

BY ROBERT J. BARRO

A DEMOCRATIC IRAQ ISN'T AN IMPOSSIBLE DREAM



POSTWAR:
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Iraq is almost surely the world's champion for low economic growth since 1979. I say "almost surely" because, since the Persian Gulf War of 1991, national accounts statistics have not been available for it, even from standard sources such as the World Bank. Rough estimates provided by *The Economist's* Intelligence Unit show that Iraq's gross domestic product per person shrank from its peak in 1979 to 2002 at an amazing $-6.5%$ per year. In other words, Saddam Hussein managed to transform the country from having a per capita GDP of more than \$12,000 in 1979 (in 1996 U.S. dollars)—21st in the world at the time and ahead of Spain and Hong Kong—to one of less than \$3,000, behind the Philippines and Ecuador.

One stated aim of American policy in a postwar Iraq is to create a Western-style democracy. Can it work? Although it won't be easy, my analysis suggests that the prospects are a lot better than they were for some of our previous efforts in Afghanistan, Haiti, and the Democratic Republic of Congo.

The global evidence demonstrates that prior measures of economic and social development (based on Freedom House's index of political rights) are relevant predictors of democracy. Notably, the chances for developing democracy in a country go up a lot when levels of per capita GDP and primary schooling are higher.

In the most recent data, for 2001, Iraq was given a well-deserved zero on the Freedom House index for democracy (on a zero-to-one scale). If one plugs current values of Iraq's economic and social variables into a prediction equation, one gets a value for the democracy index of 0.2, only one-fifth of the way from dictatorship to full representative democracy. In other words, one can expect, at best, a minimal level of democracy from Iraq's current economic and social conditions.

However, if one could restore the level of per capita GDP from 1979, the predicted value for democracy in the index rises to between 0.4 and 0.5. That's almost as good as Turkey. To do much better in Iraq, one has to raise the levels of primary schooling, which in 2000 were 3.5 years for males but only 2.3 years for females. If the female level could be raised to the male one, the predicted level of democracy would increase to between 0.5 and 0.6, even better than Turkey. Such a rating begins to put Iraq into the category of Eastern Europe, Russia, and South Africa for countries with a decent chance of establishing democracy. Iran, for its part, has re-

gained its peak GDP per capita level, reached in 1976, and it has been holding national elections for the past three years.

Another factor in encouraging democracy would be whether Iraq's borders are changed from the present ones, which were drawn arbitrarily by the British after World War I. The problem is that these borders paid little regard to important differences among the regional populations of the country.

States tend to have a better chance at democracy, with fewer political problems and less violence, when their borders encompass more homogeneous populations. We can see from the locations of separatist movements—for example, the former Soviet Union, the Balkans, Spain, Cyprus, and Sri Lanka—that ethnicity, religion, and language are important factors. In some instances, governments have dealt more or less successfully with sharp differences in ethnicity and other characteristics—consider Switzerland, the U.S., Belgium, and Canada—but the problem cases are more readily apparent than the successes.

When borders were drawn as badly as they were for the regions of the Soviet Union, Yugoslavia, and Iraq, the main reason not to change them is that such changes usually engender great violence. A clear example is the former Yugoslavia. In Iraq, if the U.S. fights a successful war, the main costs of changing the borders would already have been paid. So why not then draw new borders to demarcate reasonably homogeneous populations—namely the Shi'as in the south, the Sunnis in the center, and the Kurds in the north? All things being equal, this would increase the chance of democracy in those regions.

This border division would make sense—the biggest problem would be with Turkey, which has a dissident Kurdish population of its own seeking an independent state. But since Turkey seems to have rejected all appeals from the U.S. for assistance in the Iraqi conflict, it looks like these concerns can be discounted. So much the better for democracy in what will be the former Iraq. Why shouldn't the Kurds be free like other people, anyway?

Another question is which money to install in the new Iraq(s). The U.S. dollar is a reasonable choice, but personally, I prefer the euro. It can be justified economically, since much of Iraq's trade has been with Europe. And the political irony would be too delicious to resist: It would be a proclamation that we Americans are not just evil imperialists. ■

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