Chapter 13

Oil, Iraq, and the Creation of Nation-State: The Kurdistan Region at a Crossroads

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This chapter examines the role of oil in creating the Iraqi state in the years 1920–32 following World War I (WWI) and the fall and subsequent disintegration of the Ottoman Empire. The article also sheds light on the creation of a nation-state in Iraqi Kurdistan, with an economy based on oil, the war against ISIS, and its aftermath. We argue that the discovery of oil in the then-Ottoman controlled region was a major driving force behind the creation of a sovereign state of Iraq. Iraq, bound by its current geography is only a reflection of its oil reserves rather than a nation-state[1,2] with causal factors inherent to its original creation where Kurdistan stands out as an ethnic-historical-geographical anomaly against the more homogenous ethnic-history and geography Arab Iraq; instead, it is an artificial state bound by the wealth-interests of international powers. Thus, Iraqi natural resources have been a curse rather than a blessing to this country. Iraq stands as an example of a rentier state in its worst form. Therefore, the current Iraq is only a *de jure* state; its territorial sovereignty relies heavily on the interests of internal political factions (sectarian, tribal and ethnic), its neighbors, and the international community. Most importantly, the central government, has lost its *de facto* power to govern since 2003. Iraq, by all norms, is a quasi-failed state; it is a state downgraded to its original elements of tribe-religion structure. The territorial disintegra-

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[1] Iraq creation as a state is so artificial that it neither fits the nation-state *senso* Ernest Renan,1882: "What is a nation?" (In: Ernest Renan, Qu'est-ce qu'une nation), Epub, Éditions Mille et une nuits, 1997. Paris. p. 62., Nor Benedict Anderson model in *Imagined Communities* (Benedict Anderson,1983: *Imagined Communities*, *Reflections on the Origin and Spread of Nationalism*. Verso, Revised Edit (2006), p. 240)

[2] Iraq might represent a unique modern case of a state where it more represented at time of its formation a *"micro-empire"* ruled by a King composed of Arabs, Kurds, Turkmens, Yezidis, Armenians and Chaldo-Assyrians in a Sunnite-Shiite, Christians (Roman-Catholics, Orthodox, Jacobites, Nestorians, Protestants) Yezidis, Baha'is, and Zoroastrians, a miniature replica of the Ottoman Empire. The choice of an "Arab King" (King Faisal 1st) even though a stranger to Iraqis, satisfied the spiritual-soul criterion of Renan (1882) for a Nation State. It also bound the "Micro-Empire" together. However, with the 1958 coup d'état and formation of a republic, the "micro-empire" started the path of disintegration towards its elemental composition, in spite of being held together by brutal force.

tion is real and factual. In contrast, the Kurdistan Region of Iraq (KRI) portrays a different image from Iraq because it did not experience a top-down nation-building process. Instead, it has demanded its sovereignty more than a century ago, at the San Remo and Cairo conferences 1920 and 1921, respectively. Nevertheless, Iraqi Kurdistan can learn a lesson from Iraq: oil should only serve as a tool for economic development, not as a means to uphold the state. The recent drastic decline in oil prices brought severs economic consequences in an oil-dependent country, Iraq as whole and Kurdistan. The modern history Iraq 1920–2017, stands a witness of economic under development and a war-ridden society where in lack of adequate versatile economy set the country back to poverty. Kurdistan could enormously benefit from Iraq worst mistakes and best economic successes of countries that were not "lured" into the "Dutch Disease"[3] syndrome.

The Creation of the Iraqi State

The two defining moments in Iraqi history are: 1) The creation of the Iraqi state in 1920-1932 by the British Empire, and 2) the disentanglement of that very state following the U.S.-led invasion in 2003. Under the influence of the 14 principles of self-determination declared by U.S. President Woodrow Wilson and the recreation of the Westphalian sovereignty principle,[4] Great Britain accepted the League of Nations award of a mandate for Iraq, Palestine, Transjordan, and Kurdistan. France did the same for Syria and Lebanon.[5] The two colonialist powers, through that international mandate have indeed fulfilled the Sykes-Picot agreement, which they

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[3] See for complete analysis: W. Max Corden and J. Peter Neary (1982) Booming Sector and De-Industrialisation in a Small Open Economy *The Economic Journal* Vol. 92, No. 368 (Dec., 1982), pp. 825-848

[4] In reference to the 1648 Peace treaties of Münster and Osnabrück cities in Westphalia to end the Thirty Years War (1618-1648) between the Holy Roman Empire (future state of Germany) on one side and France and Sweden on the other (see: Derek Croxton, 2013: *Westphalia, The Last Christian Peace*. Palgrave McMillan, US, 2013, p. 452) As a consequence to the peace, a new conception of international law based on the principle that all states had an equal right to self-determination which was embodied in U.S. president Woodrow Wilson fourteen points (see below).

[5] The Mandate System was established according to article 22 of the Covenant (1919) of the League of Nations (1920) by the victorious allied countries in the aftermath of WWI. The system entrusted the "tutelage" of the people of the "conquered" territories to the advanced nations (see para. 2/article 22 of the Covenant) en lieu of colonial annexation or direct governance such that the people of those territories will eventually, under the mandatory powers, establish their own independent "nation-states." According to Article 22 of the

signed in 1916 regarding the division and control of the non-Turkish Ottoman territories (fig. X Sykes-picot map). By accepting the mandate, as a form of governance and administration of conquered territories by a colonialist power, with this unprecedented action, Britain departed from its imperialistic policy of annexing conquered territories.

> The modern nation-state system found its mature expression at the end of the First World War in U.S. President Woodrow Wilson's famous 'Fourteen Points' based on the principle of national self-determination. But his assumption that all forms of national identity should be given their territorial expression in a sovereign 'nation-state' proved to be extremely difficult to enforce in practice.[6]

Iraqi political elites, tribal Sheikhs, clergy, and the general populace, though divided, all considered the mandate very offensive. The wording of mandate (article 22 of the covenant) and its Arabic translation (or miss-translation) conveyed the meaning of "guardianship" that inflamed the Iraqi society against the mandate and the British presence as mandatory authority.[7,8] Growing nationalism amongst the urban populations of Iraq became the major influence driving British policy after 1920. The organization of mass protest against the Mandate in Iraq, and the resentment of the term itself by the urban educated classes, meant that from 1923 onwards the British had to further redefine their policy,[9] which eventually led to the replacement of the mandate system by a treaty of alliance in

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Covenant and the different mandate agreements the previous non-Turkish Ottoman territories: "Iraq "Mesopotamia", Palestine, Transjordan, and Kurdistan" on one part and "Syria and Lebanon" on the other were classified as A mandates (article 22 paras. 4-6) and came under the British and French mandatory powers respectively. The A, B, C Mandate classification referred to different stages of cultural, political and economic development of the dependent territories. (See e.g. Nele Matz, 1995, Civilization and the Mandate System under the League of Nations as Origin of Trusteeship. In A. Bogdandy and R. Wolfrum: Max Planck Yearbook of United Nations Law, vol. 9, January 2005, pp. 47-95; Pitman B. Potter (1922). Origin of the System of Mandates under the League of Nations. The American Political Science Review, Vol. 16, No. 4 (Nov., 1922), pp. 563-583 Published by: American Political Science Association: http://www.jstor.org/stable/1943638. Accessed: June 8, 2017.).

[6] Manfred B. Steger (2003) *Globalization: A Very Short Introduction*. Oxford University Press, p. 147.

[7] Sir Percy Cox: *Historical Summaries* pp. 502–41: In Gertrude Bell (1927) *The Letters of Gertrude Bell*. Ninth impression, February 1928. Ernest Benn Limited, London, p. 791.

[8] Ali Al-Wardi, 1976. Lamahat Ijtimayya min Tarikh al Iraq Al Hadith. Hawla Thawrat Al-Ishrin, pp. 101-102.

[9] Toby Dodge (2003). *Inventing Iraq. The Failure of Nation Building and a History Denied*. Columbia University Press, New York, p. 260.

1922–23[10]. The treaty itself (article VI) paved the way to Iraq independence and admission to the League of Nations in 1932.

The widely spread military insurrection in July 1920 against the British authorities engulfed most of the rural and urban parts of Iraqi. The armed rebellion (named "The Great Iraqi Revolution" by Iraqi historians) that lasted until December 1921 was only put down at a very high human and material cost to the British.

Despite the tumultuous Iraqi-British relations, especially during the state formation years (1920–32)[11], Still the British succeeded in creating the Kingdom of Iraq (1921–58) out of an ethnically and religiously heterogeneous society that comprised Arabs, Kurds, Turkmen, Assyrians and Armenians within a variety of religions: Muslims (Shiites and Sunnites), Christians, Jews, Sabaeens and Yezidis. This region, ever since the establishment of the Abbasid Caliphate in Baghdad in 762 AC, was plagued by internal and external wars. The internal Arab and Kurdish tribal wars, Ottoman-Persian wars,[12] which were at their core Sunnites-Shiites sectarian wars, and the many major Iraqi wars[13] of the 20th and 21st centuries, have contributed to the shaping of the Iraqi society based on sectarian and ethnic divides.[14] Those wars of the last four centuries of its modern history, Ottoman and Iraqi, are only a reflection of that heterogeneity.[15,16]

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[10] Signed in 1922, but only formally ratified by the Iraqi Constituent Assembly in 1924. In 1923 Abdul-Muhsin al Saadon, the then Iraqi Prime Minister added a protocle that shortened the 20-year treaty to four years.

[11] The British occupation administration in Iraq faced a very tribal, multi-ethnic and sectarian heterogenous society plagued by internal tribal wars during the last four centuries of its modern history. Wars that were exacerbated by shiite-sunnite divides, former Ottoman-Persian wars, Arab-Kurdish divide, Kurdish aspirations, Turkish claims on Mosul province, and the strong rise of the Iraqi Nationalism against the British occupation and mandate for the first time after the 1920 rebellion.

[12] The ancient Iraq under the Ottoman Empire rule (1534-1920) was the war zone between the Ottomans and the Iranians ruling dynasties (1501-1722) for nearly three centuries (1514-1743).

[13] In reference to the Iraqi-Kurdish war (1975), the Iraqi-Iranian war (1980-198), the Iraqi invasion of Kuwait (1990), the Iraqi- Coalition war (1991), the Invasion of Iraq (2003), the Al-Qaida war (2005-2009), and the ongoing ISIS war (2014-). The list is even longer if we add the many internal wars.

[14] The Shiite-Sunni divide is vividly relived every year since the killing of "Al-Hussein ibn Ali Ibn Abi Talib," the grandson of prophet Mohammad, at the hands of the Sunnite (Umayyad) army in 680 A.C in the battle of Karbala, Iraq.

[15] See Stephen H. Longrigg (1925) *Four Centuries of Modern Iraq*. Reprinted by Garnet Pub., Reading, UK (2002).

[16] See Ali Al-Wardi (1969-1975), *Lamahat Ijtimaya min tarikh al Iraq al hadith* (vol. 1-7). Reprinted by Kuffan Pub., London (1999).

In this context, many political and historic schools of thought consider modern Iraq an "artificial state,"[17] Great Britain's creation in 1920 from a vastly heterogeneous group of people (thus, the principle of nation-state simply does not hold). The modern map of Iraq is artificially drawn according to the Sykes-Picot agreement[18] and generally the map of 1916 (figures 1 and 2). A similar mindset was revisited following the 2003 invasion of Iraq, namely, by reducing the Iraqi state into three basic elements: Shiites, Sunnites and Kurds. In 2014, Goldberg[19] published a map of the new fragmented Middle East, stating, "I don't think it is worth American money, or certainly American lives, to keep Iraq a unitary state [...] Westphalian obsessiveness—Iraq must stay together because it must stay together— just does not seem wise."

In similar fashion, though more cautiously, George Friedman and Jacob L. Shapiro (2017) also published a redrawn map of the present Middle East, stating, "this map is explicitly not trying to make a political statement. Rather, it is an attempt to show who holds power over what geography in the Middle East. From this point of view, Syria, Iraq, Yemen, and Libya do not exist anymore. In their places are smaller warring statelets based on ethnic, national, and sectarian identities."[20] The prediction is that the next phase in Middle Eastern geopolitical development is the emergence of real Westphalian-Weberian states, creating established, recognized, and demarcated borders.[21]

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[17] Such ideas especially appeared after 1991, following the war of liberation of Kuwait, enforcement of 32°-parallel non-fly zone south of Iraqi Kurdistan, but strongly became established and accepted after the fall of the baathist regime in 2003. See e.g. Guiditta Fontana (2010) Creating Nations, Establishing States: Ethno-Religious Heterogeneity and the British Creation of Iraq in 1919–23, Middle Eastern Studies, 46:1, 1-16, DOI: 10.1080/00263200902760535; and Sara Pursley (2015) 'Lines Drawn on an Empty Map': Iraq's Borders and the Legend of the Artificial State (part 1 and 2); Jeffrey Goldberg (2008), After Iraq. *The Atlantic*, January/February 2008 issue; and David Fromkin (1989) A Peace to End All Peace: The Fall of the Ottoman Empire and the Creation of the Modern Middle East, Henry Holt and Company, LLC, New York, p. 672.

[18] For text of the agreement see: http://avalon.law.yale.edu/20th_century/sykes.asp. For a review and analysis see Marina, Ottaway, 2015, Learning from Sykes-Picot. Wilson Center, Middle East Program, Occasional Paper Series. Fall 2015, pp. 2-11.

[19] Jeffrey Goldberg (2014): The new Map of the Middle East. https://www.theatlantic.com/international/archive/2014/06/the-new-map-of-the-middle-east/373080/

[20] George Friedman and Jacob L. Shapiro (2017): retrieved: http://www.mauldineconomics.com/this-week-in-geopolitics/the-geopolitics-of-2017-in-4-maps

[21] William Zartman (2017) States, boundaries and sovereignty in the Middle East: unsteady but unchanging. International Affairs 93: 4 (2017) 937–948; doi: 10.1093/ia/iix118. Retrieved: https://www.chathamhouse.org/sites/files/chathamhouse/publications/ia/INTA93_4_10_Zartman.pdf

The modern history of Arab countries, beginning with the independence from colonial powers (Great Britain and France), shows a strong tendency by the Arab-Muslim majority to oppress ethnic and religious minorities, particularly in North Africa and the eastern Arab countries (Iraq, Lebanon, Syria, Jordan). This stems from the idea that Arab nationalism and Islam are being challenged by non-Arab or non-Muslim minorities, and that Arabism and Arab language are elevated in comparison.

The Arab Nationalist movement created at the end of the 19th century in Syria and Lebanon, as a response to Ottoman occupation of those lands and as opposition to the Young Turks[22] was predominately the work of Christian thinkers in both countries. The Christian intellectuals considered Arabism and the Arab language a pan-Arab ideology that could bind both Christians and Muslims together against the Ottoman occupier. In fact, the Christians thinkers considered themselves belong to a majority through their ethnicity, and not a minority because of their religion.[23,24,25]

Thus, Arab nationalism brought the ideology of a society dominated by Arabs and the Arabic language. This ideology developed a statehood mechanism that manifested itself through popular revolutions (Egypt, 1919, Iraq 1920), sequenced *coup d'états* in Syria, Iraq, and Egypt, and Libya; these were the countries where this nationalist ideology was most-

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[22] A socio-political opposition movement and its organization "Jamiyyat al-Itihad wa-Terakki (Committee of Union and Progress, CUP), during sultan AbdulHamid II reign (1876-1909) that played major role in the late 19th and early 20th centuries political events in the Ottoman Empire from 1889-1918, that led to the establishment of a constitutional government in Istanbul; military Revolution in 1908 and the restoration of the constitution of 1876. In 1914, CUP leaders Talat Pasa, Jemal Pasa and Enver Pasa pushed the Ottoman Empire into its final demise by entering WWI. The CUP leadership, though started with ideology in 1902 with "Freedom, Fraternity, Equality" as a slogan of its first conference in Paris, as a reformist, progressive and liberal movement for all ottoman subjects, it drastically shifted during the war towards committing genocidal war crimes against Armenians and Assyrians in Eastern Anatolia. (see Hasan Kayali, 1997 *Arabs and Young Turks: Ottomanism, Arabism, and Islamism in the Ottoman Empire, 1908–1910.* University of California Press; Hasan Kayali. 22 Jun 2012, *The Young Turks and the Committee of Union and Progress from: The Routledge Handbook Of Modern Turkey.* Routledge. Accessed on: 10 Aug 2017)

[23] See Arabic nationalism pioneers such as George Antonius (1939): The Arabs awakening. J.B Lippincott Company. Philadelphia. 471p.; Sati' Al-Husri (1880-1968) works on Arab nationalism (in Arabic); and Constantin Zureiq (1909-2000) works e.g. Nahnu w-al Tarikh (We and History, 1959).

[24] Cleveland, William L.: *The making of an Arab nationalist. Ottomanism and Arabism in the life and thought of Sati' al-Husri*. Princeton, N.J. 1971.

[25] On the question of Arab Nationalism as presented by Al-Husri, see: Kenny, L.M., (1963): Sati' Al-Husri's Views on Arab Nationalism. *Middle East Journal*, Vol. 17, No. 3, p. 231-256

deeply rooted, and power was held by nationalist military leadership.[26] Ethnic and religious minorities (Mostly Christians, but also Jews in Iraq,[27] Egypt and Syria) that faced political, religious, social and cultural marginal- ization and persecution during the Ottoman period which also continued during the state formation in the Arab countries had no option but to adopt Arabic and Arabism as substitute to their acceptance in new pan- Arabic nationalism.

The vacuum following the British and French failure of creating a Westphalian—or rather Pseudo-Westphalian model, was filled by the Arab nationalist ideology and military dictatorships that created political systems under the umbrella of Arabism. Actually, the very formation of Arab League Organization in 1945[28] is a reflection of that ideology. The non-Arabs and non-Muslims had practically no civil or political rights under that ideology.[29,30] In fact, the existence of racist attitudes within some Arab countries is often denied, resulting in scandalous displays of prejudice against certain ethnic groups such as the Alawites, Armenians, Assyrians, Baha'is, Berbers, Chaldeans, Copts, Druzes, Ibadis, Ismailis, Jews, Kurds, Maronites, Sahrawis, Tuareq, Turkmen, Yazidis and Zaidis. This made a serious discussion on ethnic and religious diversity and its place in society a long-standing taboo.[31]

However, the nationalistic pan-Arabic unity project failed drastically. Both the ideology and its proponents became obsolete and their credibility with young Arab generations is no longer viable. The fall of Arabism, ide-

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[26] The case of Iraq, 1942, 1958, 1963, 1964, 1968; Egypt 1920, 1952; Syria 1949, 1954, 1961, 1963, 1966, 1970.

[27] See e.g. Ghunaimah, Yusuf Rizq Allah, 1924, *Nuzhat Al Mushtaq Fi Tarikh Yahud Al Iraq* (History of the Jews of Iraq), Al-Furat Press, Baghdad, p.224. Also, the works of the prolific Iraqi Jewish writer Mir Basri (1911-2006).

[28] The Arab League Organsation (in arabic: Jami'at a-dowal al Arabiyya), was established in Cairo (1945) initially from six arab states : Egypt, Iraq, Jordan, Lebanon, Saudi Arabia, Syria and Yemen to seek and coordinate politcal, economic and cultural integration of the Arab member states in the Middle East. The organisation currently holds the memebership of 22 arab countries. Though the Arab League has played a major role in the politics Arab-Israeli conflict in the past, it is now quasi-paralysed due to deep fractures between most arab countries.

[29] Rayyan al-Shawaf (2006) *The Foolishness of imposing Oppressive Arab Nationalism on Non-Arabs*. Retrieved: https://web.archive.org/web/20110703075400/http://www.christiansofi-raq.com/ArabismMar236.html

[30] Fares, Walid: *The Arab Christians*. Retrieved http://www.arabicbible.com/for-christians/chris-tians/1396-arab-christians-introduction.html

[31] Whitaker Brian (2006) The Race Taboo. *The Guardian*, September 8, 2006. Retrieved https://www.theguardian.com/commentisfree/2006/sep/08/racisminthemiddleeast

ology and its major advocates as a political instrument and ideology in Syria, Egypt, Libya, Iraq, Yemen and Jordan, led to the collapse of the whole Arabic National Project.[32] Islamic ideology and Islamists, crossing over borders, nations and ethnicities, filled the void. The Arab unity which the Arab nationality proponents could not achieve, the Islamists, based on the school of thought of the Muslim Brotherhood, proposed new solutions to the Muslim countries' problems, with the main idea of Islam being the solution. The Salafis, Wahabis, and Sofis (i.e., the traditional Islamists from all the four main Sunni sects in Islam), in addition to the Shiites, found themselves leading and orchestrating the fate of Muslim countries under the banner of Islam.

The minorities found themselves trapped, because contrary to Arabism, which can be implemented by simply adopting the language and culture—Islamism requires religious minorities to convert to Islam. Unsurprisingly, a great suppresion of religions, mainly against Christians and Yezidis. The disintegration of the pan-Arab project and Arabism, which started with the triumph of the Islamic revolution in Iran in 1979 as a substitute to the nationalist/secular ideologies in Iran as well as in other Arab countries, and rise of Islamic jihad in Afghanistan against the Soviets, received its major blow with the invasion of Kuwait 1990 by Saddam Hussein, and the consequent war of liberation by a U.S.-led coalition. The Iraqi dictatorship, a major proponent of Arabism, realized the consequences and in order to adapt, a programmed campaign of societal Islamization was started, encompassing the media, education, and political rhetoric. The social upheaval in Iraq following the invasion in 2003 was manifested through sectarian wars, persecution of minorities, and above all, the beginning of organized terrorism, led by Al-Qaida. This drastic social change, with the Islamic component of it, was the result of 13 years of state-sponsored religious indoctrination between 1990–2003.

Islamic political-Jihadist groups, the Muslim Brotherhood ("Islam Is the Solution" slogan) and ISIS (the Muslim Caliphate) failed, similarly to Arabism ideologies, to cross borders and ethnicities in order to create a new unified Muslim world in the Middle East. Their major downfall was

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[32] The fall of Pan-Arab nationalist regimes: Iraq (2003), Syria (2000), Libya (2011), Yemen (2011) and Egypt (1970) and/or death of the Arab nationalism leaders: Jamal Abdul Nasir (Egypt), Saddam Hussain (Iraq), Al-Aqddafi (Libya), Hafid Al-Assad (syria) led to the gradual corrosion of arabs people belief in Arab Nationalism and in the political parties holding pan-arab nationalism ideologies. The disintegration of the project is vividly seen in the current arab-arab military conflicts, internally and regionally.

in Egypt (2015) and Iraq (2017). The Arab Spring (2010–12) gave Islamic political movements a strong platform to promote their socio-political agendas, with some political successes in Egypt (Mohammad Mursi: Muslim Brotherhood president 2012–13), Tunisia (Al-Nahdha Islamic Party), and military jihadists militias insurgencies in Syria, Libya, Yemen and Iraq.[33] The socially, politically and geographically fragmented Middle East, plagued by internal wars, is nothing but a product of combined failures of nationalist ideologies.

Iraqi Kurdistan after Arab Nationalism and Islamism

The fall of the Ba'athist regime in Iraq in 2003 also brought the formal end of the pan-Arab project led by the Arab Nationalists since Iraq's independence in 1932 with the goal to Arabize Iraqi people, in terms of language, culture, history and geography[34] enhancing the ethnical diversity of Iraq. Thus, the Kurds in Kurdistan, Assyrians-Chaldeans, Turkmen, Yezidis in Kurdistan and all over Iraq found a new voice that asserted their ethnicity, culture and roots to geography and history in the new political system in Iraq.

The Islamic project in Iraq was polarized around the Arabs Shiites and the Sunnites. The Shiites from the Iranian pan-Shiite unity, and the Salafi-Wahabi Muslim Brotherhood, mainly led by Saudi Arabia, in the Sunni Arabs regions. The sectarian clash between the two factions from 2003 up to the present day produced a geographic sectarian divide that separated Shiites regions, cities, quarters, and neighborhoods from each other. Today, Baghdad is stark example of these neighborhood divisions. However, the sectarian war between the Shiite and Sunnis was unable to infiltrate the Kurdistan political system or society. Thus, even though the majority of the population in Kurdistan is Sunni, the KRI remained immune to sectarian conflict. Because of this, the Kurdistan Region was able to achieve remarkable stability with its social and ethnic structure remaining intact.

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[33] For causes of political and Jihadist Islam failure see Ashraf El-Sharif (2011) Islamism after the Arab Spring. *Current History*, 2011; *Ashraf El-Sharif (2014): The Egyptian Muslim Brotherhood's Failures*, Carnegie Endowment for International Peace; Shadi Hamid, William McCants and Rashid Dar (2017) *Islamism After the Arab Spring: Between The Islamic State and the Nation-State*, Center for Middle East Policy at Brookings, 2017.

[34] Ironically, the Ba'ath regime initiated a project of re-writing the history of Iraq since the1970s. The project was led by Iraqi historian Ahmad Susa who tried to historicize the pre-Islamic history of Iraq as an Arabic history and culture. See e.g., Ahmad Susa (1986) *The Civilization of Mesopotamia* (in Arabic), Al-Huriyya printing House, Baghdad 1986. p. 420.

In June 2014, ISIS launched a surprise attack on Iraq, overrunning its second major city, Mosul and expanded rapidly by occupying other Christian, Yezidi, and Kurdish villages, in addition to Sunni Arab cities and territories. The banner under which ISIS declared its military expansion was the creation of an Islamic Caliphate. ISIS opened a front against the Kurdistan Region by rerouting its southwest campaign towards attacking its capital, Erbil.

> Opening a front against Kurdistan, although inexplicable on military and political grounds, is intelligible under different criteria. The only reason that stands out among the prevailing turmoil in the region is the Kurdish leadership's call for a referendum on independence and the establishment of the first nation-state of Kurdistan. A strong, diverse yet stable state of Kurdistan would be anathema to IS—an inimical foil to their vision of a metastasizing, totalitarian caliphate. When the pieces of this jumbled jigsaw of conflict are placed together, the picture that emerges will reveal that the objective of this assault on Kurdistan is to draw Kurdistan into a war of attrition, to drain its capabilities and divert its pursuit of independence. The history of the Middle East offers many examples of such wars of attrition that have destroyed economies and halted development.[35]

After the territorial expansion of ISIS in Iraq, Syria and Libya, and now with its visible defeat, the question of why ISIS attacked Kurdistan must be asked again. The answer lies in an extreme Islamic ideology, based on a mixture of Wahabi and Muslim Brotherhood beliefs, which in turn are the source of Al-Qaida ideology, following a strict interpretation of the teachings of Ibn Taymyyah.[36] Both Al-Qaida and the Muslim Brotherhood thought are deeply entrenched in the belief of a re-creation of an Islamic Caliphate. In essence, they did not depart from ISIS in that ultimate goal. Al-Qaida and the Muslim Brotherhood have[C1] a vast network of clergies, religious schools, and mosques to spread their beliefs and to recruit followers. Terrorism was a way to destabilize countries and to overthrow political systems. ISIS kept the idea of having social-religious networks,

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[35] Kamal Kolo, Muslih Mustafa and Tyler Fisher (2014) Islamic State has united Kurds in a national war of survival. The Conversation December, 2014.

[36] Ibn Taymyya (1263-1328) a Muslim theologian whose interpretations of Quran and Sunna had greatly influenced and directed religious thought in contemporary Islamic thought through religious movements of Wahabism, Jihadism and Salafism. All three have formed the basis of Al-Qaida, Muslim Brotherhood and ISIS ideology.

but in they were also able to gain territory by attacking cities and people, thus achieving physical instruments of a "Caliphate State." This Caliphate is inclusive of all Muslim territories; hence, the KRI, with its majority Muslim population is an Islamic territory and was to be attached to the Caliphate. By attacking the Kurds, an ethnically homogenous nation but with a different race, and historically and culturally vastly different from Arabs, ISIS made its worst mistake that brought it to its downfall.

Oil, Iraq and an Independent KRI

Iraq, as a whole, contains enormous oil reserves, with estimates ranging from 149 billion barrels[37] to up to 200 billion barrels.[38] The different estimates reflect uncertainties originating from large unexplored areas, considering that the oil industry largely took off after 2003. The Kurdistan Region quickly developed an exploration, production and service infrastructure for the emerging industry. Major international oil companies, such as Exxon Mobil, Gulf Keystone, DNO, Genel Energy, KAR Group and TAQA and others, invested heavily in the construction. The total projected oil production from KRI oil fields (at the end of 2016) was 712,100 b/d[39] and up to 20 bcm/y of gas in 2020.[40] The Kurdistan Region is emerging as an important oil and gas player in the region and is currently a supplier to neighboring Turkey and Iran through pipelines that extend through Turkey and Baghdad and possibly to Iran.[41,42]

Iraqi decision makers in the central government, irrespective of the political regime, always made the strategic connection between oil and natural recourses wealth and the possible secession of Kurdistan from Iraq in case natural resources were discovered in Kurdistan region. Mosul, the oil rich province, and with it major parts of Kurdistan, became part of the

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[37] OPEC annual Statistical Bulletin (2017). Proven crude oil reserves by country, p. 26.

[38] Gal Luft (2003) How Much Oil Does Iraq Have? Brookings Report retrieved: https://www.brookings.edu/research/how-much-oil-does-iraq-have/

[39] Patrick Osgood, New Investment revives modest hopes for KRG oil sector," *Iraqi Oil Report*, May 18, 2016.

[40] John Roberts (2016) *Iraqi Kurdistan Oil and Gas Outlook*. Atlantic Council, Global Energy Center and Dinu Patriciu Eurasia Center

[41] http://mnr.krg.org/index.php/en/media-center/publications/9-maps-and-data/232-pipeline-infrastructure

[42] John Roberts (2016) *Iraqi Kurdistan Oil and Gas Outlook*. Atlantic Council, Global Energy Center and Dinu Patriciu Eurasia Center

new Iraq after the French government relinquished it to Iraq under British mandate of 1920.

> During WWI, no progress could be made due to French's position. However, later on the French were ready to cooperate and negotiate. This was in the time when Iraqi oil were formulated and French were convinced that Mosul would not fall (as had been contemplated since 1916) to her mandated share of the Middle East, and at San Remo in 1920 a one-quarter share (that of the Deutsche Bank) was allotted to France. The 'Iraq/Turkish frontier question which left open by the Treaty of Lausanne in 1923 was fixed in the end by the League of Nations in 1926. The Mosul Vilayet was allotted to 'Iraq. However, Turkey was promised to receive, for 25 years, 10 percent of such royalties as might accrue to 'Iraq from oil within the Baghdad and Mosul Vilayets.[43]

By 1928, Iraqi oil was controlled by a consortium of companies, I.P.C (formerly Turkish Oil Company T.P.C), Francaise des Petroles, the Anglo-Saxon Petroleum Company and the D'Arcy Exploration Company, Standard Oil Company (New Jersey), Socony-Vacuum and Private investor Mr. C. S. Gulbenkian.

With well-established British and international strategic interests in the new Iraq, especially with the crucial role of oil for military needs during WWI, Iraq's fate was sealed as a zone of turmoil.

Oil Politics Were Always There

The larger Kurdish nation was awarded self-determination by the Treaty of Sevres in 1920, and later neglected the promise in the treaty of Lausanne in 1923, but promised an autonomous status only in Iraqi Kurdistan.[44] Kurdistan was now included in its concession area of the old Bagdad Wilayat. The Mosul Wilayat, with parts of KRI earlier promised to France in the original Sykes_Picot (see figure 1) agreement between Britain and France, became a part of the newly established State of Iraq. The "King-

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[43] Handbook of the territories, which form the theatre of operations of the Iraqi Petroleum Company Limited and its associated companies. 1st edition, London, 1948. p.154.

[44] Guiditta Fontana (2010) Creating Nations, Establishing States: Ethno-Religious Heterogeneity and the British Creation of Iraq in 1919–23, *Middle Eastern Studies*, 46:1, 1-16, DOI: 10.1080/00263200902760535

Figure 1. Map displaying the boundaries of territories allotted to France (Zone A) and Britain (Zone B) in the famous Sykes-Picot agreement (1916) between Britain and France. On the map appear also the signatures of Sir Mark Sykes and the French diplomat Francois George-Picot.[45]
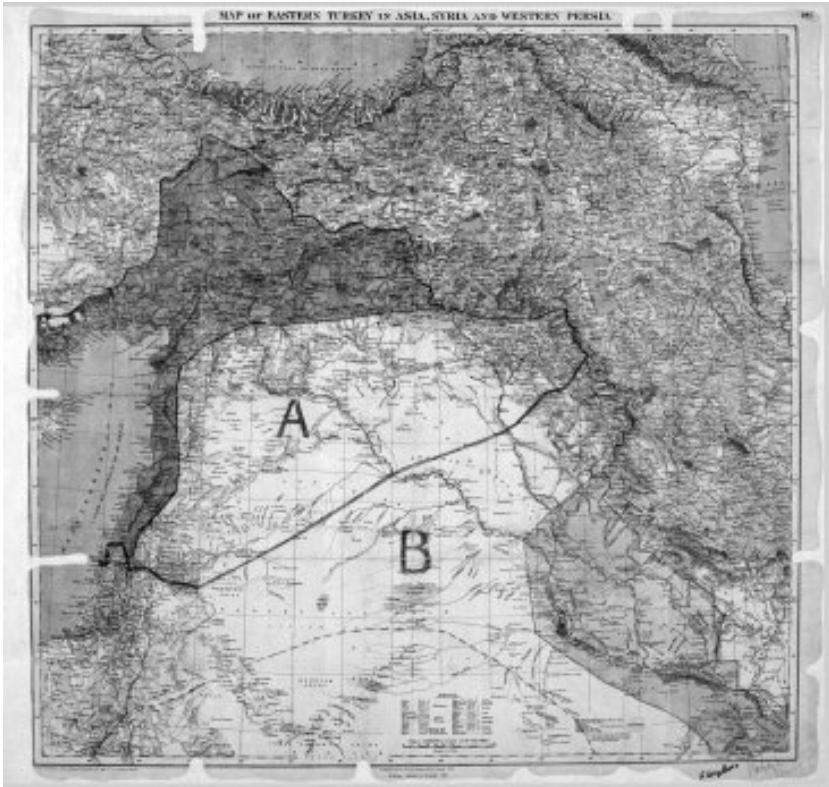
dom" of Iraq confirms the dictum that wars make states (Tilly, 1990). [46,47] The modern Iraq is a reflection of its oil wealth rather than a true nation-state. In addition, Iraq may fit into the argument made by Charles Tilly.

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[45] https://commons.wikimedia.org/wiki/File: MPK1426_Sykes_Picot_Agreement_Map_signed_8May_1916.jpg

[46] Tilly, Charles (1985) 'War Making and State Making as Organized Crime', In Peter Evans, Dietrich Rueschemeyer.

[47] Tilly, Charles (1990) *Coercion, Capital and European States, AD 990–1992*, Cambridge MA and Oxford UK: Blackwell.

Tilly wrote a book[48] focused entirely on coercion, capital and European States: AD 990–1990 and war making and state making as organized crime. Iraq, then a new post-war state, was solely formed on the basis of its oil wealth. Hence, the three *Wilayat* concessions (Baghdad, Basrah and Mosul) quickly showed signs of disintegration and political instability, typical of a rentier state. Therefore, causal factors inherent to its original creation as an "artificial state" (Even the monarch was brought in from outside Iraq) bound by greed and wealth interests rather than by nation binding factors resulted in a series of conflicts (in 1936, 1942, 1948, 1958, 1963, 1967, 1968, 1979–88, and 1990–2003). The famous dictum that "war makes states" revived in recent years with the experience of state collapse and state failure in many parts of the world.[49,50] Contemplating the previous ideas by Jeffrey Zachs and Andrew Warner,[51] the inevitable conclusion that, "It seems to be conventional wisdom that natural resources in general are a curse rather than a blessing."[52,53] The current literature on the "resource curse" and the "paradox of plenty" has been linking resource abundance and dependence authoritarianism, economic decline, and civil war.[54,55]

The Rentier State and Rentier Economy

H. Mahdavi (1970), H. Beblawi (1987, 1990) Luciani, (1987, 1990) argue that the main function of the state in rentier economies is to distribute rent (rather than extract revenues from the economy). Instead of

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[48] Charles Tilly (1993): *Coercion, Capital and European States: AD 990–1992*. Wiley, p. 288.

[49] Tilly, Charles (1985) 'War Making Op.Cit.

[50] Rolf Scwarz (2004) State Formation Processes in Rentier States: The Middle Eastern Case. Retrieved: http://www.columbia.edu/itc/journalism/stille/Politics%20Fall%202007/ Readings%20—%20Weeks%201-5/The%20Rentier%20State%20in%20the%20Middle%20East.pdf

[51] Jeffrey, Sachs and Andrew, Warner (2001): Natural Resources and Economic Development The curse of natural resources. *European Economic Review* 45 (2001), pp. 827-838, Elsevier.

[52] Matthias Basedau and Wolfram Lacher (2006): A Paradox of Plenty? Rent Distribution and Political Stability in Oil States (http://edoc.vifapol.de/opus/volltexte/2009/1582/ pdf/wp21_basedau_lacher.pdf).

[53] Matthias Basedauand Jann Lay (2009): Resource Curse or Rentier Peace? The Ambiguous Effects of Oil Wealth and Oil Dependence on Violent Conflict. *Journal of Peace Research*, Vol 46, Isue 6, 2009. Pp. 757–776. Sage Publ.

[54] Ibid

[55] Karl, T.R (1999): The Perils of a Petro state: Reflections on the Paradox of Plenty.

providing capital for industrial development, Mahdavy (1970) argues that oil revenues produce "socio-political stagnation," inequality in living standards, and weak political accountability. Essential reliance on rent may progressively downgrade state-structure quality, economic growth and democracy. Rent also provides ruling elites with vital resources through which to offset the indirect effects on stability (Beblawi, 1987; Karl, 1997). In rentier states then, various mechanisms interplay, through either motive and/or opportunity.[56]

The United Nations annual report on the Iraqi economy showed in 2013 that the Iraqi economy is dominated by the oil industry which contributes to over 70 percent of GDP, 99 percent of exports, and over 95 percent of government revenue. This domination of oil will increase in the future, as oil production and exports are set to rise.[57] In 2017, the World Bank draws a grim picture of oil-dependent Iraq:

> The Iraqi economy is facing severe challenges. The decline in oil prices in 2015 and 2016 and the ISIS insurgency have contributed to a sharp deterioration of economic activity and has rapidly increased the fiscal and current account deficits. Macroeconomic risks remain elevated due to Iraq's exposure to a volatile oil market [....] The double shock has severely dented growth, diverted resources away from productive investment, and increased poverty, vulnerability and unemployment. Private consumption and investment remain subdued due to an unstable security and political situation, and a poor business environment.[58]

This characterization of the Iraqi economy can be applied to many periods of its modern history, where a series of civil-regional wars combined with a rentier economy have led to setbacks similar to a sine function, always returning back to point zero.

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[56] Karl, T.R (1999): The Perils of a Petro state: Reflections on the Paradox of Plenty. p. 2

[57] Joint analysis and policy unit (Japu): (2013) Iraq Oil and Gas Outlook. United Nations Iraq.

[58] World Bank (2017): Overview, Iraq. Retrieved http://www.worldbank.org/en/country/iraq/overview#1

Rentierism In Iraq vs. Political System

Except for the short period between 1920–50, where the economy was still agricultural and commerce dependent, Iraq's political system and economy after 1950 became heavily dependent on rents generated by oil. The establishment of Majlis Al-Imar al-Aala[59] in 1950 for infrastructure construction projects underlined this shift, and oil revenues became a centric part in the government budget for economic development. Ironically, the major economic projects in Iraq, which formed the present infrastructure were either realized during the 1950s or planned at that time.

The direct consequences of the newly formed rentier state, still not a complete rentier economy, were the degradation of the political representation and of the fragile democracy that existed during the monarchy. This post-1950 period was the continuation of the political instability and turmoil during the mid-1903s and 1940s that culminated in the 1958 *coup d'état*, signaling a drastic change in the Iraqi political system from the monarchy into a republic by military force. The main driving forces for the instability were the Arabic nationalist-socialist ideology and its economic manifestation of a petro-wealth in the rentier state.

Iraq: The Rentier State Developed Variably Throughout The 20th Century

The Iraqi state showed cyclic political turmoil and instability that are characteristic of a rentier state, continuously returning to point zero. Thus, the political history of Iraq, since its independence in 1932, oscillated between war and relative peace; wars when the rentier state felt strong, and relative peace when the rentier state was weak. The second-to-last cycle was 1973–88 (1973 Arab-Israeli war, 1975 Iraqi-Kurdish war, and the 1980–88 Iraqi-Iranian war) during which Iraq felt strong enough to wage wars. The last cycle (1990–2003), led to state de-formation and disintegration, which continues up to the present.

The Oil That Will Make a Viable Nation-State

Ironically, it is the same oil that prevented the formation of the autonomous Kurdistan Region a century ago that will help play a major role in the creation of the new Kurdish state. Kurdish oil reserves were

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[59] The Supreme Council for Development

continuously exploited by the international community and by successive Iraqi governments: the total number of drilled wells in the KRI was around 28, but since 2005 climbed to over 100.[60]

Dunnington, H.V., a well-known geologist, published a highly cele-brated article in 1958 in AAPG entitled, "Generation, migration, accu-mulation, and dissipation of oil in Northern Iraq, in Habitat of Oil."[61] The article's main conclusion is that oil generated in the KRI has actually dissipated and disappeared. Standing witness to this conclusion, the numer-ous breached reservoirs outcropping in the KRI and the general absence of a "Seal" of lower Fars Formation. The complex tectonics add much to this view and is considered the region high-risk area. However, maybe there is more to petroleum exploration in Kurdistan that goes beyond the geological boundaries, since the huge reserves discovered in deep Kurdis-tan discredit the theory of dissipated hydrocarbons. It is believed here that the main factors behind the annexation of the southern KRI into Iraq and the revocation of the Sykes picot agreement are all based on oil-discovery. The marginal development of oil exploration in the KRI was in fact all meant to hinder economic development and consequently to prevent cre-ating reasons for possible economic and political autonomy and future independence. Iraq's fear of Kurdish independence was so strong that it drove successive Iraqi governments to avoid exploration in the KRI, even during periods of peace and well-being.

Currently, "Kurds hope to find some 30–60 billion bbl; excluding the Kirkuk field, which remains a disputed territory, they currently have some 12 billion bbl of oil and 22 Tcf of gas. Amongst the largest fields so far is the Shaikan field, with potential for 3.3 billion bbl of oil reserves, Bardarash with 1.2 billion bbl, and Khor Mor and Chemchemal with some 10 Tcf of gas between them. The most advanced in development are DNO's Tawke field (771 million bbl in reserves), Taq Taq (647 million bbl) held by the Turkish company Genel, and Khor Mor which is supplying gas to local power stations."[62]

[60] David Mackertich and Adnan Samarrai (2004). The history of hydrocarbon exploration in Iraqi-Kurdistan: 1901 To 2012. Retrieved 2014 At http://www.petroceltic.com/~/media/Files/P/Petroceltic V2/pdf/Mackertich—_Samarrai—_ 2013—_Geol—_Soc—_Zagros-conference—_presentation.pdf

[61] Dunnington, H.V., 1958, Generation, migration, accumulation, and dissipation of oil in northern Iraq, in L.G. Weeks (editor) AAPG Habitat of oil: A Symposium: AAPG Special Publication 18, pp. 1194–1251.

[62] Robin M. Mill Northern Iraq's Oil Chessboard: Energy, Politics and Power, Insight Turkey. Vol, 15, No.1. 2013, pp. 51–62.

Figure 2. Number of drilled oil wells in the Kurdistan Region by the oil companies and Iraqi government since the early oil discoveries in Iraq starting from 1900 compared to ones drilled after 2003.
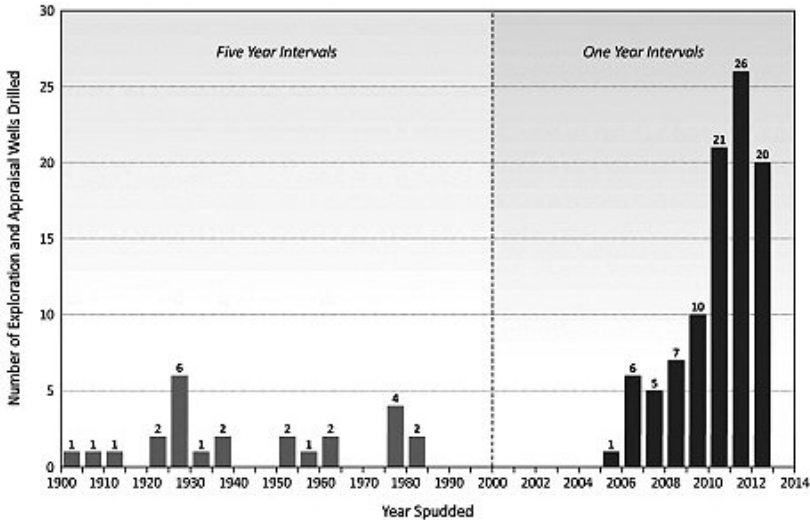
The disparity and discrepancy reflects the avoidance of the oil companies and Iraqi government to explore the natural resources of Kurdistan for fear of creating an economic basis for claiming secession from Iraq or a larger share in revenues

An Oil Driven Economy: Lessons Learned and Policy Recommendations

The current school of thought emphasizes Kurdish nationalism within the boundaries restricted by existent states without dismissing totally trans-nationalism. Nevertheless, when state formation/building is in sight, some authors like Denise Natalie[63], 2012, argue "Iraqi Kurds are likely to continue their drive for greater autonomy, aiming to turn their status as a dependent quasi-state in Iraq or economic vassal state of Turkey into their own self-sufficient independent entity." Romano (2006)[64] reaches a

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[63] Denise, Natali, 2012, The presistent Boundaries of Kurdish Nationalism. World Politics Review, May, 2012.

[64] Romano, David, 2006, The Kurdish Nationalist Movement: Opportunity, Mobilization and Identity, Cambridge, Cambridge University Press.

similar conclusion "On pragmatic grounds, Kurdish leaders could avoid maximalist approaches; but, if there is increasing instability in Iraq, they might also tell international partners that they deserve to be released from a failed state (Romano, 2006)." Clearly, such authors see through the present *status quo* that Kurdistan will eventually emerge as an independent state. Yet, others (e.g., Hiltermann, 2012)[65] find that asymmetric models of federalism are the right mechanisms for power sharing. These analyses and conclusions within the strange, unpredicted, chaotic upheaval and complexities of the Arab Spring, specifically in Syria, and the emergence and demise of ISIS in Kurdistan and in Iraq, are in reality undoing what the Sykes-Picot agreement had knitted.

Iraq is a rentier economy; it is a quasi-failed state. The lesson for the KRI is that oil should only serve as a tool to economic development (i.e., industrialization, agriculture, tourism, education). The current financial crisis in Iraqi Kurdistan could be resolved through oil-driven economic development, but economic diversification is necessary for a sustainable future.

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[65] Hiltermann, Joost, 2012, Iraq's Federalism Quandary, *The National Interest*, February 28, 2017.