

## Iraq:

### The Way Forward

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**Y**ou have heard President Bush talk about a forward strategy for freedom in the Middle East. The president's vision of the future for the Middle East is predicated on one clear principle: that the advance of freedom and democracy leads to peace and progress for all. As the president has said, as long as the Middle East is a place of tyranny, despair, and anger, it will produce men and movements that threaten the safety of Americans and our friends. We seek the advance of democracy for the most practical of reasons: because democracies do not support terrorists or threaten the world with weapons of mass destruction. A free, democratic, and secure Iraq is critical to the success of this vision, and more than thirty countries have joined together in a broad coalition in pursuit of this goal.

Needless to say, the month of April was a difficult one for both coalition forces and the Iraqi people. Remnants of Saddam Hussein's regime, along with foreign Islamic militants, attacked coalition forces in Falluja. In southern Iraq, coalition forces faced attacks incited by a radical cleric, Muqtada al-Sadr, and carried out by his illegal militia. His methods of violence and intimidation are widely repudiated by other Iraqi Shiites, and he has been indicted by Iraqi authorities for the murder of a prominent Shiite cleric. Currently, the situation in Falluja has quieted somewhat. Elements of an indigenous Iraqi force called the Falluja Brigade are beginning to take their place in the city. U.S. Marine units remain in battle positions around the city, and they will not leave until the Iraqi security elements prove themselves able and willing to provide security, quash the violence, and return control of the city to the people of Falluja.

In the south, outside of the holy areas of Najaf, Kufa, and Karbala, U.S. troops are conducting operations and raids against al-Sadr's militia. There is evidence that senior Shiite leaders are distancing themselves from him. Moreover, for the first time, Shiite in these holy cities appear to be playing a role of their own in resolving the standoff with al-Sadr's forces.

Evidence has also come to light of terrible incidents that will complicate our efforts to bring democracy to Iraq and the rest of the Middle East. The practices that took place at Abu Ghraib prison are abhorrent and do not represent America or the U.S. military. The people of the Middle East can rest assured that we will investigate fully, that we will

find out the truth, and that justice will be done.

These are major challenges. As we deal with them, however, we will move forward on the path of returning sovereignty to the Iraqi people. Iraqis want to rule their own affairs; they have not been able to do so in decades. Helping them achieve sovereignty was one of America's key goals in the Iraq campaign. For these reasons, the United States and its coalition partners will follow through on their plans to transfer full sovereignty to an interim Iraqi government on June 30. The coalition has no interest in occupying or controlling Iraq, and the transfer of sovereignty will clearly demonstrate this fact to the Iraqi people.

We are actively working with UN special envoy Lakhdar Brahimi as he develops a plan for establishing this interim government, a government that he hopes to make broadly acceptable to the Iraqi people. He is looking to accomplish this task by the end of this month, and we are striving to help him. Whatever structure and composition the Iraqis decide on for this interim government, all agree that one of its core roles will be to prepare Iraq for the nationwide election of an Iraqi transitional assembly, and for this election to occur no later than the end of January 2005. This elected assembly will in turn draft a constitution for a free Iraq and hold elections under that constitution for a permanent Iraqi government by the end of 2005.

In the meantime, we have been steadily investing in the infrastructure of democracy in Iraq. Overall, \$458 million is being used to support comprehensive democracy-building programs, with activities including holding local elections, fostering the development of political parties, and establishing civic leadership programs. People who have been in Iraq and seen these programs in action will tell you that Iraqis have an enormous thirst to learn the methods of democracy, even at the most local of levels. We are trying to slake that thirst.

There will be many challenges in the month ahead as Mr. Brahimi completes his work. But after long years of one man's tyranny, where genuine participation in governing Iraq was forbidden to all but a few, Iraqis are engaging in pluralistic politics: they are negotiating, they are bargaining, they are compromising, and they are beginning to solve the problems that bar them from a brighter future.

While Brahimi and the coalition work inside Iraq to achieve the transfer of sovereignty by June 30, we will be engaging in diplomacy with members of the UN Security Council, our coalition partners, and Iraqis themselves on a new Security Council resolution for Iraq. The new resolution will call on all nations to be involved in helping to secure Iraq's democratic future. We expect that the council will adopt this resolution well before the transfer of sovereignty.

In the coming months, the president will be meeting and speaking with a variety of world leaders. He will travel to Italy and France the first week in June. He will host the leaders of Canada, England, France, Germany, Italy, Japan, and Russia the following week in Sea Island, Georgia, for the annual G-8 summit meeting. And, later that month, he will travel to the U.S.-European Union summit in Ireland and the NATO summit in Istanbul. At these meetings, the president will discuss with European leaders the importance of developing political and diplomatic ties with the new Iraq, of reducing debt for that nation, and of working together to advance the efforts of free Iraqis to build a democratic nation. He will also discuss our broader effort to support those voices in the Middle East that are calling for greater political and economic freedom, democracy, prosperity, and respect for human rights.

Our commitment to Iraq is firm. The coalition will remain in Iraq after the transfer of sovereignty to help Iraqis secure their democratic future. But we will not remain one day longer than needed. That means continuing efforts to help Iraqis build the capabilities they will need to provide security for themselves.

The United States and its coalition partners are also working to secure Iraq's economic viability. At the Madrid donors' conference, donor nations and entities pledged more than \$33 billion to rebuild the country's infrastructure and industry. Included in that figure is at least \$5.5 billion pledged by international financial institutions for

reconstruction. Key creditors in Europe, Asia, and the Persian Gulf have committed to substantial debt reduction for Iraq in 2004.

Iraq has taken its first steps to rejoin the global economy. It has opened its non-oil sector to international investment, invited foreign banks to apply for local licenses, instituted a low 5 percent reconstruction levy on imports, and become an observer at the World Trade Organization. Iraq has also put in place the building blocks of private-sector growth. It is working to adhere to sound fiscal and monetary policies, implementing a balanced budget, creating an independent central bank, and liberalizing interest rates. The country has a new unified currency that has appreciated by 40 percent since its inception and has held steady for the past several months. Laws regarding new companies have been put into place to facilitate business registration. And nearly 2,000 microfinance loans have been provided to new entrepreneurs.

This is progress. Obviously, significant challenges remain. Because of the lack of credit availability, the Coalition Provisional Authority (CPA) is developing new credit facilities and working to modernize the private banking system. The CPA also has plans for vocational training and employment centers to give Iraqis the skills necessary for the country's new economy, especially so that they can participate in the newly begun reconstruction projects that will help build the country's future. These projects include electrical systems, transportation networks, water and sanitation facilities, and other critical infrastructure needs that will facilitate economic growth in the future.

The coalition has also supported the Iraqis in restoring the country's oil sector to its prewar capacity. The oil infrastructure was badly battered by more than two decades of neglect by Saddam, by over ten years of international sanctions, and by three wars. Over the past year, the CPA and Iraqis have worked together on these problems and made progress. Oil production has been restored to nearly 2.5 million barrels per day. That figure is expected to increase to 3 million by January 2005. Rising oil exports have brought in over \$5.5 billion in revenue to the Iraqi people this year alone. Again, more work is needed. Iraq will require tens of billions of dollars in additional investment if it is to have a modernized and developed oil sector in the coming decade.

Iraq will be free, and a free Iraq will show that America is on the side of Muslims who wish to live in peace and freedom, as we have already shown in Kuwait, Kosovo, Bosnia, and Afghanistan. The extremists want Iraq to descend into chaos and new forms of tyranny. But they will fail, in part because America and its coalition partners will not abandon the Iraqi people, and, more important, because they are not supported by the majority of Iraqis -- people who long for a better day and a brighter future.

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