

## The change in Iraq

### Is it turning the corner?

Jun 12th 2008 | BAGHDAD AND ERBIL  
From The Economist print edition

**By all the main measures—military, political and economic—Iraq is now improving, from a dire base. But that does not yet mean it is headed for peace and prosperity**

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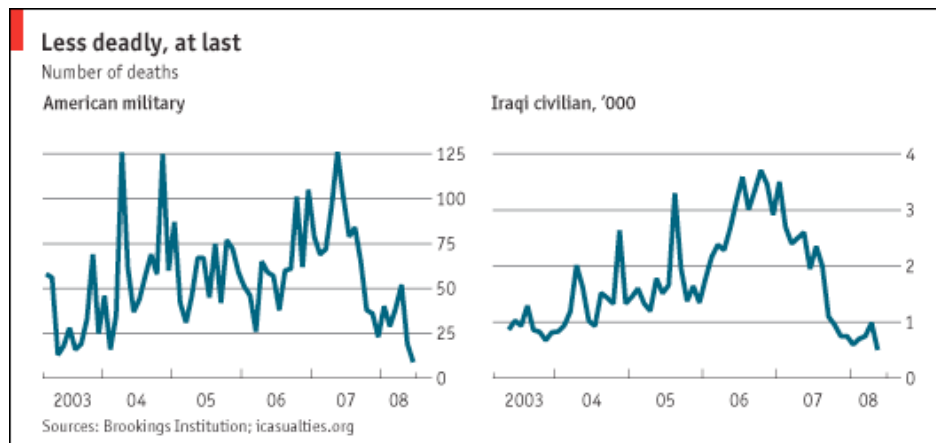


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THOUGH still lacerated by the tragedy of the past five years, Iraq is at last getting better all round. The violence, albeit still ferocious in parts of the country, has subsided dramatically. The American military “surge” that began a year ago has worked better than even the optimists had hoped, helped by ceasefires with Shia militias, by accords with Sunni tribal leaders and by the fact that sectarian cleansing in many areas is sadly complete.

Politics is also beginning to stutter towards something approaching normality, with signs of an accommodation between the three main communities—Shia Arabs, Sunni Arabs and Kurds—and the prospect of a series of vital laws, on such matters as sharing the revenue from oil, being passed, though they are still subject to endless last-minute hiccups. Some key laws, for instance on pensions and the budget, have recently been enacted. A set of provincial elections towards the end of this year has a chance of empowering the aggrieved Sunni Arabs. Various Sunni ministers who walked out of the government a year ago in a huff may soon be back in.

The economy has begun to grow fast too, though its ripples have yet to be felt across the country. The soaring price of oil, along with a mild improvement in production to just above its pre-war peak, mean that the government has more cash to spend than it has had since the first Gulf war of 1991.



In sum, the worst of the horrors unleashed in the sectarian violence after the bombing of a Shia shrine in February 2006 may be over. The death rate is sharply down. Fewer Americans were killed in hostilities in May, when 19 died, than in any month since the invasion of March 2003 (see chart). That is half the average for the first four months of this year and one-quarter of last year's rate. The Iraqi civilian toll is harder to measure. Iraq Body Count, a group that collates a tally of casualties from media reports, noted 752 civilian and police deaths in May, a grim figure but less than a third of the average last summer.

American officials in Baghdad are careful to avoid the misplaced triumphalism expressed immediately after the invasion five years ago. Progress, as General David Petraeus, the American commander on the ground, is wont to say, is "fragile and reversible". But in Baghdad's Green Zone, the sealed-off sanctuary on the west bank of the River Tigris where the American-led coalition's headquarters and most of Iraqi ministries are ensconced, optimism is back in the air, reflecting a broader change of mood in the country. An opinion poll in February that asked Iraqis "How would you say things are going overall these days?" found that 43% said they were going well, up from only 22% in September. Among Shias, the figure rose from 39% to 61%; among Sunnis, it went from a paltry 2% to 16%, but a notable jump all the same. If the poll were conducted today, the answers would be more positive still.

One clear reason for hope is that al-Qaeda's Iraqi branch has taken a big knock. The CIA's director, Michael Hayden, recently said it had suffered a "near-strategic defeat". Serviced mainly by Sunni radicals from the wider Arab world, al-Qaeda in Mesopotamia (as it calls itself) was responsible for most of the huge car bombs that terrorised Shia communities and provoked their backlash of sectarian cleansing, almost tipping Iraq into full-scale civil war two years ago. Such bombings and sectarian attacks are now scarcer.

## Down but not out

But al-Qaeda is certainly not defeated. It is still active in the mixed Sunni-Shia province of Diyala and in the northern city of Mosul and its surrounding Nineveh province. It attacks the tribal leaders of the Sunni Awakening (or *Sahwa*) movement, for instance in the western province of Anbar, who have been persuaded to throw in their lot with the Americans. Most Sunni Arabs have turned strongly against it.

Another reason for the drop in violence is that the mass movement loyal to a fierce Shia cleric, Muqtada al-Sadr, has also either decided to back off, perhaps just for the time being, or has been beaten back by a mixture of American and Iraqi government forces. Earlier this year, Sadrism had risen, culminating in March in a big battle for the southern port city of Basra. At first, the Sadrists seemed to have fended off attempts by the Iraqi army to squash them. The Sadrists' Mahdi Army militias elsewhere in southern and central Iraq and in the eastern slums of Baghdad known as Sadr City rose up in solidarity with their brothers in Basra. From their base in Sadr City, on the opposite side of the Tigris, they subjected Baghdad's Green Zone to a hail of mortar and rocket fire.

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But in mid-May they accepted a truce. Since then, the Iraqi army has been able to patrol Sadr City more or less unmolested, uncovering weapons caches and sniffing out leaders of so-called "special groups" of renegade Sadrists who appear to be beyond the control of Mr Sadr himself. The government will get a big boost if it can at last bring basic services into the wretched slums of Sadr City, such as electricity, sanitation and medicine. In Basra too, after an astonishing turn-round, the Iraqi army seems to have bested the Sadrists.

Yet the Sadrists still have a wide base of support, especially among the poor. Mr Sadr himself may be planning to turn his movement into a mainstream political-cum-religious party. The prime minister, Nuri al-Maliki, aiming his wrath at the Sadrists, has said that no party may take part in the provincial elections unless it first disbands its militias. No one expects the Mahdi Army to disband fully—and no one is sure how much control Mr Sadr has over his movement's fractious components. He may manage to persuade most of his militiamen to stand down. But if Mr Maliki seeks to disbar the movement from competing in the elections, the Sadrists may still run as independents—and could yet sweep the board in the south.



**A chance to build**



In the north, further progress in pacifying Mosul and its surrounding area would allow the government to claim with some justification that it is winning the war. The city is a last redoubt of al-Qaeda and a bastion of nationalist Baathists. By most accounts, government forces, with the Americans, are making steady advances.

The government has gained in confidence too. Mr Maliki's reputation has risen sharply since his forces' success in Basra, particularly among Sunnis and Kurds, many of whom praised him for showing that he was prepared to take on the militias from within his own Shia community. Since then, Western diplomats in Baghdad have noticed Mr Maliki's growing readiness to take decisions without conferring with the Americans first.

He is trying to strengthen his nationalist credentials in negotiations between his government and the American administration over a "status of forces agreement". Mr Maliki wants to end the UN's formal sway over Iraq enshrined in an agreement renewed periodically since the invasion. He would like to replace it with a bilateral deal that would curb American powers—for instance, the power to detain Iraqi citizens, to launch military attacks without having to consult the Iraqi authorities, to fly through Iraqi airspace at will, and to give American soldiers and contractors immunity from prosecution if they break Iraqi laws.

In reality, Mr Maliki still relies on the Americans, so he is unlikely to force the issue. Moreover, the results of provincial elections in the autumn and of America's own presidential election in November may sharply change

the political landscape. So he may well let the matter drag on towards the end of the year. But he has been flashing his nationalist teeth—and may yet succeed to some degree in shifting power from the occupier to the government of a sovereign country.

### **An oil-fired recovery**

If, with the government's growing political and military authority, Mr Maliki could get the economy moving, then the much-uttered phrase "turning the corner" may be apt. Iraq's windfall from higher oil prices is grand. America's State Department reckons that, if prices stay put, Iraq this year should earn more than \$70 billion, though this year's budget projected \$35.5 billion based on \$57 a barrel at a production rate of 1.7m barrels a day. The latest production figure is 2.53m, a shade higher than its pre-war peak.

So far the cash has yet to be turned into decent public services. People in Baghdad say that they have only a few hours of state-provided electricity a day; the Americans admit that the Baghdad average is seven hours. A vaunted advance is in telephony: there are now 12m cellular phones, against a handful before the war, and 261,000 Iraqis subscribe to the internet, against almost none before the war.

Yet the biggest obstacle to economic progress is the lack of qualified people and civil servants to make use of the cash pouring in. The ministries spent barely half of their capital budgets last year, while provincial governments used up less than a third, according to an American government watchdog. Thanks partly to the "de-Baathification" decree of the early American administration which chased out the senior ranks of Saddam's old bureaucracy, the state virtually ceased to function. But what is left of the old civil service may be starting to operate better again. Professor Toby Dodge, a British expert who has been sceptical of many of the American administration's past policies in Iraq, says that "the state is beginning to re-cohere".

There is a long way to go. Much of the middle class has fled; many of its members have been killed. According to the UN's High Commissioner for Refugees, some 2.8m Iraqis are still displaced within the country; another 2.2m-plus have gone abroad, out of an original population of 27m or so. The official unemployment rate is 25-40%; in reality, it may be a lot higher. Businessmen and investors have yet to come back.

For there is still a risk of renewed general violence, not least from within the Shia community, where power is being sought by four main rival parties. The provincial elections are rightly promoted as the next crucial political event. The hope is that they will bring the Sunnis back into the fold of peaceful politics. But they could also unleash a furious cycle of intra-Shia violence, either if the Sadrists compete and win or if they compete and believe they have been cheated of victory.

As for the Sunnis, who are now often divided between the ascendant *Sahwa* movement and the older declining Islamic Party, Mr Maliki remains loth to draw them fully into his circle of power. If they continue to feel left out, they could easily turn their weapons once again against the new Shia-led establishment.

Meanwhile, the Kurds in the north are quietly consolidating their autonomy and peacefully making progress on all fronts, hoping that Iraq's Arabs will fully accept that federalism is the way to go. But they are angry that a promised referendum to determine whether the oil-rich province of Kirkuk should become part of their region is again sure to be delayed. In their hearts, most Kurds still hanker after full independence, even if many know in their heads that it is not practicable.

Iraq's future is still full of pitfalls. The sectarian chasms remain deep, the wounds of strife raw. But for the first time since the insurgency against the Americans took off, the tide, which may quickly ebb, is flowing in the direction of the new order.

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