divisive, that also essentially ignore the legacy of the TAL that the US may have to react to.

Here, the US and some of its allies have basic lessons to learn about “legitimacy” that contradict America’s current political ideology and many of the flawed conclusions of what sometimes passes for political science. The primary test of legitimacy is not how governments are selected, but their ability to actually govern in ways that meet the needs of their people. Actual practice is at least 90% of true legitimacy.

The US should be prepared to support any change in government that comes as a result of independent Iraqi action and which can unite and serve the country as a whole, almost regardless of who it comes from and the form it takes. The acid test, however, is that it serves the interests of all major Iraqi factions, and not its ability to simply achieve stability by force or control most of the country at the expense of a key faction like the Iraqi Sunnis.

This should be the guiding principle during any transition period and period of actual governance. A government that serves the people’s interest is worth backing. The mid and long term cost of backing stability at the cost of taking sides to achieve some form of “victory” will produce a level of internal, regional, and global backlash against the US that will outweigh the benefits, and might well align the US with a government that would divide it from all of its Sunni allies in the region and serve as a massive new incentive for neo-Salafi extremism and terrorism.

In the best case, an option where any remaining US military action should be limited to the most extreme insurgents and advisory and aid efforts, and political and economic aid should be clearly tied to aid to all of the Iraqi people. A government that fails or does not find a workable political compromise between all of Iraq’s people should not be supported in military or aid terms.

- ***Support strong man or “coup” once they take power***

Iraq needs strong leadership, but this means a leader Iraqis select and capable of honestly uniting most Iraqis, not forcing order upon them. This is not an option the US can credibly initiate. No such figure is apparent or has any proven ability to lead. Historically, the US not only has consistently failed to pick the right man and find the right side before the emergence of a strong man or coup, it has failed to be able to predict what will happen once they achieve power. In far too many cases, the strong man or junta fails, becomes a worse problem, or leaves a legacy worse than the previous “weak” government.

Once again, this is an “ugly” option, and one almost certain to produce more mid- and long-term liabilities and disadvantages than gains. If it is forced upon the US by events, it is an option that should lead to immediate MNF-I troop withdrawals rather than any effort to work with such a strong man. The US should not halt all aid, but it should be ruthlessly tied to direct benefits to all the Iraqi people in ways that bypass such a government.

- ***Conditional economic aid package***

For all the reasons outlined above, negotiate an aid incentive package in the \$10 to 20 billion range with the Iraqi government and Iraqi factions that is clearly conditional on Iraqi political compromise and conciliation.

Seek international support in cooperation with key allies like Britain, concentrating on the Gulf states and Arab League. Consider having the World Bank administer the effort or finding some other form of international authority like the UN, but demanding a strong IG and audit function, and clear measures of performance and effectiveness that are transparent on an international basis.

- ***Conditional military aid package***

Negotiate a similar aid package to the Iraqi military and police conditional on Iraqi success in conciliation and compromise, subject to the same audit and performance measures, and offer not only full equipment and facility aid, but longer term aid in creating forces capable of defending against foreign enemies.

Once again, seek international support in cooperation with key allies like Britain, concentrating on the Gulf states and Arab League. Consider restructuring MNF-I as a broader multilateral aid command under the Iraqi government and forces.

- ***Transfer all security operations to Iraqi command***

The US could work with Iraqis, its allies, and outside powers to complete a full transfer of authority over military operations to the Iraqi government under Iraqi command, subject to suitable conditions. The US and MNF-I have already taken many steps to transfer authority for military operations and Iraqi force building to Iraqi hands.

These measures have already been publicly announced in Iraq and in the Iraqi media, and they somewhat limited what the US can do in terms of additional measures to transfer control to Iraq. In brief, existing measures include:

- Giving 115 Iraqi army units the lead for counterinsurgency operations in specific areas as of August 2006.
- Transitions in provincial security based on monthly reviews of the situation in the provinces and in the provincial capitals by the MNF Division Commander and Provincial Governor, assisted by representatives of the Iraqi Ministries of Interior and Defense, and US and UK Embassies.
- A four-phased process that emphasizes the role of the Iraqi government and visibility to the Iraqi people: Implement partnerships. Iraqi Army Lead (IAL), Provincial Iraqi Control (PIC), and Iraqi Security Self-Reliance.
 - Implement Partnerships. MNF-I and its Major Subordinate Commands establish and maintain partnerships across the entire spectrum of ISF units, from battalion to ministerial level.
 - Iraqi Army Lead (IAL). Process during which Iraqi Army units progress through stages of capability from unit formation to the ability to conduct counter-insurgency operations.
 - Provincial Iraqi Control (PIC). Iraqi civil authorities satisfy the conditions required to assume control and to exercise responsibility for the security of their respective provinces.
 - Iraqi Security Self-Reliance. The Government of Iraq achieves PIC (or a combination of

PIC and IAL) throughout Iraq, and the government, through its security ministries, is capable of planning, conducting, and sustaining security operations and forces.

- Control of Muthanna province was transferred to the Provincial Governor and the civilian-controlled Iraqi Police Service on July 13th. On September 21 the Italian forces in Dhi Qar Province handed security responsibilities over to Iraqi forces making it the second province to come under local Iraqi control. This paved the way for the departure of most of Italy's 1,600 troops by the end of 2006. Three northern provinces – Dahuk, Irbil, and Sulamanlyah – were evaluated in July as ready for transition. Anbar and Basrah were considered as “not ready”, while all other provinces, including Baghdad, were evaluated as “partially ready for transition.” The Department of Defense August 2006 Quarterly Status report on Iraq stated that the ISF may be able to transition to control nine of the 18 provinces by the end of 2006.
- By early August, the Coalition had closed 48 of 110 Forward Operating Bases, handing over 31 to different Iraqi security forces, and 17 to the Ministry of Finance. Thirteen more Forward Operating Bases were scheduled for closure and handover by January 2007. The Department of Defense reported that, “MNF-I will efficiently consolidate its footprint in Iraq to reduce its military basing requirements progressively. Specifically, MNF-I seeks to minimize its presence in major cities while building the flexibility required to support other elements in Iraq, including Coalition partners, PRTs, Transition Teams, Department of State activities, and other supporting units and entities. This process will culminate in the transition through Operational and Strategic Overwatch, which will leverage and maximize support through a minimum number of strategically located FOBs and Convoy Support Centers.”
- The US also reported that MNF-I has begun training Iraqi guards for a potential transition of the Coalition detention facilities and detainees. It stated that transitioning detainee operations was a three-phase process
 - Phase 1 consists of individual and collective training of Iraqi guards and leaders, including training alongside their U.S. counterparts inside the facility.
 - Phase 2 consists of the removal of U.S. guards and establishment of a U.S. transition team to supervise Iraqi Security Forces and to maintain legal custody of detainees.
 - Phase 3 consists of the final removal of all U.S. personnel and turnover of the facilities and legal custody of the detainees to the Government of Iraq. The criteria for transfer includes the requirement for the Government of Iraq to possess the legal authority to hold security detainees, each facility demonstrating the ability to meet the care and custody standard, and the MOJ having effective oversight of the program.

A full transfer of authority by the President of the US, Prime Minister of Britain, and other MNF-I heads of state, tied to the UN and a major aid program, that was conditional on Iraqi political compromise and its continued progress would not be a radical departure from ongoing efforts, but would have a far more dramatic effect and might well help encourage Sunni participation and more Shi'ite support.

The caution that must be applied to this option illustrates the need for caution in all of the available options. Rapid, substantive progress is not possible in any area and it takes time and effort to make things work. False promises of progress and US withdrawal can cloak leaving but not lead to success. This is all too clear from a passage buried deep in the Department of Defense Quarterly status report for August, “The new Minister of Defense, Abd al-Qadr Muhammad Jassim al-Mufraji, is confronting the challenges he faces and is already making his mark...Close and effective relationships are being forged by team members with all senior MOD headquarters officials, and the confidence, and thus capacity, of these officials is strengthening. The ministries and the Joint Headquarters are expected to be in the lead with Coalition support by the end of 2007.”

However, a partnership with these institutions will be required through at least the first peaceful transfer of power in 2010.

- ***Militia aid, support and absorption plan***

It is easy to talk about disbanding militias. The fact is, however, that no near-term Iraqi security plan can easily replace them, and throwing 10,000s of Iraqi young men into the street has already been a disaster once, after the collapse of the Iraqi Army.

Preserving some elements of the militias may be the key to achieving local security over the next year to two years, ensuring given factions feel secure against the abuse of central government forces and threats from other factions. The US may be far better off working with the Iraqi government to use such forces, and should perform some kind of triage to eliminate those that support sectarian and ethnic violence. Any form of federation may well mean that such forces will emerge as the real center of local security and not the security forces and police that the MNF-I has trained and equipped. In fact, this is already the reality in much of Iraq.

Using the better elements of the militias could also buy time for absorbing and abolishing them over time. In any case, the US should support incentive plans to phase them out if the Iraqi government can agree on such actions. Negotiating an aid program specifically tied to economic aid and jobs for militia men, that has a transition so that existing militias and security forces provide carefully defined local security functions, and absorbing some into the Iraqi forces will be difficult, but the alternatives all seem worse.

A negotiated bilateral or multilateral aid program is one way to smooth what at best is going to be a major ongoing problem for at least one-two years.

- ***Supporting local security forces, courts, and rule of law***

It may simply be impossible to create effective police, courts, and governance at the local level or even governorate level in some cases for years, if ever. Like the militias, the US may find it needs fundamental changes in its present approach to working from the top down to create national police, security forces, and courts.

The only practical answer may be to create a limited national police and internal security force to deal with threats like terrorism and major paramilitary problems, and work from the bottom up in trying to aid and transform local forces, courts, and the governance necessary to make them effective. This may mean aid to sectarian and ethnic forces that do not support Western standards for human rights and the rule of law, or accepting a degree of religious influence alien to Western values. A compromised success is a bad option, but a noble failure that leaves things worse is an ugly one.

- ***Outside aid consortium; bridged withdrawal***

A variation on one or all of the above plans is to tie aid and US/MNF-I withdrawal together to a plan conditional on Iraqi compromise. A phased plan to build-up Iraq and build down all outside intervention would be difficult, but even agreement to the principle might have some political value.

- ***International oil consortium***

Defuse one of the most damaging conspiracy theories, address the most critical single economic and funding problem, and offer every faction a lasting incentive by creating a major international consortium to help Iraq not only revitalize its entire petroleum industry, but expand capacity and develop reserves in ways that offer every sectarian and ethnic faction a major incentive not only for compromise but to secure operations in its own area.

Such an effort would be costly in terms of investment – possibly \$15-25 billion over the next decade -- but no more costly than the investment needed to restore Iraq as a major energy supplier. If the effort is international, benefits all of the major actors in Iraq, and is negotiated on terms where Iraqis can see real benefits without any risk of exploitation or “imperialism,” it is perhaps the best single incentive option available.

- ***Support of peaceful Iraqi plans for some form of separation or federation***

It is one thing to encourage separation or federation, or try to impose them, and another to offer a major aid package if the Iraqis decide on this as a compromise solution. A major aid package could greatly reduce the potential level of violence and ethnic/sectarian cleansing.

Once again, internationalizing such an effort could broaden the aid package, bring in regional states, and possibly ease outside pressure and aid to given factions. The key problems, however, are to help the Iraqis find realistic and workable solutions to problems that go far beyond simply drawing lines on a map. To cite only a few of the practical issues that the US and its allies would have to help Iraq address:

- *The Sunni problem:* Simply dividing up the country in ways that create a Sunni enclave do not address the level of internal violence in Al Anbar and the almost certain violent rejection of any form of separation by many Sunnis and all Islamist extremist insurgents. The security and stability problem will remain in the four key provinces dominated by the Sunni insurgency, which include Baghdad and Mosul – two critical keys to the Iraqi economy and structure of governance. Separation or independence would be a potential disaster. Any plan for viable federalism or autonomy will be extremely difficult to implement.
- *The Kurdish problem:* Each of the three governorates dominated by the current Kurdish enclave have major minority populations. The Kurds remain partially divided by the Barzani and Talibani factions, and now dispute control of Kirkuk and the northern oil fields. They face serious problems with Turkey, and potentially with Syria and Iran over greater Kurdish nationalism. Unless the resulting “federation” is peaceful in ways that preserve strong bonds and unity with Iraq’s Shi’ites the Kurds will be isolated in a land-locked enclave without friends and a viable economy. Once again, separation or independence would be a potential disaster. Any plan for viable federalism or autonomy will be extremely difficult to implement, too.
- *The Nationalist problem:* Growing sectarian and ethnic violence, a failed constitutional process, and an election that almost forced most Iraqis to vote to be Arab Sunnis, Arab Shi’ites, and Kurds have left a legacy that disguises the fact that many of Iraq’s best educated citizens, leaders, and soldiers are still nationalists and care deeply about national unity. What seems like the “solution” will have to be extraordinarily well managed to avoid creating a new set of problems that could see a strong “nationalist” resistance emerge, and be a potential force supporting a coup or strong man if the new “federal” system failed.

- *The Shi'ite problem:* The problem is further compounded by Sadr and those Shi'ites who strongly advocate unity, and by the fact that many Shi'ites do not want a full Shi'ite federation, but a local one. This is especially true in the Baghdad area where "federalism" means controlling the oil rich areas in the east without being tied to the poorer Shi'ite west. Any effort at federalism may well see serious Shi'ite factionalism and worsen the already serious tension between Sadr, al Dawa, and SCIRI.
- *The minority problem:* The recent election showed that 17 of 18 governorates have a significant minority population. No form of federalism can fully reassure all of the minorities involved, but every effort must be made to protect minorities and to allow them to move and relocate.
- *The Urban problem:* Some 50% of Iraq population lives in four greater metropolitan areas: Baghdad, Mosul, Basra, and Kirkuk. All have mixed populations and all are keys to the modern sectors of Iraq's infrastructure and economy. Workable federalism has to be "urban," not simply lines on a map.
- *Defining the role of the central government:* Iraqis are going to have to feel out the practical lines of power and authority exerted by the central, "federal," and local governments. If the process happens, the central government cannot legislate the de facto result, and there can be complex new sectarian and ethnic struggles, as well as party and local power rivalries.
- *The role of the military, police, law, and governance:* It is difficult to know if the central government can hold the regular military and National Police together, and issues like the border police can be deeply divisive. It seems likely that most police will split along sectarian and ethnic lines. The same will be true of courts and other government bodies that affect civil rights and the rule of law.
- *The role of religion in society:* Sectarian division has inevitably highlighted pressures to increase the role of religion in government, law, and social practice. Any form of federalism is almost certain to lead to new divisions over the role of religion and religious leaders.
- *Water and other infrastructure:* Both irrigation and drinking water are major problems. Irrigation, in particular, can only be efficient if water flows are managed, maintained, and prioritized on a national level, and the situation has seriously deteriorated since 2003. Electricity and gas are now centralized and restructuring facilities and grids/pipelines will be a problem. Local allocation of infrastructure to avoid factional favoritism will be another problem.
- *Oil and oil export revenues:* Iraq has vast potential oil wealth, and USGS studies strongly indicate that it has the potential to develop fields in every ethnic and sectarian region. In the short term, however, Iraq must live with the legacy of a centralized structure with major problems with overproduction, heavy oil injection, and water flooding; and which has not been really modernized since Iraq ran out of money during the Iran-Iraq War in 1983. Iraq needs major amounts of money and technology to preserve its present production, much less to increase exports. Iraq also desperately needs more refineries, a national gas system, and better offshore facilities in the Gulf. Effective investment and development virtually has to be national. Federalism could drive factions towards just the opposite result.

Iraq's oil revenues provide at least 80% of the central government's revenues and are its only major source of hard currency and money other than aid. The near term prospects are not good even in meeting the central government's needs, much less those of the central and "federal" governments. Iraq's net oil export revenues peaked in 1980, when they were \$51.1 billion in constant US 2005 dollars (largely because of the fall of the Shah). They dropped to only \$7.7 billion in 1998, in an era of sanctions and low oil prices, and were some \$23.4 billion in 2005. This is less than half their historical peak. This also means oil revenues per capita are now only a little more than 25% of their peak because of the combined impact of a decline in real oil revenues and population growth. ***Iraq is not an oil rich country. Today it is an oil poor country and it will take half a decade at a minimum to sharply change this situation.***

- *Industrial, service sector, and financial reform:* Iraq's economic recovery and growth will be far more difficult if any form of separation involves different rules, paths to economic reform, lack of common financial reform and commercial law, and incentives for foreign and domestic investment. It is much easier to begin at the political level than succeed at the economic level unless economic policy is common and uniform. This is particularly true because of the legacy of extraordinary past dependence on military industries, some 55 centralized state industries, and the central government as the employer of over 15% of the entire work force.

In short, events may force this option on the US, but it is not going to be "almost good." At best, it is going to be "bad," and it may well be "ugly."

- ***Clear Message to Kurds***

The US needs to make it clear to the Kurds, the world, and itself that it has no national interest in any form of Kurdish state or separation and will not support it unless forced on the Kurds after they have exhausted every alternative to make Iraq work as a nation. As a less open message, it needs to be made clear to the Kurds that they would be at best a strategic irritant, and probably a strategic liability, if caught between a restructured Iraq, Turkey, Iran, and Syria.

One key message is that the Iraqi Kurds need to work with Turkey to both secure their own political and economic destiny, that the US will not back them in any independent energy or economic efforts, and that any effort to secure Kirkuk or the Northern oil fields by force would mean the US would not support them in a crisis, even on a humanitarian basis.

At the same time, the US needs to develop contingency plans for a worst case in which the Kurd were clearly and unambiguously the "victim" in a civil war, and consider what a new version of a Kurdish security zone might look like, given the potential lack of access to Turkey and Turkish/Gulf Arab support.

OPTIONS FOR US AND MNF-I WITHDRAWALS AND REDUCTIONS

The US should not anticipate failure or choose options that make it inevitable. The level of civil conflict in Iraq has, however, reached the point where it not only needs a "Plan B" for its own forces in Iraq, but one for its MNF-I allies and which prepares its allies in the region for redeployment of US forces and full or partial withdrawal.

As is mentioned above, guarded conditionality is also a key potential tool in pushing Iraqis towards action and responsibility, provided that (a) it does not involve artificial or imposed deadlines, and (b) it is coupled to incentives and not simply left as an open or implied threat.

There are several ways the US could approach this set of options, but the best is to develop contingency plans for each case, and react to events.

- ***Let Iraqis plan US withdrawal: Iraq government to help manage***

If the US is forced to withdraw, every effort should be made to work with the Iraqis and Iraqi government to ease the impact, and reduce any sectarian, ethnic, or local misunderstandings that could lead to attacks on US or allied forces.

If the US has sufficient time, and some core Iraqi government capabilities remain intact, Iraqis should help plan the US/MNF-I withdrawal.

- ***Conciliation Exit***

The US could agree to a timeline or phased exit as part of any Iraqi political compromise or conciliation effort, letting the Iraqis determine (or appear to determine) a phase down of the US and allied MNF-I presence. If Iraqi political conciliation and compromise become real, this is probably as close to an "almost good" option that the US will have. It does present the problem that Iraq may set the wrong schedule and/or conditions, and may seek US withdrawal before the Iraqi government and forces are ready. There are, however, no probable conditions under which a perfect exit plan can be agreed on, and changes can always be made if the Iraqis want them.

- ***Conditional exit***

If the civil war continues to worsen at a slower rate, the US should consider setting clear and public conditions for Iraqi action or US withdrawal. Leaving without warning, without negotiations with allies like the UK and friends in the region, and without giving Iraqis at least one more clear chance would be a form of "cut and run" that could hurt the status of the US for years to come.

- ***Pre-Announced exit; deadline***

The time for setting deadlines may be forced on the US by events. If it is, the US should clearly consult with its MNF-I allies long in advance, as well as with key regional governments. This is a bad option at best, and "surprisingly", will make it far worse.

- ***Staged invitation/demand to leave***

If the US must withdraw, the best way to do so is not have this be seen as a US initiative, or "cut and run," but to at least appear to exit so because the Iraqi government demanded that the US do so. There are all too many Iraqi leaders and factions who would be willing to make this demand. In terms of realpolitik, it is better to regretfully wave goodbye than "cut and run."

- ***Fixed, phased down withdrawal.***

There are two major variations on this option. One is to announce a phased withdrawal that is independent of Iraq actions, and simply put Iraq and the world on notice that the US will not stay in Iraq and will leave according to a fixed schedule.

As is mentioned above, this might have a positive impact if negotiated with the Iraqi government, our allies, and governments in the region.

If done unilaterally, it is more like to trigger a serious escalation of civil conflict and attacks designed to accelerate the US withdrawal. "Friends" will act to preserve their own concerns, sects, and ethnic interests. Enemies will capitalize on what will be seen as US vulnerability and defeat.

If the US has time to execute a withdrawal, it should do so in a phased form that at least gives the Iraqis some chance to fill the void.

- ***Plan to reduce US role to advisory status/aid***

One of the best withdrawal strategies is to make it clear that the US was forced to abandon military intervention and efforts to help the Iraqi government, but is only eliminating its military efforts, not its efforts to aid Iraq.

- ***No US bases in the midst of major civil fighting***

There may be times to step back and let some Iraqi violence and tensions play out. In general, however, the US should avoid any strategy trying to wait out a civil war. The risks of being perceived as an enemy or occupier are too high, and it is not clear what such a strategy could ever "fix."

- ***Exit Because of Civil War***

Iraq is in a civil war, and one that threatens to make Iraqi conciliation and compromise impossible, and make a continued US presence pointless. Any prolonged collapse of the Iraqi government and forces and/or open sectarian/ethnic conflict should be a clear reason for the US to abandon the security mission and withdraw its forces. Trying to halt an ongoing civil war or create another Iraqi government can only make the US the enemy to at least one side and possibly all.

This does not, however, mean the US should abandon aid and political efforts, or give up a proactive embassy presence unless there is a major direct security threat. The US should keep aid incentives on the table. It should make it clear that it withdrew US forces only because it had no option that did not risk making things worse, and that it maintains a direct interest in the welfare of the Iraqi people.

- ***Exploit the UN December Deadline***

The Iraqi government must renew its request for MNF-I support in December and seek UN approval. This requires action by the Iraqi assembly and the US and its allies could work with the Iraqi government to use the resulting political process and UN vote to exploit some variation of all of the following options. The practical problem is that there is very little time to get any kind of clear US policy lead, work with our MNF-I allies, and work with the Iraqi government; and any agreement that seemed practical could easily spiral out of control once an open political debate begins in Iraq.

- ***Plan B: Decide Where to go, Role of allies***

In dealing with all of these options for withdrawal, the US should act on the principle that Iraq is not a vital strategic interest, but that Gulf security is a vital strategic interest, and so is restoring a relationship of partnership and trust with Britain and the allies that have supported the US. The US should make it unambiguously clear that it remains committed to staying in the Gulf, will defend and aid its Southern Gulf and other Middle Eastern allies, and work with Turkey.

OPTIONS FOR DEALING WITH NEIGHBORING POWERS

The regional options for dealing with Iraq are so complex, and so tied to other issues, that a short paper can do little more than flag a few key options that could help both the US and Iraq.

Two key points should, however, be kept firmly in mind. First, options for Iraq are regional not simply national, and all policy action must consider the regional impact and emphasize consultation with local leaders and allies whenever possible. Second, a broad call for solutions to all of the region's problems can have cosmetic or symbolic value, but is a practical absurdity. The problems are too deep, too different, and progress must take too much time. Iraq cannot wait on the region and the region cannot wait on Iraq.

- ***Conciliation Conference - Outside Powers***

To reiterate a point made earlier in this analysis, bringing neighboring and "interested" powers together is a good idea. There are times, however, where the US should not take the lead, and any such conference must also have strong Iraqi government representation where it is clear that all major Iraqi factions are present and active.

A forum is needed where the UN can take the lead or some regional power, like Saudi Arabia, that can bring together all of the interested powers, including Iran, Syria, and Turkey. The US should make it clear before hand that it is willing to talk to Iran openly or privately without seeking to solve issues like proliferation at the same time.

The conference should focus solely on Iraq. Any effort to introduce broader security issues -- like the Arab-Israeli conflict or global war on terrorism -- would paralyze progress on Iraq, bog down in hostile position taking, and make things worse in dealing with the other issues, each of which requires a major policy focus on its own.

The timing of such an effort also should dictate its nature to some degree. Given the slow Iraqi progress in conciliation, it might be useful to hold an "aid conference" whose purpose was to provide a wide range of incentives for Iraqi political compromise tied to continued Iraqi success. US aid offers could be linked to Arab League aid efforts, Turkish offers to work with the Kurds, and Iranian and Syrian offers of support with tactics promises of non-interference. Once again, Britain could act as a major buffer to help the US because far less hostility is now focused on the British role in Iraq.

One key to success may be for the US to recognize just how much a source of anger the US has become in the region. Having the UN or an Arab power like Egypt or Saudi Arabia convene and lead such an effort, and getting broad help in seeking positive offers of help from Iraq's neighbors could be critical. The US should seek to "lead" from the sidelines, and work with its regional friends and allies.

- ***Iran***

Decouple US policy towards Iranian proliferation and support of anti-Israeli movements from a covert dialog on Iraq and Afghanistan. Make it clear to Iran that there is a clear path of mutual self-interest and that the US is prepared to listen and meet on either an open and official basis or an unofficial one.

- ***Syria***

Work through other Arab states to communicate how costly an open Iraqi civil war or any form of separation that isolated Arab Sunnis could be to Iraq. As is the case with

Iran, make it clear that the US does intend to fully withdraw from Iraq, and Syrian cooperation will aid in meeting this objective.

- ***Turkey***

Seek to create a quiet joint planning group that includes the US, Turkey, and Iraqi Kurds to deal with the PPK and other security issues that are almost purely Kurdish in character. Strongly encourage a Turkish economic role in Iraq's Kurdish areas and the north, and efforts to secure Iraqi energy exports through Turkey.

- ***Friendly Sunni states***

Step up encouragement of the Arab League and Gulf Arab initiatives. As cited above, seek to create forums for joint aid in supporting Iraq. Make it clear that the US has no desire for lasting bases, and encourage Arab action to help Iraq.

- ***War on Terrorism***

Make no compromises with valid anti-terrorism efforts/reinforce embassy efforts throughout the Arab world to make it clear that US counterterrorism is not anti-Islamic or anti-Arab, and that the US is not seeking to impose its own values or create client regimes.

- ***Arab-Israeli Conflict***

Give constant, high visibility to US peace efforts and concern with the plight of the Palestinians. Again make no compromises with terrorism, but refocus on the settlements issue, limiting separation, and finding ways to aid ordinary Palestinians that Hamas cannot control or abuse.