



Policy Analysis /
PolicyWatch 3281

Iraq's Health, Financial, and Security Crises Sharpen the Urgency of Forming a Government

by [Bilal Wahab](#)

Mar 13, 2020

Also available in

[Arabic](#)

ABOUT THE AUTHORS



[Bilal Wahab](#)

Bilal Wahab is the Nathan and Esther K. Wagner fellow at The Washington Institute.



Brief Analysis

Allawi's cabinet failure may indicate growing Iraqi agency at Iran's expense, but the path toward political stability remains tortuous and foggy.

On March 2, Iraqi prime minister-designate Mohammed Tawfiq Allawi stepped down after failing to gain sufficient parliamentary support for his proposed cabinet, putting President Barham Salih on the constitutional clock for designating another candidate within fifteen days. That timer runs out on March 17, and may have to be reset again if the next government formation attempt falters as well.

Yet prolonging the process much further while continuing to champion patronage politics would be dangerous in light of the country's multiple weighty challenges—a restive street that could quickly resume mass protests; a growing coronavirus outbreak at home and next door; [renewed military hostilities](#) between U.S. forces and pro-Iran militias; and looming financial insolvency due to the crumbling oil market. According to veteran financial expert Ahmed Tabaqchali, every one-dollar drop in average oil price costs Iraq \$1.5 billion in annual revenues—a sobering figure given that the price of Brent crude just dropped from \$68 per barrel to \$36.

WHY DID ALLAWI FAIL?

Allawi's inability to form a government signals that the political system of divvying up public offices and spoils (what Iraqis call *muhasasa*) remains resilient. Although he promised to sidestep the tradition of party nominations and form a technocratic cabinet, he was secretive and confrontational in his negotiations, which his

rivals saw as evidence that he had struck a deal with leading Shia figure Muqtada al-Sadr. In the end, Allawi alienated the Kurds, most Sunni Arabs, and enough Shia members of parliament to lose a quorum. The Kurdish and Sunni parties may calculate that they can afford to wait for a more favorable arrangement because they are immune from the public protests that have squeezed the Shia parties since October.

Also unchanged: the politics of disruption. While no single party has the ability to assemble a governing coalition, most smaller parties wield enough power to block one. Even militias with no seats in parliament have this disproportionate sway—for example, U.S.-designated terrorist group Kataib Hezbollah effectively vetoed intelligence chief Mustafa al-Kadhimi's candidacy for prime minister. This bodes ill for whoever gets the nod to try again after Allawi, and for the resultant government's ability to deal with so many crises at once.

IRAN'S SETBACKS ARE SHIFTING THE LANDSCAPE

Despite the persistent problems created by patronage issues, Iranian interference, and the elite's unwillingness to listen to protestors, there may yet be an opportunity for a new, improved, and truly Iraqi process to take hold. Allawi's failure is a punch in the nose to both Sadr's authority and Iran's ability to command results and broker Iraqi consensus around its diktats.

Here, the assassination of Iranian general Qasem Soleimani and his partner, Kataib Hezbollah leader Abu Mahdi al-Muhandis, is having a substantial political impact. No single figure in Iraq or Iran is yet capable of playing the crucial consensus-building role that Soleimani pioneered in Iraqi Shia politics.

Moreover, Sadr's new alliance with Iran has proven barren so far. In seeking to dominate Iraqi politics while portraying himself as above it, Sadr only managed to antagonize his rivals. He then compounded his many errors by ordering his Saraya al-Salam militia to not only cease protecting protestors, but to join the crackdown against them. Last month, amid mounting deaths and injuries, he callously told an Iraqi television interviewer that the violence was his way of "pulling the ears of his children" who needed to be disciplined.

Yet just because Iran is losing does not mean Iraq is winning. Iraqi politicians have a long track record of squandering their agency, with an incentive structure that leans toward dysfunction, sectarianism, and infighting rather than good governance and sovereignty. For years, Iraqi factions and militias beholden to Iran for their access to power and wealth have acted either in Tehran's interest or their own—largely to the public's detriment. There is space for this dynamic to change if Iraqi nationalists in the political class get over their fear of Iran, just as thousands of young protestors have done.

Unfortunately, that is a tall order at the moment because Sadr and rival militias have benefited the most from the vacuum left by Muhandis, not the nationalists. Moreover, while the dilution and delegitimization of Iranian and militia influence is good news if channeled positively, the lurking financial and health crises may up the pressure on Baghdad to an unsustainable degree while exacerbating militia infighting, which would only worsen public suffering.

WHAT'S NEXT?

For now, Iran's principal goal appears to be ending the Iraqi protests while it identifies and grooms replacements for Soleimani and Muhandis. The situation is a stark difference from just two years ago, when the 2018 parliamentary election appeared to cement Tehran's influence for the long term by sidelining traditional political parties and empowering pro-Iran militias. Now that Soleimani is gone and Sadr has proven a dead end, Tehran may have to reverse course a bit and try courting/coopting other Iraqi parties and politicians who have local standing. Two old standbys—Nouri al-Maliki and Hadi al-Ameri—are emerging as prime candidates.

Meanwhile, Iraq's obstructionist politics may extend the status quo wherein a weakened Adil Abdulmahdi stays on as caretaker prime minister despite resigning four months ago. Iran and the militias are certainly vested in keeping

him in place in order to preserve their 2018 election gains. The Kurdistan Regional Government favors his return as well, hoping that he would ensure a stable flow of federal budget funds from Baghdad.

Yet maintaining the status quo is increasingly onerous. The impending health crisis will further delegitimize a government already battered by months-long protests. Plummeting oil prices and abruptly shrinking financial flows could prove even more consequential in cratering the elite's staying power. Rather than forcing political players to focus on collective action, such crises are more likely to produce chaos. Absent Iranian orchestration, intra-Shia competition could cause further rifts as falling oil revenue shrinks the pie, while militias could escalate their violence against protestors and other rivals.

The past two weeks offered a preview of this potential chaos. Sadr's rivals cheered when Allawi proved unable to form a cabinet, and Kataib Hezbollah official Abu Ali al-Askari quickly asked top Shia cleric Ayatollah Ali al-Sistani to give his stamp of approval for reinstating Abdulmahdi as interim prime minister. In response, Sadr warned that he would reactivate the notorious Jaish al-Mahdi brigades. And within hours of Allawi's announcement, rockets were fired at the Baghdad International Zone. The target was unclear—the U.S. embassy or the seat of Iraq's government?—as were the perpetrators. The March 11 attack that killed U.S. and British personnel at Camp Taji only added to the fray.

To avoid such volatility and move forward, the government will need a credible prime minister who can capitalize on recent successes while lowering expectations about what can be done at a time of multiple crises. The protest movement forced Abdulmahdi to resign and created ample momentum for early elections. Hence, rather than trying to dismantle the resilient patronage system right away, Iraq's newfound agency would be better invested in creating a secure space for holding fair elections. That—plus crisis management—should be the next government's primary mandate.

Only a strong Iraqi nationalist candidate could persuade protestors to go home. This new prime minister-designate would then need to embark on the tough tasks of securing the space for protestors to [translate their demands into political platforms](#), keeping the militias in check, passing a new election law that ensures accountability among elected officials, and laying out a credible process for bringing those implicated in violence against protestors to justice.

U.S. ROLE

Much of Washington's recent approach to Iraq has been a mixed bag of sticks, including drone attacks on designated groups and additional sanctions. U.S. officials have put the onus squarely on Iraq's leaders to ensure a transparent, wholly owned government formation process. So far, this approach has deterred politicians in Baghdad from making disastrous choices, but it has not nudged them toward constructive politics. Washington should therefore consider additional ways to nurture Baghdad's newfound agency.

Another item that should be high on the agenda is something the United States is capable of doing quite well when sufficiently focused: rallying international support for credible Iraqi elections. The UN Assistance Mission for Iraq (UNAMI) remains a legitimate, effective channel for helping Baghdad reform its election law, conduct proper redistricting, and orchestrate international monitoring. To stave off further disappointments, it is crucial to improve security and increase free political space between now and the next election.

Bilal Wahab is the Wagner Fellow at The Washington Institute. ❖



SHARE



EMAIL ALERTS



[Sign Up](#)



TO TOP

RECOMMENDED



BRIEF ANALYSIS

Iraq's Purple Coup: A Truly Iraqi Electoral Surprise, Par Excellence

Oct 15, 2021

Munqith Dagher



ARTICLES & TESTIMONY

While Washington Argues, Iran Makes Nuclear Advances

Oct 15, 2021

Simon Henderson



ARTICLES & TESTIMONY

Saudi Arabia: What Has Changed, What Hasn't

Oct 13, 2021

Simon Henderson

TOPICS

Arab & Islamic Politics

Democracy & Reform

Energy & Economics

REGIONS & COUNTRIES

Iran

Iraq

STAY UP TO DATE



SIGN UP FOR EMAIL ALERTS



THE
WASHINGTON INSTITUTE
for Near East Policy

1111 19th Street NW - Suite 500
Washington D.C. 20036
Tel: 202-452-0650
Fax: 202-223-5364

[Contact](#)

[Press Room](#)

[Subscribe](#)

The Washington Institute seeks to advance a balanced and realistic understanding of American interests in the Middle East and to promote the policies that secure them.

The Institute is a 501(c)3 organization; all donations are tax-deductible.

[About TWI](#) /

[Support the Institute](#)





© 2021 All rights reserved.

[Employment](#) /

[Privacy Policy](#) /

[Rights & Permissions](#)