

[Home](#) - [Site Index](#) - [Site Search/Archive](#) - [Help](#)

 Welcome, [ctzcrank](#) - [Member Center](#) - [Log Out](#)

Search:

[NYTimes.com](#) > [Opinion](#)

Fuzzy Math on Iraq

There has been a lot of talk in Washington about refashioning Iraq into a prosperous, tolerant democracy that can serve as a model for the Middle East. Unfortunately, there hasn't been much plain speaking about how much that is going to cost. That's because the honest answer isn't something American taxpayers want to hear. The hard numbers just don't support the White House's rosy claim that once this year's American aid package of \$2.5 billion is paid out, Iraq's oil sales will pay all the bills.

Oil will certainly be part of the equation. So should debt relief and aid from other countries, if Washington ever acknowledges that remaking Iraq has to be an international project with full United Nations involvement. But even with this help, a substantial share of the rebuilding costs, at least over the next two to three years, will have to come from the United States Treasury.

Making a liberated Iraq an example for the region requires making its economy whole again. Independent analysts say it could cost up to \$10 billion a year for the next three years to restore Iraq's public services, agriculture, infrastructure and living standards to the levels of the late 1980's. That was before Saddam Hussein's invasion of Kuwait and the resulting sanctions reduced one of the Arab world's most developed economies to its present, hardscrabble state.

The latest war disrupted food, water and electricity supplies and damaged roads, airfields and communications networks. But it does not seem to have inflicted much long-term physical damage. The \$2.5 billion Washington has budgeted this year for relief and reconstruction should be able to restore conditions in Iraq to the level of late last year. That immediate prewar level, however, was appalling. In the late 1980's, per capita income in Iraq was around \$3,000. Last year it was \$700 or less. Over the same period, infant mortality soared and education levels plummeted. Unemployment became the norm, with most Iraqis surviving on rationed food.

For the past few years, Iraq has been allowed to export as much oil as it could produce, with most of the revenue going to buy the food rations, medicines and consumer goods that Iraqis live on day to day. Not much is left for rebuilding Iraq's degraded economy, infrastructure and social services. Over time, Iraq may be able to increase its oil production significantly. But this will take at least several years and billions of dollars in new oil field investments — and higher output may well translate into lower prices per barrel. Instead of supporting other sectors of the economy, oil may well compete with them for outside credit and investment.

It may be possible to reduce the share of oil revenue going to pay victims of Saddam Hussein's 1990 invasion of Kuwait. But the issue of Iraq's inherited obligations isn't likely to be resolved quickly or painlessly. Valid claims still owed to victims of that war are likely to total more than \$80 billion.

Iraq also owes some \$60 billion to \$100 billion in accumulated debt to foreign companies and governments, on which it has made no significant payments for years. Some write-down of these obligations seems inevitable. But with much of the money owed to private corporations and individuals, no quick or easy solution is likely. Even if payments are stretched out, they will consume a substantial chunk of Iraq's oil income for years.

Iraq is fortunate to sit atop the world's second-largest oil reserves. Without Saddam Hussein, this bounty should be able to provide its people with the decent life they deserve. Getting there, however, will take a lot more American financial help than the administration has so far acknowledged.

ARTICLE TOOLS

-  [E-Mail This Article](#)
-  [Printer-Friendly Format](#)
-  [Most E-Mailed Articles](#)

 ARTICLE TOOLS
SPONSORED BY


[Discuss Today's Editorials](#)

TIMES NEWS TRACKER

Topics	Alerts
International Relations	
Iraq	
Editorials	
Create Your Own Manage Alerts	

RELATED ARTICLES

- [OPEC Plans to Rein In Members' Production Levels](#) (April 24, 2003)
- [French Ambassador Calls for an End to Sanctions Against Iraq](#) (April 22, 2003)
- [The Faraway War Set Latin America on Edge](#) (April 20, 2003)
- [Europe Finds No Counterweight to American Power](#) (April 20, 2003)
- [The True Cost of Hegemony: Huge Debt](#) (April 20, 2003)

Find more results for [International Relations](#) and [Iraq](#) .

Expect the World every morning with Home Delivery of The New York Times Newspaper.

[Click Here for 50% off](#)

TOP OPINION ARTICLES

- [Fuzzy Math on Iraq](#)
- [The I.R.S. Goes After the Poor](#)
- [Editorial Observer: To Worship Freely, Americans Need a Little Elbow Room](#)
- [Punish France? Stop the Pettiness](#)
- [A Brighter Future for the Everglades](#)