



**The Role of the Expatriate Business Community  
in Rebuilding a State After Forced Failure  
A Case Study of Iraq**

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## **Abstract**

More than 14 years after the U.S.-led invasion and the collapse of the state in 2003 Iraq's performance in social and physical reconstruction remains poor and hindered by numerous obstacles. The political culture in Iraq particularly suffers from excessive foreign influence, extreme corruption and self-serving political culture, exacerbating social problems in a now-heavily divided society.

Long-established power blocs are heavily entrenched within a sectarian division of power in Iraqi governance and independent actors including the Iraqi expatriates, the private sector and civil society groups are heavily impeded from introducing change to the established order.

This thesis reviews the background and progress of Iraqi reconstruction efforts since 2003 to highlight factors that contribute to this situation. It uses existing Iraq-specific literature to highlight spaces where alternative political and civil society actors could help change the country's political culture. Comparative examples from other post-conflict societies (including Lebanon, Afghanistan and Germany) are used to show how expatriate communities, particularly those involved in private enterprise can contribute to post-conflict reconstruction and improving governance in failed or fragile states. The researcher's extensive personal experience and a case study of the Iraqi Business Council in Jordan comprise the majority of primary research.

Comparative case studies show that the private sector capabilities and the international experience gained by expatriates can contribute positively to the reconstruction of their war-torn societies. The thesis highlights opportunities to increase the input of these expatriate business communities in reconstructing Iraq.

With the war on ISIS now subsiding, Iraq faces a new chapter of challenges mainly in reconciliation, reinstating refugees, rebuilding an investment-based economy, fighting corruption and injustice. All these major challenges require sincere and genuine effort to engage the business community inside and outside Iraq. Therefore the importance of this thesis comes from its focus on the above challenges.

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## **Introduction**

Post-conflict reconstruction (PCR) in Iraq is a long-established field among development and policy circles. Each attempt to identify the problems in rebuilding Iraq highlights different challenges and failures. Most findings agree that locally driven reconstruction that merges social, security and economic stability is crucial. In recent years however, the focus of scholarship on Iraq has been diverted due to the threat posed by continuing violence. While not ignoring major developments and ongoing violence, this thesis adds to the literature on reconstruction in Iraq by assessing the potential for renewed reconstruction processes and goals influenced by Iraq's now-significant expatriate communities.

The international experience and assets that expatriate communities have gathered are an under-utilised factor in rebuilding Iraq and promise improvements in both material and social reconstruction processes. Crucially, expatriate communities have mostly remained free from the sectarian antagonism that plagues Iraq and through their diverse experiences have developed an understanding of democratic principles, efficient administration and the importance of accountability and transparency in business and government. Expatriates have gained these attributes by virtue of being absent during Iraq's worst periods of destruction and learning from the environment in their host countries.

Expatriate business communities also retain local social and cultural knowledge as well as links with both important actors and grassroots communities. This allows them the potential to bridge important gaps in governance, economic function and reconstruction. Further, business communities in particular have been identified as playing an influential role in reconstruction and security-stability dynamics – a significant but problematic factor in successful reconstruction efforts – given the possibility for conflicting interests and corruption between businessmen and politicians.

Several previous cases of post-conflict reconstruction, some of which are reviewed in this thesis, show that exiles have often been central to successful cases of post-

conflict reconstruction and it was precisely their time abroad which enabled them to play such crucial roles upon return to their home countries.

Domestic Iraqi business communities and expatriate business communities possess a range of intricate connections and understandings of society that are not accessible to traditional government institutions or non-economic institutions. As an important civil society actor, their capacity to assist in investment legislation, employment, development and social consensus building makes them an important player in promoting stability and growth in any developing country. These factors make them central to social and economic reconstruction efforts but so far most research on businesses roles in reconstruction has focused on macro-economic structures without analysing the social context that business communities operate in particularly in a complex social structure such as Iraq.

Iraqi exiles have also better managed to avoid association with both Baathist and sectarian politics. This allows them to potentially maintain more neutral and respected positions in political and social negotiations if they are included in the reconstruction of Iraq. The success of the expatriate business communities in improving social understanding and partnerships between Iraqis of all ethnic, religious and regional backgrounds lends weight to the importance of such activity to the reconstruction of Iraq.

**The first chapter** of this thesis defines and contextualizes Post-Conflict Reconstruction (PCR) in Iraq. It includes commentary on the application of International relations theory models regarding the relevance of state power in a globalised world. Initially, a comprehensive understanding of the scope of PCR in Iraq requires a summary of Iraq's pre-2003 history, regional and international relations and an understanding of the purposes and goals that spawned the 2003 invasion of Iraq and the consequences of state *deconstruction* thereafter. The key theoretical point in this chapter is an understanding of the significance of *forced* state collapse, as described by Flibbert (2013), in seeing how the removal of state power and the resulting power vacuums affected Iraq's internal relations (among people) and external relations (among states). It is argued that the extent of measures

undertaken to deconstruct Iraq, resulted in a far more difficult and anarchic scenario than may otherwise have happened if state failure happened with less international intervention.

This background shows us that any conceptions of reconstruction in Iraq must understand that the country and its people have undergone decades of gradual destruction, leaving deep physical and psychological scars. Importantly, Iraq's degradation represents a snowball effect, where periods of war, sanctions, corruption and further conflict have been layered upon previous tragedies. This point is developed throughout later chapters, where I note that the critical process of post-conflict justice must now contend with several layers of crime, retribution, sensitive political affiliations as well as entrenched sectarian distrust.

**The second chapter** examines major events and policies spanning the 13 years of Iraq's reconstruction since 2003. The aim of this chapter is to re-assess the importance granted to several commonly identified issues in reconstructing Iraq (such as planning, economic management, corruption, security and sectarianism). This chapter also makes use of private diplomatic cables to understand the factors behind the establishment of what would become the Iraqi Business Council. The cables note how groupings of expatriate Iraqi businessmen began taking an interest and role in reconstructing Iraq and provide a clear practical example for theoretical models of the interplay of capital and states in a globalized world.

The role of the Coalition Provisional Authority (CPA), its management style and methods that lead to the establishment of sectarian based government and representation recurs throughout the chapter. The actions of the CPA laid the foundations of many issues which Iraq faces today, such as a sectarian-based government, the structure of the armed forces, corruption, and the absence of law and order. The culpability of the CPA in catalysing such issues does not however mean that Iraq's successive democratic governments are not also without fault in failing to address them.

By showing repeated mistakes and missed opportunities by formally independent Iraqi governments between 2006 and 2016, this chapter also identifies stages where expatriates and their business communities could have been influential but were largely overlooked. Central to this are the relationships that developed between major corporations, local businessmen and politicians, which grew into a devastating culture of corruption. Corruption has since spread among all levels of government, public institutions and the society in general, resulting in the loss of billions of dollars of oil revenue and the degradation of trust among communities and in public institutions.

The period between 2006 and 2016 is broken down into sub-sections on the economy, banking, corruption, the military, sectarianism and ISIS as well as humanitarian and demographic issues facing Iraq. The comprehensive nature of these problems again highlights the extent of the task in reconstructing Iraq. I also show, however, that there are continuing positive signs among Iraqi civil society in demanding justice and fairness from their leaders. These positive developments are strongest among Iraq's huge youth populations and show that the future leaders of the society have not given up on forging a genuine and vibrant democracy for Iraq.

**The third chapter** 'Expatriate community roles in Post-Conflict Reconstruction' assesses comparative cases of post-conflict reconstruction to see how expatriate and business communities have influenced the social, economic and political reconstruction elsewhere. After a general review of the theoretical potential of expatriate contributions to post-conflict reconstruction we look at some specific examples from the regional and international cases of post-war Germany and Lebanon. As literature on this specific topic remains sparse, notes and lessons from Japan and Afghanistan are also included.

Post-civil war scenarios such as Lebanon are useful comparisons for understanding the influence of different social actors in redeveloping social, political and economic structures. While the examples of both Germany and Lebanon differ from Iraq in that fighting had largely ceased, there are direct lessons for Iraq in the fields of

consensus building, financing and the challenges of foreign versus local leadership of reconstruction.

Lebanon also provides comparative lessons on the links between physical, social and political reconstruction, and sectarianism. Reconstruction in Lebanon mirrored other post-conflict social power structures, with reconstruction being led by sectarian leaders. I specifically look at the contested success and role of former president Rafik Hariri – a wealthy international businessmen – who was mostly considered to be neutral and non-partisan. Following the Taif accord of 1990/91 Hariri managed to avoid returning to conflict and incentivized peace for sectarian leaders. While this extended Lebanon's sectarian political structure into the economic and reconstruction fields, it achieved incredible results in the reconstruction process that led to rebuilding Lebanon and particularly its capital Beirut within a relatively short period of time. Given that the sectarian power structure of all of Lebanon's central government continues to problematise all aspects of governance the reconstruction efforts were relatively successful for Lebanese infrastructure projects.

In Germany I look at the experience of Willy Brandt, and the rivalry between the Social Democratic Party (SDP) and Christian Democratic Party (CDU). Germany provides lessons on how the superior organizational skills of exiles hold the capacity for increasing transnational and domestic cooperation among political actors. Germany is a good case of post-war leaders building a commitment to advancing the national interest rather than their own interests, contributing hugely to the success of social, political and economic reconstruction. Germany's reconstruction post WWII was also strongly guided by US finance and politics and thus provides a good comparison for Iraq. The later experiences and success of the SDP and CDU in Germany also point to the importance of internationally attractive economic policies that do not completely and immediately discard strong social safety nets and mechanisms for fair and equal competition. This economic balance has remained a defining feature of Germany, which remains a hugely successful and powerful state.

The chapter then moves to a case study of The Iraqi Business Council in Jordan (IBC) – one of the most significant concentrations of Iraqi business and capital



outside of Iraq – in order to explore the existing activities of Iraqi expatriates and the role they are playing in reconstructing their country. The IBC is an example of Iraqi businesses with international experience and expertise who have remained politically independent while closely linked to Iraqi society. The IBC's physical and social proximity to Iraq is indicative of its capacity to play an important role in rebuilding the country and the extensive links it has built between Iraq and the international community are now a vital pathway for economic and political negotiations on the future of Iraq. Since the establishment of the IBC in 2006 it has expressed a vision for uniting Iraqis of all origins and backgrounds into a common goal of representing the true face of Iraq through social and cultural activities, business ventures and economic studies, and conferences aiming to help the Iraqi government with the right advice based on the vast experiences and knowledge of its members. What emerges from the IBC case is what many have been calling for in terms of Iraqis assimilating and expressing their version and understanding of democracy and democratic values. The lack of indigenous notions and understandings of democracy in Iraq was a major criticism of US imposed democracy in Iraq. Examples such as the IBC in Jordan represent just one aspect of the organic development and expression of Iraqi democratic values, now 13 years after the US project began.

**The conclusion** (Iraq after ISIS) assesses the future outlook and what changes must be made if reconstruction in post-ISIS Iraq is to be more successful. We see that the potential role of expatriates and the international experience and expertise they have developed is an under-utilised aspect of Iraqi reconstruction efforts. The options for greater inclusion of expatriates in social, economic and political reconstruction efforts begin with incentivising their cooperation in planning and political processes in Iraq.

This section features an analysis of the positions of several leading Iraqi politicians. Reviewing these positions and internal conflicts helps inform some the possibilities for Iraq's progress after defeating ISIS, but must viewed with caution due to the rapidly shifting nature of geo-political alliances and developments. This section also makes recommendations for future research. The primary steps in doing this will involve: a) gathering better information and statistics on Iraqi expatriate communities

globally which include well over 5 million members across North and South America, Europe, Australia, and the Middle East and North Africa; b) conducting further detailed comparisons of expatriate experiences in other post-conflict states; c) interviewing non-status quo political and civil-society actors and examining their role and impact on domestic and international relations. The Iraqi Business Council is one such actor representing private capital.

The overall aim of this research should be to help identify the potential contributions, and obstacles to those contributions, of the Iraqi diaspora and their desires for the future of their home country. The security, legislative and investment environment must be improved for those who do not wish to bribe their way into the reconstruction process and political representation for expatriates should also be improved. This conclusion explores possible scenarios for achieving this in post-ISIS Iraq.

## **Methodology**

In light of the already significant documentation of PCR in Iraq from many different angles, this work uses over both second- and first-hand sources to draw out new themes and under-explored aspects of Iraq's reconstruction since 2003. Time has allowed for more objective, sober and substantiated viewpoints to emerge on issues such as the role of the state, private capital, sectarianism, corruption and governance structures. The thesis reviews these issues and using Iraq as a case-study review of state-centrism in International Relations theory in the twenty-first century (Lacher, 2003). More specifically cross-cutting themes which contextualise Iraq's collapse and reconstruction are reviewed through Andrew Flitbitt's (2013) theory on *forced* state failure.

Within this framework the primary research question followed throughout this thesis is 'what contribution can expatriate business communities play in post-conflict reconstruction of their home states?'

The research in the thesis uses both case study and comparative methods to provide a qualitative analysis of the research question. Quantitative analysis is not

possible at this level of research as very little data exists in the field of expatriate reconstruction inputs, necessitating further primary research.

The majority of the secondary research was conducted in thematic blocs, then categorised chronologically where appropriate. Thus the chapters providing context to state collapse and the background of Iraqi reconstruction efforts use sources representing different phases of research and reporting on Iraq. This has provided necessary balance and the ability to contrast early reconstruction expectations with the benefits of hindsight.

The combination of a case study and comparative analysis provides multiple levels of detail and is necessary to adequately test International Relations theories on the ongoing centrality of the state in the current world order. This is because of the increasing relevance of non-state actors and the degradation of nation-state borders in Iraq. The vacuum of state power in Iraq following 2003 formed a power vacuum filled by foreign interests, mostly from neighbouring countries or those supplying occupying forces. This milieu of competing interests provides further examples to against which to compare Cox's (1981) theories of state power and functions in the modern era.

Written in 2016 and 2017, the thesis covers new developments in a rapidly shifting environment from a new viewpoint – that of an expatriate Iraqi business leader. Such intimate knowledge of the Iraqi business community's experiences over several decades provides nuance not easily captured from second hand sources. The simultaneous experience of the author as an expatriate has enabled far more distance from partisan politics than most business leaders who remained in Iraq can claim. The experiences of the author are also substantiated by secondary sources such as the now-publicly available U.S. Government cable from Wikileaks.

The thesis also raised observable evidence about the suitability of parliamentary democracy for all countries. These points emerge from reviewing the history of Iraqi governance structures and political culture since 2003, particularly in their implementation without substantial education and transition policies. This has raised

significant debate about the cultural sensitivity necessary to adapt 'modern' governance structures to traditional governing culture. The role of expatriates, with international experience, knowledge and mind-sets in influencing the dominant political culture is observable with examples from other states, yet so far little data exists on these dynamics in Iraq.

Additionally, reviewing the status of Iraqi post-conflict reconstruction and the dominant political, economic and social forces involved allows us to better understand the factors driving the emergence of alternative political and social actors. Iraq's de-facto sectarian power sharing system has seen the dominance of religious identity in both governance and domestic conflict and the channelling of popular sentiment through religious filters. Papers such as Doyle and Dunning (2016) and Haddad (2014; 2014a) show how factors such as sectarianism shift in relation to political, economic and social factors.

A case study of the Iraqi Business Council in Jordan provides nuanced detail as to the possible structural models that expatriate business communities can use, their motivations and member goals. Primary sources collected from IBC annual yearbooks, online publications and media coverage is used detail the scope of IBC activities, linkages, activities and capacities. The materials, in both English and Arabic, are assisted by significant personal experience of the author from over 12 years of leadership within the IBC.

### Limitations

Like all case studies, the IBC in Jordan is unique and can therefore not be used to extrapolate universal conclusions about all Iraqi expatriate business communities. This is not a severe limitation however as the IBC model is commonly replicated across expatriate business groupings internationally. The case provides data and other points of reference to compare with other expatriate Iraqi business groups in time and place (Burnham et.al 2004, p53).

### Advantages

Primary research into the Iraqi Business Council provides an in-depth account of an organisation active in the nexus between the state and private capital, and grants insights into the potentials and missed opportunities of such actors in the Iraqi experience. Using the case study method for the IBC is beneficial in that it allows for proper exploration of the scope of the IBC's activities and engagement with Iraq and reconstruction. Reconstruction efforts and expatriate involvement in them involve nearly all aspects of social, political and economic life and thus a detailed review of all of the IBC's activities is necessary.

Comparative analysis is used to contrast Iraq with other post-conflict societies on several levels. Firstly, to provide perspective to Flibbert's (2013) theory, it is necessary to compare the method and extent of state collapse in other countries to see how this has shaped post-conflict outcomes. Information on the experience of the Iraqi diaspora and their relation to reconstruction efforts, politics and society in Iraq is compared to expatriate post-conflict reconstruction activity, primarily in Lebanon. These comparisons also test the theoretical understandings of the role of the state in managing internal/external capital and power flows in different circumstances and eras of globalisation. Second-hand sources on the economic and political reconstruction of both Iraq Lebanon inform this comparison, using available data on economic and political developments in both countries.

Measures of expatriate contributions are largely qualitative as they relate largely to knowledge transfer, capacity building and changes to political culture. As a result much of the evidence relies on government policies, official statements regarding expatriate activity, expatriate personal experience and signs of home-country engagement within the diaspora.

Some of these factors can however be measured quantitatively through data on investment, remittances and expatriate participation in electoral politics. The latter are most likely to provide reliable internally and externally valid measures of comparison as they can be isolated from other factors (Pennings et.al 2006 p5,7). Unfortunately they are also the variables with the least data, necessitating further primary research.

### Limitations

The specific contextual factors affecting post-conflict reconstruction, across both time and place, make it difficult to acquire objectively comparable measures in any country (Burnham et.al p55,56). To this extent Lebanon was chosen as the most relevant comparative study for a number of factors. These include a diverse yet broadly similar religious composition, extensive foreign interference in peace and war, sectarianized politics, a large diaspora population, disputed reconstruction, corruption and a stagnant political culture. Choosing highly similar countries mitigates some of the limitations of comparative analysis. Lebanon is a particularly important example given the contentious mixing of economic, political and religious divisions of power in the country. It provides an interesting comparative-example to Doyle & Dunning's (2016) and Haddad's (2014, 2014a) analysis of the intersection between political and economic factors and sectarianism, within reconstruction dynamics.

One major challenge in comparing Lebanon and Iraq is that within Flibbert's theory of forced state failure it can be hard to identify responsibility. This means that in the case of Lebanon, while there was significant external intervention in conflict between the 1970s and 1990s, it is hard to identify whether internal actors were more or less responsible for state collapse than external actors. In Iraq on the other hand, responsibility for state failure can be clearly placed with the invading forces and foreign governments. This is correct for both the rapid stage of state failure in 2003 and the preceding decade of sanctions that contributed to the degradation of the state. Given this challenge, the methods of expatriate contributions that we compare should be seen as separate from the issue of forced state collapse. We acknowledge that this is not ideal and that contextual factors in both cases shape post-conflict outcomes in expatriate engagement.

Additionally, in line with Pennings et.al's notes (2006 p.9) on appropriate units of observation, we have placed arbitrary limits on the specific periods discussed. While the process of state collapse and expatriate activity are both fluid, it is necessary to draw arbitrary limits on when state collapse 'stopped' and the reconstruction process

begins. In Iraq we take this point to be 2003 with the U.S.-led invasion and in Lebanon we see it as 1990, with the beginning of the Taif accords.

We also acknowledge that 'business' activity is a flexible term and wide-ranging term. Identifying who comprises part of a 'business community' is subjective. For our purposes the term only relates to official and organised groups of expatriate businesspeople. These are easily identifiable in both the Iraqi and Lebanese cases.

### Advantages

The choice of Lebanon and Iraq as comparative cases is highly useful for identifying avenues for further primary research. As both countries have extensive and active expatriate business communities globally there are easily identifiable business groupings that could in future be approached for data on a range of economic and social measures, as well as official government policies on diaspora engagement that can be compared over time.

Further additions to the extensive secondary research conducted would be most beneficial in the realm of primary quantitative findings to complement the in-depth qualitative knowledge of the selected case studies. This will further identify how representative the IBC case study is of other Iraqi expatriate business communities. Comparative quantitative analysis could be made against selected measures both from other Iraqi business communities and expatriate business Lebanese communities.

### Theoretical Considerations

Much of Iraqi PCR literature has been grounded in pragmatic studies of governance, social and military dynamics, rather than theoretical models from the fields of sociology or international relations. Where theoretical models have been used as lenses, they have mainly focused on issues such as corruption (Neal and Tansey, 2010) and electoral and governance structures (Papagianni, 2007; Salamey and Pearson 2005; Glentworth, 2002).

Lacking from the broader theoretical understanding of the PCR in Iraq though, is an understanding of how the interplay of Iraq's domestic and international relations in a hyper-globalised world has affected the reconstruction process. Comparing Iraq's experience with theories concerning the dominance of state and domestic actor agency within international relations provides us with a way of understanding how the changing roles of the state in Iraq since 2003 have affected reconstruction. An excellent starting point for theorising this issue comes from Flibbert's (2013) work on the issue of *forced* state failure in Iraq. The vacuum created by the removal of the Iraqi state, then the permeability of the re-established state structures and their deliberate orientation towards neoliberal policies, have been major vectors factors affecting how power is exercised in Iraq, from the local to international level. International relations theories which critically analyse the role of the nation-state in determining both external and internal power structures such those of the 'national/global' model described in works by Lacher (2003) and Cox (1981), and Cox & Schechter (2002) and others are the most relevant for applying international relations theory to the practicalities of Iraqi state collapse and reconstruction.

The rapid advance of 'globalisation' through the 20<sup>th</sup> century, sparked a re-assessment of the centrality of the nation-state in determining the social constructs and contracts, both between the state and domestic actors and between the state and international actors. The most reasoned re-evaluations of state power in political economic and international relations perspectives, now seek a less black and white view of the centrality and importance of the nation-state in a globalised world. This applies retrospectively, with an understanding that even in less-globalised periods – where the state was seen as the supreme dictator of market and social activity within its borders – non-state capital and other classes played significant roles in influencing political and economic outcomes (Lacher, 2003 p.521). Globalisation and the permeability of state control over society encouraged theories positing that states were no longer dominant factors in economic and social relations, and that transnational capital and open markets allowed non-state actors to exercise more freedom and greater relative power than the state in shaping domestic outcome and relations.



Robert Cox (1981) was the most prominent writer to analyse the value of such claims and assess the ongoing relevance of state power. Some of Cox's theory supported notions that nation states in the latter 20<sup>th</sup> century were no-longer active agents shaping the global economy but simply formed a mechanism for adapting the national economy to global demands. Later revisions of Cox's message, and important nuance added by Lacher shows that we should remain wary "of underrating state power but in addition give attention to social forces and processes and see how they relate to the development of states and world orders" (Cox, 1981 pp128). Lacher's (2002) work furthered caution against dismissing the power of states. The central message emerging from these theories is that wherever nation-states remain (everywhere) there will necessarily be an important role for states in shaping the outcomes of capital-labor dynamics and providing the framework capital needs to operate. That states have sometimes chosen (ideologically) to surrender to global capital does not mean that they have no agency or alternative options nor that the guidelines for dominance of capital over the state or vice versa cannot change.

An initial point worth noting in the case of Iraq is the attention Cox paid to using the term 'world order' instead of international relations. The latter term, Cox argued, contained a limited sense of which parties were able to act 'internationally', mostly being refined to state and state-like entities. Cox's use of world order sought to capture the appropriately huge scope of interactions and processes that were shaping the global political economy by the latter decades of the 20<sup>th</sup> century. The term gained heightened value when it was used by former U.S. President George H.W. Bush to describe the victory of the U.S. over the Soviet Union and end to the Cold War as the beginning of the 'New World Order'. It was the first Gulf War in Iraq which marked the start of this this unipolar world, as well as what Flibbert (2013) describes as the deliberate dismantling of the Iraqi state.

The first Gulf War and the subsequent decade of sanctions represent a complex tool of control exercised by a state (albeit *the* most powerful state in the world) with wide-reaching affects across related parties of all descriptions. Conversely the effects of the U.N.-mandated sanctions on Iraq present a tragic illustration of how layers of class, capital and state all experienced different outcomes in the light of such

restrictions. Rather than choking, the state elite in Iraq were mostly able to evade the effects of sanctions for, while the detrimental effects of basic goods shortages were passed on to the Iraqi public and its economy (Gordon 2002, 2010; CIA 2007). In the grey-zone of this power divide, whole sectors arose to circumvent sanctions, including cases of states and linked transnational corporations engaging in corrupt practices to gain access to a restricted, yet lucrative market (Overington, 2007). The latter example would bolster arguments against the power of states in controlling capital and economic activity.

However the importance of understanding the role of the state in globalised political economy goes deeper in Iraq's case. The peak of the forced collapse of the Iraqi state (2003) exemplifies several major, but contested themes within this field. These include the role of trans-national and local capital, the fragmentation of identity as a challenge to nation-state structures and the shifting roles of states in managing outcomes for their populations. These three issues are covered with practical examples throughout this work after theoretical discussion below.

The catalyst which concentrated such important dynamics, in both time and space in Iraq in 2003, was the removal of the Iraqi state and the vacuum created by this process. The attempted reconstruction of the state forms a lesson in the continuing importance of states as – in Cox's words – a 'transmission belt' between both domestic actors and external actors and between the different strata of domestic classes and groupings. Simple illustration of this can be seen in how neighbouring states flooded the vacuum into positions of influence over different sections of Iraq's population, international capital employed maximally extractive practices within reconstruction efforts and the various ruling elites (empowered by regional and international actors) struggled selfishly for dominance within Iraq – at the expense of basic services and state functions, seeing living standards stagnate and violence continue. It was the lack of a strong central state, playing such a managerial role which enabled this complex milieu of interactions.

The effects of this central power vacuum on the degradation of nation-state identity have mainly been discussed in relation to the federalisation and break up of Iraq

along sectarian and/or ethnic lines. While it has been in-vogue for many western analysts to assert the 'underlying sectarianism' of Iraq's Muslim populations, more critical work such as Doyle (2016) and Haddad (2014, 2014a) shows that sectarianism also arises as a result of vulnerability to political, economic and social instability. Thus, even sectarianism and federalisation can be adequately analysed within a political-economic framework that provides nuance on the effects of globalisation and challenges to the nation state system. Thus the breakdown of internal Iraqi relations along sectarian and ethnic lines can be significantly linked to the breakdown of the state, in both political-economic terms and social terms. This created chaos on multiple levels, both within the subordinate classes but also within the state's relations with international capital as well as other states. The example of Kurdish separatism, dictated by oil-wealth interests and ethnic dynamics is an excellent example of such relations.

The history of Iraq since 2003 has not only been one of chaos in internal relations, but also one where the absence of clear state authority opened the country to external contestation with all foreign powers seeking to influence and gain from a power vacuum. The U.S. Iran, Turkey, Syria, Jordan, Saudi Arabia, Kuwait and others have all played different roles in influencing outcomes in Iraq since 2003. Such a confluence of competing interests exacerbated internal chaos, often by allying with local proxies, further splitting ruling elites and interest groups and further complicating what was to be considered in the 'national interest'. These conflicts of interest are ongoing and are unlikely to be restored until a central state authority can establish the pre-requisite standards of security and stability that allow it to confidently manage external relations. We see how the U.S. And most other states also played roles in advancing the interests of their national companies and capital in profiting from Iraq.

With this theoretical context – examining the different roles and capacities of various state and non-state actors in managing social, political and economic relations – this thesis looks at the example of a non-state private capital grouping known as the Iraqi Business Council (IBC). The IBC began to coalesce at the time of state collapse in Iraq in 2003, as it saw an opportunity for local private capital to play a unique role in

reconstructing the country physically, socially and economically. When the IBC was formally inaugurated in 2006, it immediately took on a role as a primary mediator between foreign capital, foreign states and Iraqi businesses based in both Jordan and Iraq. The efficiency of the IBC in facilitating such interactions in the absence of cohesive state power in post-2003 Iraq provides an interesting example of the changing roles of states and capital in the 21<sup>st</sup> century, particularly as to whether private capital can operate to its full effectiveness in conditions such as Iraq – i.e a lack of security, rule of law and an unstable society.

## **Chapter One**

### **Contextualizing Iraq's forced failure**

This chapter provides contextualising information on the Iraq that the US and its allies invaded and occupied in 2003. Rather than being a fully functioning and resilient state, Iraq was already faltering and fragile due to eight years of bloody war with Iran (1980-1988), the Kuwait invasion (1991) and the economic sanctions imposed on it by the US and its allies (1991-2003). Planners of the US-led invasion acknowledged this and it is reflected in public documents. Yet this did not limit the further state dismantling that took place from 2003 onwards.

This chapter also covers some *conceptual* issues within Post-Conflict Reconstruction (PCR) literature related to Iraq that reposition common understandings of the economic, political and social factors that have threatened the Iraqi state – both before and after 2003. Some of the key *practical* issues covered in this chapter are the Iraqi economy and its dependence on oil, Kurdish autonomy and the threat of ethnic and sectarian conflicts and Islamic extremism. These factors have been selected as they have been consistently recognised – even prior to the invasion – as serious challenges in the creation of a new Iraq (Clawson 2002: Laipson et.al 1999 p.2-5).

*Forced* state failure is one of the most important things to understand about Iraq's recent history. Literature on forced state-failure shows that attempts to dismantle the government of Iraq began long before the invasion in 2003, through a series of measures including sanctions, no fly zones, controlled oil revenues and other direct and indirect actions. This is one of the conceptual nuances, which must be understood in order to fully comprehend the challenges in reconstructing Iraq.

*Forced* state collapse entails a different extent of destruction (physical, psychological and institutional) than internal state collapse and is discussed in further detail below. Other issues worthy of consideration are whether outsiders (usually those responsible for the de-construction) or nationals must lead a state's construction (Flibbert, 2013).

Further, the concept of PCR seems relatively self-explanatory. Conflicts entail physical, economic, political and social damage requiring complex simultaneous efforts to restore stability, security and confidence among a population. Most PCR research however focuses on infrastructural, political, institutional and economic reconstruction, and does not emphasize the importance of social reconstruction. In the case of Iraq social damage as a result of torn identities and mistrust is a major factor in current social unrest, lack of services and violence. These are the results of over 36 years of psychological and spiritual wounds that currently inhibit a return to normality.

As this chapter explains, where exactly the 'pre' and 'post' conflict periods are in Iraq is not easily definable. Thus for the purpose of this thesis we define Post-conflict Reconstruction as per the Princeton Encyclopaedia of Self Determination: "Post-Conflict Reconstruction aims at the consolidation of peace and security and the attainment of sustainable socio-economic development in a war-shattered country" (Tzifakis, 2017). This is a useful definition as it does not demand a complete cessation of hostilities or erasure of root problems but a period of stability and consistent progress in which basic state functions (defined below) are fully met. In the case of Iraq – with its multiphase and mutating conflicts – this definition helps identify what place post-conflict reconstruction efforts can have in a country that will continue to face security challenges and unrest. It must be noted however that the definition leaves out any mention of repairing social damage (Brinkerhoff, 2004: Dodge 2013 p.257).

A state is considered 'functioning' when it can fulfil its duties of providing a monopoly on the use of force (security), providing essential services and managing the economy and governance. It should be noted that these are all factors which support international relations theories predictions of the continued relevance of the state. Under these parameters it is clear that successive Iraqi governments have failed to comprehensively progress on reconstruction across many markers (Rathmell, 2005: Brinkerhoff and Johnson 2009). While the present Iraqi government maintains functions that prevent it from being classified as 'failed' it certainly represents a faltering state. Two criteria – state reach and effectiveness – identify Iraq post-2003

as both limited and fragile. This means that its reach into society is both limited (in terms of services and provision) and weak (in terms of effectiveness). This was an intentional product of the type of state that was set up by the US Coalition Provisional Authority (CPA) and is linked to misapplied ideology that strongly has strongly influenced Iraq's reconstruction (Monten 2014).

Concepts of PCR often neglect the importance of the *mode* of state failure relative to the success of reconstruction attempts. This level of analysis should first be applied to whether the state has failed due to natural disasters – where concepts of PCR originally developed – or due to wars or other deliberate intervention. The clear difference in these cases is intentionality – which entails specific efforts to deconstruct a state and its functions. Intentionality means that the 'deconstructive efforts' are usually more extensive and damaging than the debilitation caused by natural disasters. Intentionality was central to both the 2003 invasion of Iraq and its administration under the CPA, as well as the 13 years prior, which we turn to now (Barnett et.al, 2003 p23).

Deliberate measures to incapacitate Iraq's vital state functions (management of the economy and administration) began much earlier than 2003. The US-led international sanctions against Iraq began after the US-led coalition liberated Kuwait in 1991 with extensive bombing and targeting of Iraqi infrastructure networks. The sanctions imposed over a decade of suffering on a country recovering from successive wars (1980-1988 & 1990-1991) and hugely damaged infrastructure and services as well as causing widespread humanitarian suffering including the deaths of over a million of Iraqis including half a million children (Gordon, 2010). All of this was designed to disaffect the civilian population from the leadership of Saddam Hussein and bring about regime change.

With the above in mind, the 2003 invasion of Iraq can be seen as the culmination of a long campaign of undermining the Iraqi state, in addition to the suffering of the Iran-Iraq war from 1980-1988. Perhaps most detrimentally, the effects of poverty and deprivation under sanctions led to social fragmentation and changes that would

become rapidly apparent in 2003 and still plague Iraq today (Barnett, et.al 2003 p.25: Rathmell, 2005).

The fact that Iraq's collapse was *forced* is relevant to the both 'national/global' theoretical framework for understanding the role of the state, as well as the topic of 'sectarianism' as a result of the breakdown of the state. In such circumstances when central authority is forcibly removed, communities are forced by uncertainty to resort to secondary sources of group identity such as tribe, sect or ethnicity. Secondary identities can then become politicized in power struggles, especially when institutional factors in security and political structures tacitly support sectarian identification (Doyle and Dunning, 2016 p12, 19,29). Thus sectarianism in Iraqi, and the issues derived from it, are not 'historical' features (as suggested by figures such as Thomas Friedman and multiple major news outlets) of Iraqi or Arab society but rather necessary coping measures with disastrous consequences at both government and civil society levels (Doyle and Dunning 2016 p.3). This is supported by the fact that even with the already significant pressure on the state that was occurring in Iraq through the 1990s, society did not fall into sectarian conflict. Recent critical analysis has confirmed that sectarianism is rather a process – primarily driven by competition for political control and economical advantage rather than theological motivations. Sectarianism's major driver then is contestation for power in the absence of greater unifying identities – as was set in motion in 2003 (Flibbert 2013: Doyle and Dunning 2016 p.3).

Given the evidence that the dismantling of Iraqi institutions and bureaucracy was deliberate at all stages, we must also examine the impact of the primary ideology behind it (American Neo-Liberalism). This is important as it impacted the scope and size of the subsequent Iraqi state, government and society (Monten, 2014 p176). The Bush administration approached Iraqi de-and re-construction with a 'minimalist governance' or maximized free-market ideology that was not immediately suited to Iraq after over 40 years of a socialist system. This approach led to a misunderstanding of the importance of the Iraqi state at that point, in keeping the country functioning and relatively cohesive. Neo-liberal reform measures, which negatively affected economic pillars of the society, caused mass job losses in



administration and non-oil sectors as well as key institutions such as the Military (ICG, 2004 p4). Such social dislocation was vital to the insurgency and chaos that ensued and grew following 2003.

Noticeably, most US 'think-tank' literature on PCR presumes that successful reconstruction of a state can be achieved without significant attention to social, political and historical context. PCR has been treated in much of the above literature as a social engineering process that just requires the right tweaks and adjustments along a linear path. Yet it seems obvious from a historical perspective that most successful states have emerged gradually with little planning rather than from an abstract plan. *Organic* state development is crucial to long-term legitimacy and the presence of outside actors in this process is usually detrimental (Krause & Jutersonke 2005: Presby 2005 p524, 525).

The core lessons from the above nuances to PCR in Iraq are that local actors must be primarily engaged in directing the re-construction of a society. Additionally, any initiative to form a state with a long-term vision of stability must be based on a decentralized government with economic development, sustainability and local autonomy that brings prosperity, stability and legitimacy. (Brinkerhoff and Johnson, 2009: Presby, 2005: ICG 2004 p11). PCR efforts have also been most successful when existing state structures have been preserved as much as possible. Iraq however suffered almost total deconstruction of its state apparatus and thus reconstruction from 2003 began from a very weak position (Monten, 2014).

To fully understand the condition of the Iraqi state prior to 2003 we must look more at how much a once-wealthy state had deteriorated as early as 1990. Iraq's ability to avoid full collapse during the 1990s despite the wars, infrastructure damage and sanctions can be seen as an indication of the strength and resilience of the state and society through successive crises (Sassoon, 2010 p191).

In 1991 Iraq faced an intensive US coalition bombing campaign, which particularly targeted public and industrial infrastructure, bringing some areas of the country to 'near apocalyptic' or 'pre-industrial levels' (Gordon, 2010). Comprehensive

UN-enforced sanctions followed, controlling all imports and exports from the country, meaning that by 2003 Iraq was already suffering from huge humanitarian and economic crises. Sanctions are considered a form of 'hybrid warfare' and thus the argument that the US and its allies waged continuous war against Iraq between 1990 and 2003 is strong (Schadlow 2015 p.1: Gordon, 2010 p.2). The sanctions drastically changed the functioning of Iraq's economy with the central role played by oil representing a key vulnerability. Before the first Gulf War, oil accounted for more than 60 per cent of Iraq's GDP, yet by 1991 had fallen to 10 per cent of its pre-war output levels (CIA library 2007).

Even when oil exports restarted in the late '90s Iraq's oil sector never recovered fully, due to poor management and spare parts degradation. As a highly state-centralized economy, Iraq suffered immensely when the government was not able to balance its budgets through oil exports, causing widespread shortages of basic goods. While the oil for food program – which allowed some Iraqi oil revenues to purchase essential goods only – eventually provided some humanitarian relief, the education, health and industrial sectors were severely damaged by the sanctions. This had knock-on effects on a societal level as communities suffered impoverishment and Iraq's 'brain drain' intensified. The Central Intelligence Agency's file on Iraq's economy prior to 2003 states that GDP per capita dropped from \$2304 in 1989 to a *maximum* of \$507 between 1991 and 1996: "...there was a mass exodus of engineers, professionals, everything you need to run the country at a fundamental level" (CIA Library, 2007). (Gordon, 2010)

Adding to the 'fragility' of Iraq during the 1990s was the threat of Kurdish autonomy in the north. This posed a major danger to Iraq's economic viability and territorial integrity, as control and distribution of oil wealth by the central government had been a strong factor in limiting Kurdish ambitions. As this money dried up under the oil export ban and sanctions of the 1990s, Kurdish provinces – which control significant pipeline routes – began to explore options for independent oil extraction under the protection of a US imposed no-fly zone over Kurdish regions (Clawson, 2002: Sassoon, 2010 p189: Laipson et.al 1999 p2-4).

Despite the establishment of the Kurdish Regional Government (KRG) Kurdish independence did not eventuate under the protection of a no-fly zone. However Kurdish local autonomy did develop through the 1990s and was the first step towards Iraqi federalism. Full Kurdish autonomy in Iraq was prevented by interdependence between the Kurdish and Arab territories. The KRG gave the central government access to water (the Tigris river flows through Iraqi Kurdistan) and oil export pipelines to Turkey in return for access to electricity and commerce through the oil for food program. Regional actors such as Turkey, Syria and Iran also deterred the Kurds from pushing for independence due to their own large Kurdish populations, who may also be encouraged to push for independence, causing shockwaves and conflict in the region (Bengio, 2012 p251-262).

Another factor that, though highly contested must be addressed, is the Islamisation of the Hussein government and its impact on society prior to 2003. One of the main reasons given by the Bush administration for its invasion of Iraq was that Saddam Hussein had been harbouring and funding Islamic extremists – namely groups linked to Al-Qaeda. While this specific claim was largely dismissible, further research has alleged that with the declining appeal of Pan-Arabism in the 1990s, Saddam Hussein set out to bolster his regime by appealing to radical Islamist movements (Orton, 2015).

The role of Islamic extremism in Iraq's ongoing crisis and challenge in destabilizing the country makes this point worth further investigation. Orton claims that radical Sunni Islam was strengthened in the 1980s first as a tool in the war against Shi'a Iran, with Saddam Hussein making tactical alliances with the Sunni Muslim Brotherhood throughout the Arab world. Orton (2015) and Sly (2015) also point to the 1993-'94 'Faith Campaign' where, in the face of harsh effects from the sanctions, the Iraqi leadership "retreated to its Sunni tribal base, took on a life of its own, transforming Iraq into an Islamist state and imposing lasting changes on Iraqi society" (Orton, 2015). Other informal evidence for the shift included "strict Islamic precepts were introduced. The words "God is Great" were inscribed on the Iraqi flag. Amputations were decreed for theft. Former Baathist officers recall friends who suddenly stopped drinking, started praying and embraced the deeply conservative

form of Islam known as Salafism in the years preceding the U.S. invasion” (Sly, 2015).

Other analysts dismiss these allegations, maintaining that there is little evidence the Iraqi regime abandoned its secularist nature (Helfont & Brill 2016). While the regime may have exhibited brutality we now associate with some Islamic extremist groups, there is little evidence it began to espouse religious or sectarian motivations for its actions. The regime attacked Islamists as “two-faced men of religion” and continued to identify Arab Nationalism across the region. As with all potential opposition to the regime, Salafi and Wahhabi Islamists were also cracked down upon and their publications banned (Helfont and Brill 2016).

Thus, the evidence for intentional Islamisation of Iraq in the later years of the regime remains weak. However, significant Islamist activity on the margins of Iraqi society and Iraq’s particular vulnerabilities to sectarian incitement – with a prominent Shi’a population – indicate that a flood of extremist activity should have been expected in the ensuing power vacuum. That the United States was positioned as the occupying power made this scenario even more attractive to ‘Sectarian Entrepreneurs’ who sought to benefit from the social dislocations caused in 2003 (Matthieson 2014; Cavanaugh 2014).

This chapter has provided some conceptual and contextual facts to the state of Iraq prior to the 2003 invasion and thus given a more comprehensive view of the extent of Iraqi reconstruction needs. It is clear that the situation Iraq faced in 2003 was already fragile without the actions taken by the Coalition Provisional Authority (CPA).

Given the discussed nuances to Iraqi PCR, it is necessary to take a much broader view of the severity of Iraq’s needs. In reconstructing Iraq we are dealing with a country that has been transiting from crisis to crisis since 1980 at least, and a people who have endured immense suffering. That the psycho-social aspect of Iraqis’ identity and well-being is still under-addressed by major actors reveals that a more comprehensive and locally driven effort will be central to future success.

The next chapter analyses different periods from 2003-2016, beginning with the role of the CPA and its disastrous decisions in dismantling state pillars particularly the Army and the police force, encouraging sectarian representation and its efforts to impose a Neo-liberal economy on Iraq. This period was characterized by a series of wrong decisions and policies, bad financial management, sectarian war (2006-2008), sectarian based government and social & economic hardships, and the occupation of one third of Iraq by ISIS.

## **Chapter Two**

### **Obstacles and Lessons in Rebuilding Iraq (2003-2016)**

This chapter reviews major periods in the development of the Iraqi state and its governance structures post-2003. Several factors that overlap through these periods show the accumulation of social, governmental and institutional problems plaguing Iraqi reconstruction efforts.

#### **The Coalition Provisional Authority, April 2003 – June 2004**

In April 2003 the Coalition Provisional Authority (CPA) took over all executive, legislative and judicial authority in Iraq. The CPA was the successor of the Office for Reconstruction and Humanitarian Affairs (ORHA) which had been set up shortly prior to the invasion and was supposed to give way to an 'Interim Iraqi Authority' (IIA) – which was supposed to have far more limited powers than the CPA eventually did.

The decision to replace the ORHA with the CPA – instead of the IIA – represented ideological and political motivations within the Bush administration that sought to shape the Iraqi state far beyond what had been planned for by the ORHA and other US government bodies such as the State Department. What planning there was in place was not implemented and misguided decisions made during this period formed the basis for some of Iraq's most chronic social, economic and security problems (Dyson, 2013 p455-457).

One of the most significant planning failures in this period was a lack of coordination and taking of responsibility between the Department of Defence and the CIA on how long the US presence was to stay in Iraq. In particular the extended occupation and insurgency that emerged were not planned for. "Whose responsibility is to warn [the US] about the possibility that even after you overthrow the Ba'athists they are going to be able to organise, finance and control, an insurgency with foreign Jihadists?" (Dyson, 2013 p458). Statements such as the above by Dennis Feith (Under-Secretary of Defence at the time) show that US planners were naive and had little knowledge about the outlook for a post-invasion Iraq.

The CPA's poor performance in Iraq began with the replacement of Jay Garner – a General with knowledge of Iraqi society and a cautious approach to state building – with Paul Bremer – a less experienced and more directly political appointee.

After the 2003 invasion disabled nearly all of Iraq's essential infrastructure except for oil-related capacities, the CPA began implementing sweeping reforms with overnight impacts on Iraqi society. The first two orders of the CPA were particularly problematic and revealed the extent of the CPA's intention to rapidly change Iraq. The main CPA changes to Iraq were:

- □     Order No.1 – designed to dismantle the Iraqi Ba'ath party (the ruling party of Saddam Hussein) through a process of 'de-Ba'athification'. This affected tens of thousands of experienced state employees who by default had to be Ba'ath party members to be able to progress in their careers, whether or not they were active supporters of the party. Newly appointed administrative staff lacked experience in government, hampering the delivery of public services and security.
- □     Order No.2 – the dismantling of Iraqi Army, elements of the Ministry of Defence, Ministry of Information, Ministry of State for Military Affairs, The Iraqi Intelligence Service and all subsidiary military, paramilitary and intelligence organisations (Flibbert 2013 p85). Order No.2 was understandable in some sense as an important symbol that the power structures of the old regime were gone, yet it was carried out without any attempt to manage the transition. Instead of keeping soldiers in their barracks and negotiating their future and managing a disarming and retraining program, most were simply allowed to walk off (Pollack, 2006 p.10).

New recruits to the Iraqi security services tended to be overwhelmingly Shi'a, as Sunnis were reluctant to join the new armed forces. This, in combination with the political structures that emerged, turned a formerly "national institution into a

sectarian one (Doyle and Dunning, 2016 p17). These first two orders were central to the power vacuum that emerged and exacerbated the insurgency that followed, disrupting successful re-organisation of the state as hundreds of thousands of people – many with military training and weapons – found themselves jobless and disenfranchised.

The CPA also ordered extensive and immediate changes to Iraq's macro-economy. Orders such as order No.39 imposed a regulatory system that was extremely friendly to foreign investors while overhauling the banking system. All of the changes however seem to have been made based on mainstream neo-liberal economic theory without consideration of local conditions (Looney, 2005 p148). For example, Islamic banking was neglected in all CPA restructuring of the banking industry. The reforms were a 'wish-list' for multinational foreign investors while there was little consideration given for the fate of small and medium scale local businesses competing against multi-national corporations. This approach ignored the context of local businesses that faced huge challenges in their starting position due to the degradation of the economy and infrastructure in the preceding twenty years – disadvantaging them in rebuilding the economy. This also meant that profits made from reconstruction were often flowing offshore rather than recirculating in the Iraqi economy (Looney, 2005 p135, 136: Luft 2005 : Mustafa, 2004 p.1).

Most of Iraq's state-owned enterprises were rapidly closed or privatised under the CPA. These shutdowns, alongside the massive scale of 'de-Ba'athification' and the flood of Turkish and Iranian products into the country, caused further mass job losses, which was further exacerbated by the slashing of food and energy subsidies. The combination of these rapid social and economic changes contributed to Iraqis' retreat from national to sub-national identities and "opened to contestation the most basic questions of political life" (Flibbert, 2013 p83). A very open foreign investment policy and little protection for local labour meant that large foreign businesses dominated contracts awarded under the CPA. Foreign dominance of contracts and investment further damaged the establishment of a vibrant domestic employment market and economic environment as foreign companies commonly imported



cheaper foreign labour, which the US assisted by stripping Iraqi labour unions of any power to organise under the guise of 'security concerns' (Mustafa, 2004 p2).

The efforts of Iraqi businessmen and the individuals that would go on to establish the Iraqi Business Council exemplify this process. Evidence of their activities and input at the time mirrors the dynamics described above. Wikileaks cables from 2003 show that when the CPA was in full control of Iraq, would-be members of the Iraqi Business Council reached out to the American administration to collaborate on development and reconstruction work in a number of industrial fields. Their first meeting was with CPA economic advisors Reuben Jeffery and Eric Otto, in Amman. Their offers were listened to – after many IBC attempts at communicating with the CPA – but were not taken seriously by senior decision makers and no major response was delivered. The IBC meetings and correspondence in the cables highlight a number of problems that the CPA encountered in its economic strategy for the new Iraq. Primary among these was dealing with foreign companies (Kuwaiti and Saudi Arabian in this case) and the tainting of CPA policy by dealing with people close to the former regime. THE IBC highlighted that they had remained untarnished by association with both the US government and the former regime in the decades prior to 2003 and had already had proven success in cooperating with local coalition military commanders on the ground (Wikileaks, 2003).

As early as 2003, Iraqi expatriate businessmen in Jordan made propositions to the CPA showing their capacity to bring in Iraqi expatriate capital through designated trade and investment bodies. The businessmen said they were willing to expose themselves to significant risk as long as the CPA could arrange political risk cover provided by institutions like the International Finance Corporation and Overseas Private Investment Corporation (OPIC). Such guarantees were especially important, as financial and legal institutions were lacking in Iraq (Wikileaks, 2003). It is telling that institutions like OPIC were so central to the CPA economic strategy, as OPIC's stated purpose is that it "helps American businesses gain footholds in new markets, catalyzes new revenues and contributes to jobs and growth opportunities both at home and abroad" (OPIC, 2017). This shows that state and semi-state agencies were acting in concert to promote the interests of trans-national corporations and

capital. This shows that in light of our theoretical model, states still wield significant power in facilitating economic developments. Pragmatic analysis of modern history confirms this, with accounts such as those of John Perkins' (2004) showing how advancing the interests of national capital is a primary aim of many states.

Further Wikileaks cables from 2003 show that Jordan and Jordanian based companies were best placed to contribute to the reconstruction of Iraq. This was particularly true of newer generations of businessmen who had adopted international standards of accountability and transparency and thus could work efficiently with foreign contractors. An internationally-attended conference on doing business in Iraq identified these businessmen and relevant representative bodies as the most promising prospect for reconstruction and economic stimulus in Iraq (Wikileaks, 2003a) . Despite such recommendations from U.S. officials in Jordan, little U.S. support was given towards such groups until years later, when the IBC was given permission to form by the Jordanian government.

Referring back to theoretical notions of the role of the state, the above example is a clear sign of the state (or state-like body in the form of the CPA) neglecting its role as an interlocutor between capital, the ruling class and subordinate classes. By favouring ideological economic models rather than developing a model of state-society relations and an economic framework that suited the historical conditions of Iraqi society and capital (Looney, 2005).

This ideological bent (following abstract neoliberal policies, without adapting them to Iraqi society) undermined reconstruction efforts and the economic success of the project itself, both in terms of capital and social interests. It remains correct that strong state structures (especially in providing security, rule of law and an educated and work-capable population) are essential for the efficient function of capital and ensuring successful profit (Budd, 2013). Essentially the disfunction of the state means that by not fulfilling its obligations to the labor force it was not – and has continued to struggle with – creating the key conditions for the operation of capital.

On the financial front, US planners made assumptions about the capacity for Iraq's oil wealth to fund the rehabilitation of the country that did not eventuate (Luft, 2005). Mismanagement, looting and sabotage hampered the now re-opened oil industry and the productivity of Iraqi oil production in the years immediately following the US-led invasion. Security concerns also meant that major international oil companies were reluctant to follow through on their expected investments while the 'de-Ba'athification' process had excluded many of Iraq's existing oil experts from participating. This same process of exclusion by an absolutist approach to de-Ba'athification occurred in many reconstruction sectors, and local Iraqi firms were severely disadvantaged by links with the previous government (Cha, 2004).

The CPA period also marked the beginning of the huge misspending, fraud and corruption of Iraq's reconstruction money. The Pentagon had not planned for an extended insurgency yet held the most responsibility for the reconstruction budget. "The agencies formally charged with dispensing foreign aid – the State Department and the Agency for International Development – played only a minor role in these accounting shortfalls, because they spent less than a fifth of the reconstruction funds. ... It was the Pentagon that failed to plan 'for a lengthy occupation or a large relief and reconstruction program,'" (Smith 2013). Yet even without a coherent plan and poor accountability mechanisms, The Pentagon poured money into Iraq – roughly \$25 million per day in 2005. The flood of poorly accounted-for money led to rampant overcharging and fraud as well as corruption. This resulted in at least 8 billion of the 60 billion in US funding for Iraq disappearing – this is not to mention the profligate misuse of Iraq's own revenues, which we return to in discussion of the Iraqi government between 2006 and 2014. (Smith, 2013)

The CPA period was also charged with arranging a timeline for constitutional reform and a transition to a democratically elected government. While superficial markers of democracy were achieved by 2005, the type of governance structure that emerged became a source of huge grievance among Iraqis who lost or were excluded from power. The US approach to democracy and governance in Iraq was generally rushed, superficial and failed to build institutions to bridge Iraq's ethnic and sectarian differences.

Instead of the intended IIA, planning and administration of the initial transitional period was overseen by the 'Iraqi Governing Council' (IGC) – a similar though less inclusive interim body set up by the CPA, which contained a significant contingent of returned Iraqi exiles. Along with self-serving motives, these particular exiles and most of the IIA had weak domestic constituencies – while excluding important actors such as the Arab nationalist parties, Shi'a and Sunni political groups and influential non-political business and religious leaders.

The Iraqi Governing Council was tasked with negotiation of the Transitional Administrative Law (TAL) to guide the process of elections and constitutional reform. The exclusive and elitist nature of the IGC meant that the TAL was negotiated with little consultation with many parties outside of the IGC. Nearly every major sectarian or ethnic group quickly came to fear exclusion from power and domination by other factions. In this period it was important that no particular Iraqi group be seen as having been granted decision-making power, but that all Iraqi voices be included in decision-making (Pollack, 2006 p12). Negotiations for the TAL were also bound to a strict timeline by the CPA, which limited the time necessary for working through many important issues on power sharing and inclusiveness. The CPA seemed happy to set up the surface markers of democracy without ensuring it was fully accepted and understood by all Iraqis (Papaggianni, 2007 p267).

In this transition, finding a political system that kept the country intact and that was just to all ethnicities and groups, became highly problematic given domestic and foreign pressures on Iraqi national unity and power sharing (Salamey and Pearson, 2005). Various forms of federalism were suggested yet many were criticised for having the potential to entrench geographical and ethno-sectarian divisions and regional instability. Between 2003 and 2005 surveys on the issue of separatism and territorial integrity found that Iraqi Kurds were strongly in favour of separatism while Arabs were strongly against it (Papaggianni, 2007 p261). Finding an electoral and representative system that was both proportional and encouraged cross-sectarian power-sharing was crucial to this period but failed to emerge due a lack of inclusive

consultation leading up to the January 2005 parliamentary elections and the October 2005 constitutional referendum.

### **The Iraqi Interim Government (IIG) June 2004 - February 2005**

Also guided by US officials, The IIG gained some administrative powers that the IGC lacked, but the consultative process led by UN envoy Lakhdar Brahimi made little difference to the composition of the IIG, which replaced the IGC in 2004, with Sheikh Ghazi Mashal Ajil al-Yawer (an Iraqi leader who lives in Saudi Arabia) as President and Ayad Allawi as Prime Minister. A crucial decision of the IIG and the CPA during its short tenure was to weaken the one major consultative event that could have represented a comprehensive national dialogue - the 2004 National Conference. The national conference was designed to select 100 members for a temporary national legislature until the National Assembly elections in early 2005. Yet prominent anti-American groups were deliberately excluded, reducing the conference's perceived legitimacy. Incumbents in the IGC dominated the process and favoured large parties over independents (Papaggiani, 2007 p255).

The highly problematic nature of finding suitable electoral and governance structures for Iraq heightened the need for indigenous negotiations and consensus making drawn from Iraq's long history of multi-ethnic power sharing. What was implemented was rather a rushed, centralised and top-down system where parties' concerns about others' mutual cooperation were not mediated by any seemingly neutral body. International experts recommended a 3-6 year timeline for political transition in Iraq that would be overseen by a more neutral international body such as the UN rather than the quick US-overseen process. This period was seen as crucial for new communal leaders to emerge within a different system of government after many years of repression of any capable local leaders (Pollack, 2006 p.11,12).

There was little imagination in US attempts to restore Iraqi leadership over the country and find a model of democracy that acknowledged the deficits in consensus that Iraq faced. In essence the practice of democracy was quickly created without attention to the society's understanding of the new imported concept, a concept

which in many ways conflicted with tribal, religious and cultural practices and habits. Generally a tribal Muslim will always look up to his father, tribal leader or imam – none of whom are elected – for advice and instructions on daily life and affairs. Therefore the idea of electing leadership was novel in a culture with longstanding indigenous power structures.

The lack of security outside of Baghdad meant that in most of provincial Iraq, democracy promotion was poor. This was particularly important, as the decentralisation of power in Iraq has consistently been recognised as crucial to inclusive and cooperative governance. In the cases where democracy promotion did occur, both the message and the funding for democratic institution building were channelled through traditional power structures, which made democracy in Iraq “a legitimising tag for the continuity of existing power structures” (Bridoux and Russell 2013 p335). (Salamey and Pearson 2005, Papagianni, 2007).

### **Iraqi National Assembly (INA) February 2005 - December 2005**

The 2004 National Conference did result in the formation of an Iraqi National Assembly (a temporary parliament) to negotiate and form Iraq’s new constitution. The composition of the INA however was a further sign of dangerous ethnic and sectarian divides becoming formalised in the Iraqi electoral system. The United Iraqi Alliance – a coalition with strong Shi’a backing – won nearly 50 per cent of the vote, with united Kurdish factions placed second with around 25 per cent and Ayad Allawi's party gaining 14 per cent. The proportional representation system – which did not divide Iraq into electoral districts – was criticised for favouring large parties to the exclusion of independents. Ibrahim Al-Jaafari (Shi’ite) and Jalal Talabani (Kurd) were the Prime Minister and President of the INA respectively. Low Sunni turnout and participation in the elections led to similarly poor Sunni representation in the constitution drafting process. There was also criticism of the failure to include civil society actors and inform the public on the constitution-making process as well as the generally inflexible and rushed timeline for the transition (Papagianni, 2007).

When Sunnis were finally included in the INA in the final stages of the drafting process (most Sunnis refused to accept or join the new regime after 2003) the CPA again refused to delay the constitutional referendum despite public and international demands to delay the vote to allow adequate Sunni preparation and time for the Iraqi public to digest the document. The final constitution did not even agree clearly on key issues such as federalism agreements in article 140 and article 61 and left Sunni and Shi'a Arabs feeling that the Kurdish minority were granted far more power than their proportion of the society – particularly in terms of resource revenues and voting power (Salamey and Pearson, 2005 p193, 197). The final constitutional referendum presented a constitution that Sunni representatives had not fully approved. Sunni rejection of the constitution was clear in voting patterns that resulted in further entrenchment of ethnic and sectarian differences and unrest (Papaggianni 2007 p255, 263, 267).

### **Security, Stability and Reconstruction During the Transition Period**

Like most post-conflict reconstruction cases, security, economic development, and political development were problematically linked in Iraq. Security is a paramount requirement for economic development but economic development can also help alleviate the security situation (Looney, 2005 p134). The complex linkages in this nexus show us how and why the rapid and comprehensive changes to the economic and administrative landscape undertaken by the CPA were also influential on the feelings of injustice among Iraqis – particularly Sunnis and other minorities– which fuelled the insurgency by former soldiers, police, ex-Ba'ath party members and other anti-American groups (Mustafa, 2004).

From the outset reconstruction efforts and the transition to Iraqi democratic governance were plagued by a growing insurgency against US and allied forces across the country. The management of the security-stability nexus was critical for the future of Iraq, with its potential oil wealth being a major asset in rebuilding the country *if* economic, social, political and institutional reconstruction could take place in a secure environment (World Bank, 2006 p.19).

Opportunistic crime and violence quickly emerged across all Iraqi communities due to the absence of police forces, the rule of law, and feelings of injustice. The continuous attacks on Sunni and Shi'a communities led communal leaders to produce armed groups (militia) belonging to the same parties engaged in the political process. Their claimed goal was to protect their communities but they also sought to make political statements of power. In the beginning, the insurgency was not obviously organised but rather occurred in a localised and reactive fashion (Kinsey, 2009 p42). Attacks were directed against US and allied troops as well as foreign funded or guided rebuilding projects. Attacks also sought to disrupt the workings of democratic and political processes such as bombing polling stations, UN offices and assassinating politicians and foreign diplomats. The elections of January 2005 were marked by severe violence – particularly in Sunni provinces – which prevented much voter turn out in addition to the Sunni boycott.

The obvious US dominance in the political transition also pushed other militia such as the Mahdi Army (an armed group and followers of the young religious leader Muqtada al-Sadr) to disrupt any transition process that in their opinion would not be in the interest of Iraqis, or clash with their own complex interests and vision for Iraq. Groups such as the now-defunct Mahdi Army have wavered between secular and sectarian ideals through various periods of time and their motives are always changing with political circumstances (Wong, 2004).

The combination of mismanagement and disruptions made the planned reconstruction of Iraq far different from the on-the-ground reality. By early 2004 only 140 of 2300 planned construction projects had begun and less than 20 per cent of the country had reliable water and electricity supplies remaining due to years of embargo, US led bombing and looting. Additionally, the lack of security also damaged economic development, investment, employment, and stability, with fewer than 20,000 Iraqi workers employed on reconstruction projects. Iraq's oil industry – which is crucial to Iraq's economic self-reliance as its primary source of funding – was a major target of attacks and theft with no area of Iraq's production, export pipelines and refinery network spared. This disruption is estimated to have cost the Iraqi government around \$15 billion per year (Luft, 2005 p.2). Despite the CPA



having passed a system of checks and balances to limit corruption, Paul Bremer attempted to begin financing the occupation with Iraqi oil revenue as soon as possible. This rushed process to distribute contracts meant there was little oversight of the oil industry, with contractors being paid in cash, transactions rarely evaluated and audited, and projects often only being partially completed (Anderson, 2013).

The US approach to security in Iraq during this period was also characterised by heavy reliance on private security contractors (PSC) –mainly American and British firms – which aggravated the effects of the US occupation. Firstly, private contractors were vastly expensive (~US\$50,000 per month per guard) and their use was partly responsible for the cost blowouts previously mentioned. PSC were used to make up for the lack of US troops designated for Iraq, reflecting the lack of planning for the occupation. Secondly PSC were hard to coordinate and hold accountable for their actions. Lacking experience and training in Iraqi and Muslim culture, there are numerous cases of atrocious behaviour by PSC who were not accountable under Iraqi law or foreign military law. PSC acted in highly aggressive formations unforeseen by Iraqis, even under the previous regime. Their behaviour further demonised the occupying forces in the eyes of Iraqis, who did not have the knowledge or reason to distinguish between private contractors and regular allied military forces (Kinsey, 2009 p1-5).

### **Axis Of Evil**

Further damage was done to the effort to stabilise Iraq post-2003 when President Bush continued to refer to an 'Axis of Evil' – including Syria and Iran as adversaries and possible targets of future aggression. This turned both Syria and Iran further against US policy in Iraq and they became major 'spoilers' to US security and political control of Iraq through encouraging, supporting and overlooking the transit of terrorists into Iraq through their borders. On many occasions the Iraqi government showed evidence of recorded interrogations of militants who confessed to receiving Syrian and Iranian training. Other neighbouring countries such as Saudi Arabia and Turkey also began to play destabilising roles in this period by supporting and financing Sunni extremist groups - each with their own specific interests in mind.

This further complicated the insurgency, which began to morph into sectarian civil war by 2006 (Luft 2005 p.3).

Even without the provocative actions and comments from the US, this example shows the potential for a vacuum in external relations to emerge when a state's internal structure collapses – or is removed. As will be seen throughout subsequent chapters, Iraq's neighbours have all intervened in Iraqi internal affairs due to the weak power of Iraq's central government. This has in turn made the central government's efforts to re-establish effective governance even more difficult. This is a prime case for showing the twin 'mediating' role of states as an interlocutor between internal and external relations – what has been described as their 'Janus-faced' nature.

The increasing confidence of Al-Qaeda in Iraq (AQI) under the leadership of Jordanian Abu Musab al-Zarqawi led to the escalation of deliberate attacks against Shi'a shrines in a deliberate effort to spark Shi'a violence in response. This explicitly Sunni-Shi'a violence was used by AQI to deepen Sunni feelings of disenfranchisement under successive transitional governments and push Sunnis to seek the intra-sectarian protection that AQI was offering. While Shi'a-Sunni violence had been prominent prior to 2006, the civil war that developed in the first year of Iraq's first real government was unprecedented and caused shockwaves of intra-Muslim conflict that still plague Iraq and the broader region today (Doyle and Dunning, 2006 p20-22).

### **Iraq's first full democratic government 2006-2010**

Iraq's first full democratic government was elected in December 2005, with the United Iraqi Alliance (UIA) – a largely Shi'a coalition led by the Al-Da'wa Party – winning over 40% of seats in the Iraqi Council of Representatives. Given the strong Iranian support to these parties, Dr Ibrahim al-Jaafari – a senior leader of the Al-Da'wa Party – was nominated as the Prime Minister of Iraq on behalf of the Al-

Da'wa-led coalition. However his nomination faced a lot of resistance from the Kurds and some Sunni groups in the parliament, which led to the alternative nomination of Nouri Al-Maliki, seen as a more acceptable candidate. US administrators also backed Maliki as a seemingly less sectarian and nationalist representative.

In May 2006, Maliki came into office following the devastating AQI attack on the Shi'a Askariya mosque in Samarra, which catalysed intense sectarian bloodshed and recriminations. Maliki's policy-making prioritised security overall with successive campaigns against both Sunni and Shi'a militia to fight violence from all parties. In 2006 former US ambassador to Iraq James Jeffrey wrote: "There is every indication that the long awaited Iraqi government will be inclusive. Prime Minister Nouri al-Maliki has shown considerable independence of action, particularly in choosing his cabinet ministers. Hopefully, the new government will be able to split the insurgency by driving a wedge between hard core elements, such as al-Qaeda, and those Sunnis who can be brought into the government" (Jeffrey and McCoy, 2006 p.1).

Maliki prioritised security in his policies, starting with the decision to dismantle the Sadrist militia (the Mahdi Army) and reduce their influence and control of local governments, particularly in the wealthy southern oil state of Basra. He formed a powerful and well equipped and trained elite force called the 'Counter-Terrorism Squad' (CTS). The CTS (US trained and considered the best in the Middle East), was comprised of over 4,000 men and executed Maliki's plans efficiently and decisively, pushing the militia underground and their leader Muqtada Al-Sadr into exile in Iran. This victory over the militias gave Maliki a huge domestic and international boost in respect, including from Sunnis. Sunnis were even encouraged to re-join the armed forces and political process. The CTS however, later became known as the Fedayeen Maliki - a deliberate comparison to Saddam Hussein's notorious militia (Dodge, 2013 p250).

As the Iraqi military was being slowly re-established between 2004 and 2006, other Shi'a factions such as the Sadrists and the Islamic Supreme Council of Iraq (Badr Brigade) had relied on using their militias and had thus neglected their influence on

control of the military. Thus when Maliki came in to office in the chaos of the sectarian civil war, he moved to stamp his control over the army, Special Forces and intelligence agencies. He did this by using the extra constitutional powers in the 'Office of the Commander in Chief'. Instead of being a coordinating office in times of emergency, Maliki manipulated this position into a direct line of control over battalion leaders (Dodge, 2013 p249).

Maliki's political and security agenda was largely characterised by this consolidation of key lines of control directly under his control and through a close circle of loyal family and friends who became known as the 'Malikiyoun'. Establishing direct contact and power over senior civilian administrators in key ministries meant that Maliki was able to bypass many of the checks and balances provided by the cabinet and parliament. He appointed his son Ahmad Maliki as deputy Chief of Staff, which gave him access and power over all of Iraq's security apparatus'. Maliki's success in this effort to centralise power was assisted by the divided Iraqi political elite at the time who were engaged in distributing patronage and pursuing self-enrichment rather than furthering the national interest.

Maliki's initial lack of experience in security was buoyed by 'the surge' of US forces attempting to defeat AQI in Western Iraq. The surge (an extra 20,000 US soldiers) and the initiation of the Sunni Anbar Awakening movement (Sahwa) significantly weakened al-Qaeda and brought Sunni tribal leaders into cooperation with the government on security matters. This did not completely stop the sectarian civil war however, with mass retributions on Sunni communities by Shi'a continuing throughout 2007. Some such as Juan Cole have claimed that in this period the demographics of Baghdad changed from 45% Sunni to 25% Sunni after thousands of deaths and the displacement of threatened Sunnis (Cole, 2014, p1). These demographic changes have however also been influenced by rural-urban migration of hundreds of thousands of Shi'a farmers from the south to Baghdad due to declining agricultural productivity influenced by the flooding of the market with cheap Iranian agricultural products. The market-flooding policy came from Iranian shortages of hard currency under international embargoes and had been overlooked by consecutive governments in Iraq while it suffocates the Iraqi agricultural and

industrial sectors. This process has also seen major social and economic impacts from the influx of rural tribal migrants on the traditionally liberal, open middle class communities of Baghdad.

While the 2007 Surge and the Sunni Awakening movement to defeat Al-Qaeda in Iraq was very successful, the political gains towards Sunni inclusion were squandered by the follow up to the operation. The majority of the nearly 100,000 Sunni fighters, who had been convinced to turn their guns on Al-Qaeda and other militias, were not given the jobs and salaries they were promised in return for this risky move. As a result they were abandoned to the reprisals of AQI and left with feelings of even deeper exclusion and injustice towards the Iraqi state (Eisenstadt, 2009: Khedery, 2014).

After the military victories of 2008 and the sharp decline in civilian deaths and violence, Maliki found himself in a powerful bargaining position towards both domestic and foreign allies. The US was however going through major instability in its Iraq policies, with the Bush presidency coming to an end and the global financial crisis distracting US foreign policy attention. It was in this period that Iran began to insert itself more directly into Iraqi politics, reminding Iraqis they would always be there while the Americans were preparing to leave (Cole, 2014: Khedery, 2014).

### **Economic Progress**

The improvement in Iraq's security situation around 2008 opened a window of opportunity for economic progress with improving state budgets and better relations among Kurds, Sunni and Shi'a political groupings. Much of the improved cooperation with the Kurdish leadership was lost however when Maliki began to aggressively dispute oil revenues with Kurdish politicians. Maliki's increasing distribution of patronage for political gain also encouraged the rest of Iraq's political establishment to further engage in cronyism and corruption. Nearly every ministry was riddled with corruption, with billions of dollars of revenue and aid missing, US reports uncovered (Corn, 2007). The high oil prices of this period and huge revenues generated from it inflated the government budget expenditure and investment and laid the base for massive expenditure with mega-projects in all sectors. The lack of close supervision

and accountability however led to extensive corruption. The explosion of unsupervised projects, political party interests and sectarian-based deals led to the loss of billions of dollars and numerous high-profile corruption cases. Only a few of these projects have been accomplished – at a very high cost and delay – while the majority eventually existed only on paper.

Economic progress in Iraq also faltered on unsuccessful diversification of Iraq's economy away from oil revenue and foreign aid. Prior to the wars and damage of the 1980s and 1990s, Iraq was self-sufficient in "wheat, rice fruits, vegetables, and poultry products [as well as] exporting goods including textiles, leather goods (purses and shoes), steel, and cement" (Cordesman, 2010 p52). Oil is a volatile source of income – and as the collapse in world oil prices since 2009 showed – can cause huge government deficits if budgetary decisions are made assuming the continuation of high prices. In 2009 over 90% of Iraq's GDP was coming from oil revenue and the drop in prices following the global financial crisis alone caused Iraq's GDP growth to drop from 9.5% to 4.3% in one year. Even within the oil sector, the effort put into renovating and maximising the efficiency of Iraq's oil industry has been weak, due to security and mismanagement issues. This has left hundreds of billions of dollars of potential revenue in the ground, despite Iraq having the world's third largest oil reserves (Cordesman, 2010 p.6-9).

### **Banking**

Despite legislative changes, little progress occurred in privatising Iraq's banking sector between 2006 and 2010. The state-owned banks, Trade Bank of Iraq (TBI), Rafidain and Rasheed, remained in control of 86 % of all financial assets, showing little change from the pre-2003 regime of state control. Among Iraq's public and private banks and financial institutions, several major problems were identified, including a lack of strategy, poor employee and reporting regulations, and inadequate credit facilities (Cordesman 2010, p52-54). A lack of trust among the population limited the success of dozens of new private banks. Many were operating from outside of the country and had poor communications with citizens and government. Many banks geared themselves towards private lending and money exchange auctions rather than public lending. Such limited activities of private banks

led to a lack of confidence among, and poor relationships with the public. The Iraq Central Bank exacerbated the problem through its attempts to improve its currency reserves by holding lucrative weekly currency auctions. The private banks preferred profit-making through this relatively fast means and thus had no interest or time for full public banking operations. These banks essentially became private exchange agencies rather than public lenders or depositories, leaving over US\$40 billion of public money outside the banking system. The currency auctioning by the Iraqi Central Bank led to the slow death of the private banking sector and the growth of huge money laundering activities by some political leaders and parties. This became an international scandal in 2012 when the US government accused Maliki and some small Iraqi banks of deliberately helping Iran get around sanctions. Iraq's negligible response to US requests on this issue was a strong indicator that the US had lost much of its influence to Iran by this stage (Risen & Adnan, 2012).

During Maliki's first term, responsibility for reconstruction of many government services was being handed over from the US to Iraqi administrators. Most improvements in services came from the reduction in violence rather than actual reconstruction advancements and in reality there was relative stagnation in returning essential services such as electricity, water, education and health. While electricity production improved by 17% in 2007 it was still 50% below demand (Bruno, 2008).

Sunni populations and rural areas were often just as bad as Shi'a or Kurdish provinces and while unemployment reduced slightly, youth remained particularly vulnerable to economic hardship – and hence appeals to radicalisation and violence (Cordesman, 2010 p33, 34). In health for example low salaries and limited access to foreign technology has stymied improvement since 2003. The health sector has been greatly underdeveloped since the 1990 war with hardly any new hospitals or medical care units being built, despite the government claim that over 100 new hospitals or medical care units were awarded. Not one of the projects was executed and none of the defaulting contractors were prosecuted. "The sector still lacks facilities, medicine, experienced physicians, and emergency health care services (e.g ambulances). Areas that saw some improvements between 2006 and 2010 included education and communications with thousands of new teachers being

trained, schools repaired and private mobile phone technology becoming widely available by 2007. This led to nearly 10 million accessing mobile phones as compared to only 80,000 before 2003 (Bruno, 2008 p4). These small examples of failure and success in different areas point to the relevance of the state in providing the atmosphere for a healthy, educated and capable population to engage in meaningful economic activity both domestically and internationally.

### **The 2010 Election**

The elections that signalled the end of Maliki's first term in 2010 were the final hope for continuing to improve Iraq's democracy and prevent a slide towards authoritarianism. They were monitored by the European Union and saw around 62% of eligible Iraqis turn out to vote. However, when Maliki failed to gain a majority of the seats by a small margin he began to fight the election results by all means possible. Instead of Maliki, Ayad Allawi, won the most seats (91 to Maliki's 89) with his largely secular Sunni and Shiite coalition gaining broad appeal through alliances with prominent Sunni politicians. Maliki first claimed there had been election fraud and demanded a recount, which did not achieve a clear result. When this attempt did not succeed, he turned to legal campaigns to disqualify some of Allawi's candidates on the basis of Ba'ath party membership or association. A political and judicial deadlock ensued and the race for power turned to lobbying for support among the US, Iran and other regional powers, despite most Iraqis giving Allawi's coalition higher approval ratings (Doyle and Dunning, 2016 p25: Shadid, 2011 p.3).

Many Iraqis and regional Arab leaders saw Allawi as the only representative capable of returning a secular spirit to Iraq, a spirit which was lost amid the sectarian civil war and the degradation of society over a period of 40 years. Allawi grew up in a period when asking about one's religion was seen as rude and unacceptable in Iraqi culture and society. Indeed some members of the National Iraqi Alliance recognised Allawi's popularity, especially amongst expatriates and attempted to have expatriate voting blocked in the 2010 elections (AlSharq Alawsat, 2009).



Allawi carried a troublesome association with the Ba'ath party despite splitting from the party in the late 1970s. His disagreement with Saddam Hussein led to a failed assassination on his life, which hospitalised him for a year. Allawi had a strongman reputation and deep regional and international relationships, which were seen as a positive mark in the future relations of Iraq with its neighbours. Allawi's strong relations with the Kurds also gave hope to his supporters that he could make deals with Barzani to win the Prime Ministry. However Allawi miscalculated or misjudged the Kurds' intentions throughout the eight-month stalemate and misread the fact that the Kurds were keen to guarantee their interests and benefit regardless of who the national leader was. This led to a Kurdish alliance with Maliki who had guaranteed them further concessions (Sky, 2015 p1).

This eight-month period of negotiations and uncertainty was a pivotal moment in the history of the 'new Iraq'. Iraqis felt bitterly disappointed that the party which legitimately won the election could not rule due to political games played by the religious parties, other elites and regional powers. Many doubts and rumours emerged among the public on the legitimacy of the election. This was particularly given that the Iranians made it clear that they would not support an Iraqi government headed by Allawi. Iran fully backed Maliki and his allies through financial support, logistics, and media propaganda.

It is important to understand Iran's strong position, against Allawi despite previous positive communications between them. It was Allawi's firm stand against Iranian intervention and influence in Iraqi politics that made him an unacceptable choice and a red line for Iran and their allies in Iraq. Allawi's background as a Ba'athist, his stated belief in the unity of Iraq through reconciliation and building a strong, well trained national army reminded Iran of the late Saddam Hussain and their eight-year conflict. That Hussein had convinced nearly every Arab Muslim state (except for Syria) and the international community to support his effort to defeat the Islamic Republic of Iran was a frightening prospect for Iran – one reason why it remains important for Iran to maintain control over Iraqi political trends. Allawi enjoys the support of most of the Arab governments and particularly Saudi Arabia, which the Iranians find a direct threat to their interests in Iraq. History and Arab alliances

remain prominent for Iranian decision makers when it comes to Allawi's position in the political arena in Iraq.

### **Maliki's second term - 2010-2014**

In the 2010 elections, Maliki split from the majority Shi'a 'United Iraq Alliance' (UIA) and ran on his own ticket under the title 'State of Law'. This change was necessary as major Shi'a leaders refused to have Maliki as the leader of the UIA, signalling the end of Maliki's support among Shi'a leaders. Many felt that Maliki was dividing their common strength and any future chances of ruling as Shi'a. Iraq's Shi'a leaders however are also partly responsible for the outcomes of Maliki's actions in their name. Taking their majority position for granted from Iraq's demographics, they were never able to find ways to reassure Kurdish and Sunni populations that they would be treated fairly and were also unable to come to agreement within their own ranks (Doyle and Dunning, 2016: Cockburn, 2013b: Dodge, 2013).

Attempting to consolidate his power Maliki used the judiciary to make moves against his major political allies (and potential rivals), Vice President Tariq al-Hashemi, Deputy Prime Minister Saleh al-Mutlaq and Minister of Finance Rafi al-Issawi. These spectacular 'arrests' in 2011 and 2012 took the form of the politicians' houses being surrounded by tanks and military, to pursue charges of corruption and murder against the targeted leaders. Dozens of these politicians' staff and families were arrested while the politicians themselves were forced into exile abroad or in Kurdish regions (Dodge, 2013 p.241).

These displays of personal power convinced much of Iraq's political elite that they were on the verge of losing the country's democracy to a new authoritarianism and further alienated Sunni populations. Al-Issawi and Al-Hashemi were major Sunni representatives within Maliki's government. Their rough dismissal sparked mass demonstrations against Maliki's government throughout Sunni Anbar province during 2012 and 2013. On several occasions in 2013, Iraqi security forces responded to protesters with excessive violence and turned the movement into an outright rebellion across Anbar province. Armed clashes erupted in a number of towns and

cities and a general declaration of 'defensive Jihad' was made, with the support of prominent exile Iraqi Sunni leader in Amman, Jordan, Sheik Abdul Malik al-Saadi (Arango, 2013).

The protesters' demands focused on non-sectarian issues such as marginalization, corruption, and the lack of services. But in an effort to rally the Shi'a community behind him, the Maliki government sought to accuse the protesters as having Sunni sectarian goals. With sad irony, the Anbar rebellion was the perfect opportunity for ISIS and the Ba'athists and former military personnel to significantly move back into the arena and pick up their mantle as the protectors of Sunni from 'apostate' Shi'a. Both Sunni and Shi'a political leaders sought to mediate the crisis and were astonished when they recognised the rage they had unleashed and the gap they had left open for ISIS. The Maliki government promised to compensate victims, provide medical treatment to the wounded and hold military leaders accountable for mistakes (ACRPS, 2014).

This sad series of events had come about for a number of reasons which affected the Maliki government's decision making. As US forces had withdrawn in 2011, there were few checks on Maliki's power and the government responded to the protests with brutal violence and mass arrests. At the same time Maliki was reinforcing the sectarian image of his government by recruiting Shi'a militia to fill the security gap left by the gradual US withdrawal between 2008 and 2012 – discussed in more detail below.

The ongoing protests and subsequent crackdowns coincided with the escalation of violence in Syria where the example set by the majority Sunni in rebelling against President Assad (Alawite, a Muslim minority of differing beliefs, closer to Shi'a Muslims) emboldened Iraq's Sunnis to move against nominally Shi'a repression. A power vacuum emerged in Eastern Syria and Western Iraq from 2011 onwards and provided space for the resurgence of Al-Qaeda in Iraq (now known as the Islamic State in Iraq and Syria -ISIS). ISIS – discussed in detail in the next section would go on to position itself as the only capable protector of Sunni populations against Shi'a brutality, hence occupying one third of Iraq and vast areas of Syria (Doyle and Dunning, 2016 p26, 27).

Maliki's divisive moves against his political rivals in 2011 and 2012 were partly driven by his fears about federalism and disputes with Kurdish parties over resource wealth. These again were unresolved issues stemming from the incomplete Iraqi constitution that continue to disrupt successful governance in Iraq. The constitution had enabled the Kurdish Regional Government (KRG) to claim 17% of Iraq's oil wealth, despite only representing a small fraction of the society and originally producing little oil itself. Maliki had committed to the 17% figure in order to gain agreement from Kurdish factions in his first and second terms as Prime Minister. It emboldened the KRG to proceed with internal legislation regarding independent oil extraction and resource control as well as pipeline development that undermined the role of the Federal government as per Articles 108 and 109 of the constitution – which were however vague.<sup>1</sup> Both Sunni and Shi'a leaders in Iraq's federal government expressed concern at the Kurdish developments from 2008 onwards. Maliki took a tough stance to the argument over oil wealth, which was supported by most Arab politicians as well as the international community. The brinksmanship of KRG leader Masoud Barzani and Maliki however eventuated in border clashes between the Iraqi Military and Kurdish militias (Peshmerga) in 2012 (Voller, 2013 p4).

### **The US Withdrawal 2008-2012**

During Maliki's tenure one of the most decisive changes in the balance of power in Iraq was the drawdown of US forces and transfer of full security responsibility to Iraq. As a result, the US has been criticised for having destroyed Iraq and then not committing for long enough to rectify their mistakes. The 'Status of Forces Agreement' (SOFA) was signed late in President Bush's second term and agreed on having all US troops gradually withdrawn from Iraq by 2012. At the time, signing the agreement was a popular move among Iraqis and Maliki pushed hard for agreement on the withdrawal plan. Anti-American politicians and power brokers in Iraq pushed Maliki to make the deal as favourable to Iraq as possible, especially in withdrawing legal immunity from any US soldiers who were left in the country. These conditions and domestic US politics in the beginning of the Obama administration – trying to

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<sup>1</sup> **Article 108:** Oil and gas are the ownership of all the people of Iraq in all the regions and governorates.

reverse the image of the Bush administration and the damage of the 2008 financial crisis – meant that there was little pushback from the US in opposing Maliki's desires (Karon, 2011: Khedery, 2014).

The US withdrawal also signalled the end of a long-decline in international attention towards Iraq, as publics and governments grew tired of endless stories of war death and corruption. The 2011 withdrawal also coincided with mass uprisings across the Arab world and a new diplomatic and media focus on countries other than Iraq (Cockburn, 2013 p6).

### **Corruption**

Corruption in Iraq increased throughout the Maliki period to the extent that it affected all aspects of society. In 2011 Iraq was ranked 175 out of 183 on Transparency International's corruption index making it the world's seventh most corrupt country (Sassoon, 2016 p.9). Maliki was not solely responsible for corruption but was just one example of a political class that saw political engagement only as a means of self-enrichment to buy further patronage from Iraqi communities. More than 4000 of the 14,000 candidates in the 2009 elections ran with falsified degrees (Sassoon, 2016 p.9). Even fundamental infrastructure reconstruction suffered massively through corruption. For example the Baghdad sewerage system that took years to construct and cost US\$7 billion was an abject failure. As a result Baghdad's streets flood severely in heavy rain, mixing sewerage with rubbish and waste. Similar stories are heard across Iraq. This example alone has left the capital's population at risk of Cholera during the rainy season for many years (Smith, 2007: Cockburn, 2013 : Cordesman & Khazai, 2012 p4).

The scale of the failure in reconstructing Iraq is astonishing given that the government received roughly US\$100 billion annually from oil revenues alone. Accordingly the scale of suspected corruption has been similarly staggering. Securing anything from a job to a basic government service had become a matter of paying for it with all levels of society being forced to fend for themselves in the absence of basic government services and accountability. By the time Maliki was

forced from office in 2014, numerous reports estimated that up to 500 billion dollars was missing from Iraqi accounts and revenues between 2006 and 2014. This was nearly 50% of government revenues during that period. Maliki's use of government contracts to buy favour was not only a method of buying support but also a way of threatening others who had resisted corruption should they choose to argue or reveal information. His extra-judicial use of anti-corruption charges meant that all public servants were vulnerable if they were deemed a threat (Sridharan, 2014, Cockburn 2013a).

The combination of massive corruption and a crash in oil prices in 2012 left the Iraqi budget in a huge crisis by 2014 saw Maliki pressured by most international and domestic parties to resign as Prime Minister. His relation to the expansion of corruption and the mishandling of sectarianism meant he could no longer be supported without sending Iraq into further chaos.

The constraints imposed by the financial crisis then further weakened Iraq's efforts to fight ISIS and reform the image of the government under Maliki's replacement Haidar Abadi. Abadi has had to seek a \$15 billion loan from the International Monetary Fund (IMF) – a risky move that will impose limits on Iraq's budgetary decisions for years to come (Sattar, 2016).

Joseph Sassoon has explored the extensive effects of corruption on Iraq's social and economic functions, noting that it creates an atmosphere of distrust, a sense of unfairness and reduces the legitimacy of the state (Sassoon 2016, p7). Sassoon also points out however that corruption has gone so far in Iraq that by 2014 it began to threaten Iraq's territorial integrity when the Iraqi military was unable to defend Mosul from attack by ISIS. Corruption in the Army and Ministry of Defence is worth further investigation as it shows both the shocking extent of corruption and the long-standing failure of rebuilding even the most basic national institutions in Iraq.

When ISIS attacked Mosul in June 2014 huge numbers of the Army's 2<sup>nd</sup> Division soldiers simply turned and fled rather than defending the city, often with their commanding officers being the first to leave. This collapse of the 2<sup>nd</sup> Division came

from a number of factors linked to corruption (and sectarianism) that are systemic throughout the Iraqi military and will continue to hinder security nation-wide. The Iraqi military had become an 'investment' in the words of some officers, where career development is for the sole purpose of gaining access to illicit funds and dodgy contracts. Dodgy contracts – where senior officials and eastern European contractors pocketed billions of dollars – often resulted in out-dated and unreliable equipment being provided to the Iraqi army (Sassoon, 2016 p.11, 13).

As early as 2010 reports were emerging that the Iraqi Army was filled with tens of thousands of 'Ghost Soldiers' commonly named by Iraqis as 'Flyers' who did not exist but whose salaries were being paid to their officers. "Not only do these practices reduce manpower, they also undermine the unit cohesion of soldiers still on the battlefield. Knowing that their fellow soldiers are still receiving some pay after effectively deserting, units lose, or fail to develop, an esprit de corps necessary to sustain strenuous operations" (Abbas and Trombly, 2014 p.2).

Operationally, the general lack of experience and morale in the military led them to favour extensive checkpoint systems in towns such as Mosul. Checkpoints make life very difficult for locals and encourage bribery and smuggling, leading to further alienation between the military and locals. Administratively, corruption made soldiers' daily operations less effective, as they had to spend more time looking after their basic needs. "For example, high-ranking officers are supposed to budget food purchases for their soldiers and deduct money for them out of their salaries. In practice, officers pocket most of this money, and establish revenue quotas for subordinates. Soldiers in Mosul often had to purchase their own food and water from civilian markets and cook themselves, adding additional duties onto already undesirably long working hours" (Abbas and Trombly, 2014 p.2).

### **Humanitarian and Demographic Issues**

As ISIS has dominated the headlines since 2014, an underreported story in Iraq is the obvious ongoing damage to basic living conditions combined with incredible demographic challenges. By 2014 with serious fighting against ISIS taking place

across large areas of the country, new waves of internally displaced people brought this issue to a new critical point with over 5 million people currently displaced or forced to leave. Additionally Iraq faces continuing population growth with an enormous youth bubble – nearly 60% of the population is under 25 and the population is predicted to reach 40 million by 2025. To put that in perspective, Iraq's population in 1950 was only 5.23 million. Among these youth unemployment is estimated to be around 40%. Such abject youth prospects are an ongoing driver of violence and radicalisation and their inability to access adequate health and education services means they may never reach the potential needed to fully contribute to Iraqi society (Cordesman, 2014).

The displaced include Syrians fleeing to northern Kurdish areas and Iraq's small minorities such as Yazidis and Christians, who have been particularly brutally treated by ISIS. This has put immense pressure on humanitarian assistance through the country, particularly in food and housing provision. Food production, as previously mentioned is already significantly disadvantaged in Iraq, and the humanitarian crisis means that even more agricultural areas have been disabled or lost to ISIS (Fathallah, 2015: Cordesman, 2014). In the context of the above, by late 2014 strong public, political and religious pressures upon Nouri Al-Maliki escalated to include denouncements from prominent Shi'a leaders Grand Ayatollah Ali Sistani and Muqtada Al-Sadr. They both publicly blamed the Maliki government and his totalitarian style of governance the fall of Mosul, mass desertion of the armed forces, Sunni alienation and corruption. These factors combined with international pressure from Iran, Europe and the US forced Nouri al-Maliki to withdraw from his position as the Prime Minister. It was an extremely difficult decision for Maliki and his party 'Al-Da'wa' to admit and recognize their failure in leading the coalition and governing the country.

Maliki's replacement from the same party – Dr. Haider Abadi – was neither a senior leader in the party or a known public figure, however Al-Da'wa party members of parliament and leaders recognized the pressure to replace Maliki and the risk that not finding his replacement could lead to them losing their dominant position to other coalition partners candidates. Despite Maliki's feelings of betrayal by his party



comrades, he finally stepped aside and handed over power to Haidar Abadi, who was immediately charged with establishing a more inclusive and unified federal government to tackle the threat of ISIS and Iraq's grave financial crisis (Morris & DeYoung, 2014).

### **Haidar Abadi**

Despite being applauded for his ability to pull together a more inclusive government at short notice, Dr. Abadi and his government have so far been unsuccessful at dampening the Iraqi public's rage against government corruption and mismanagement, with the government entering a new phase of crisis since 2015. Abadi is also still managing a deeply fractured and fragile political elite across Sunni, Shi'a and Kurdish blocs.

While security forces have some made gains in overcoming sectarian divides and progressing on recapturing major cities from ISIS, mass demonstrations and civil society actions pushed Abadi's government towards almost complete collapse several times in 2016. The chaotic start to Abadi's leadership was characterised by low oil prices (25USD/barrel instead of 140USD/barrel during Maliki's term), a huge budget deficit, ISIS continuing occupation of a third of Iraq and major public unrest.

The Iraqi public's lack of patience with the Abadi government is mainly driven by ongoing corruption and a lack of services. Iraqis now live in a country that has remained lacking in basic reconstruction nearly 14 years after the regime collapse of 2003. In moving against corruption, authoritarianism and overspending, Abadi has sought to slash the Iraqi cabinet by one-third and "decrease the number of guards for high-ranking officials and restructuring these security details, forming a committee to reduce differences in salaries among government officials, and forming a committee to evaluate how ministries are performing" (Al-Khadimi, 2015 p.2: Doyle and Dunning 2016a p.4). Abadi's most significant decision however was the deleting of the roles of deputies for the Prime Minister and the President, which had gone to prominent party leaders such as Maliki, Allawi and Nujaifi. This decision was designed to consolidate decision making and authority within the government and

eliminate actors seeking to stymie Abadi's reforms, it was however overruled by the Supreme Court.

### **Public Unrest**

The heat waves of summer 2015 and 2016 saw renewed mass protests against a lack of government services such as electricity and water and significant displays of unity from Iraqi protesters who came from all religious and ethnic backgrounds and protested on secular issues. These protests reached their peak with the storming and occupation of Baghdad's Green Zone – the symbolic heart of the Iraqi political elite. It was a positive sign that the government handled these protests much better than Maliki's government did, with far less violence against protesters than that displayed against Sunnis in 2012 and 2013. Abadi's struggle to achieve quick and meaningful political and economic reform and the growing public frustration has allowed Abadi's key Shiite rivals – particularly Muqtada al-Sadr – to disrupt the prime minister's reform agenda. While Sadr stages regular public demonstrations demanding a commitment to reform, in the background Sadrist political actors have stymied reform attempts (Pollack, 2016).

While protesters attending these demonstrations are mainly supporters of the AlSadr movement, the protests themselves indicate positive signs of the health of Iraqi civil society. Sadr has dropped Shi'a sectarian language and the protesters represent a cross-sectarian community that has developed a nuanced understanding and critique. They see "the struggle for political reform is as important as the fight against the Islamic State group. Indeed, their sophisticated critique of the Iraqi political system argues that its quota system entrenches patronage networks and corrupt behaviour, eroding the capacity of the government to deliver services, including electricity, safe water, and security. These factors create the conditions in which terrorism can thrive. Fighting corruption, the activists argue, goes hand in hand with fighting terrorism" (Doyle 2016 p.2).

This new generation of politically engaged Iraqis is however very young (around 38% of Iraqis are under 14 years old) and will need time to mature and the entrenched

political class will not disappear easily. Reconstruction of Iraq under Abadi has been constrained by severe financial deficits in the budget, the war on ISIS and the ongoing lack of security in Iraq. These have combined with continuous efforts of his opponents, including Maliki, to undermine Abadi's leadership in addition to his insecure position within his party, which has forced him to seek alliances with unpredictable political groups.

### **Popular Mobilisation Movement**

Another important development and challenge under Abadi's tenure has been the growth of and influence of the Popular Mobilization Units (PMU) or Al-hashd Al-sha'abi in Arabic – an armed response to the ISIS threat. The PMU were formed in response to a religious order (*fatwa*) by the Shi'a leader Al-Sistani in 2014 to the Shiite population to volunteer in protecting the capital Baghdad from ISIS fighters who were only 40km away from Baghdad. The PMU have played a major role in the protection of Baghdad and the liberation of occupied territories from ISIS. They are mostly volunteer Shi'a Muslims inspired by their spiritual leader to fight and die for their country. However, since those volunteers lack the experience and the organization to manage the war effort, arms and planning, many of the professional militia associated with Shi'a political parties also joined and took a leading role in this movement.

The PMU, among other Iraqi Armed forces fighting ISIS, has gained much support and power due to their repeated battlefield victories in liberating mainly Sunni populations in western Iraq. Despite these victories the PMU have received some criticism from Sunnis and some other Arab states due to the sectarian behaviour of some members. Highlighting the splits and tensions remaining in the Iraqi community, many of these fighters site the intense emotions, feelings and sacrifices they face in defence of Sunni populations against an extreme Sunni movement (ISIS) which was strongly supported by some of the same populations in early 2014 out of rejection of the new regime or the feeling of alienation.

Considering the huge sacrifices and victories of PMU, the questions about how they will be disbanded after gaining so much support and power remain at the forefront of

Sunni concerns and other political players. For the moment however the PMU are one of the most effective fighting forces against ISIS. It must also be noted that there are significant sections of the PMU which are non-sectarian and contain fighters of all sects and ethnicities (Alaaldin, 2016: Saadoun, 2016).

### **The Islamic State in Iraq and Syria (ISIS)**

The PMU's success against ISIS in the retaking of Ramadi, Falluja, Salahadin, Baji, Heet, and currently Mosul, has made them indispensable in the fight against ISIS, posing challenges for Abadi's mediation between Sunni and Shi'a parties. The background of ISIS – a group so powerful that they posed an existential threat to Iraq – is investigated further below as it highlights how powerful combined failures in Iraq have been in dragging the country down to its current position. ISIS is also central to the issue of sectarianism in Iraq and the lessons learned from it show how sectarianism *is not* an inescapable malady.

As previously discussed in chapter one, in the lead up to 2003 the Bush administration sought to claim that Saddam Hussein harboured terror groups like Al-Qaeda in order to help justify the US-led invasion. While some American leaders such as Colin Powell claimed there was evidence for a radical Islamist turn in the later years of Hussein's regime, there is no evidence showing Al-Qaeda had a presence or support in Iraq prior to 2003 (Hellfont & Brill 2016).

Yet after being hunted and under pressure in Afghanistan, Al-Qaeda saw huge opportunities to advance their cause of fighting 'The Great Satan' (the US) in Iraq. The late Osama bin-Laden was confident that the model he had contributed to in Afghanistan - where a superpower (the USSR) was drawn into a 'quagmire' on Muslim soil that they could not win – would be successful against the United States as well. In the power vacuum that ensued in Iraq in 2003 it was not hard for Al-Qaeda to draw on fighters from Iraq and all over the Arab world – who had gained experience in Afghanistan, Bosnia and Algeria. Al-Qaeda in Iraq (AQI) quickly emerged as a powerful and well organized leader of the insurgency in Iraq (Cockburn, 2014).

A Jordanian, Abu-Musaab Al-Zarqawi was a prominent leader of the insurgency in Iraq and in 2004 declared his allegiance to Al-Qaeda, forming its official Iraqi branch. He was pivotal in the further radicalization of Al-Qaeda ideology through the course of Iraq's insurgency and sectarian civil war. Zarqawi's most infamous move was to justify the killing of fellow Muslims rather than US and foreign forces alone. This meant shifting the focus of Al-Qaeda attacks to what is known in 'salafi-jihadism' as the 'near enemy' or those within the realm of Islam that distort and abuse Islam, according to such radical interpretations (Mann, 2016 pp118-147).

Zarqawi considered Shi'a to be 'near enemies' and egregious apostates in the eyes of Islam and thus directed many deadly attacks against them in 2006. This had the effect ensuring a forceful sectarian divide in Iraq by encouraging revenge attacks by Shi'a and then position AQI as a Sunni guardian.

It is important to note here that for the vast majority of Iraqis, the sectarianism that subsequently emerged in Iraq is more complex than the word suggests and is not simply rooted in theological justifications for killing other sects. Rather it is an inescapable product of a lack of overarching authority and security to facilitate a neutral identity among people. The sectarianism of *salafi-jihadi* ideology is however doctrinal, and uses distorted interpretations of Islam to justify the killing of anyone it deems below their radical standards. Central to this is the highly taboo practice of *takfir* – or denouncing someone as not a Muslim. In most Islamic practices the requirements for practicing *takfir* are so risky and dishonourable that it is rare for anyone to attempt such a move. Yet Zarqawi was brazen in his denunciation of Shi'a as not being Muslims and he drew criticism from senior Al-Qaeda leaders who warned of alienating supporters by attacking fellow Muslims (Mann, 2016).

When we combine the above insight into the difference between real sectarian Salafi-jihadi ideology and the beliefs of most Muslims, with the previously discussed history of Sunni disenfranchisement and discrimination in post-2003 Iraq, it becomes easier to see how and why Sunni Arab tribes (especially in western Iraq) developed relations with AQI and ISIS. At times Sunni Arab tribes had no choice but to

cooperate with such extremist groups and at others they saw banding around a radical Sunni identity as the only way to reassert themselves in Iraqi society (Ali, 2014).

It must be noted at this point that both AQI and ISIS were also boosted in manpower, experience and capabilities by the massive influx of former Ba'athist and military officers displaced by the first two CPA orders. Many of these members are also not really ideologically attracted to Salafi-jihadism but see it as an ideological tool to reinsert themselves into power. They do however share affinities in terms of the violence and their operating style of completely dominating any and all competition from other groups (Al-Khoei, 2016).

Between 2006, when Zarqawi was killed, and 2014 when ISIS burst back into global attention, the organization went through a series of expansions and contractions. At one point (2007-2008) a change of name from Al-Qaeda in Iraq to the Islamic State of Iraq (ISI) coincided with the Sunni 'Anbar awakening' which was a US-supported initiative to detach tribes from allegiance to ISI. Largely successful, ISI lost massive popular support among Iraq's Sunnis during this period but the gains were squandered by poor US follow-up and support for Sunni tribes, leaving them neglected by the Shi'a central government. ISI was on the verge of collapsing in this period (2007-2008) and many of its leaders were imprisoned and later released by the US as they withdraw officially from Iraq in 2012 (Cockburn, 2014).

Many of the groups' leaders had been operating across the Syrian border for years, with Syrian knowledge and sometimes assistance and they sought to retreat and regroup in Syria's isolated eastern provinces. During this period Maliki abandoned many of the promises made to the 100,000+ Sunni fighters of the Anbar Awakening and renewed sectarian exclusion of Sunnis, thereby reviving the motivating factors driving young, unemployed and angry Sunni youth into the arms of ISI. Throughout its history ISIS in its various forms also received significant support from wealthy foreign sponsors who rejected the post-2003 order, where Iraq was controlled by Shi'a.

With the breakdown of law and order in Syria and the escalating violence through 2011, Al-Qaeda again expanded its network to Syria, using sleeper cells and existing networks it operated through ISI, adding the final S for Syria to its name. ISIS played a patient game in Syria and Iraq during 2011 and 2012 and benefitted from the weapons flooding in to Syria in support of the opposition and the increasing experience of local fighters as well as many foreign jihadist recruits joining Al-Qaeda's call for a Jihad against the Assad government.

In 2013, ISIS Syria split from Al-Qaeda's command as a result of arguments over control and tactics in Syria. Jabhat al-Nusra (now Jabhat Fatah Al-Sham) became the official Al-Qaeda affiliate in Syria, while ISIS became completely independent. ISIS favours a more grotesquely flamboyant PR campaign and complete subjugation of local communities.

ISIS has pioneered a model of terrorism that genuinely threatens the existence of traditional nation states. Following its ideology, ISIS dictates that all Muslims migrate to its recreation of a *caliphate* - the first incarnation of a Muslim state in the 7<sup>th</sup> century. According to ISIS' ideology - commonly described as eschatological - the recreation of the caliphate seeks to bring about the end of days and the salvation of all true believers. Death in the pursuit of *jihad* is an honour in ISIS eyes, making their fighters even more intimidating. While Al-Qaeda envisioned ideas of state-building prior to its entry to Iraq it was Al-Zarqawi who was the first to fully develop and practise working models of an 'Islamic State' in Iraq, in 2004 and 2005.

ISIS ideology is based on Salafi doctrine, which is an inheritance of the 12<sup>th</sup> century Islamic theologian Bin Taymiyya and his successor Mohammad Bin Wahabb, the founder of Wahabbism, the state religion in Saudi Arabia. ISIS literal interpretation of the Quran differs slightly from Wahabbism in its view of sovereignty and the form and boundaries of the State. ISIS' state-building ideology is essential to its operations and the attacks it has made on Syrian and Iraqi cities, where it seeks to totally replace the existing government in all of its functions. We can see that the failures of the Iraqi state to provide even basic functions and services play into this narrative very well (Crooke, 2014).

ISIS capture of Mosul in June 2014 was its biggest success and it still controls the western half of the city at the time of writing. ISIS went on to threaten Baghdad, reaching within 40 kilometres of the city and shelling it. Yet even after being repelled, ISIS endless campaign of suicide bombings, by car and people has terrorized Baghdad and other Iraqi cities for years now. In reality, this is a continuation of the bombing campaign begun by Zarqawi in 2004, but now under an independent brand (Al-Khoei, 2016).

One of the main impacts ISIS has had on Iraq is the breakdown of its national borders. ISIS has dissolved the practical border between Syria and Iraq and controls important resources and cities throughout the Syrian/Iraqi desert. It was technically in control of around 1/3 of all Iraqi territory, although much of it is uninhabited. In addition to the splits in territorial integrity ISIS, since its earliest incarnations has forced incomprehensible splits among Iraqi society and its various identities. As per its goals, ISIS has forced Iraqis, Syrians and many other Muslims into 'choosing sides' in many ways and the terror wrought in its name has formed new scars from which the country must find a way to heal. It is important to realize that the legacy of Ba'athism had not yet been reconciled before ISIS began its operations. Now Iraq's face a future where ISIS legacy must also be reconciled in any effort at building a cohesive nation (Doyle, 2016).

It is clear that Sunni feelings of unjust treatment and the neglect of their social development have been central to ISIS' rise and success. In both Syria and Iraq, Sunni sentiments of neglect, repression and hopelessness, regardless of their accuracy have been central to pushing so many towards ISIS' message. The problem this highlights is that even if ISIS can be defeated militarily, the social factors that it built itself upon may remain and give birth to simply another symbol of extreme Sunni rejection. Sincerely establishing a legitimate government that rules with minimal corruption and seeks to serve public needs will be crucial to defeating ISIS in the long-term as this is one of the key factors why the Iraqi government severely lacks legitimacy.





## **Chapter Three**

### **Expatriates and exiles in Post-Conflict Reconstruction: Germany-Japan-Lebanon-Iraq**

This chapter focuses on exile and business community contributions to security and stability in post-conflict environments. It reviews commonly several differing cases where expatriates have developed valuable knowledge skills for reconstructing their nations post-conflict. Through these cases we see that expatriates in particular are well positioned for engaging in reconstruction advisory positions, disrupting 'war economies', employment generation, investment and reconciliation processes. As intermediaries between local and global capital, institutions and other actors expatriates can contribute significantly to their home countries, but only when certain preconditions are met by central governments.

The chapter discusses some previous examples of exiles' contributions to post conflict reconstruction. The primary applicable comparison for Iraq is Lebanon, which will be dealt with in detail in the second half of the chapter. Useful literature also exists on the experiences of Germany, Japan and Afghanistan. The final section of the chapter looks at the case of the Iraqi Business Council in Jordan and its contribution to effective economic and social reconstruction in Iraq.

The role of exile business communities in post-conflict reconstruction is a relatively under-discussed factor, despite nearly all conflicts having significant exile business communities. There is however a small amount of literature supporting the idea that different forms of skilled-worker repatriation can generally be successful in development and reconstruction in societies such as Iraq (Kuschminder, 2013 p.191-192).

Exiles, expatriates and diaspora communities are important in post-conflict reconstruction as they possess experience and skills from abroad but also have the local knowledge and connections crucial to effective planning and operations. Exile return is not only limited to business activity but represents the reversal of the brain

drain common in conflict, where more highly skilled and successful members of a society have more opportunity to leave. This revives cultural and educational activity as well as economic opportunity and the range of voices contributing to the shape of the society. Exiles are also more likely to have more independence from the consequences of the conflict such as the feelings of injustice, oppression, trauma and loss which may impact their decision making and network building (Sullivan, 2002; Iaria, 2013).

In Iraq, as in many other cases exiles' foreign connections and secure sources of income mean they are often better positioned to participate in economic activity internationally and within regional networks, rather than relying on clan nepotism or handouts from international donors. As economic leaders and network creators the 'exile' business community also has a multiplier effect on engaging more and more of the diaspora. Many *individual* exiles living overseas want to return to and/or help their home countries but struggle to break through local politics and networks as individuals. Thus the combined contacts and skills of exile *groups*, particularly with prominent leaders can be useful to integrate such individuals into organized economic development programs (Cassanelli, 2010).

Business communities are particularly important among exiles as they hold strong potential for repairing the economic damage wrought by wars and destruction through profit-making activity. It is now well accepted that security and stability cannot occur through military force alone and that economic development must occur simultaneously to reinforce security gains with real prospects for improved living conditions (Haughton, 1998 p.3).

As opposed to exiles, businesspeople who stay in conflict zones are often in a poor position to operate independently afterwards. The loss of capital, technology and staff is common alongside being forced into operating with armed groups, governments or other actors. In the case of Iraq, the independence of exiles is particularly relevant given the importance that was granted to the negative reputations and legacies from being involved in the pre-2003 regime. For example former Ba'athists and armed forces personnel were tainted with the labels of the

former regime, without a fair and just system of trial and reconciliation. Not only were CPA orders 1 and 2 a form of retributive punishment but the government that came to power also shepherded retributive violence against those perceived to have suppressed them in previous years. In the exile community however, those who left early enough (in the 1980s and 1990s) were largely able to avoid association with the previous regime.

During conflict new economic structures and actors emerge to take advantage of the conditions and needs of people. Such economic activity commonly involves extortion, smuggling and security services but also extends to utility service provision, administration and crucially employment - usually in armed activity. The entrenchment of these interests is often a major factor in the continuation of conflict as these actors rely on security and authority vacuums for their business model. Also, when legitimate work fails to materialize or replace 'war economy' activities, many communities have no choice but to revert to criminality for employment. (Peschka et.al 2010 p.3)

It is not uncommon for powerful 'war economy' actors to go on to influence and participate in post-conflict power structures and politics. Their presence represents a problem for idealistic theories of political order and legitimacy as many gain their status through corruption and violence but have installed themselves as with 'enforced legitimacy' as representatives of the existing business community. They also pose limits and challenges to the function of the 'state' as they may possess the capacity to replace politicians and officials in their own right in areas of influence. (Carter 2013, p16)

'War economy' actors can also act as spoilers if the political arrangements that emerge are not flexible enough to eradicate or incorporate these actors' interests. They can threaten traditional democratic structure and function and their presence demands innovative concepts of government. The likelihood for spoiler action is so high that it has been suggested that for stability it is necessary to transition through a hybrid government that incorporates war economy actors before transitioning to full democratic government (Glentworth, 2002 p8: Peschka et.al 2010 p.3). Such a

notion is morally challenging but often is often unavoidable. In Iraq however, the process of reconciliation has been completely lacking and the role of spoilers will be a central issue. The re-integration of spoiler actors and encouraging them towards legitimate business, while following just procedures against those who have committed serious offences will be a delicate moral and political tightrope to walk.

The business community's role in peace and stability extends beyond providing jobs and generating income though. Private business has the ability to support a government and enhance its legitimacy by delivering goods and services to the population through investments, innovation in development and tax generation. For example, in Iraq private business also holds the potential to diversify the economy away from oil reliance and take pressure off the government in its provision of services, revenue sources and budget deficit.

Institutional set up and establishing a system of government can only be successful if the context of the society it operates in is conducive to legitimacy and stability. The private business sector has the potential to significantly help or hinder governments by providing early development and improvement in living conditions. Private business is also able to do this across all socioeconomic groups given the right circumstances. For this to occur though, the security and institutional environment of government must be effective, fair and transparent so that private business can be a mechanism to mitigate social exclusion (Peschka et.al 2010 p.10: Doyle & Dunning 2016).

A further benefit of enhancing economic recovery through exile private business in post-conflict scenarios is that it can help improve the social position and legitimacy of government beyond mere material markers of democracy. Business activity such as employment, investment and consultation reaches a wider spectrum of society than many government interactions. This means that business is in a position to negotiate with government of all levels both on behalf of, and alongside individual citizens. This means that more nuanced and locally specific forms of power sharing and cooperation will emerge than those contrived in parliament, with little links to people's everyday lives.

Doing business in fragile states is however highly risky and requires much more complex considerations than stable and well-functioning economies. The United States Institute for Peace now sees private sector engagement in policy making and regulatory reform as essential yet warns that the advice of those with a history of involvement in the conflict must be taken with caution to avoid rent seeking and biased policies (USIP, 2009 p143). This further emphasizes the need for exiles with local experience and knowledge to be central to such investment and economic activity. Exiles who maintain interests and links to their countries are more likely than entirely foreign corporations to have a deep commitment to the development of the country beyond simply making a profit. Given the weight of challenges facing business activity in fragile states, such as corruption, poor public institutions, macroeconomic instability and asset destruction, exiles and expatriate knowledge, experience and networks become even more vital (Peschka, et.al 2010 p.12-13: Kuschminder, 2013).

The main ways in which projects have been proven to substantially increase reconstruction success are through forms of formal and informal knowledge transfer, capacity building, lobbying and advocacy and good governance. Most of the studied modern cases of “diaspora knowledge networks” (Kuschminder, 2013) have occurred through three different forms of organized programs. These are diaspora organizations in a host state, state-led repatriation programs and those led by international non-government organizations.

In the cases of Afghanistan and Gaza, Kuschminder (2013) and the World Bank (2006) have shown that organized efforts to repatriate those with experience of working and living overseas had a broad range of benefits, especially when incorporated into capacity building strategies within government and non-government institutions. In particular, the benefits of diaspora contributions come from “the absence of language and cultural barriers, and more specifically, their ability to better understand, and thus, more effectively adapt foreign approaches and technology to the homeland context” (Brinkerhoff, 2006 p127). Diasporas are also more likely to make long-term commitments to reconstructing their countries, given

the stronger and more selfless bonds with a country they hold, as opposed to foreign aid workers, foreign aid organisations and foreign governments (Brinkerhoff, 2008 p259).

The issues that Iraq faced through foreign domination of reconstruction contracts and a lack of government legitimacy could also have been reduced by the use of diaspora business communities. Having these communities at the forefront of reconstruction projects adds local legitimacy and increases the on-the-ground stakeholders with an interest in seeing successful reconstruction.

### **Learning from History**

For exiles and business communities to be successful contributors to a society however there must be the pre-requisite security for them to return to their country and know that they will not face the same challenges that made them leave, or worse. The level of security in Iraq is the most important difference to other examples of successful post conflict reconstruction such as Lebanon, Japan or Germany and must be kept in mind. In reality Iraq has never been fully pacified while desperate efforts were put into establishing the image of functioning democratic institutions. In Iraq we see how surface level 'democracy' provides little improvement without more basic levels of security and development.

Other important differences between Iraq and Japan and Germany were that the latter two were more homogenous societies and their conflicts were characterized by big wars against foreign powers. In Iraq's ethnically and religiously heterogeneous society, although the previous regime collapsed quickly, the insurgency and civil war that emerged afterwards was far messier and complicated than the immediate post-war submission of Japan and Germany to US occupation. The cases of Bosnia and Kosovo show however that societal heterogeneity need not be a permanent impediment to peace and development. In terms of their histories of governance, Germany had previous experience with democracy during the late 1920s and 1930s while Japan had only limited experience with democracy.

Among the main factors common to the successful reconstruction of Japan and Germany however is also impressive economic improvement in the immediate post-war years, although due to different reasons and circumstances. This growth was important in consolidating public support for the new democracies and legitimizing them as nationally responsible and representative. Economic growth based on private business also helps reduce dependence on foreign aid, which can encourage inefficiency, again highlighting the role of well-planned incorporation of private business in reconstruction efforts.

The influence of neighbouring states is also important to the success of post-conflict reconstruction as their cooperation can be crucial in making or breaking stability and security. In Iraq nearly every neighbouring state sought to profit in its own way (politically or commercially) from the changes following the fall of the regime in 2003, while neighbouring countries to post-war Japan and Germany were also largely pacified, destroyed or occupied.

In both Germany and Japan, the return of exiled political groups and leaders as well as business people proved to be a key step in the revival of legitimate and contested domestic politics. While German returnees are a more useful case to examine the role of return exiles or émigrés, it should be noted that the return of the exiled Japanese socialist party catalysed democratic competition in Japan. (Neeson, 2008)

German émigrés in the United Kingdom, France, The United States and USSR as well as elsewhere, all formed political groups working towards the defeat of Nazi Germany and the successful reconstruction of Germany, physically and socially. These groups, broadly known as the 'Free Germany Movement' were active for a long time before the end of the war but initially received little attention from policy makers and host governments. Except for the Union of Soviet Socialist Republics (USSR), all host governments were cautious of the claims of German exiles, mostly for self-interested reasons but also due to the uncertainty of their motives. The US and UK did not want German exiles' plans for post-conflict reconstruction to derail their own desired outcomes for financial and government set ups. This even



extended to blocking the return of many exiles for years after the war had finished (Reinisch, 2013 pp20, 21).

Different national groups comprised the different arms of the Free Germany Movement and their membership was a diverse array of communists, liberals and conservatives with political and professional members all contributing to broadly similar aims across all groups. These exiles held international conferences on the future of Germany and prepared detailed plans and assessments of post-reconstruction needs in fields such as public health and the appropriate style of democracy.

In public health for example the Council for a Democratic Germany in New York, led by Felix Boenheim, Käte Frankenthal and Kurt Glaser were actively involved in using their experience as public health professionals in interwar Germany to design immediate and long-term plans for Germany's public health needs. These plans included Allied goals and the Council sought to cooperate as much as possible with Allied ambitions. Importantly however the German planners prioritized pure practicality and excluded any US idealism or ideology for the shape of public health systems. This approach took into account and built upon the existing structures of the health system so as not to cause massive shock in a time of desperation (Reinisch, 2013).

German exiles in lobbying positions in London also pushed a similar approach for the formulation of Germany's democratic governance structure, arguing that building upon existing traditions would lead to the most readily acceptable models for the German people.

The Free Germany movement was only one example of German exiles organizing abroad to influence the social, economic and political landscape of post-war Germany. The example of individuals such as expatriate Willy Brandt (fourth Chancellor of the Federal Republic of Germany) is useful for looking at the advantages expatriation can provide to leadership and politics in post-conflict

societies. Brandt's political development and vision of European integration was heavily influenced by his exposure to other countries and cultures (CVCE, 2017).

After his exile to Norway and Sweden before and during the Second World War, Brandt became leader of the German Social Democratic Party (SPD), one of the most successful examples of expatriate-influenced parties in post-conflict countries. "...in the free atmosphere of the North, he [Brandt] distanced himself from the dogmatic positions of his early years and ...changed into the pragmatic leftist social democrat – an indispensable prerequisite for his soaring political career after 1945" (Ulrich, 2006).

Many other expatriates who had been members of the Free Germany Movement were also involved in the SPD, which went on to be an important competitor and sometimes partner of the long-governing Christian Democratic Union (CDU), with whom Brandt served as Foreign Minister and Vice-Chancellor. The SPD eventually governed in its own right and significantly influenced the policies of post-war Germany throughout the Cold War.

Brandt's influence particularly came through in his understanding of the importance of dialogue and cooperation in avoiding conflict between the Western allies and the Soviet Union. The Western allies played an influential role in supporting different parties during this period and were influential in helping the CDU dominate the SPD initially due to fears about SPD sympathies with the Soviet Union where many SPD members had been in exile. Brandt did his best to mitigate these tensions, symbolised by the Nobel Peace Prize he was awarded for enabling dialogue between West Germany and the Soviet Union. Before the construction of the Berlin Wall, Brandt was also influential in negotiating settlements that brought the divided Berlin together, allowing citizens to cross between the French, British, US and Russian zones more freely (NPP, 2014: Britannica, 2015a).

Key to some of the SPD's success was that its exiled members had been prominent in self-organising and activism, both in opposition to conflict and proposing reforms, from their host countries, while avoiding politics in Germany. This allowed the SPD to

maintain an 'unblemished record' of opposition to the Nazi party and establish an advantage over rivals who were tainted by the relationships they established during the war (Britannica, 2015). This point is worthy of further consideration due to its central importance in establishing post-conflict justice and stability.

De-Nazification was a complex and time-consuming task for the allied occupiers of post-war Germany and affected governance, economic and security matters. The way de-Nazification was handled (as well as the context of the German defeat) was far more effective than how the de-Ba'athification was handled in Iraq where imprisonment, assassinations and unjust dismissal were the norm of the process. This was the case despite specific planning and warning on how the Iraqi Army in particular should be treated with respect (Jennings, 2003 p.35). The issues of compensation and justice in Iraq were never handled effectively by a free and fair judicial system under the US-led administration. This issue has now compounded to include reconciliation over associations with the Ba'athist-era, collaboration with the US military or leadership as well as ISIS-era reconciliation.

What brought both exiles and non-exile politicians together in post-war Germany was also the knowledge that factionalism and disunity had allowed for the rise of the Nazi party in the 1930s. Brandt was also influential in supporting and developing this common acknowledgement among Germany's post-war parties. This stage in political reconciliation was important in developing a political class which prioritized national interest and progress over their own personal networks and goals (Wikipedia, 2017). It also came alongside Brandt's efforts to disassociate all Germans from the tarnished reputation Hitler had given them.

In nearly all exile cases it is important to note that exile groups' ability to organise, lobby and plan is limited by the political context of their host country. Exiles operating abroad during the Second World War often faced political suspicion, persecution and detainment in their host countries simply for being associated with the enemy during the war. This suggests that those who are able to find haven in countries that are not direct enemies and allow free movement and expression are far more likely to be able to contribute to and formulate productive policies prior to the end of conflict.

There are a number of immediately recognizable comparisons to the importance of exiles in reconstructing Germany and Iraq. These include the political circumstances surrounding exiles' involvement in their home countries and the diverse locations from which exiles have organized. In Germany, as in Iraq, these factors influenced the shape of exile approaches and involvement with post-conflict planning and reconstruction. For example those Iraqi exiles who were close the US and UK governments prior to 2003 were notoriously influential in the planning and execution of the invasion itself as well as seeking to capture key positions of power in the transitional period (Moriss and Murphy, 2015).

The exiles who informed much US decision making in the lead up to the 2003 invasion deserve attention as their inaccurate and misleading advice formed a part of the conspiracy and misinformation that contributed to the invasion. These exiles had often spent long times abroad and in reality retained poor links and understandings of Iraq, which had changed so much during the 13 years of sanctions. Their misguided actions and sometimes self-serving behaviour tarnished the name of 'Iraqi exiles' in Western media in the years following the invasion. As in Germany, those people or parties who were ideologically and politically aligned with the victorious power were given better treatment than those who were independent (Reinisch, 2013).

These Iraqi exiles who were intricately linked to the US war effort should thus be considered as a different class of exile in the case of Iraq. Other exile communities such as those in Jordan, retained far closer and knowledgeable networks in Iraq and were also more routinely exposed to the changes and damages occurring to the society.

Some US planning for post-invasion Iraq did seek to incorporate a small team of Western-based elite exiles to be engaged in capacity building in public administration and non-government work but their impact was not as powerful as expected. The main body created with this aim in mind was the Iraq Reconstruction and Development Council (IRDC), established by the Department of Defense (DoD) in

2003. Some Iraqi exiles and expatriates were to be embedded in 23 government ministries to build capacity and provide technical advice (SIGIR, 2006 p21,22).

The members of the IRDC were not directly managed by the CPA and they achieved mixed outcomes, with some complaining of too little work or being treated as pawns rather than partners, while others became highly influential, such as a group that established a shadow economic advisory council. Overall however, the utilization of the IRDC by the CPA was poor and their skills were not managed to proper effect (SIGIR, 2006 p21,22).

Some years into the reconstruction of Iraq after 2003, the return of exiles and expatriates was still lacking and was acknowledged as a priority by both International Organization for Migration (IOM) and the former Prime Minister Nouri Al- Maliki. In 2006 the IOM supported a program called 'Iraqis Rebuilding Iraq' (IRI), which helped 60 Iraqi exiles of different generations return to work in government and public service roles for periods of up to one year, particularly in the health and education fields. IRI proved successful, with exiles gaining access to local communities that foreigners could not get. However IRI was not continued during the civil war in 2006 and 2007 due to safety concerns (IOM, 2006).

In late 2008 Maliki supported a conference aimed at attracting exiles and expatriates to return and help rebuild the country. Maliki was quoted as saying, "we have created the environment and the opportunity for you to participate in this important endeavour and in all honesty we will not be able to build the country without you" (Jamal, 2009). However these efforts by Maliki had no significant effect on the millions of Iraqis in exile due to the dishonest and sectarian nature of the regime, lack of investment legislation, poor security, corruption as well as other factors mentioned in previous chapters. Despite this very genuine appeal by Maliki and his government, more and more Iraqis were leaving the country, particularly businessmen and academics, with estimates reaching over 5 million Iraqis spread across the five continents using Jordan, Lebanon and Turkey as transit points to their final hosting nations. As Iraqis have been emigrating for decades, the total size of the Iraqi diaspora is hard to accurately measure. A report by the UK *Guardian*

newspaper claimed that one in six Iraqis were in exile in 2002, before the invasion and more have left since (Woollacott, 2002). This highlights the need for more efforts and research to effectively engage the global Iraqi diaspora in the wellbeing of their home country. Many of the statistics originate from data prior to the outbreak of further conflicts in host countries where Iraqis were located such as Libya, Yemen and Syria, as well as renewed violence in Iraq: thus the total Iraqi diaspora population is not easily traceable but is expected to be far higher than the figures below. Additionally UNHCR figures on this issue are long out dated and only recognize registered refugees.

It is estimated that between 2003 and 2008 alone 2.4 million Iraqi refugees fled the country, predominantly living in Syria and Jordan (IOM, 2008). Other (conservative and aggregated) estimates have put the global estimate of Iraqi refugees prior to 2011 at over 5 million (Wikipedia, 2017a). A lack of rigorous sources makes any figures contestable however. The number of Iraqi refugees, particularly in neighbouring countries was also politicized, affecting the reliability of the figures. For example, aid distribution per refugee meant that many claims of refugee numbers were overstated to gain extra financial support (Al-Ahmad, 2010).

There are major populations of Iraqis in all parts of the world but their influence and status is growing particularly in areas such as Latin America, Europe, Australia and The United States. These are the areas where many exiles have been granted favourable status and have been able to accumulate experience and different forms of wealth that can be vital to rebuilding their home country. In combination with the active and experienced refugee populations still in the Arab world, the diversity of Iraqi refugee experiences and capacities is enormous.

Almost all Iraqi expatriate populations have shown eagerness to contribute to the reconstruction of their home country but many issues have prevented them from making progress or finding fair and safe options for doing so. Security is obviously of paramount concern but other under explored issues exist which are worthy of consideration.

A major concern for Iraqi expatriates is how they are considered within the political environment of the Iraq. As our following review of the Iraqi Business Councils in both Jordan and Abu Dhabi show, many members of the Iraqi expatriate community are highly active contributors to economic and social development in Iraq, even without consideration of the enormous remittance revenues that expatriates contribute to their home countries. Yet Iraqi expatriates have always had trouble receiving representation and a voice in the affairs of their country (van Genderen Stort, 2005).

The first National Assembly laws for the January 2005 elections established out-of-country voting for many Iraqi expatriates. The country was taken as a single electorate and the electoral authorities did not need to determine expatriates' appropriate electorates. Expatriate voting was planned for Australia, Canada, Denmark, France, Germany, Iran, Jordan, the Netherlands, Sweden, Syria, Turkey, the United Arab Emirates, the United Kingdom and the United States. Estimates of the total diaspora in these countries alone (noticeably excluding the major Arab host states Jordan and Syria) ranged up to 2 million or more, with the estimated number of eligible Iraqis in these countries being 1.2 million. There were many limits on the participation of expatriate Iraqis, even when there was an overwhelming desire to participate. 265,148 Iraqis voted from out of country - 94.8 per cent of registered external electors or 22 per cent of the estimated expatriate population in the 14 countries. (ACE, 2007)

The percentage of parliamentary seats set aside for Iraqi expatriates has since been a major point of contention in Iraqi politics at nearly every election (RFE, 2009). In 2009, a major dispute emerged when Vice President Tarik Al-Hashimi pushed to increase the percentage of seats set aside for Iraqi minorities and expatriates from 5% to 15%. This was rejected by the council of representatives and replaced by an amended law that eliminates special seats for expatriates altogether. Instead expatriates must be considered as voters in their provinces of origin. The number of minority seats stayed at 5%. The majority of Iraqis who fled the country following 2003 were Sunnis and this lack of representation only furthers Sunni feelings of disempowerment and injustice (Ottoway and Kaysi 2009 p.2).

### **Learning from Lebanon**

The reconstruction of Lebanon following the roughly 15-year civil war (1975-1990) is an important comparative case for the reconstruction of Iraq. As an Arab country that experienced civil war, with a mixed religious population, many external influences and a strong expatriate community, Lebanon's circumstances mirror Iraq in many ways. There are also important differences however such as the causes of the conflict, the financial and natural resources of the state (Lebanon is not a major oil producing country), the level of destruction, and the structure of the government.

This comparison will focus on the role of prominent returner expatriates such as former Lebanese Prime Minister Rafik Hariri and the re-construction of Beirut. There is a substantial amount of literature on the reconstruction of the capital Beirut, which provides a concentrated study of the various issues enhancing and limiting reconstruction in Lebanon. Rafik Hariri's private and public roles were both central to Beirut's reconstruction and he has been applauded by some and criticized by others.

Like Iraq, the onset of Lebanon's civil war, and hence the collapse of the state is also not an easily definable point. In Lebanon the early-1970s onwards was characterized by growing clashes between militia claiming allegiance to Lebanon's multitude of sectarian identities. These clashes grew over time with periods of ceasefire and escalations in fighting over more than 15 years. The causes of the war however bear thematic similarity to Iraq's civil conflict after 2003, as the influx of foreign populations and disruptions to sectarian and tribal balances inflamed fears and contestation for power. The influx of Palestinians into southern Lebanon, and particularly Beirut in the early 1970s after their expulsion from Jordan was a major disruption to the perceived Christian Maronite dominance of the country that had been set up in the French Mandate era just after World War Two. Palestinians, who were predominantly Sunni Muslim, also came with strong political leadership in the form of the militant Palestinian Liberation Organization (PLO), which in turn attracted Israeli attacks and aggression into Lebanon. As Sunnis in Iraq held grievances about



their loss of power after 2003, so did Maronite Christians in Lebanon, who saw themselves becoming a demographic minority after years of dominance.

While the full history of the war is too complex to include in this study, the trajectory of the war saw Lebanon's diverse religious communities form militia in efforts to protect themselves from escalating violence, ingraining a cycle of retributive violence. Foreign actors were also highly important in the conflict, with Syria, Israel, France, the United States, Iran and others all intervening in different ways at different points. Foreign intervention in Lebanon's sectarian civil war was more diverse and direct (Syria, Israel and Palestinian parties) than in Iraq under the US occupation - where all neighbouring countries used proxy tactics to advance their interests. Although many foreign actors influenced Iraq's protracted violence following 2003, the direct foreign military presence was overwhelmingly from a coalition of US and UK troops.

Both Iraq and Lebanon saw a brain drain and flight of capital drawn out over a period of decades. Around half a million Lebanese fled the country during the civil war (from a population of only four million) and are estimated to have taken \$10 billion in capital with them. By the end of the war Lebanese expatriate capital was estimated to be worth around \$40 Billion and became crucial in re-constructing the country (Stewart, 1996, p.5,8). Both countries have thus had their reconstruction hindered by a diminished skilled local workforce.

As Lebanon had positioned itself as a 'Switzerland of the Middle East' with loosely regulated but strong financial institutions and practices making it a financial hub between Europe and the Middle East, the flight of capital and western-focused expertise was particularly crucial to economic decline during the civil war and the rise of a 'war economy' which protracted the conflict (Kisirwani, 1997 p.7)

Physically the country was severely damaged across all sectors, with agriculture, manufacturing, services and infrastructure all being crippled by civil war fighting. Damage to Beirut alone was estimated to cost \$25 billion in the early 1990s (Stewart

1996 p.5). The fighting had also destroyed many of the public shared places and practices that used to bring different religious communities together.

### **The Reconstruction of Lebanon**

Unlike Iraq, Lebanon had the advantage in that the Taif accord (signed by all fighting parties at the city of Taif in Saudi Arabia in 1990 and approved by the US and major regional powers Saudi Arabia and Syria) brought all fighting to a halt - excluding Hezbollah fighting with Israel in the south. It was at this point that Rafik Hariri emerged as an important player in Lebanon's reconstruction, particularly in Beirut. Coming from a poor family in Southern Lebanon Hariri made his fortune of billions in Saudi Arabia and internationally and had returned with political ambitions.

Hariri developed a reputation as a non-partisan and non-sectarian player, although his Sunni status in Lebanon's sectarian-based political system meant that he could only occupy the position of Prime Minister as a leader in government. After becoming Prime Minister in 1992 Hariri still had to deal with the fact that the Taif accords did not settle contestation between religious groups in Lebanon. Christian communities, who Hariri maintained ties with, were bitter about the reduced powers of the Christian position of President. Hariri's position as an expatriate was both detrimental and beneficial. His neutral reputation was enhanced by having spent time abroad but his strong backing from the Sunni Gulf states made many Lebanese resent his outsider status and consider him to be essentially just a Saudi (Stewart, 1996 p.7,8).

Hariri was central to the reconstruction of Lebanon however, putting \$5 million of his own money into the research and planning contracts for the reconstruction effort. He was also the largest shareholder in Solidere, the company granted the contract for the reconstruction of large parts of Beirut, including its symbolic commercial centre. The plans for reconstructing Lebanon were developed through the Council For Reconstruction and Development and the extensive and comprehensive plan focused on aggressive reconstruction of Lebanon, focused on economic

development and rehabilitation of its position as a financial and economic centre (Stewart 1996, Kisirwani 1997).

The comprehensive nature of the Horizon 2000 plan, which aimed to have Lebanon mostly reconstructed by the year 2000 and to continue development up to 2007, was an ambitious start to the reconstruction process and provided a complete vision for the country. This is an important point of comparison to Iraq, where no such plan was developed. As fighting never stopped completely and the funding system for Iraq was very different, the reconstruction process in Iraq was undertaken far more piecemeal with funding coming from US and multiple international donors, as well as Iraqi oil funds, working to different requests and needs simultaneously (Abboud, 2014).

Unlike Iraq, prior to the civil war, Lebanese economic growth had been steady, although not always evenly distributed. During the war the government lost control of the military and economy and resorted to borrowing and excessive printing of money. This caused massive inflation and left the government with a \$4 billion debt at the end of the war. The immediate financing for the reconstruction of Lebanon faced a massive setback with the Iraqi invasion of Kuwait. Arab Gulf donors who had pledged \$2 billion in donations to Lebanon were unable to complete their promises due to the financial costs of the war.

Much of the Horizon 2000 plan and Hariri's political project rested on restoring Lebanon to its former position as a 'Switzerland of the Middle East', yet important regional and geopolitical changes that occurred during the war meant that this failed to materialize to the extent expected. During the 1970s and 80s the oil boom in the Arab Gulf had made states such as the United Arab Emirates and Qatar into new regional hubs for trade, finance and travel, replacing many of the functions Lebanon had once provided and preventing the resource-poor Lebanon from being able to compete in anything except lifestyle and agriculture (Kisirwani, 1997).

Further financial complications severely restricted the success of the Horizon 2000 project. Hariri's leadership planned to finance Lebanon's reconstruction through "anticipated budget surpluses, borrowing from domestic and international markets,

and grants from Arab states and international organizations” (Abboud 2014 p.3). Given the changes to regional geo-politics and the loss of capital, expertise and infrastructure that the country had suffered, Lebanon’s economy was not able to generate the growth necessary to support these plans. This forced the government to borrow heavily and put it into a cycle of debt it has yet to escape.

With public funding underwriting the majority of projects in Lebanon’s reconstruction, private companies were presented with highly lucrative opportunities to contribute and manage the plans. However the division of major contracts quickly aligned with dominant political players and sectarian divisions in post-war Lebanon. “...Solidere, controlled by al-Hariri, was in charge of reconstructing the downtown Beirut area; Elyssar, mostly managed by Nabih Berri (a Shia Muslim and head of parliament), was in charge of rebuilding the southern areas of Beirut; and Linord, run by Michel Murr (Christian Maronite), was charged with reconstructing the northern areas of Beirut”... (Abboud 2014 p.4: Balanche, 2012 p152).

The funding and planning of Lebanon’s reconstruction differs significantly from Iraq, where an outside actor, the United States, dominated all planning and financing, beginning even before 2003. The funding sources were also different with Iraqi oil revenues and U.S. taxpayer funds being the main sources. Planning and spending decisions were also taken outside the control of Iraqi institutions and leaders’ positions, with the CPA in charge of everything from procurement to contracting. As previously mentioned, due to the regulatory system instituted by the CPA Iraq’s reconstruction was dominated by foreign companies, unlike Lebanon.

Even though the role of the public sector was very different in Iraq and Lebanon, neither country managed to conduct reconstruction in a way that was equitable and fair for low socio-economic classes. This means that basic utility services in both countries have remained poor, particularly in Lebanon, which despite being more peaceful than Iraq has failed to provide basic infrastructure to many communities. At the same time, high profile and luxury construction projects have been successfully completed with huge profits made by multi-national companies. Unlike Iraq, the economic planning for Lebanon relied on the actual history and structure of the country. So while both countries sought highly liberalized economies, it was not a

shock to the existing political and economic system in Lebanon, which unlike Iraq had a strong history of *private* business and enterprise.

A major factor enabling the reconstruction of Beirut and Lebanon more broadly was the demobilization of the armed militia that had perpetuated the civil war. This is a challenge that Iraq still faces as fighting against ISIS has not ceased and there are fears of a return to civil war once the unifying enemy of ISIS is defeated. In Lebanon, most militia were aligned with sectarian groupings and thus they were able to transition to political contestation and representation once fighting ceased (excluding raids and further damage from Israel). While not a perfect outcome, given the political deadlock and cronyism that this can lead to, transitioning and de-mobilizing militia in Iraq will be an important step in political development. In Lebanon, this transfer of armed power to political power was acutely expressed in the reconstruction process. As previously discussed, the three major companies broadly identified with Lebanon's main political factions and were granted the contracts for rebuilding Lebanon's primary infrastructure.

Corruption is a major issue within Lebanon's reconstruction process, with many allegations against Rafik Hariri (e.g. Balanche, 2012). Yet some have argued that corruption in developing states like Lebanon must be seen in a relative context. Neal and Tansey (2010) have shown that Hariri's reconstruction of Lebanon is a classic case of *effective* corrupt governance, where, despite pervasive corruption at all levels of society, the government was able to implement reforms and achieve development aims that other leaders may have not been able to while still having the same level of corruption.

Accusations of corruption against Hariri (he was never charged or tried) came from members of the political community who were often caught up in similar corrupt practices but escaped criticism due to being in opposition instead of government (Neal and Tansey 2010). In this light if we look at the record of construction itself Hariri did achieve remarkable things for Lebanon across a number of factors. His business acumen and international linkages gained as an expat were significant in these efforts. (Stewart, 1996: Neal and Tansey, 2010)

Similar to Maliki in Iraq, Hariri was accused of adopting an authoritarian style of leadership and governance in achieving his reconstruction goals. The abolition or sidestepping of required research and documentation processes for reconstruction led to public anger over projects that did not consult all levels of Lebanese society on what they wanted from reconstruction. (Neal and Tansey, 2010 p41)

Interestingly, Neal and Tansey (2010) highlight the underemphasized role of a corrupt and broken bureaucracy in encouraging authoritarian tendencies in such situations, suggesting that poor administration can necessitate authoritarian behaviour to achieve basic outcomes. Although the destruction of the Lebanese public administration was not as total as in Iraq, Lebanon's civil administrative bodies were degraded to an unworkable level during the years of conflict. Unlike the US dismantling of the former regime's administrative capacities in Iraq, the militias controlling various parts of Lebanon often sought to incorporate existing administrative structures into their local rule meaning that some of the expertise and formal structures of local and regional administrations remained in place. This led to the rise of localized civil administrative networks, often working alongside militia both during and after the war (Kisirwani, 1997 p12). The foremost example of this is that of Hezbollah, which has grown since its inception in 1982 as a guerrilla army, to provide extensive civil services and even runs its own reconstruction wing, *jihad al-binaa* (the building jihad). Hezbollah is now considered a parallel government in much of southern and eastern Lebanon. Such examples of radical decentralization, which challenge and undermine central authority, show how the results of decentralization in reconstruction and governance are not always positive and must be tied with clear outlines of government responsibilities, future planning and a clear and accepted structure of authority.

The poor state of the Lebanese bureaucracy after the war meant that it was nearly impossible to negotiate land claims before progressing with the reconstruction of many areas in Lebanon. In central Beirut alone there were around "100,000 claimants on a mere 1,630 parcels of land" (Stewart, 1996 p9). This rush of claims, combined with no available records of deceased landholders and squatters moving into many areas, hugely complicate the process of reconstructing central Beirut. In

response Solidere was given extensive powers to claim and clear land, adding to perceptions of Hariri's authoritarianism. Solidere did give many landholders share stakes (around 65%) in the company as compensation. Despite this, the expropriation of land and dispossession of people from their homes is a serious issue in Islamic law and there were significant protests against the action from landholders and both Sunni and Shi'a groups in Lebanon (Stewart, 1996 p.9). This highlights the role of religious and cultural factors in re-construction considerations and planning. Displacement and confusion over land-titles will undoubtedly be a major aspect of Iraqi reconstruction efforts as there are now over three million internally displaced people in Iraq, in addition to many millions of refugees globally. As the example of Lebanon and Beirut has shown, equitable handling of land-claims and planning for social housing and services is vital in addressing conflict catalysts and avoiding returns to violence from inequalities in wealth and services. The failure to address the needs of the poor has been one of the major factors that Hezbollah has seized upon since the 1990s to support its role as a rival government in Lebanon. Poor areas are also breeding grounds of violence and radicalization, which are further impediments to economic development (Stewart, 1996 p10-11; Höckel, 2007).

The role of emigrants and the Lebanese diaspora was recognized as a significant factor in Lebanon's reconstruction as soon as fighting ceased in the civil war. The huge number of emigrants had stopped the Lebanese economy from collapsing in the late 1980's through the remittances they sent home. This remittance aid also alleviated the toll of unemployment in the post-war period. Analysis of Lebanon's physical and institutional reconstruction needs in the late 1990s showed that the repatriation of Lebanese expertise and wealth gained abroad was an important goal in ensuring successful reconstruction (Kubursi, 1999, p9).

Nearly two decades after the end of the civil war, the broader Lebanese expatriate community (around 14 million globally) remains important to Lebanon's reconstruction and fiscal health. Expat remittances constitute between 12 and 20 per cent of the Lebanese economy with \$5 billion estimated to come from the Arab Gulf alone (Halawi, 2016; Arab News, 2016). In 2016 Parliamentary Speaker Nabih Berri

called on the Lebanese diaspora to increase their role in trade and investment in Lebanon, urging conferences to bring together Lebanese diaspora and investment opportunities (Halawi, 2016). Berri emphasized the potential across all sectors to bring back Lebanese experience and expertise from abroad in order to enhance Lebanon's skill and knowledge base. Berri's views are confirmed by academic studies that show that "expat Beirut professionals are far more crucial [than foreigners] in manning circuits of value leading to and from the city. These professionals act as intermediaries in unlocking Gulf markets for clients, contribute to institutional change in their host countries and help build command and control functions elsewhere" (Krijnen et.al 2016 p1).

Iraq and Lebanon also both feature similar macro-economic risks posed by income streams that are subject to disruption through international politics and economics. Iraq is dependent on oil wealth while Lebanon is reliant on remittances. In 2008 and 2009, the impact of the global financial crisis severely affected remittance flows to Lebanon and political disputes between Gulf States and Lebanese authorities have sometimes resulted in expulsion of Lebanese workers or suspension of remittance transactions (Researchomatic, 2011: Abou-Mosleh 2015). Despite this, appeals to overseas diaspora have been a consistent strategy, such as Rafik Hariri's appeal to the Lebanese Brazilian community in 2003 to invest in Lebanon. Brazil has 8 million Lebanese descendants and Hariri's visit to Brazil was vitally important to diaspora relations (Daily Star, 2003).

### **Iraqi Expatriate Activity through The Iraqi Business Council " IBC" in Jordan**

The first major migration of Iraqis into Jordan started just after coalition military activity to liberate Kuwait ended in 1991. Infrastructure across the whole country was destroyed during the conflict including electricity, water and other major services targeted by the allied bombing. Iraqis were desperate to leave the country and as Jordan was the only country to remain in support of Iraq before, during and after the war, Iraqis did not need a visa to enter Jordan.

Over 1.5 million Iraqis arrived in Jordan within a short period of time including thousands of deportees from Europe and the Gulf States. Jordan was one of the few



countries where Iraqis felt welcome, with Jordanians sharing their limited resources with Iraqis in relative harmony despite the huge pressure on the infrastructure, water, electricity and housing.

The presence of such a large new community created a wave of cultural and economic changes, with most Iraqi businessmen starting up business and factories to manufacture products suitable for the Iraqi market. This influx of capital and knowledge provided some benefits to the Jordanian economy, particularly the capital Amman (Glonek, 2014). Amman's geographical expansion increased in all directions with new shopping malls, hospitals, schools, housing, hotels and free trade zones employing thousands of Jordanians and stimulating the Jordanian economy.

By 2006 and 2007, a large number of Iraqis had left Jordan to different parts of the world through refugee migration programs and for education and employment. Most of those granted asylum went to Europe, the United States and Australia. Those who stayed in Jordan however were largely businessmen, investors and professionals such as doctors, engineers and academics.

As the Iraqi community began to find its feet in Jordan and establish permanent lifestyles, their investments expanded to all sectors of the Jordanian economy with the Jordanian government playing a major role in encouraging investments via new legislation, tax exemptions and simplifying residence permits and passports for investors. These moves encouraged Iraqis to invest more, feel secure and settle and integrate with Jordanian citizens. Culturally, Iraqis have mostly had a positive influence on Jordan, with new art galleries, music festivals, Iraqi restaurants and language entering Jordanian homes.

The UN-supported economic embargo on Iraq made life incredibly hard for Iraqis remaining inside Iraq and made the importance of remittance wages from Jordan incredibly high. Iraqis in Jordan felt immense pressure to support their friends and family in Iraq.

Social and economic structures in both Iraq and Jordan were thus simultaneously under huge pressure with the comprehensive suffocation of Iraq having catastrophic impacts on Iraqi society and the benefits of Iraqi support that Jordan previously received now becoming scarce. Despite the limited funds from oil revenue being

allowed through the oil-for-food program and very strict supervision of the international community, Iraqi society began to disintegrate through the pressure of the sanctions period (Gordon, 2010).

The Iraqi business community in Jordan played a major role in supporting the Iraqi economy through remittances as well as intermediaries in providing food and other basic necessities under the embargo.

As mentioned in earlier chapters, the embargo – alongside other direct and indirect action by the US and its allies - slowly worked towards undermining the regime in Iraq, eventuating in its collapse with the 2003 invasion. In the initial months of 2003 prior to the invasion, Jordan witnessed another large wave of migration from Iraq as people were left in anticipation of the war to remove Saddam Hussein from power. Hundreds of thousands fled Iraq to Syria and Jordan before the war with even more leaving after the fall of the regime.

This new wave of Iraqi migrants to Jordan was comprised mostly of businessmen and middle class Iraqi families who feared the new regime and felt threatened and insecure in the new Iraq. This became a stronger consideration particularly after the wave of revenge assassinations carried out against people associated or involved with the former regime. This differed from the previous waves of migration from Iraq in the 1990s, which were driven by the poverty and devastation from the Iran-Iraq and Gulf wars and the imposition of sanctions. (Fafo, 2007)

With this wave of migrants, the business community in Jordan benefitted from an influx of highly skilled and educated migrants possessing promising potential in terms of their knowledge, wealth and diversity. (Glonek 2014)

In the years immediately following 2003, both the new and existing Iraqi communities in Jordan were confused about the future of Iraq, its government, the US occupation, and other previously mentioned unresolved issues. As seen in chapter two, it was during this period that businesses and individuals that would become the IBC emerged, seeking a role in reconstructing Iraq by contacting the CPA and American representatives in Amman.

The formation of the first transitional government of Iraq, under Prime Minister Ayad Allawi in 2004-2005, brought some positive signals to all Iraqis and gave hope for

reconciliation and forgiveness. However this optimism did not last very long as the 2006 election saw the election of the Shi'a Islamic party 'Al-Da'wa' to power. Despite this democratic handover of power and the success of the first democratic election in the history of modern Iraq, the process failed to dispel Sunni Muslim fears of marginalization under a Shi'a dominated regime.

As previously mentioned, the sectarian war that unfolded in Iraq caused huge cleavages among Iraqis and the Iraqi community in Jordan was not immune to this, with accusations and blame occurring whenever Sunni and Shi'a Iraqis crossed paths in Jordan.

This emerging crisis was the final factor leading a group of 50 Iraqi businessmen from all parts of Iraq with different backgrounds and religions to meet in Amman and form an organization aiming to unite Iraqis and to avoid the madness of the sectarian war in their country spilling over into the Iraqi community in Jordan.

The establishment of the organization faced some difficulties as the immediate emotional and social impacts of the war were immense. Many Iraqis found it difficult to detach themselves from sectarian representation initially. However the eventual establishment of the Iraqi Business Council (IBC) in 2006 quickly helped diffuse tensions. The first board of directors was elected with members from diverse ethnic, religious and regions of Iraq such as Basrah, Baghdad, Mosul, Irbil, Najaf and Anbar.

The IBC, a non-profit organization with a vision of uniting the Iraqi businesses and wider community in Jordan, had set a very clear objective of focusing on what would unite the community. Separating 'Business & Equality' from 'Politics & Religion' was the primary pillar of the IBC – shown in its founding literature – where members are forbidden from discussing opinions that might be considered offensive to other members regarding politics or religion (IBC Jordan Statute and Bylaws, 2006). Members who constantly commit such acts lose their membership of the council.

Article 4 of the IBC bylaws reads: "The Council does not practise any activity in the political and religious domains and shall render its services to all members alike." On the IBC's objectives, bylaws 3.ii ("contribute to the efforts of developing the local civil society [sic]") and 3.iv ("Ensure that the council acts as a link with the chambers of commerce in Iraq, other commercial institutions and the Jordanian Chamber of

Commerce and Industry ...”) show that the council has established itself at a critical junction between business and civil society in both Iraq and Jordan. Its lack of political ambition is crucial to its straightforward development mindset and success unhindered by political infighting (IBC Jordan Statute and Bylaws, 2006 p2, 3).

Within 2 years, the sectarian war in Iraq and its spill-over effects came under control, and the example set by the IBC saw it become a neutral representative of Iraqis in Jordan, evidenced by its recognition among foreign diplomatic missions who were interested in knowing how the Council managed to avoid falling into sectarian squabbling and violence. The IBC continued to encourage the rest of the world to invest in Iraq and promoted Iraq and Jordan by offering partnerships between its members and foreign companies.

In 2012 the IBC became a pioneering organizer of the United Nations Global Compact Initiative, aimed at consolidating ten major principles of the UN including transparency, combating child labor, integrity and environmental protection among others. Run through the IBC’s humanitarian committee the activities of the Council expanded to include seven annual cultural and social events such as art exhibitions, music concerts, fashion show and culinary events. The council also set up humanitarian projects to help Iraqis in need, particularly the sick and elderly, children and women from all parts of Iraq (IBC Yearbook 2014 p126-134).

The first program to have a large international impact was ‘I Have a Dream’ where Iraqi Children with cancer were mentored by famous Iraqi artists and painters to hold a painting day followed by a concert, dinner and auction to sell these painting to the audience – a mix of Iraqis, Jordanians and foreigners under the patronage of HRH Prince Raad of Jordan.

By 2010, the council was internationally considered the true representative of not only Iraqis in Jordan, but all migrant Iraqi business communities. With over 500 high-net-worth members and 3000 companies covering all sectors of industry and economy, the council was a truly diverse representation of Iraqi businesses. Trade delegations from all over the world came to Jordan to meet with the IBC in an effort to link their companies with members of the Council and to form partnerships and

joint ventures to enter the Iraqi market. This resulted in several successful joint ventures in the oil & gas sector, aviation, health and power.

By 2010 the population of Iraqis in Jordan was around 600,000, with over 30,000 businessmen representing a large percentage of the Iraqi private sector, living and working out of Jordan as a safe and reliable environment with a close proximity to Iraq. With good health care and schools and easy resident permits, Jordan became the main destination for Iraqis who wish to work and invest abroad, or to live away from the unstable business environment of Iraq. Many Iraqi businessmen in Jordan see it as a more ethical and safer playing field than the highly corrupt systems in place in Iraq. Those who cannot or do not wish to bribe their way into business find support and strength in the networks and mechanisms of the IBC and the more accountable business environment in Jordan.

A review of recent IBC work shows how pivotal the Council has become in facilitating business activity in Iraq. In 2014 alone, the Council hosted government and private delegations from Great Britain, Japan, Italy, Greece, the European Union, Canada, Romania, South Africa, Tunisia, Indonesia, Australia and many others. This engagement was not only aimed at incoming business activity for Iraq but also enabling Iraqi businessmen to establish outgoing activity within Europe and other opportune markets. This was achieved by establishing an agreement with the French Embassy in Jordan for two-year Schengen visas for IBC members (IBC Year Book, 2014, p.60).

The IBC has also been a facilitator and participant in macro-economic work done by the Organization for Economic Co-operation and Development (OECD) and International Monetary Fund (IMF). The IMF delivered its 2013 report on Iraq's macro-economy, using consultation with the IBC to inform some of the issues facing Iraq (IMF, 2013). These included efforts to build preventative financial margins to protect against fluctuating oil revenues, efforts to free up and simplify foreign currency in Iraq and establish a more stable exchange rate. The OECD visit aimed at discussing the OECD's program for improving public-private cooperation in development and the Middle East's potential for emerging sectors such as renewable energy (OECD, 2013: OECD 2016).

The IMF continues to work in cooperation with the IBC in its Iraq projects. In early 2017, the IBC played a role in negotiating unease and doubt about the status of IMF loans to Iraq after the Iraqi finance minister Hoshiyar Zeybari was dismissed from his position on late 2016. Zeybari had attained a \$3 billion loan from the IMF to help patch Iraq's budget crisis stemming from low oil prices and the fight against ISIS. Meetings between Iraqi officials, the IBC and the IMF in Amman in the first week of March 2017 settled the deal with the loan to be released in instalments, with a priority of paying the outstanding amounts for Iraqi contractors who have been unpaid by the government for over 3 years. It is hoped that Iraq will be able to fix its budgetary crisis with improving oil prices and the near-defeat of ISIS. The IBC also held separate discussions with the IMF about adjustments to both the Iraqi and Jordanian economies such initiating hiring and salary freezes in the Iraqi public service, which currently employs five million people and pays two million pensions, costing the government over US\$50 billion a year (IBC 2017b: Sattar, 2016b: IMF, 2017).

The IBC's political neutrality is a major pillar of the organization's credibility and has helped it work in cooperation with Jordanian and Iraqi governments towards greater public-private cooperation and coordination. The IBC regularly consults with senior Jordanian government ministers and trade officials. This has helped senior IBC staff gain insights into the workings of government and the considerations that drive government policy. Given the cross-border nature of this learning and cooperation between Jordan and Iraq, the IBC has developed experience and expertise in foreign policy and cross-border trade deals with major involvement in ventures such as the Strategic Crude Oil Export Pipeline (SCOEP) between Basra and Aqaba (IBC Yearbook 2014 p44, 50). The SCOEP, worth US\$18 billion, is designed to be mutually beneficial to both Iraq and Jordan by expanding Iraq's hydrocarbon export options to the Red Sea port of Aqaba (better serving Europe) and by enabling Jordan to alleviate its energy resource shortages. Jordan is also able to earn fees per-barrel of crude oil and per-cubic meter of gas for the transport of oil and gas through its territory with expected revenues of US\$1 billion a year (Roker, 2017).

Progress and the route of the pipeline were disrupted by ISIS control of large parts of North and Western Iraq, yet with the declining military strength and imminent defeat

of ISIS, Western Iraq and the Jordanian-Iraqi border are expected to re-open to economic activity. The project is expected to be completed by 2020, after delays as a result of ISIS' threat in Anbar province. Over a dozen international companies were bidding for the first-phase contracts in early 2017, with the contract ultimately awarded to an IBC member and investor who managed to head a consortium of foreign companies.

The IBC's bridging role in regional affairs is not limited to economic activity. Following the social support and mediation activities to reduce sectarianism that the IBC led in the late-2000s the IBC has continued to promote dialogue, research and public engagement in issues of reconciliation and fighting extremism. In September 2016, the IBC participated in an international conference on the media's role in combating terrorism and extremism, organized by the Arab League. IBC Chairman Dr. Majid AlSadi, IBC Vice Chairman Mr. Saad Naji and IBC Social Responsibility Advisor Dr. Amila Naji represented the IBC at the conference to evidence the commitment of the IBC to its mission of corporate social responsibility as described by Visser (2008 p473-493).

Further, the IBC's focus on corporate social responsibility (CSR) is another mechanism through which this business grouping strengthens its legitimacy amongst communities and maintains its social links. Since 2012, the IBC has been major sponsor of the Tamayouz award for excellence in Architecture – the first and only scholarship of its kind in Iraq to gain international recognition. The award provides scholarships for Iraq's top architecture students to study in at the University of Coventry in the United Kingdom. The Tamayouz Award brings together local and international universities, academics, businesses and politicians in recognition of the importance of scientific advancement. By raising the standards of architectural achievement in Iraq, the Tamayouz Award hopes to have a multiplier effect upon building and construction standards throughout the country's young professional architects.

Another example of the IBCs engagement with and support for the Iraqi diaspora in Jordan is its participation in the Iraqi Refugees Assistance Program (IRAP). This program supports Iraqi refugees in Jordan and the United States with legal advice on their status and rights in host countries, as well as training legal advisors and

lawyers in the US on how they can best help Iraqi refugees. IRAP was assisted in its educational campaigns by the international NGO Right to Play and the Jesuit Association (IBC, 2014 p124).

The IBC has also shown further interest in and commitment to the development of public services and public space. In 2014 it commissioned a study by engineer Jalal Qaood on social and physical disrespect for the built environment and public space in Iraq. The study covers waste management, pollution and city planning and identifies effective means of improving the living conditions in Iraqi cities, which in turn provide economic and public health benefits (IBC Yearbook 2014 p138-141).

Such international and governmental and non-governmental links established by the IBC are crucial in furthering the international experience and professionalism of the Council's members. The engagement of such high-profile delegations is a product of the IBCs commitment to accountability and transparency. The benefits for business and governance derived from accountability and transparency are one of the key lessons the IBC holds for Iraq.

While the purpose and effectiveness of CSR initiatives in developed countries has been heavily questioned (Economist, 2008), in developing countries CSR can play a essential rather than surplus role in business and societal function. CSR in developing countries comes mostly in the form of "investment, job creation, taxes, and technology transfer" and most crucially appropriates traditional forms of "communitarian values and religious concepts" which require delicate translation into technical western forms of government (Visser, 2008 p493).

The IBC was a major sponsor of the UN Global Compact Program for Corporate Social Responsibility in Iraq in coordination with the UNDP and Iraqi government Council of Ministers. The Global Compact provides a framework where companies should abide by basic conditions such as basic wage standards, and equal gender rights and opportunities. The initiative also prohibits child labour, supports environmental protection and fights corruption. It has since gone on to include more than 80 major Iraqi contractors, companies and NGOs (UNGC, 2012: IBC, 2017). The IBC also consults and assists in the UNDP's Local Area Development Program,



which seeks to improve engagement between the Iraqi diaspora and local governments in all areas of Iraq (IBC Yearbook, 2014 p.156).

The IBC has also shown a commitment to improving the standards and understanding of democratic governance in Iraq through the United Nations Economic & Social Commission for Western Asia's (ESCWA) program 'Private Sector Participation in the Democratic Governance'. The program works with Iraqi civil society organizations to spread education on participatory action under democratic rule. The first round of cooperation saw a multi-day workshop held in Amman Jordan aimed at providing "participants with technical knowledge and skills on a participatory approach to democratic governance, and constitute a platform for experience-sharing on good governance competencies and participatory tools to public-policy making ... and more specifically on how to practise just and good leadership; engage civil society in the reform process; build alliances for public policy-making; uphold accountability and transparency; promote dialogue and building consensus; and design public policies based on the principles of equity and social justice, among other competencies" (ESCWA, 2015). The IBC and ESCWA cooperation then resulted in the Participatory National Campaign – an IBC initiative aimed at spreading awareness of individual rights under the democratic governance (IBC 2017a).

When we consider the previous criticisms of superficial 'democracy promotion' in Iraq, this IBC initiative is the exact form of governance development that was lacking in the US democracy promotion project in 2003. It is hoped that with the restoration of security in Iraq after the war with ISIS, the general reconciliation between all Iraqis and the still-healthy status of civil society movements in Iraq, these initiatives will contribute to a major improvement in the standards of Iraqi democratic governance where the role of IBC and other similar organizations of Iraqi expatriates around the world would be vital to the reconstruction process of the state through investments, job creation and sustainability.

The historical examples of an Arab state recovering from civil war (Lebanon) and a democracy successfully reconstructed from total destruction (Germany) provide important lessons on how Iraqi expatriates can make the best inputs to reconstructing their country. The international experience of expatriates provides

both advantages and disadvantages determined by the ability to maintain their impartiality gained during their time abroad and away from conflicts. Expatriates participation should be formalized and protected to enable them to compete with entrenched interests and networks that seek to monopolise positions and power gained during periods of violence. Most importantly, expatriate experience should be used in leadership and administrative roles concomitantly to ensure that equitable planning and governance is complemented by efficient and transparent administration of the policies.

Security, disarming and a just reconciliation process are also crucial to breaking down entrenched wartime interests and facilitating the inclusion of expatriates. We can see the differing effects of such processes in Germany and Lebanon. These essential yet long and complex processes can themselves be assisted by the relative impartiality of expatriates.

## **Conclusion**

The nature, shape and function of Iraq after ISIS are rightly the focus of many current reports and analyses. The return of all ISIS-occupied land (around one third of the country by early 2015) will mark a new phase in Iraq's political and social development, with some fearing that the loss of the unifying enemy that is ISIS will spur a return to sectarian fighting between Iraq's main political factions.

Interestingly, many politicians, members of Parliament and even the Prime Minister himself, are puzzled and confused as to what might happen to many outstanding issues in the country and region. These issues include Kurdish separatist ambitions, the future of the Shi'a-dominated volunteer fighting forces the Popular Mobilisation Units (PMU), reconciliation with Sunni politicians and tribal leaders accused of supporting ISIS, the status of Christians and Yazidi victims of slavery, mass rape and destruction under the watch of Arab Sunni neighbours. Such sensitive issues need political leadership and the intention to help the reconciliation process by reforming the basis of the government.

Additionally there are new conflicts brewing between Turkey and Iran, who are challenging each other through proxy Kurdish forces. At the same time Turkey is making territorial claims for land proximate to Mosul. There is further potential for major conflict over who will control the oil-rich city of Kirkuk. Kirkuk is a city in Northwest Iraq with a multi-ethnic and multi-religious population of Arabs, Turkomans and Kurds. Shortly prior to writing (April 2017) Kirkuk witnessed a major shift when the Kirkuk Provincial Council approved a request from governor Najmadin Kareem to raise the Kurdistan flag on all government offices, claiming that given that they have played a major role in liberating the city it is therefore to be part of the Kurdistan region. The decision was approved, though Turkmen and Arabs had boycotted the vote (NRT, 2017). Further escalation in late 2017 took place when the referendum on Kurdish independence was held, where 99% of Kurds voted yes to independence, further complicating the Iraqi political landscape with catastrophic consequences on the Kurdish dream for independence.

Prime Minister Abadi has suggested that disputed areas between the Federal Government and Kurdish autonomous areas should become agreed upon areas, but negotiations have not emerged with Kirkuk even being excluded by the Federal Government from the upcoming municipal elections. On the oil front, the Iraqi Federal Government is also exploring options with the Iranian government to build a new pipeline through Iranian territory that would deprive the Kurdish regional government of much-needed revenue (Kassim and Slim, 2017).

The above incidents further stress the extremely fragile situation in that area and the possibility for an Arab-Kurdish conflict involving Turkey and Iran, where both countries have either a territorial or political interest in both Mosul and Kirkuk.

The fall of Mosul in 2014 created a shockwave, disbelief and disappointment for all Iraqis and people in the region, and remains a puzzle until today. How a few thousand ISIS fighters could defeat a well-trained and equipped army consisting of hundreds of thousands of soldiers will remain a point of conflict between all parties and likely a secret, with all political parties having refused to discuss it. This is despite several independent investigations and findings – none of which has been published – and a complete lack of prosecutions or convictions for anyone involved in the disaster.

Given the lack of positive political growth during the ISIS crisis, there will be continue to be conflicts between Shi'a, Sunni, Christians, Yazidi, Turkomen and Kurds as well as among these groups, with group solidarity not precluding violence. Territorial control will be the main reason for the fighting as well as revenge, political power grabs and other financial benefits. The hugely symbolic re-capture of Mosul, fresh in people's minds, represents a good opportunity to advance Iraq's reconciliation process. Mosul is a multi-ethnic city, whose recapture by Shi'a and Kurdish forces, with little Sunni input, has kept sectarian identities at the forefront of discussions for responsibility and blame. If a successful recapture and reconciliation process can be undertaken in Mosul, with significant international oversight, it may be possible to extend the model and example to other areas of Iraq.

Without serious plans for reconciliation, the coming months will see these conflicts escalate. Only firm leadership and good governance will be able to play the necessary 'father role' with just and unbiased treatment to all parties. This is particularly important after the historic visit by Prime Minister Abadi to Washington. The positive welcome Abadi received from President Trump – with a quite a few statements in Abadi's favour – shows that the US administration believes that continuing its support to the incumbent Prime Minister will be the US' best means of reducing Iranian influence in Iraq to the degree that they can. They also see Abadi as the best candidate to send US funding and support to, to help utilize oil money for construction, and to pacifying the whole country, particularly the northern regions. (Sokolsky, 2017; AP 2017)

While agreements are easy to make on paper, all parties need to be held accountable by international oversight. Otherwise, vengeance and criminal activity have the capacity to continue the cycle of violence in Iraq. In this capacity the renewed interest of the United States in Iraqi affairs will be very important to monitor. Several important political and research questions remain which will inform the directions that the above junctures take. It is useful to view these issues by dividing them among the current main political players.

Haidar Al-Abadi will be challenged by the need to free himself from regional influence and marginalize armed groups. Abadi's ability to stand up to these groups, reduce their influence was a major concern to US President Trump, complicated by the fact that these groups were a major fighting force in defeating ISIS (Sokolsky 2017). In pursuing this endeavour Abadi will have to ensure that he can guarantee the loyalty of the now-heterogeneous Iraqi Armed Forces (now incorporating the PMU as part of the national armed forces).

Nouri Al-Maliki will have his own agenda on the above issues and he has not left the political scene, despite stepping down in 2014. Al-Maliki represents part of the political current that has strong ties with Iran. Maliki may not be keen to sit in the wings and let Abadi gain the credit for the final victory over ISIS. In late 2016 and early 2017 leadership contestation continued between Abadi and Maliki, with the

latter exercising significant power within the forces fighting ISIS – the ICTS and PMU – which he had formed when he was in power (Mansour, 2017). The armed forces are a further source of contention between Maliki and Abadi given Abadi's stated intent to dissolve the militias and PMU. This intention did not materialise and instead the PMU are now part of the national army (Mamouri, 2016a).

Maliki's eligibility for re-election has been controversial and often attacked by his rival Abadi, accusing him for the catastrophic events in losing territory to ISIS, corruption, government debts and bad management.

In the meantime, a new political force has emerged in the youth-driven revolutionary views and action of Muqtada Al-Sadr. Al-Sadr is now selling himself as a secular campaigner but he is a Shi'a Islamist and the credibility of his secular credentials is yet to be seen. His popular movement may be influential however in re-instating Abadi for another term. This is dependent on Abadi successfully meeting the reform demands Al-Sadr has been pushing for. Again the future status of militia will be important to Al-Sadr's alliances as he himself has a large and well-equipped armed forces called "Saraya Al-Salam". Al-Sadr is yet to make clear who he will stand with in the next election, however he made it clear that no previous MPs of his party will participate in the next election but he will support new, professional, qualified independent candidates with emphasis on secular movements such as the communist party and other civil movements. (Doyle 2016a; Mansour, 2017)

The previously prominent 'Al-Watania' movement, led by Ayad Allawi has been quiet among the current major events and may be a sign of exasperation on their part. In a highly sectarian system it is unclear who the secular Al-Watania party would align with for the next election. However, considering Al-Sadr's intentions, Al-Watania might be a potential candidate for alliance after the election.

Allawi has repeatedly expressed disappointed with the US government for their unclear stance on what was happening, leaving the Iraqi arena open to Iranian and Turkish influence. While currently marginalised, Allawi has previously come close to the Prime-Ministership but any future success also requires backing by the US and important Arab states.

Ammar Al-Hakim is seeking to rebuild a ruling Shi'a coalition and its reputation by using new, young and 'clean' politicians and technocrats. This endeavour however will be highly opposed by Maliki who will lead the coalition at the end 2017.

(Mouzahem, 2017)

With the above questions in mind, the current low oil prices, huge budget deficits, inefficient surplus public employment, social unrest and poor public services, can any government sustain its power and enforce security, create jobs and sustain economic growth? Can all of this be achieved without the private sector's participation and particularly that of the expatriate business communities mentioned in this thesis? Iraqi expatriate communities around the world could play a huge role in the stability of the country through the potential economic strength and management they can bring.

While Ammar al-Hakim is pushing forward on major issues by lobbying for the UN to come onside in a major attempt to reconcile the country's many grievances, the benefits of settling the expat issue should be used as a uniting factor across parties. As Hakim's well-received appeal to the UN shows, getting some sort of united vision for Iraq is crucial, and there are many international NGOs and relief programs that are keen to assist in reconciliation and reconstruction processes in Iraq, yet they cannot work without stable and united government. In fact most of their work over the past 13 years has gone to waste as government mistakes and selfish interests have prevented their work reaching its full potential.

Looking back at the three examples of expatriate involvement in the reconstruction of their countries, despite different backgrounds, political motivations and circumstances, most have shared a strong commitment to further the national interest rather than just their own interest. Further primary research on this topic has the capacity to identify the particular strengths of each Iraqi expatriate community and their potential in the reconstruction of their country.

As our review of the reconstruction Lebanese experience has shown, deliberate policies designed to attract and facilitate re-engagement of expatriate business

activity has been hugely valuable to both the 'hard' and 'soft' reconstruction of the country following civil war. These are policies and activities that Iraq has largely lacked so far.

In 'hard' reconstruction, foreign financial flows and business capabilities were key in providing finance and investment into re-establishing major economic functions and attractions in Beirut and Lebanon as a whole. The importance of the Lebanese diaspora and the billions of dollars it contributes to the economy every year is represented by the government's ongoing policies to encourage diaspora engagement. Such policies are both economic and political, including the amendment of electoral policies to make it easier for expatriates to vote from outside their place of birth, as well as insuring against electoral fraud. Lebanese business councils and chambers of commerce are well-known abroad and play an active role in attracting business to Lebanon through their exclusive links and knowledge.

In 'soft' reconstruction, Lebanese expatriate engagement has furthered the political and cultural development of the country by strengthening the values of freedom of expression, multiculturalism and connection to the globalised world. The return of foreign-educated expatriates and their accumulated professional and cultural experience has helped make Beirut one of the region's most globalised cities, despite difficult regional conditions. This has the effect of making it an even more attractive place for investment and innovation. In this regard Lebanon has made significant efforts to reverse the brain drain that the country experienced during years of conflict.

The review of selected German exile experiences provides insight into another aspect of expatriate engagement with their home countries – that of the politicisation of their activity by host governments and the regulations placed on them while abroad. This is an important factor influencing the different outcomes for expatriate business communities across our comparative examples and should be drawn out further in future primary research. The German experience also shows the revitalisation of political culture that expatriates bring with them in post-conflict scenarios. As actors who manage to maintain more distance from conflicting parties



and the legacies of revenge and stigmatisation are able to maintain a more neutral status. Their international experience, often in developed countries also provides them with new insights and standards of operation.

The limited information on expatriate engagement programs in Afghanistan and Palestine (Gaza) show that due to entrenched interests and decreased security in post-conflict societies, expatriates need to work closely with and be supported by government bodies if their overseas knowledge and capacities are to be most successfully returned to the country. This highlights why deliberate policies, not just expatriate willingness, are necessary to facilitate expatriate return and engagement. The comparison of Iraqi and Lebanese experiences without and with deliberate policies respectively, also confirms this evidence.

Perhaps the biggest potential value of expatriate businessmen identified by this research is their capacity to interrupt 'war economies'. Several papers identified the emergence of war economies as the most problematic feature of post-conflict reconstruction as it affects security, economic, political and social functions. Expatriate businessmen, who have *not* achieved their position through violence are, if assisted by government and security bodies, able to provide legal, legitimate alternatives to warlords and militia who capture economic power and semi-political positions during conflict. The economic benefits of transparent and legitimate business actors apply directly to post-conflict justice and reconciliation as well as employment and foreign investment, both proven as significant factors in consolidating peace and providing disincentives for re-igniting conflict.

Once known in more detail, the wide range of expertise, huge financial capabilities and international connections of Iraqi communities worldwide could be utilized greatly to the benefit of the Iraqi economy. Expatriates' more neutral political backgrounds are also key in creating a genuine political vision for the nation rather than just communal or self-interest. However the decisions to engaging the expatriate community are political and have not yet been made due to fears and other priorities among political parties.

Among these priorities is the issue of decentralization, which threatens to drastically reshape the electoral and power distribution across Iraq. One major option is for disentangling the economical disputes within sections of Iraq is decentralization of the Iraqi state into 18 autonomous provinces with powers like the Kurdish Regional Government. This move would address the concerns of the minorities such as Turkmen, Christians, Yazidis and Shabak for their own autonomous governance within their geographic locations.

Given the scale of the Iraqi diaspora, there are few who are unaffected by the current limits on diaspora engagement. Their return and improved political engagement offers benefits for many businesses and civil projects in regional communities. Importantly, the return of expats represents a symbolic end to the traumas which drove them out, and small but widespread gains could then be used to build a stronger sense of the national interest and further cooperation across parties.

Interneccine squabbles at all levels of government are certainly going to complicate any attempts to have the status of Iraq's expatriates improved. Considering the regional influence on the major Iraqi political groups and their interest in the Iraqi economy will hinder the efforts of the expatriate business community to play a major role in rebuilding Iraq. As these regional powers will favour a business community that translates its vision and interest financially and politically within the Iraqi economy regardless of its importance or significance effect on the life of the Iraqi population and improvement of their living standards.

More attention needs to be given to expatriate business communities where the majority of the Iraqi diaspora exist, particularly Jordan, the UAE, Lebanon and Turkey. Their significant financial capabilities have changed the physical and economic shape of these countries. Jordan alone hosts over 30,000 businessmen with investments in the Jordanian economy exceeding US\$18 billion as direct investment with more as deposits and funds processed through the Jordanian financial system. The physical landscape of the capital Amman has changed through such investments over the years. Most of the manufacturing industry in Jordan targeting the Iraqi market as its main consumer has changed the industry's

capabilities, creating thousands of jobs and related business activities such as transport, raw materials, insurance, banking and local input etc.

Given the above factors and the need to organise the activities of such huge investments, the Iraqi Business Council was established in 2006 and played a major role in achieving the maximum benefits and legislation for the Iraqi expatriate community in Jordan in general. Dubai, Lebanon and Turkey are other examples of the existence of powerful Iraqi economic forces with huge investments and various business, manufacturing and trade activities that could be utilised, if allowed, in the rebuilding of Iraq.

In further investigating Flibbert's (2013) theory on forced state failure, we have shown how much the deliberate dismantling of the Iraqi state affected its post-conflict outcomes. Perhaps the most important factor not sufficiently highlighted in existing literature is the extensive damage that the pre-2003 sanctions on Iraq inflicted on the country. This exacerbated the decline in living standards, worsened the brain drain that had begun in the Iran-Iraq war and limited economic and industrial activity. Flibbert's observations are directly relevant to debate over the ongoing relevance of the state as an arbiter between 'domestic' and 'foreign' forces in a globalised world. We see that with the power vacuum that engulfed Iraq post-2003, state and non-state actors exploited and interfered in Iraq across economic, military and political fields. This has affected Iraq so much that many now question the viability of a single Iraqi state and led to the emergence of never-before seen societal dynamics such as the sectarian civil war of 2006.

#### Further research:

To explore how important and feasible changes to the status of Iraqi expatriates are, there needs to be further primary research and exploration of expanding the role of expats in Iraq. This may reveal hidden interests and unexpected consequences to reforming expat legislation and representation. Such research should include interviews with the major political players both within the current Iraqi political scene and the major active Iraqi expatriate groupings. This will provide qualitative analysis

of the varying visions of Iraqi expatriate activity and status, potentially highlighting where compromises and negotiations can be made between existing interests.

Polling amongst regional and engaged Iraqi diaspora communities would also be of great benefit. If these parties' goals and capacities can be aligned, the research may identify ways to facilitate the improved participation of Iraqi expatriates in the reconstruction of their country. Surveying the levels of interest in re-engaging in Iraq among various expatriate communities can help to identify the methods and fields of engagement that are most suitable for Iraqi expatriates. This would be the first steps in reversing the 'brain drain' that plagues post-conflict reconstruction in all cases. Iraq's largest groupings of doctors, engineers, industrialists, academics and other highly-qualified professionals now reside outside of the country and could be engaged in reconstruction efforts and revitalisation of Iraq's political and civil culture.

Quantitative data from expatriate business councils around the world can be gathered on key measures of engagement such as investment, employment and remittances. In addition to Iraqi expatriate business communities from other countries, Lebanese business councils and chambers of commerce are important sources of comparative data. Combining data sets from Iraqi and Lebanese groupings across a number of countries has the potential to provide a highly-robust and relevant data set given the closeness of the comparative cases and the variety of the expatriate business experiences and activities.

A qualitative review of government policies over time, correlated with quantitative economic outcomes can also inform further research and indicate the best ways to enable expatriate business engagement. A comparison of the impact of expatriate investment as opposed to simply foreign investment would also be useful to test the effectiveness of expatriate's unique linkages and knowledge in successful reconstruction projects. So far very little research exists on how advantageous these linkages potentially are in the success of such projects. It is however suspected that the linguistic and cultural advantages possessed by expatriates put them at significant advantage to foreign investors and companies.



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