Keynote address at:
Walter Reed Army Institute Of Research
Silver Spring, MD 20910, U.S.A.

December 16th, 2009
By: Jawad M. Hashim
Table 1: Iraq’s Historical Timeline

IRAQ: Political Map

IRAQ: Religious & Ethnic Group Map

Introduction

Iraq’s Administration

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920 - 1958</td>
<td>Monarchy Era</td>
<td>8</td>
</tr>
<tr>
<td>1958 - Present</td>
<td>The Republic Era</td>
<td>8</td>
</tr>
<tr>
<td>Iraq’s Administration</td>
<td>April 2003 - Present</td>
<td>9</td>
</tr>
</tbody>
</table>

Population Of Iraq

Iraq Until The Early 1980’s — Prior To Saddam’s Absolute Rule

Iraq Under Saddam, 1979 - 2003

What Did Saddam Do To Iraq

The Liberated Iraq — 2003 and Beyond

The Future of Iraq

<table>
<thead>
<tr>
<th>Location</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Neighbors</td>
<td>18</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>18</td>
</tr>
<tr>
<td>Syria</td>
<td>19</td>
</tr>
<tr>
<td>Qatar and Jordan</td>
<td>19</td>
</tr>
<tr>
<td>Iran</td>
<td>20</td>
</tr>
<tr>
<td>Turkey</td>
<td>20</td>
</tr>
</tbody>
</table>

The Economic, Political & Social Transformation

The Road Ahead

Bibliography
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1533 – 1917</td>
<td>Iraq is conquered by the Ottoman Empire.</td>
</tr>
<tr>
<td>1917</td>
<td>British occupation of Iraq.</td>
</tr>
<tr>
<td>1921</td>
<td>British government installs Prince Faisal (a non-Iraqi) as King of Iraq.</td>
</tr>
<tr>
<td>1925</td>
<td>Elections for a parliament are held. Concessions to search for oil are given to international companies.</td>
</tr>
<tr>
<td>1932</td>
<td>Iraq is declared an independent kingdom and admitted to the League of Nations.</td>
</tr>
<tr>
<td>1941</td>
<td>Nationalist army officers attempt a failed coup. The British regain control after a four-week war. A pro-British government is formed.</td>
</tr>
<tr>
<td>1950 – 1952</td>
<td>Oil revenues increase substantially. The Iraqi government enters into a 50-50 oil revenues sharing with the foreign oil companies.</td>
</tr>
<tr>
<td></td>
<td>Iraq directs the revenues for the development of Iraq through the Ministry of Development (later re-named as Ministry of Planning).</td>
</tr>
<tr>
<td>1958 (July)</td>
<td>The army leads a coup in which the monarchy is overthrown. The Royal family is killed and Iraq is declared as a Republic.</td>
</tr>
<tr>
<td>1963 (February)</td>
<td>The Ba’ath Party, with help from few military elements, stages a coup and gain control of Iraq.</td>
</tr>
<tr>
<td>1963 (November)</td>
<td>The Ba’ath Party is overthrown by a military coup.</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
</tr>
<tr>
<td>----------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1968 (July)</td>
<td>The Ba’ath Party stages yet another coup and gains control of Iraq. Saddam Hussein becomes Vice-Chairman of the Revolutionary Command Council (RCC).</td>
</tr>
<tr>
<td>1972 (June)</td>
<td>Nationalization of oil.</td>
</tr>
<tr>
<td>1979 (July)</td>
<td>Saddam Hussein becomes President of Iraq. Within thirty (30) days, Saddam executes some 400 high-ranking members of the Ba’ath Party. The reign of terror begins.</td>
</tr>
<tr>
<td>1980 (September)</td>
<td>Iraq invades Iran. The war lasts eight (8) years.</td>
</tr>
<tr>
<td>1988 (August)</td>
<td>Iraq signs ceasefire agreement with Iran. At the same time, Saddam’s army attacks the Kurdish area of Iraq using chemical weapons.</td>
</tr>
<tr>
<td>1991 (February)</td>
<td>Allied forces drive Iraq out of Kuwait.</td>
</tr>
<tr>
<td>2003 (March)</td>
<td>United States and Britain commence military activities for the liberation of Iraq.</td>
</tr>
</tbody>
</table>
IRAQ: Religious & Ethnic Group Map

Distribution of Religious and Ethnic Groups

MAJORITY GROUPS
- Sunni Arab
- Sunni Kurd
- Shia Arab
- Sunni Arab and Sunni Kurd
- Sunni Arab and Shia Arab

MINORITY GROUPS
- Yezidi
- Turkoman
- Iranian
- Christian
- Mandaean
- Jewish

Christians represent different sects and ethnic groups. Yazidis, Mandaeans, and Jews, although shown as religious groups, may also be considered as separate ethnic entities.
Introduction

As a modern state, Iraq is quite young. But the history of the land —the land of Mesopotamia— dates back more than 5000 years. Straddling the two rivers: Tigris and Euphrates, and stretching from the Gulf to the Anti-Taurus mountains, Iraq occupies roughly what was once ancient Mesopotamia: one of the cradle of human civilization.

Iraq of today is an artificial British creation stitched together from the ruins of the old Ottoman empire. During World War I, Iraq was occupied by Britain. In 1920, It was declared a League of Nations Mandate Under United Kingdom administration. In 1932, it attained independence as a monarchy and was admitted to the League of Nations (later United Nations).

Iraq is located in the Middle East at the northernmost extent of the Persian Gulf, north of Saudi Arabia, east of Syria, south of Turkey and west of Iran. It has borders with the following countries:

<table>
<thead>
<tr>
<th>Country</th>
<th>Length of Border (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>1458</td>
</tr>
<tr>
<td>Turkey</td>
<td>352</td>
</tr>
<tr>
<td>Kuwait</td>
<td>240</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>814</td>
</tr>
<tr>
<td>Jordan</td>
<td>181</td>
</tr>
<tr>
<td>Syria</td>
<td>605</td>
</tr>
<tr>
<td><strong>Iraq's total area is</strong></td>
<td><strong>438,317-sq/km</strong></td>
</tr>
<tr>
<td><strong>land constitutes</strong></td>
<td><strong>437,367-sq/km</strong></td>
</tr>
<tr>
<td><strong>water constitutes</strong></td>
<td><strong>950-sq/km</strong></td>
</tr>
</tbody>
</table>
### Iraq’s Administration

For the purpose of this paper, I will divide the administrative history of Iraq as follows:

<table>
<thead>
<tr>
<th>1920 - Present</th>
<th>Monarchy Era</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A Constitutional monarchy under direct British control at first and later under significant British influence.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1958 - Present</th>
<th>The Republic Era</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1958 - Feb 63</strong></td>
<td>General Qassim.</td>
</tr>
<tr>
<td><strong>Feb 63 - Nov 63</strong></td>
<td>The first Ba’ath era.</td>
</tr>
<tr>
<td><strong>Nov 63 - Jul 68</strong></td>
<td>The Arab Nationalist era of the Arif Brothers.</td>
</tr>
<tr>
<td><strong>Jul 68 - Jul 79</strong></td>
<td>The Ba’ath era: Al-Bakr Presidency, Saddam Hussein as VP.</td>
</tr>
<tr>
<td><strong>Jul 79 - Apr 03</strong></td>
<td>Saddam Hussein’s absolute rule.</td>
</tr>
<tr>
<td><strong>April 2003 - Present</strong></td>
<td>The Democratic era.</td>
</tr>
<tr>
<td><strong>Apr 03 - Jun 04</strong></td>
<td>Coalition Provisional Authority (CPA), and Iraq Governing Council.</td>
</tr>
<tr>
<td><strong>Jun 04 - Jan 05</strong></td>
<td>Iraq Interim Government, Prime Minister Ayad Allawi.</td>
</tr>
<tr>
<td><strong>May 05 - May 06</strong></td>
<td>Iraq Transitional Government, Prime Minister Ibrahim Al-Ja’afari.</td>
</tr>
<tr>
<td><strong>May 06 - present</strong></td>
<td>Government of Iraq, Prime Minister Nuri Al-Malaki.</td>
</tr>
</tbody>
</table>
April 2003 - June 2004
Coalition Provincial Authority/Iraq Governing Council (IGC)

June 2004 - January 2005
Iraq Interim Government
Prime Minister Ayad Allawi

May 2005 - May 2006
Iraq Transitional Government
Prime Minister Ibrahim Al Jaafari

May 2006 - present
Government of Iraq
Prime Minister Nuri Al Maliki
Iraq's population comprises a wide diversity of religious and ethnic groups. Approximately 95% are Muslims. The majority of the Arabs in northern Iraq, the Kurds, the Turkomans and some inhabitants of Baghdad and Basra are Sunni; while the Arabs in the south are Shiite.

There are also small Christian communities, as well as Sabians and Yazidis.

The Shia Arabs constitute approximately 60-65% of total population. While the majority of Iraqi Muslims are Shiite, the Sunni minority (until the fall of Saddam's regime in April 2003) were in control of the country through the army, economic wealth and other instruments of power.

The Sunni dominance goes back to the Ottoman period. Thus, during the monarchy era (which lasted 456 months or 38 years, from 1920 until July 14, 1958), Iraq had 59 cabinets headed by Sunni prime ministers except in five times were the prime ministers being Shiite for 23 months out of 456 months.

During the republic era from 1958 until April 2003, that is 540 months (45 years), only once the prime minister was a Shiite for 10 months only.¹

In 1970 Iraq’s population was 9.4 million, and later increased to 13 million in 1980, to 22.3 million in the year 2000, and to approximately 29 million in July 2009.

In 1965, 51% of the population lived in urban centers. This rate increased to 73% in 1988 and to 77% in the year 2000.

¹ Excluding two Ba’athist Shiites, (Dr. Sa’adoun Hammadi and Mohamad Al-Zubaidi) who were appointed prime ministers by Saddam Hussein for 6 months and 23 months, respectively, for cosmetic reasons after the first Gulf war. They had no executive power at all.
Since the time of the Ottoman empire, until the liberation of Iraq in April 2003, the structure of Iraq’s economic and social activities has been characterized by variable degrees of state-control and state-involvement.

From the time of British mandate, the monarchy era, the republic era and eventually during the Ba’athist regime, the goals of various governments were:

(a) to fix prices; and

(b) to stabilize consumption.

To achieve these goals, the Iraqi governments relied heavily on oil revenues to fund development programs and to fund public current expenditures. Additionally, to keep state- predominance in the economic and social affairs of the country, Iraqi governments resorted to a series of expropriations and nationalizations and agrarian reforms in 1950, 1960, 1964, 1972 and 1973. The latter two years (i.e., 1972 & 1973) witnessed the nationalization of petroleum industry.\(^2\)

However, despite all these measures and state-intervention and control, Iraq, until early 1980, was one of the more prosperous and advanced of the Arab countries. Indeed, one can safely say that Iraq was an upper-middle income country with a substantial middle-class, considerable technical capacity, high female participation in education and economy, and relatively high-standards overall in education and health-care.\(^3\)

By 1980, Iraq’s per capita income was $4,000; Iraqi Dinar (ID)currency exchange-rate versus US$ was US$3.5 to one ID; foreign-exchange reserves US$35 billion; inflation-rate less than 6% per annum; primary school enrollment 100%; secondary school enrollment more than 57%; life expectancy 67 years; and Iraq was free of foreign debt.

\(^2\) Analysts believe that all these nationalization steps, especially the one of 1964, when large-scale industries, banking, insurance and other services were taken to weaken the Shia business community. (See: Report For Congress; code RL 31944, page CRS-8.)

\(^3\) See: Iraq’s Economy: Past, Present, Future; June 3, 2003; Report For Congress; code RL 31944.
Iraq Under Saddam, 1979 - 2003

In July 1979, Saddam Hussein became the President of Iraq. By August 1979, he began a pattern of ruthless manipulation and extermination. This pattern continued until the fall of his regime on April 9, 2003.

For quarter of a century, the regime of Saddam engaged in three wars and has experienced more than ten years of economic sanctions and political isolation.

During those dark years, many hundreds of thousands of Iraqis have disappeared or been killed. All these events had devastating effects on Iraq's economy and society. In 1991, United Nations said that Iraq had been reduced to a pre-industrial state.4

Saddam adopted a unique and unparalleled model of power which glorified terror. Three decades of strict control had affected Iraqi culture. Iraqis were systematically bombarded with state-crafted defunct culture and fabricated propaganda.

As a result, authentic Iraqi intellectuals, writers, novelists, artists and poets found themselves marginalized, if not disappeared, murdered or killed in a mysterious car accident! The mass graves unearthed after the liberation are one of several Saddam's atrocities.

To comprehend the scale and magnitude of the damage and destruction, we have to search for economic and social indicators.\(^5\) These indicators are derived from what was available in Iraq in addition to external sources such as oil-exports, foreign-trade statistics, the International Monetary Fund, the World Bank, Amnesty International Reports, US Department of State, the CIA country profile, the Economist Intelligence Unit, and other international sources. We begin as follows:

1. Saddam's wars with Iran and invasion of Kuwait resulted in one million Iraqis killed, 800,000 widows, and 5-million orphans.

2. In 1980, the GDP was US$53.9 billion falling to US$26.9 billion in 1989, and further falling to a mere US$6.9 billion in 1994.

3. In 1980, per capita income was over US$4,000 falling to US$1,500 in 1989, and to US$350 in 1996. According to the Economist Intelligence Unit (EIU), the per capita income fluctuated between US$448 to US$644 from 1996-2002.\(^6\)


5. In 1970, the official rate of exchange was US$3.5 per one Iraqi Dinar (ID). By 1990, the exchange-rate became 8ID to one US Dollar. By December 1995, the rate reached as low as 2660ID to one US Dollar. By the fall of Saddam, the rate was in the region of 3000ID to one US Dollar!

6. Up to 1979, annual inflation-rate did not exceed 6%. By 1989, the inflation-rate was estimated to be 400%. With Saddam’s policy of simply printing money to meet expenditure, the annual rate of inflation jumped to 2000% in the open

---

\(^5\) Since 1980, Saddam issued several directives forbidding the publication of any economic and social data. They were considered state-secrets.

\(^6\) EIU; Country Profile: Iraq, 2002/2003; July 2002. However, we must note that with wealth being concentrated in the hands of Saddam’s cronies, most Iraqis probably subsisted on a much smaller figure than the average would suggest.
market food prices between 1990-1991.\textsuperscript{7} As a result, the deepening inflation-rates led to:

- a decline in living standards and impoverishment of the Iraqi people;
- the loss of confidence in Iraqi currency and its purchasing-power;
- huge capital flight.

7. Prior to Saddam’s war adventures, Iraq had been free of foreign debt. By the fall of his regime, Iraq’s foreign debt was estimated to exceed US$108 billion, $47 billion of which is calculated as interest and $30 billion payable to the Gulf States.\textsuperscript{8}

8. From 1980 onwards, Iraq’s health and education system continued to decline due to the brutal and politicization and the diversion of Iraq’s resources to the war machines.

9. In 1980, primary school enrollment rate of the relevant age-group was 100%. By 1998, the rate had fallen to 88%.

10. In 1980, secondary school enrollment was 57%, declining year after year to 20% in 1998.

11. In 1980, mortality rate for children under 5 years of age was 90 per thousand. In the year 2000, the rate was 121.

12. Until 1980, Iraq had life-expectancy of 67 years but had fallen to 61 years by the year 2000.

13. From 1989, Iraq’s agricultural sector continued to decline to the extent that by early 2003 over half of Iraq’s food requirement is imported, and a large portion of the population is dependent on food rations.

14. In a nutshell, when the Saddam regime was put to an end on April 9, 2003, the liberated Iraq inherited a degraded economy and a squandered wealth and public resources that were directed for Saddam’s regime preservation and family enrichment.


\textsuperscript{8} See: Center For Strategic and International Studies; A Wise Peace: An Action Strategy For Post-Conflict Iraq, Supplement One; Background Information on Iraq’s Financial Obligation; January 23, 2003.
When the Saddam regime fell on April 9, 2003, the situation in Iraq was as follows: 9

- Massive brain-drain during Saddam’s era;
- Lack of local investment capacity;
- High inflation and dismal standard of living of the majority of Iraqis;
- School and university curriculum and cultural life shaped by 30 years of brutal authoritarian legacy;
- Backward banking system;
- Massive corruption within the government bureaucracy;
- Massive unemployment; and
- Shortage in the supply of basic necessities such as electricity, drinking water and health-care.

In summary, the liberators encountered immense difficulties in their attempt to begin rebuilding Iraq’s infrastructures, economic and social institutions, and the creation of business environment that would attract capital, technology and skills to modernize the shattered country.

Under the auspices of the United States, immediate shock-therapy programs were implemented. These included:

- Promulgation of market friendly legislations to encourage private investments;
- Foreign banks were permitted to establish operations and purchase equity shares in existing Iraqi banks;
- Income and corporate taxes were capped at 15%;

---

9 See Above: What Did Saddam Do To Iraq.
• Tariffs were reduced to a universal 5% with none on food, medicines, books and humanitarian imports;

• Necessary measures to privatize state-owned enterprises (except the oil sector); and

• Changing the Iraqi currency and taking the necessary measures for the ID appreciations.

Between 2003 and 2009, Iraq, with financial and technical support of the United States made impressive progress in political, economic and social fields. Unfortunately, this progress is not normally of interest to the “experts” embedded at various televisions and media outlets. What makes the progress more important is the fact that it was achieved despite the violence, insurgent activities and the dreams of the enemies of Iraq. Here are the indicators of progress:

1. In the year 2000, GDP was US$25.9 billion. In 2006, GDP rose by 191% to reach US$49.5. And in 2008 it reached US$94.00 billion, i.e. 363% increases from its level of the year 2000. The IMF and IBRD expect Iraq’s GDP to reach US$132.0 billion in 2013 — an increase of 510% compared with GDP in 2000.

2. Per capita income which was below US$650 in 2002 jumped to US$1,720 in 2006 and to US$3,100 in 2008, and, according to IMF and IBRD, will reach US$3,900 in the year 2013.\(^{10}\)

3. The exchange-rate of Iraqi Dinar versus US$, which revolved around 2600-3000 ID per one US$, became 1,467 in 2006 and 1,100 in 2008. As I understand, the Central Bank of Iraq intends to achieve a much better exchange-rate between the dinar and the dollar.

4. The consumer price inflation rate which exceeded 2000% in the year 2000 was reduced to 65% in 2006 and to 12% in 2008. The IMF and IBRD expect further reduction of the inflation rate to 10% by the end of 2009, and then to 8% in 2010 and to 7% by the end of 2011.

\(^{10}\) The projected figures for 2013 are based on conservative assumptions for oil market price at US$50 per barrel.
5. Until April 2003, no mobile phones, internet access or satellite televisions ever existed in Iraq. Now every Iraqi has access to those three aforementioned communication/media channels.

6. Billions of dollars were spent on repairing schools, medical centers, roads, oil facilities, ports, airports and other infrastructures.

7. Permanent constitution and freely-elected members of Parliament.

8. Between 2003 and 2006, U.S. grant assistance for Iraq’s reconstruction totaled US $30 billion. This figure (adjusted for inflation) is double what the U.S. spent in Japan from 1946-1952 and equivalent to the amount spent in Germany during the same period 1946-1952.\textsuperscript{11}

\textsuperscript{11} See: Center For American Progress: Progress in Iraq; July 25, 2006.
The Future of Iraq

The Iraq of future provides a particular challenge which would have important long-term effects on the Middle East and beyond. Since April 2003 Iraq has undergone rapid political transition. A permanent constitution was approved through public referendum in October 2005, a parliamentary election in December 2005, and a government in May 2006. There are however, many fundamental challenges to overcome. Dealing with Iraq’s unfriendly neighbors is one and must be addressed as a matter of urgency. Economic change and political and social transformation is the other.

The Neighbors

As a country with Shiites and Kurds constituting 80% of its population, Iraq is surrounded with neighbors who are determined to strangle the democratic process and to see the instability of Iraq continue. Each one of these “neighbors” has different agenda and reasons for seeing the instability there continue, and each one of them uses different methods to influence events.

Saudi Arabia

Saudi Arabia (which is an enemy of any democracy) ranks at the top of enemies of Iraq. It regards the Shia sect of Islam as: serious threat to its fundamental and reactionary brand of Islamic thoughts (Wahhabism); and source of instability in its own oil-rich areas where the population are predominately Shia, tribally linked with the Shia of southern Iraq.

Saudi Arabia, which is the bastion of Wahhabism, sees the Shiites as apostates and has played an important role in the funding and development of extremist, fundamentalist Islam in the world. In 1801, the Wahhabis raided the Holy Cities of Karbala

13 For more details and analysis, see: Accepting Realities in Iraq; The Royal Institute of International Affairs (Chatham House); Briefing Paper; May 2007. Also see: The Future of Iraq: Democracy, Civil War, or Chaos?; by Michael Rubin; Middle East Review of International Affairs; September 2005.
and Najaf, destroying and looting the treasures of the Shia Shrines. Since the liberation of Iraq in 2003, Saudi Arabia has been the suppliers of the majority of suicide bombers in Iraq, killing not only innocent Iraqis but also hundreds of American soldiers. To put an end to Saudi Arabia’s meddling in Iraq’s affairs and, for that matter, in the affairs of the moderate Islamic world, the American administration must exert its pressure on its presumably ally (the government of Saudi Arabia) to stop supporting, supplying and funding jihadi murderers.

**Syria**

Syria, on the other hand, is the facilitator of terrorist-acts in Iraq. It considers any democratic transformation a threat to its one-party Ba’athist control. The Syrian government continue to undercut Iraq’s security in order to bog down American forces which it feels might otherwise threaten the Syrian regime. An April 2003 report stated that Italian investigators had found:

(a) Syria to be the “hub” for the relocation of terrorist operatives to Iraq; and

(b) that Syrian Intelligence Service to be actively training the jihadis and supervising their infiltration across the border to Iraq.\(^1^4\) Simply put, Syria, by embracing certain elements of Iraqi Ba’athist (commonly known as the Syrian Wing) dreams to install a Ba’athist government in Iraq similar to its own brand of Ba’ath ideology.

**Qatar and Jordan**

Qatar and Jordan, being ruled by Sunni autocratic government, cannot see Iraq’s Shia community achieving a political voice proportional to their majority status, after being marginalized and disfranchised for more than eight decades of systematic oppression. Recently it has been reported in Arab media that Qatar paid $20 million to five exiled Iraqi groups to destabilize the upcoming elections in January 2010.

Iran

...Iran, throughout history, has been involved in Iraq’s affairs. With more than 1450 kilometers border with Iraq, border skirmishes has been recurrent events between the two countries. Its claim to half of Shat-Al-Arab waterway led to the 1975 Algiers Agreement, but border disputes continued until today's date.

Additionally, Iran does not want to see an independent Arab Shia voice it cannot control. Iran has a historical aspiration for dominating influence in the Gulf region in competition with Iraq. It considers the presence of American forces in Iraq as a serious threat to such aspiration. For this alone, Iran would better see a failed U.S. in Iraq and consequently a failed, weak and chaotic Iraq.

Turkey

...Turkey is not an enemy of Iraq but is agitated with the presence of Kurdistan Workers Party (PKK) in Iraq’s Kurdistan and the Kurds’ intention towards the oil-rich city of Kirkuk, fearing precedent which benefits Iraqi Kurds. Turkey remains distinctly opposed to anything "Kurdish" in Iraq including the Kurdistan Region.

Turkey, however, is exerting pressure on the Iraqi government through the control of water-flow to Iraq to the extent that the shortage of water may cause unspeakable hardship to the Iraqi people. Here, again the American administration must play a pivotal role to solve this serious problem once and for all.
The Economic, Political & Social Transformation

Oil is the most salient feature of the Iraqi economy. It holds the potential to become the world’s largest oil producer. According to US Geological Survey (USGS), Iraq holds the world’s second largest proven reserves estimated to range between 112 - 129 billion barrels. According to petroleum experts, Iraq holds additional probable reserves of 220 billion barrels.\(^{15}\)

However, for Iraq to become a super-giant oil producer and exporter of oil, the industry would require large financial investments in technical services, capital equipments, and infrastructures. This is one of the great challenges facing the new Iraq. But it is a challenge which could easily be met. What makes Iraq’s oil attractive is its low costs of production which is the lowest in the world. Average investment cost (including drilling) is about US$1 per cumulative barrel, and average operating cost is estimated at about US $1.50 per cumulative barrel.\(^{16}\)

Iraq also contains 110 trillion cubic-feet of proven natural gas reserves and about 150 trillion cubic-feet in probable reserves. 70% of Iraq’s natural gas reserves is associated with the production of oil and the remaining 30% non-associated. Prior to the liberation of Iraq, and because of Saddam’s war adventures, the oil sector was devastated. Restoring this sector is of paramount importance. It is a challenging task for which the new Iraq is determined to undertake, bearing in mind that Iraq is endowed with human capital which reflects a long tradition of education, scientific skills, trading skills and entrepreneurial spirit. It is estimated that by the year 2020 Iraqi oil-exports would reach 6 million barrels per day. As Petroleum Intelligence Weekly stated in March 12, 2003, “Iraq is well-primed for big oil opening.” Modernization of the oil sector has began since 2003, and as of March 2009 the United States had allocated more than US$2 billion to further enhance the modernization process.\(^{17}\)

\(^{15}\) The additional 220 billion barrels is based on a study by the Center For Global Energy Studies (CGES); MEES, VOL. XLVI, NO.12; March 24, 2003.

\(^{16}\) Investment cost (capital) is total cost needed for drilling, production installation, transportation and loading oil in tankers. Operating cost is the running cost of an operation to make the oil available for shipment (e.g., maintenance, consumables, general and administrative).

\(^{17}\) According to independent international studies, the cluster of super-giant oil fields of southern Iraq forms the largest known concentration of such fields in the world and accounts for 70-80% of Iraq’s proven oil reserves. See: Energy Information Administration (EIA); Department of Energy; USA Gov; http://www.eia.doe.gov/
As optimistic as one can be, I have to point out that despite Iraq’s achievements in economic and political fields, the outlook for Iraq in the short-term is subject to considerable risks.

According to numerous reports by several international organizations such as the IMF and IBRD, Iraq has made and still is making a real progress in political, economical and security dimensions. But the road ahead is full of challenges.

Despite recent positive development in security/economic stabilization and government commitment to reform and reconstruction, the ongoing transformation efforts remain far from meeting the needs and expectations of the Iraqi people.

As of the year 2010, after the general elections, Iraq has the following important challenges which should be faced and resolved:

1. The type of federal system to be adopted for Iraq with proper and clear division of power between the central and regional government. The leaders must decide how best to structure the Iraqi political system in order to have a lasting democratic country. Federalism is a highly advanced form of democracy. It requires population with supportive and tolerant political culture. Iraqis need to be educated to abandon different interpretations of true federalism and to come out of their deeply ingrained political divisions.

2. The demarcation of the boundaries of Kurdistan region and the final status of Kirkuk.

3. The modalities of oil revenues sharing.

4. The nature of political systems.

5. Iraq’s relationship with neighboring countries and its place in the broader geopolitical context.

6. Strengthening its alliance with the West, especially with its liberator United States of America to defend its integrity, borders, stability and its democratic system.
Finally, as a perpetual optimist, I say that pessimism regarding Iraq’s future may be plausible, but it would not be correct. Iraq has gone through an abyss of despair and horror, survived 35 years of brutal dictatorship and suffered tremendous hardship. Now after all these many years, the people of Iraq (of the land of Mesopotamia – the cradle of civilization) want desperately to get their country back to being a prosperous nation — a country to which their sons and daughters will want to live happy, normal lives.

Though the new liberated Iraq will encounter many difficult challenges, a successful and stable Iraq is now within reach. In my opinion, its people will go to extraordinary efforts to make this come true. Iraqis can now look forward to a bright future, because that is where they want to spend the rest of their lives. Thus optimists will prove to be right.

According to The Economist magazine report of November 5, 2009, “Baghdad’s political class is conducting an extraordinary experiment. Despite a fierce insurgency, the parliamentary system is now the region’s liveliest and most competitive.”
Bibliography


