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The Star-Ledger

In Iraq, democracy is the only option

One of the nation's leading experts on the Iraqi economy, a professor at Rutgers University, lays out a plan for salvaging a future for Iraq that won't bankrupt the United States

Sunday, September 17, 2006

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Continued violence and loss of American lives make it understandable why much of the American public has lost confidence in efforts to create a democracy in Iraq. It also explains increasing support for withdrawal of U.S. forces from the country.

But consider what is at stake in Iraq. Possessing the world's second-largest oil reserves, Iraq is a potential leader of the Arab world, being the only Arab country with oil, water and extensive human capital in the form of a highly educated middle class. A failure to create a functioning democracy, and spiraling down of Iraq into chaos and anarchy, would have disastrous consequences not just for Iraq but for the entire Middle East and U.S. national interests in the region. Iraq's collapse would lead to more violence and instability in the Middle East.

What are our policy options in Iraq? There are three logical policies that the U.S. can pursue in Iraq: immediate or phased withdrawal of our troops; trying to divide Iraq into three statelets -- representing the three main ethnic groups, the Sunni, the Shi'a and the Kurds, or remaining in Iraq until its democratically elected government and society can be stabilized.

What would be the consequences of the immediate or phased withdrawal of American troops? One likely possibility is the seizure of power by a coalition of ex-Ba'athists and radical Sunni Islamists. Because this coalition would face strong opposition, particularly from the Shi'a and Kurdish communities, Iraq would remain highly unstable. If, on the other hand, Shi'a militias took power, we would see a rise in Sunni insurgent activity. A seizure of power by radicals in Iraq would embolden radicals in surrounding countries, including our allies, Jordan, Saudi Arabia, Kuwait and the Arab Gulf oil producing states. Extensive instability in Arab Iraq might propel the Kurds to declare independence, which would provoke Turkey to intervene in the Kurdish north. In short, a reduction in U.S. forces is not in Iraq's or American interests.

Another option that purports to offer an end to the violence in Iraq is dividing the country along ethnic lines into three separate states. This idea is a non-starter. First, as public opinion polls make clear, Iraqis do not want their country divided along ethnic lines. Second, separating Iraq's ethnic groups, who live in mixed areas throughout the country and who are often intermarried, is logistically impossible. Third, were the country to be divided into small statelets, the probability is that violence would increase, not decrease. For example, two Shi'a militias already at loggerheads, the Mahdi Army and the Badr Organization, would intensify efforts to control the new Shi'a region. With a weak or nonexistent national army, there would be no outside force to quell the violence. One could expect a similar uptick in violence in the Sunni statelet as well as between ex-Ba'athists and Islamist radicals and tribal groups that oppose them. Fourth, increased instability in the Shi'a and Sunni statelets would invite further intervention by outside powers, especially Iran. Equally important, the attempt to divide Iraq would support the arguments of the "Arab street," the large stratum of unemployed and discontented young people throughout the Middle East, who argue that there is a "U.S.-Zionist-imperialist" conspiracy to divide the Arab-Muslim world into smaller political units so as to better control it.

A third option is to strengthen Iraqi democracy by initiating policies that would lead to greater stability, offer Iraqis more hope in the future, and create an environment supportive of economic growth. Iraq does not have a history of sectarianism. The Iraqi nationalist movement, which flourished between 1920 and 1963, when the first Ba'athist regime seized power and repressed it, emphasized cross-ethnic cooperation and promoted building a civil society. Iraq also has no tradition of Islamic radicalism. It was only after the collapse of Iraq's welfare state following the 1991 Gulf War that Islamist organizations began to offer the

services no longer provided by the state. With severe economic decline caused by the U.N. sanctions imposed on Iraq after the Gulf War, and the spread of corruption and increased repression by Saddam Hussein's regime, many Iraqis began to turn inward to religion and ethnic identities to escape the horrors of everyday life. In other words, the rise of sectarianism was caused by economic and political decay.

Since the fall of the Ba'athist regime in 2003, there has been little job creation for young Iraqis. Most Iraqis in their 30s, 40s and older retained their employment, and some have seen considerable wage increases over the past 4 years. Because 65 percent of Iraq's population is under 25, stagnation in the job market has disproportionately affected young people, one of the main sources of recruits for Sunni insurgent organizations and Shi'a death squads. Large numbers of rural migrants, responding to the continued decline of Iraq's agricultural sector, have also provided recruits for organizations promoting political violence in Iraq's urban areas.

A weak Iraqi economy, which is estimated to have an unemployment rate between 50 and 60 percent, has spawned another development, namely crime syndicates. Kidnapping, for example, has become a large industry in post-Ba'athist Iraq.

When the United States faced severe economic problems and political instability during the Great Depression, President Franklin D. Roosevelt wisely initiated the New Deal, in which the government took an active role in putting Americans back to work. Iraqis frequently tell me that an improvement in the economic situation would lead to a considerable decline in violence and crime. Thus one important way in which the U.S. government could promote democracy in Iraq is to establish an economic reconstruction fund that could put unemployed Iraqis back to work. How might such a fund work?

With the United States already contributing a significant amount of funds to Iraq, and facing a large budget deficit, one idea would be for the U.S. government to lobby our Arab oil-producing allies, particularly Saudi Arabia and Kuwait, and the Arab Gulf oil producers, who have benefited by recent steep increases in the price of oil, to make major contributions to such a fund. An economic reconstruction fund that had an "Arab face" would not be subject to accusations that the United States was trying to "control" Iraq, thereby making the fund politically acceptable in Iraq.

Why would Arab oil producers such as Saudi Arabia and Kuwait be interested in contributing to such a fund? First, an anarchic Iraq constitutes a threat to Saudi Arabia and the entire Arab Gulf region by encouraging radicals in these countries. Saudi Arabia, for example, already faces a terrorist threat of its own. Second, an unstable Iraq would allow Iran to exploit this instability and extend its influence in Iraq. While it might be argued that Sunni governments would be hesitant to support the Shi'a-dominated government in Baghdad due to suspicions that it is sympathetic to Shi'a Iran, Iraq's Shi'a are, in fact, as suspicious of Iranian intentions in their country as are their Arab neighbors to the south. Let us not forget that Iraq's infantry, 90 percent of which was Shi'a, fought tenaciously against Iran during the Iran-Iraq War of 1980-1988. In short, Iraq's Shi'a are Iraqis first and Shi'a second.

If the U.S. and other Arab allies could convince wealthy Arab oil producers to contribute to a reconstruction fund, how might such a fund help put Iraq on the road to stability and democracy? Initially, the funds could be used to create WPA-type jobs reminiscent of the New Deal. Such jobs would replicate the Commanders' Emergency Response Program that the U.S. military has used so successfully to quell political violence. CERP funds have created temporary jobs for men in areas characterized by high levels of insurgent activity, leading to a sharp decline in violence, gratitude on the part of those Iraqis put to work, and benefits to the local community, such as the removal of garbage and sewage, filling potholes and paving roads, repairing schools and police stations, rebuilding sewer systems, drilling water wells, clearing irrigation canals and building clinics.

Once violence began to decline following the implementation of a WPA-type program of job creation, the economic reconstruction fund could organize a second phase in which small economic projects would be promoted to provide sustainable employment. Bakeries, schools, new markets, expansion of hospitals, and construction work represent the type of activity that could immediately put large numbers of Iraqis in sustainable economic activity which could both pump money into the economy and add to Iraq's social capital.

One of the most significant benefits of this two-stage program would be the development of a new incentive structure with which to entice local leaders in Iraq's major cities and towns to compete for the distribution of economic largesse rather than engage in political violence. Providing economic resources in kind (not in the form of cash, which could be used to purchase weapons) would act as an incentive to bring local leaders and notables into the economic reconstruction project. In return for their assistance in promoting economic stability, these leaders would receive a wide variety of goods and services which they could use to enhance their status in their respective communities. A new school, new medical technology for a local hospital, expanding orphanages, creating public parks, are all projects that local leaders could point to as bringing benefits to their communities.

The benefits of increased employment and economic growth would give Iraqis greater hope for the future. It would lower hostility to both the Iraqi government and United States forces in Iraq. A decline in violence would lead to a decrease in the loss of Iraqi and American lives. A prosperous and democratic Iraq could become a model for the Middle East, whose "silent majority" desperately wants to substitute greater political freedom and economic prosperity for religious radicalism and authoritarian rule. Americans are right to be dissatisfied with the continued loss of American lives in Iraq and the tremendous burden Iraq places on our own economy. Pressing forward with a serious economic reconstruction program with our Arab allies providing the bulk of the funds offers hope for a more rapid transition to a democratic Iraq, increased political stability in the Middle East, as well as the homecoming of American troops.

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