

Information Act.

This data shows that **the total number of soldiers who have been wounded, injured, or suffered from disease is double the number wounded in combat.** Some will argue that a percentage of these non-combat injuries might have happened even if the soldiers were not in Iraq. Our new research shows that the majority of these injuries and illnesses can be tied directly to service in the war.

From the unhealthy brew of emergency funding, multiple sets of books, and chronic underestimates of the resources required to prosecute the war, we have attempted to identify how much we have been spending - and how much we will, in the end, likely have to spend. The figure we arrive at is more than \$3 trillion. Our calculations are based on conservative assumptions. They are conceptually simple, even if occasionally technically complicated. A \$3 trillion figure for the total cost strikes us as judicious, and probably errs on the low side. Needless to say, this number represents the cost only to the United States. **It does not reflect the enormous cost to the rest of the world, or to Iraq.**

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THE THREE TRILLION DOLLAR WAR

The cost of the Iraq and Afghanistan conflicts have grown to staggering proportions

Joseph Stiglitz and Linda Bilmes
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The Bush Administration was wrong about the benefits of the war and it was wrong about the costs of the war. The president and his advisers expected a quick, inexpensive



conflict. Instead, we have a war that is costing more than anyone could have imagined.

The cost of direct US military operations - not even including long-term costs such as taking care of wounded veterans - already exceeds the cost of the 12-year war in Vietnam and is more

than double the cost of the Korean War.

And, even in the best case scenario, these costs are projected to be almost ten times the cost of the first Gulf War, almost a third more than the cost of the Vietnam War, and twice that of the First World War. The only war in our history which cost more was the Second World War, when 16.3 million U.S. troops fought in a campaign lasting four years, at a total cost (in 2007 dollars, after adjusting for inflation) of about \$5 trillion (that's \$5 million million, or £2.5 million million). With virtually the entire armed forces committed to fighting the Germans and Japanese, the cost per troop (in today's dollars) was less than \$100,000 in 2007 dollars. By contrast, the Iraq war is costing upward of \$400,000 per troop.

Most Americans have yet to feel these costs. The price in blood has been paid by our voluntary military and by hired contractors. The price in treasure has, in a sense, been financed entirely by borrowing. Taxes have not been raised to pay for it - in fact, taxes on the rich have actually fallen. Deficit spending gives the illusion that the laws of economics can be repealed, that we can have both guns and butter. But of course the laws are not repealed. The costs of the war are real even if they have been deferred, possibly to another generation.

On the eve of war, there were discussions of the likely costs. Larry Lindsey, President Bush's economic adviser and head of the National Economic Council, suggested that they might reach \$200 billion. But this estimate was dismissed as "baloney" by the Defence Secretary, Donald Rumsfeld. His deputy, Paul Wolfowitz, suggested that postwar reconstruction could pay for itself through

increased oil revenues. Mitch Daniels, the Office of Management and Budget director, and Secretary Rumsfeld estimated the costs in the range of \$50 to \$60 billion, a portion of which they believed would be financed by other countries. (Adjusting for inflation, in 2007 dollars, they were projecting costs of between \$57 and \$69 billion.) The tone of the entire administration was cavalier, as if the sums involved were minimal.

Even Lindsey, after noting that the war could cost \$200 billion, went on to say: "The successful prosecution of the war would be good for the economy." In retrospect, Lindsey grossly underestimated both the costs of the war itself and the costs to the economy. Assuming that Congress approves the rest of the \$200 billion war supplemental requested for fiscal year 2008, ... Congress will have appropriated a total of over \$845 billion for military operations, reconstruction, embassy costs, enhanced security at US bases, and foreign aid programmes in Iraq and Afghanistan.

As the fifth year of the war draws to a close, operating costs (spending on the war itself, what you might call "running expenses") for 2008 are projected to exceed **\$12.5 billion a month for Iraq alone**, up from \$4.4 billion in 2003, and with Afghanistan the total is \$16 billion a month. Sixteen billion dollars is equal to the annual budget of the United Nations, or of all but 13 of the US states. **Even so, it does not include the \$500 billion we already spend per year on the regular expenses of the Defence Department.** Nor does it include other hidden expenditures, such as intelligence gathering, or funds mixed in with the budgets of other departments.

Because there are so many costs that the

Administration does not count, the total cost of the war is higher than the official number. For example, government officials frequently talk about the lives of our soldiers as priceless. But from a cost perspective, these "priceless" lives show up on the Pentagon ledger simply as \$500,000 - the amount paid out to survivors in death benefits and life insurance. After the war began, these were increased from \$12,240 to \$100,000 (death benefit) and from \$250,000 to \$400,000 (life insurance).

Even these increased amounts are a fraction of what the survivors might have received had these individuals lost their lives in a senseless automobile accident. In areas such as health and safety regulation, the US Government values a life of a young man at the peak of his future earnings capacity in excess of \$7 million - far greater than the amount that the military pays in death benefits. Using this figure, the cost of the nearly 4,000 American troops killed in Iraq adds up to some \$28 billion.

The costs to society are obviously far larger than the numbers that show up on the government's budget. Another example of hidden costs is the understating of US military casualties. The Defence Department's casualty statistics focus on casualties that result from hostile (combat) action - as determined by the military. Yet if a soldier is injured or dies in a night-time vehicle accident, this is officially dubbed "non combat related" - even though it may be too unsafe for soldiers to travel during daytime.

In fact, the Pentagon keeps two sets of books. The first is the official casualty list posted on the DOD website. The second, hard-to-find, set of data is available only on a different website and can be obtained under the Freedom of