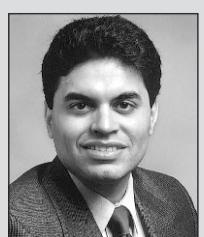


Elections are not democracy



FAREED ZAKARIA
writes from Washington

Perhaps some of these negative trends can be reversed. Perhaps the Shia majority will use their power wisely. But Iraqi democracy is now at the mercy of that majority, who we must hope will listen to their better angels. That is not a sign of success. "If men were angels," James Madison once wrote, "no government would be necessary."

By the time you read this, you will know how the elections in Iraq have gone. No matter what the violence, the elections are an important step forward, for Iraq and for the Middle East. But it is also true, alas, that no matter how the voting turns out, the prospects for genuine democracy in Iraq are increasingly grim. Unless there is a major change in course, Iraq is on track to become another corrupt, oil-rich quasi-democracy, like Russia and Nigeria.

In April 2003, around the time Baghdad fell, I published a book that described the path to liberal democracy. In it, I pointed out that there had been elections in several countries around the world most prominently Russia that put

governments in place that then abused their authority and undermined basic human rights. I called such regimes illiberal democracies. In *Newsweek* that month, I outlined the three conditions Iraq had to fulfill to avoid this fate. It is currently doing badly at all three.

First, you need to avoid major ethnic or religious strife. In almost any "divided" society, elections can exacerbate group tensions unless there is a strong effort to make a deal between the groups, getting all to buy into the new order. "The one precondition for democracy to work is a consensus among major ethnic, regional, or religious groups," says Larry Diamond, one of the leading experts on democratization. This

has not happened. Instead the Shia, Sunnis, and Kurds are increasingly wary of one another and are thinking along purely sectarian lines. This "groupism" also overemphasizes the religious voices in these communities, and gives rise to a less secular, less liberal kind of politics.

Second, create a non-oil-based economy and government. When a government has easy access to money, it doesn't need to create a real economy. In fact, it doesn't need its citizens because it doesn't tax them. The result is a royal court, distant and detached from its society.

Iraq's oil revenues were supposed to be managed well, going into a specially earmarked

development fund rather than used to finance general government activities. The Coalition Provisional Authority steered this process reasonably well, though its auditors gave it a less-than-glowing review. Since the transfer of power to the Iraqi provisional government, Iraq's oil revenues have been managed in an opaque manner, with scarce information. "There is little doubt that Iraq is now using its oil wealth for general revenues," says Isam al Khafaji, who worked for the CPA briefly and now runs Iraq Revenue Watch for the Open Society Institute. "Plus, the Iraqi government now has two sources of easy money. If the oil revenues aren't enough, there's Uncle Sam. The United States is spending its money extremely unwise in Iraq."

This is a complaint one hears over and over again. America is spending billions of dollars in Iraq and getting very little for it in terms of improvements on the ground, let alone the good will of the people. "Most of the money is being spent for reasons of political patronage, not creating the basis for a real economy," says al Khafaji. Most of it is spent on Americans, no matter what the cost. The rest goes to favoured Iraqis. "We have studied this and I can say with certainty that not a single Iraqi contractor has received his contract through a bidding process that was open and transparent."

The rule of law is the final, crucial condition. Without it, little else can work. Paul Bremer did an extremely good job building institutional safeguards for the new Iraq, creating a public-integrity commission, an election commission, a human-rights commission, inspectors general in each bureaucratic government department. Some of these have survived, but most have been shelved, corrupted, or marginalized. The courts are in better shape but could well follow the same sad fate of these other building blocks of liberal democracy. Iraq's police are routinely accused of torture and abuse of authority.

Much of the reason for this decline is, of course, the security situation. The United States has essentially stopped trying to build a democratic order in Iraq and is simply trying to fight the insurgency and gain some stability and legitimacy. In doing so, if that exacerbates group tensions, corruption, cronyism, and creates an overly centralized regime, so be it. Lawrence Kaplan, a neo-conservative writer passionately in favour of the war, who co-authored "The War Over Iraq: Saddam's Tyranny and America's Mission" with William Kristol, has just returned from Iraq and written a deeply gloomy essay in the current *The New Republic*. His conclusion: "The war for a liberal Iraq is destroying the dream of a liberal Iraq."

Iraq will still be a country that is substantially better off than it was under Saddam Hussein. There is real pluralism and openness in the society more so than in most of the Middle East. Russia and Nigeria aren't terrible regimes. But it was not what many of us had hoped for. Perhaps some of these negative trends can be reversed. Perhaps the Shia majority will use their power wisely. But Iraqi democracy is now at the mercy of that majority, who we must hope will listen to their better angels. That is not a sign of success. "If men were angels," James Madison once wrote, "no government would be necessary."

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A 90 per cent pay hike? Hmmm . . .

SYED SAAD ANDALEEB

The Daily Star report of February 3, 2005 was quite astonishing: The Pay Commission (PC) has apparently proposed a pay hike of 90 per cent for government employees!

Whoever has heard of pay hikes of such magnitude? In more concrete terms this will cost the taxpayer an additional Tk.5200 crores per year to make the lives of government employees easier.

The question is: Have these employees made the lives of the taxpayer any easier?

Hmmm . . .

Now, I am not advocating that government employees should live austere lives of renunciation. But a 90 per cent hike? It does raise many questions: Let me pose some of these questions in three major areas.

The inflation argument

The DS report suggests that the pay hike was induced by an increase in inflation of 31.76 per cent. May I ask what the government employees have done to curb such high rates? If they had helped to facilitate productivity growth or stopped wasteful spending, should we have seen such high rates?

And with the injection of this new money into the economy, without any links to productivity gains, what does the PC think it will do to the inflation rate? Tame it? Have they done any simulations? And where will the additional money come from? Newer taxes? Higher taxes? From whom?

The confirmation process

The DS report suggests that a secretary-level committee will scrutinize the recommendation and file a report for retroactive implementation from January 1. Does the PC not foresee a conflict of interest situation here? Since this pay hike most likely has direct beneficial implications for those involved in scrutinizing the proposal and approving it, can we expect to see them raise any red flags? Will they debate the controversial issues? Who guards the guards? Hmmm . . .

The distribution of benefits

Is everyone getting a 90 per cent salary hike? What is the rationale?

At the lower rungs of the scale,

So, if the salary hikes are to be made permanent, it is important, first, to trim -- nay, slash -- the size of the government. That would also relieve the taxpayer from further burdens. Salary raises, for the most part, should be inextricably linked to performance gains. Any other basis for raises, especially when it is so large, is illogical, unsustainable, and a bad deal for the taxpayer.

where life is decidedly much tougher, and where real relief is needed, will this salary raise make a big difference? Going from Tk.1,500 to Tk.3,000 is certainly quite inconsequential compared to going from Tk.15,000 to Tk.27,000 . . . wouldn't you say? Hmmm . . .

What should be done?

First and foremost, the PC report should be made public, preferably on a publicized web site, and opened up to debate so that key stakeholders can weigh in with their opinions. Only then will the pros and cons of the recommendations be really seen in their true glory!

Next, the pay hike should not be automatic; it must be tied to performance parameters. In this regard the PC must work a bit harder to lay out performance criteria in concrete terms so that the government employees know what is expected from them and what goods they should deliver. Those who do ought to be rewarded; those who don't should not expect any rewards.

In this regard, I would suggest "bonus payments" instead of permanent pay hikes, especially because the economic environment does not promise galloping and continuing gains in the foreseeable future. The PC should clarify what rate of economic growth they have been forecasting and whether it would ensure that such pay raises can be sustained? And what if there is a downturn in the economy? In that event, is the PC thinking of printing money to pay the government employees or would they rather run to the aid agencies with the beggar's bowl?

The ramifications are indeed grim. Instead, the bonus idea seems better: Tying it to improvements in performance indicators would only guarantee gains to those who work hard to bring about such gains. Isn't that how entrepreneurs and employees in the private sector get paid . . . by working for it?

Of course, designing performance measures is no simple task . . . but isn't that what the Pay Commission should be doing? And what

the many "gatekeepers" whose sole role is to collect "dues" (wink, wink) from whosoever comes to their gate.

So, if the salary hikes are to be made permanent, it is important, first, to trim -- nay, slash -- the size of the government. Then let's put the deserving government employees with the savings from ridding us of the unnecessary and non-performing staff. That would also relieve the taxpayer from further burdens. Salary raises, for the most part, should be inextricably linked to performance gains. Any other basis for raises, especially when it is so large, is illogical, unsustainable, and a bad deal for the taxpayer.

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