

Trillion-dollar- business: US war spending spirals out of control

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The heated debate over the US debt ceiling focused almost exclusively on cuts in social security and raising taxes. But a main item of government expenditure was hardly addressed at all: The rising cost of the wars.

For weeks a fierce political fight over government debt raged in Washington. Both parties agreed that a default had to be avoided and that the debt burden of the US must be addressed.

But while Republicans pushed for a steep reduction of government expenditures mainly through drastic cuts in social programs, Democrats wanted to tackle the issue mainly by increased taxes for the rich.

In their zeal to cut welfare programs and raise taxes both parties completely neglected one area of government spending that comes with a hefty sticker price: The cost of war.

Back in the winter of 2002, when the United States was still contemplating whether or not it would wage war against Saddam Hussein, President George W. Bush's key economic advisors estimated that an invasion would cost between \$50 and \$60 billion (35-41 billion euros).

With US troops scheduled to withdraw from Iraq by the end of 2011, the war there has cost a cumulative total of \$806 billion over the past eight years, according to the non-partisan Congressional Research Service, dwarfing the Bush administration's original projections.

Washington, however, has also spent a decade waging a counterinsurgency operation in Afghanistan and launching clandestine military strikes in Pakistan. A new study by Brown University entitled the "Costs of War" estimates that in total, when all is said and done, the United States will have spent between \$3 and \$4 trillion on foreign wars since the September 11, 2001 attacks.

"If you study the history of war, throughout the millennia those who have been in favor of going to war have always very substantially underestimated the costs in both blood and treasure," Linda Bilmes, coauthor of the book the "Three Trillion Dollar War," told Deutsche Welle.

"You had an administration where they were expecting a quick, cheap war."

Discount war

Lawrence Lindsey, director of the Bush administration's National Economic Council, made an attempt to put a price tag on what regime change in Iraq would cost the United States in the autumn of 2002.

Lindsey estimated that a war in the Middle East would cost between \$100 and \$200 billion, or 1-2 percent of America's gross domestic product (GDP). He was subsequently let go, and the administration's budget director, Mitchell Daniels, proposed a new figure of \$50-\$60 billion.

"He (Lindsey) was a very senior guy - the senior economist - so to essentially fire him over this was a substantially big move," said Bilmes, an expert on public finance with Harvard's Kennedy School of Government. "What it meant was that the group of people who were making this decision was a very closed group."

The Bush administration's "shock-and-awe" campaign, which soundly defeated Saddam Hussein's decaying conventional military, turned into a grinding unconventional war of attrition that pitted Iraq's ethno-religious groups against each other with the US military stuck in the middle.

"They completely underestimated the entire situation," Bilmes said. "There was no plan for what might happen and what might be unleashed by invading Iraq."

So as the insurgency dragged on year after year, the costs of counterinsurgency - which were financed almost entirely through debt - began to add up.

"Three trillion dollars was the floor," Bilmes said. "It was the minimum that the war could cost."

"At this point we believe the war will cost between \$4 and \$6 trillion but there are many costs that can't be quantified."

Connecting the dots

The theater of the Iraq war, the Persian Gulf, is a critical supplier of world oil demand. Between 2001 and 2003, a barrel of oil cost \$25 with futures markets predicting that the price would remain stable during the ensuing decade, according to Bilmes.

Political instability in Iraq, however, was one factor that caused a disruption in supply just as demand was rising due to the economic boom in India and China. By 2008, a barrel of oil - the lifeblood of the global economy - cost \$140.

This quintupling of oil prices put a tremendous strain on the daily budget of the American consumer, pushing policymakers in Washington to take preventative measures to ease the burden of the war on the voter's wallet.

"The rising oil prices were one of the factors that contributed to the decision by the Federal Reserve to increase liquidity so much in the US economy," Bilmes said. "The increased liquidity was one of the factors that contributed to the housing bubble."

Human cost

In a time of limited economic resources, the price tag of the wars has become a growing focus of political attention among both the American people and their elected officials. But the human cost in terms of the dead, wounded and the long-term impact that these burdens have on communities and families remains underreported.

According to Brown University's report, approximately 225,000 people have been killed and 365,000 physically wounded in the conflicts in Iraq, Afghanistan and Pakistan since the September 11 attacks.

Neta Crawford, who authored the report's section on human costs, says that these numbers represent those people directly killed or wounded by bullets and bombs. Indirect deaths related to the disruption caused to infrastructure and health services as result of the wars are not included.

"The estimates from other conflicts are that between four and 15 times the number of people who die as a result of the bombs and bullets – the fire of war – die from these indirect effects," Crawford, a political science professor at Boston University, told Deutsche Welle. "It would not have been absurd to say instead of X number, it's four times that or 15 times that. We don't know."

The human cost, however, does not begin and end with the individual. Every death and physical wound has carried broader social costs that have strained families and communities throughout Central Asia, the Middle East, Europe and North America.

"Every person who has died who has made money for their family means their family is poorer," Crawford said. "Every death means that you have to pay funeral expenses. Everyone who is injured or maimed, you have to keep caring for them. It is a continued burden on the families of the survivors of the dead and wounded."

The benefits

The economic and human costs of the wars have been high. But do these costs outweigh the benefits? The Taliban and Saddam Hussein were driven from power. Afghanistan and Iraq are now trying to move toward economic and democratic development in regions that have a deficit of both.

"When you evaluate the cost and benefits of any major military undertaking, the benefits are difficult to ascertain but one thing you can do is look at the costs," Bilmes said.

"One of the things we felt was that the costs were ignored at the time," she continued. "They were not only ignored, but as the (Iraq) war went on they were deliberately suppressed."

With the wars officially winding down as the US moves ahead with its respective timetables for withdrawal in Iraq and Afghanistan, history will ultimately judge whether those campaigns were a worthy investment of life and resources. The costs, however, will continue to accumulate even after the last rifle is silenced.

"We don't think about the fact that wars don't end when the fighting stops," Crawford said. "There's a long-term strain on relationships and on individuals in their bodies. The war is written into their bodies as ill health that continues after the fighting stops."

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