

## The Opportunity Costs of the Iraq War

By

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While we cannot ignore the tremendous costs the Iraqi people and U.S. soldiers will pay for the Iraq War, today I would like to focus on another type of cost: the cost that all Americans must pay because of our country's continued pursuit of this war.

Every dollar spent on the Iraq War is a dollar we cannot spend on addressing other priorities, whether abroad or at home. Economists call this an 'opportunity cost.' Congress has so far spent nearly \$320 billion on the war.<sup>1</sup> But all of these dollars are dollars that could have been directed toward meeting other needs and investing in our future. In fact, that amount of money *could* have done all the following:

- Provided health care coverage for all uninsured children for as long as the Iraq War has lasted; AND
- Provided four-year scholarships (tuition and fees) to a public university for all of this year's graduating seniors; AND
- Built half a million affordable housing units; AND
- Fully-funded the amount the Coast Guard estimated is needed for port security; AND
- Tripled the energy conservation budget in the U.S. Department of Energy; AND
- Still enough would be left over to reduce this year's budget deficit by one-third.

After three and a half years of the Iraq War, much has happened in the U.S. that speaks to our elected officials' priorities. During the same period of time, the number and percentage of people without health insurance – private, government or otherwise – has risen. Many more are under-insured and have large out-of-pocket costs for health care. A recent study found that half of all bankruptcies filed were at least in part due to unaffordable health care bills. The poverty rate continues to hover around 12%, more than a third of which are children. The median household income and median family income have declined and stagnated. The jobs that have been gained since the last recession are primarily low wage. Meanwhile, income inequality has grown. The share of income going to the "bottom" four-fifths of all families has declined, while the wealthiest one-fifth of families' share has increased.

Yet, since the Iraq War began, no event speaks more about the divestment in our infrastructure and in our families than Hurricane Katrina. The hurricane exposed the poverty that exists in this nation of wealth. But the hurricane also exposed what happens when we neglect our infrastructure.

Representatives from Louisiana had consistently requested that the Southeast Louisiana Flood Control Project be fully funded. The budget had been continually cut since 2002. In response to another request presented to the administration the year before the hurricane, the Deputy Director of the Office of Management and Budget responded in a memo that the President's priorities included war and pro-growth economic policies. By default, the money was not available for fully funding flood control.

The request was for only \$60 million. We all know now what penny-pinching on flood control and levee construction has wrought. The Congress is well aware of the more than \$100 billion appropriated in response to Hurricanes Katrina and Rita. While hurricanes cannot be prevented, one must wonder as to whether we could have at least mitigated the damage, cost, and loss of life.

But the Iraq War impacted Hurricane Katrina in another way. At the time, around 30% of Army troops in Iraq were National Guard troops, who would normally play a large role in response and recovery in the event of a natural disaster. Under the current model of the Guard, units only have 65-74% of the troops and equipment needed to conduct assigned wartime missions. As units have been deployed to Iraq, equipment and personnel has been removed from non-deployed units to those deploying. When returning home, National Guard units have been ordered by the Army to leave behind their equipment. Thus the non-deployed National Guard troops are increasingly unprepared (in terms of troops and equipment) to support emergency efforts here in the U.S. By the time of the hurricanes, 64,000 pieces of equipment were left in Iraq by Army National Guard Units and non-deployed troops were estimated to only have 34% of their essential equipment. Louisiana and Mississippi had 8,200 troops and two brigades worth of equipment deployed to Iraq. Even after the Louisiana brigade would return home, it would still lack 350 pieces of essential equipment required for hurricane response.

While hurricanes cannot be prevented, scientists do, however, show the link between climate change and more severe weather. Recently, the media reported on another scientific study linking warming ocean water and the strength of hurricanes. Nevertheless, our government's attention has been so focused on war that it has ignored the environment. While the U.S. could show global leadership and work to shape a better future through policy and budgeting, we instead witness the exact opposite. Energy policies focus on more drilling for fossil fuel, while the Environmental Protection Agency's budget and many environmental programs are each year put on the chopping block.

The taxpayer costs of the Iraq War will be much higher than the \$320 billion that Congress has thus far allocated. Each year we continue to prosecute the Iraq War, we will spend another \$75 billion - \$100 billion.<sup>ii</sup> At the time of writing, Congress is on its way to allocating another \$50 billion for the first half of fiscal year 2007. But the war is essentially deficit-financed. We add more and more money onto our national debt as if it will be easier for our children to pay it back. The interest payments over the years could amount to another \$100 billion or more. Veterans' health care, consistently under-

funded over the years, will also need additional funding. The health care and disability payments for soldiers wounded in the war could amount to another \$100 billion. And these are only budgetary costs, not the full range of economic costs, which could exceed \$1 trillion.

In the run up to the Iraq War, the American public was not made aware of the enormous cost of military operations and the possibility of a protracted involvement. In fact, the White House claimed that the war would amount to \$50 billion. When its economic adviser, Lawrence Lindsey, claimed it would be between \$100 billion - \$200 billion, he was fired. Even after the Iraq War began, the Congressional Budget Office estimated that the Iraq War would cost between \$85 billion - \$200 billion through fiscal year 2013.

Overly optimistic scenarios of the Iraq War continue to be propounded, leading the public to draw the wrong conclusions: that war can be an inexpensive cakewalk. Yet, three and a half years later, the American public is increasingly recognizing that the costs have been too high and the benefits are altogether unclear. The public is ready to hear the truth and debate the options, if only more elected officials would show leadership in this area.

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<sup>i</sup> This refers to what has been allocated or spent through fiscal year 2006. The Congressional Budget Office offers a slightly lower estimate, but the Congressional Research Service estimates that \$318.5 billion has been spent or allocated on the Iraq War. Estimates from researcher to researcher may vary slightly in what is included such as modularity and the extent of foreign aid tied to the war.

<sup>ii</sup> Unlike the Congressional Budget Office which has consistently based its projections on the number of troops declining over time, I do not see that will necessarily be the case, especially since the violence is intensifying and civil war develops.