

FINDING THE FLOW

Shadow Economies, Ethnic Networks, and Counterinsurgency



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PHOTO: Tal Afar, Iraq with castle in the background, 2005. (U.S. Army)

OFTEN PORTRAYED as Iraq's shining "City on the Hill," Tal Afar is the place where coalition and Iraqi forces successfully implemented a "Clear, Hold, Build" strategy and got things moving in the right direction again. In some areas of Tal Afar, markets bustle, children play, and Iraqi Security Forces (ISF) mingle with the local population. Yet nearby are endless rows of empty stalls, abandoned houses, and the scars of war. The Sunni population is gone, but not forgotten. It launches mortars, rockets, and massive truck bombs against the Shi'a community. The Tal Afar mayor's office has embarked on an ambitious project to entice Sunnis back to the city in the belief that if Tal Afar achieves the ethnic balance it had before the war, sectarian tensions will dissipate. But is this true? Does reuniting Iraq's religious communities represent the best hope for the fledgling democracy, or is it a hopeless quest to turn back the clock?

The Only Constant is Change

Many refer to Iraq as a society that is "thousands of years old" and point to the millennia of human habitation in the Euphrates river valley to explain away contemporary politics. However, Iraq is not thousands of years old, and Iraqi society has changed considerably over the past century. In 1908, Baghdad had a population of approximately 150,000.¹ The population today is about 5.7 million.² That's the equivalent of the population of Topeka, Kansas, growing to be the size of Miami/Dade County, Florida, in a century, with an independence movement, a couple of revolutions, three massive foreign wars, and a decade's worth of economic sanctions thrown in for good measure. Moreover, according to scholar Yitzhak Nakash, "there is no evidence

that would suggest that the Shi'a were ever close to being a majority of the population in Iraq before the 19th or even the 20th century."³ Iraq's architecture may look timeless, but in fact, many of the cities in Iraq are of relatively recent vintage. Nasariya, for instance, only grew into its current manifestation "in the latter part of the [20th] century."⁴ Iraq is moving from a Sunni nomadic culture to a culture of educated Sunni elites ruling over rural Shi'ites, to a multi-ethnic modern urban democracy. Violent contests over tribal, religious, and ethnic identity have accompanied political changes. Current societal divisions cannot be attributed to mythical conflicts in eons past; they stem from relatively contemporary political and economic contests.

For us to understand the alienation of the Sunni Tal Afar community, we must remember the former privileges it enjoyed. Ahmed Hashim suggests that most insurgents are Sunnis who used to be among Iraq's elite and found themselves jobless and humiliated after the U.S. invasion: "Many of [Tal Afar's] able-bodied men from the Sunni and the Shi'a tribes, but especially the former, joined the armed forces, security and intelligence services, and the Ba'ath Party in significant numbers. A considerable number of Turkmen NCOs and senior officers returned to the city either as veterans or as purged personnel after having served in Iraq's three ruinous wars."⁵ They took part in a brutal Salafist occupation that the 3rd Armored Cavalry Regiment (ACR) defeated decisively in a battle that fundamentally altered the city in 2005. Shi'as now dominate a community that was formerly 70 percent Sunni. Shi'as made up 98 percent of the applicant pool in a July 2007 recruiting drive for the local police. The Sunnis moved to nearby villages and sought shelter with families and tribes, but they still think of Tal Afar as "their" city.

Follow the Money

Social divisions drive the violence in Tal Afar. To understand this, look at Tal Afar's markets and supply chains and how people live—specifically, how they feed, clothe, and house themselves. In the West, society operates on the assumption that "business is never personal." Consumers try to find the cheapest and most convenient way to purchase the goods they want, and it doesn't really matter who's selling them or how they got there. By contrast, in Tal Afar, business is *always* personal. Business ties exist alongside

and are a part of family connections, political affiliations, and ethnic kinships. Markets "belong" to a particular group, and the group's capacity for violence underwrites the safety of its supply chain.

One of the easiest ways to gauge the health and relative power of a community is to explore and understand its markets. A drive around Tal Afar is revealing in that regard. The southern half of town is predominately Shi'a. Its markets are thriving. Shops radiate outward from the gas station, and sell a wide variety of consumer goods—not only staples like food, clothing, and construction materials but also jewelry, appliances, and car parts. The shops appear to be heavily trafficked, and pedestrians dart back and forth between the cars that line the sides of the road.

However, as you drive north you cross an invisible line, and suddenly all signs of human activity disappear. There could be no starker indication of the success of one community and the hardships of another. Dozens of shop fronts still line the streets, but instead of colorful displays and bustling shoppers, a line of closed blue garage doors runs for blocks, each door identical to the next one except for the battle damage that marks it. Shop signs hang pointlessly overhead as a reminder that this was once a place where people worked and thrived.

However, the relationship between sectarian conflict and economics goes deeper than the health of local markets. In the words of Carolyn Nordstrom, you have to look beyond "place" and look at "flows." The local market is embedded in a web of loyalties and identities.⁶ If everyone in the local market imports goods from the same merchant, the merchant is likely a well-informed and influential member of the community and affiliated with a political party, tribe, or insurgent organization that offers protection as his goods move to the local markets and money moves back to him—or he might be a political, military, or insurgent leader with business interests on the side.

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On the other hand, local shops may only buy goods from merchants within their tribal or political networks. If this is so, there is no pre-eminent merchant supplying the market, and everyone uses shared resources (like roads, cell phone towers, or an electric grid) to generate income. Or perhaps the Shi'a and Sunni communities are really so estranged that even though they exist side by side, invisible boundaries separate them.

In Tal Afar and the surrounding area, Shi'as and Sunnis use different supply chains. When the Sunnis fled, they resettled to the east, along tribal and kinship lines to villages on the highway between Tal Afar and Mosul, and to the west, along the highway to Syria. They built new shops and enhanced the business of old ones. Most goods Sunni retailers sell come from Mosul (or the smuggling networks that flow from the Syrian border). By contrast, Shi'a merchants do not shop in Mosul; they go to Dohuk or other Kurdish cities. Iraqi Turkmen Front, a Sunni political organization, has even placed a trade embargo on Tal Afar and set up its own checkpoints to prevent the free flow of goods into the city. The Sunni and Shi'a communities are separate, self-contained universes, where commerce enriches only one side or the other.

Separate but Equal?

The political leaders of Tal Afar understand the seriousness of the situation and are trying to entice Sunni families back to the city to reinvigorate their markets. The mayor and Iraqi brigade commander have broadcast an appeal to the Sunnis who left, and they meet regularly with Sunni sheiks, scrupulously enforce Sunni-Shi'a parity in micro-loan programs, and actively try to recruit local Sunnis into the Iraqi Police (albeit with limited success so far). The provincial government has released millions of dollars in funds for infrastructure repairs and improvements in roads, water, electricity, and other public services. All this is in accordance with U.S. counterinsurgency doctrine.

Even so, Tal Afar remains the target of massive truck-borne IED attacks on such facilities as power stations, gas stations, and Shi'a markets. Some believe the violence is the work of outsiders trying to undermine the Iraqi government and coalition forces.

The Sunnis believe that they have no stake in Tal Afar and regard city improvements as support for



U.S. Army, SGT Curt Cashour

The Tal Afar mayor addresses local sheiks as LTG Ray Odierno, commander of Multi-National Corps-Iraq, checks his notes during a meeting at the city's government center, 1 April 2007, in Tal Afar, Iraq.

the Shi'as from their patrons in Baghdad. The Shi'as can use additional fuel or power capacity to expand their dominance. The concentration of funds for reconstruction and services to be used in Tal Afar to the exclusion of the Sunni communities along the highway reinforces this perception. The coalition says its goal is to get Sunnis to move back to Tal Afar, not to make them more comfortable in their "shantytowns". However, this approach contributes to Sunni disaffection and support for attacks against the Shi'as. Every project enriches the Shi'a in Tal Afar and the Shi'a do not share their wealth.

Should we focus on reintegrating communities or on facilitating peaceful coexistence? The International Organization for Migration reports that the Iraqis' move "from religiously and ethnically mixed communities to homogenous communities" will have "long-lasting political, social, and economic impacts."⁷⁷ Post-invasion, post-Samarra Iraq is undergoing social reorganization as it searches for a post-Saddam identity. Ideally, that identity would embrace political pluralism, religious tolerance, a commitment to the rule of law, and

democratic governance. But, in reality, none of this might happen.

Secular, educated, and affluent Iraqis have fled the country in droves, leaving behind a population ripe for sectarian mobilization. This situation presents a serious challenge to coalition forces. If the coalition focuses on reintegration despite popular sentiment against it, either the Sunnis or Shi'as will misread the effort and add fuel to the cycle of violence. On the other hand, distributing resources along tribal and religious lines only reinforces the primacy of these irrational affiliations.

If your sheik or imam is your representative to the government and the coalition, then obedience to his authority becomes pretty important and your elected representative is a fairly insignificant leader by comparison. Thus, the widely held belief that Iraq is nothing but a quasi-democratic tribal confederation that uses government officials to distribute patronage becomes a self-fulfilling prophecy.

Principles and Insights

A growing body of work suggests that civil conflicts end when economic elites believe they can make more money from peace than from war.⁸ For example, opposing forces in Africa work in close proximity in an uneasy truce, because skirmishing disrupts business and is not worth the limited gains it brings. Unfortunately, the presence of primary resources (like oil) to export, a large quantity of young men, and easy access to cheap, durable weapons make this unlikely.⁹ A totally peaceful Iraq may be a long, long way off.

Still, economic analysis offers insights to help resolve local conflicts:

Principle 1: Business is always personal. This means that not only do you have to go to the markets to assess the markets' health, but also you have to figure out to whom the markets "belong." If 80 percent of the markets in an area are thriving, but they are all Shi'a, then the Sunni minority is likely to keep conducting attacks in the area until its own business returns.

Principle 2: Think "flow," not "place." Mapping the supply chains that feed local markets is critical to understanding the power relationships in your area, developing your area of interest, and identifying key leaders. Don't just count the goods in the market. Understand how the goods get to the market.

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Principle 3: Everybody wins. Spread civic improvements evenly. They lift the economic vitality of an area. Doling out projects that benefit communities separately encourages one community to attack the other one, lest it accrue too much power. Projects should extend into insurgent enclaves and benefit the whole area. This creates collective ownership of public resources—and undermines the insurgent narrative of alienation. If everybody is getting power from the new substation, everybody has an interest in protecting it.

Principle 4: Make war bad for business. If a market belongs to a tribal sheik and the tribe buys goods from its kin near the border, then anything that threatens the flow of goods from the border to the market takes money out of the sheik's pocket. This includes coalition vehicle searches and interdiction of smugglers as well as enemy IED attacks. Require the sheik to personally vouch for cargo trucks delivering goods to market because he has a relationship with both wholesale and retail merchants. Align your interests with the local merchant's and the local population's interests.

The war in Iraq remains difficult, dangerous, and unpredictable, but adhering to the principles above can help commanders understand the communities surrounding them. A wise, market-conscious counterinsurgent can help build a local peace after years of war. **MR**

NOTES

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4. Nakash, 35.
5. Ahmed Hashim, *Insurgency and Counter-Insurgency in Iraq* (Ithaca: Cornell University Press, 2006), 373-74.
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