

Iraq war costing ^{USA} US economy \$5,000



By Nicholas D Kristof

The Bush administration has financed the Iraq war in a way that undermines our national security — by borrowing. Forty percent of the increased debt will be held by China and other foreign countries

THE Iraq war is now going better than expected, for a change. Most critics of the war, myself included, blew it: we didn't anticipate the improvements in security that are partly the result of last year's "surge".

The improvement is real but fragile and limited. Here's what it amounts to: We've cut our casualty rates to the unacceptable levels that plagues us back in

2005, and we still don't have any exit plan for years to come - all for a bill that is accumulating at the rate of almost \$5,000 every second!

More important, while casualties in Baghdad are down, we're beginning to take losses in Florida and California. The United States seems to have slipped

Joseph Stiglitz, the Nobel Prize-winning economist. "It was at least partially responsible for soaring oil prices. Moreover, money spent on Iraq did not stimulate the economy as much as the same dollars spent at home would have done. To cover up these weaknesses in the American economy, the Fed let forth

International and author of a book on how America pays for wars, argues that the Iraq war is a negative for the economy but still only a minor factor in the present crisis.

"Is it a significant cause of the present downturn?" Mr Hormats asked. "I'd say no, but could the money have been better utilised to strengthen our economy? The answer is yes."

For all the disagreement, there appears to be at least a modest connection between spending in Iraq and the economic difficulties at home. So as we debate whether to bring our troops home, one central question should be whether Iraq is really the best place to invest \$411 million every day in present spending alone.

I've argued that staying in Iraq indefinitely undermines our national security by empowering jihadis - just as we now know that our military presence in Saudi Arabia in the 1990s was, in fact, counterproductive by empowering Al Qaeda in its early days. On the other hand, supporters of the war argue that a withdrawal from Iraq would signal weakness and leave a vacuum that extremists would fill, and those are legit-

imate concerns.

But if you believe that staying in Iraq does more good than harm, you must answer the next question: Is that presence so valuable that it is worth undermining our economy?

Granted, the cost estimates are squishy and controversial, partly because

While casualties in Baghdad are down, we're beginning to take losses in Florida and California. The United States seems to have slipped into recession; Americans are losing their homes, jobs and health insurance; banks are struggling — and the Iraq war appears to have aggravated all these domestic woes

into recession; Americans are losing their homes, jobs and health insurance; banks are struggling - and the Iraq war appears to have aggravated all these domestic woes.

"The present economic mess is very much related to the Iraq war", says

a flood of liquidity; that, together with lax regulations, led to a housing bubble and a consumption boom."

Not everyone agrees that the connection between Iraq and our economic hardships is so strong. Robert Hormats, vice chairman of Goldman Sachs

Imagine the possibilities, if the money were channelled elsewhere. We could rehabilitate America's image and launch a global drive to slash malaria and deworm every child. We could consume less than one month

the \$12.5 billion a month that we're now paying for Iraq is only a down payment. We'll still be making disability payments to Iraq war veterans 50 years from now.

Professor Stiglitz calculates in a new book, written with Linda Bilmes of Harvard University, that the total costs,

00 per second!

including the long-term bills we're incurring, amount to about \$25 billion a month. That's \$330 a month for a family of four.

A Congressional study by the Joint Economic Committee found that the sums spent on the Iraq war each day could enroll an additional 58,000 chil-

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dren in Head Start or give Pell Grants to 153,000 students to attend college. Or if we're sure we want to invest in security, then a day's Iraq spending would finance another 11,000 border patrol agents or 9,000 police officers.

Imagine the possibilities. We could

hire more police and border patrol agents, expand Head Start and rehabilitate America's image in the world by underwriting a global drive to slash maternal mortality, eradicate malaria and deworm every child in Africa. All that would consume less than one month's spending on the Iraq war.

Moreover, the Bush administration has financed this war in a way that undermines our national security - by borrowing. Forty percent of the increased debt will be held by China and other foreign countries.

"This is the first major war in American history where all the additional cost was paid for by borrowing", Mr Hormats notes. If the war backers believe that the Iraq war is so essential, then they should be willing to pay for it partly with taxes rather than charging it.

One way or another, now or later, we'll have to pay the bill. Professor Stiglitz calculates that the eventual total cost of the war will be about \$3 trillion. For a family of five like mine, that amounts to a bill of almost \$50,000.

I don't feel that I'm getting my money's worth. COURTESY THE NEW YORK TIMES