

How the Iraq and Afghanistan wars are crippling the US economy

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As Election Day draws near, it's pretty clear: Voters are worried about jobs, the budget deficit and the rising national debt.

But behind those issues—behind the ads and candidates' speeches, behind the rhetoric about "out-of-control" government spending—there lurks a hidden, less-talked-about issue: the cost of the ongoing wars.

Already, we've spent more than \$1 trillion in Iraq, not counting the \$700 billion consumed each year by the Pentagon budget.

And spending in Iraq and Afghanistan now comes to more than \$3 billion weekly, making the wars a major reason for record-level budget deficits.

Two years ago, Joseph Stiglitz and I published *The Three Trillion Dollar War* in which we estimated that the budgetary and economic costs of the war would reach \$3 trillion.

Taking new numbers into account, however, we now believe that our initial estimate was far too conservative—the cost of the wars will reach between \$4 trillion and \$6 trillion.

For example, we recently analyzed the medical and disability claim patterns for almost a million troops who have returned from the wars, and, based on this record, we've revised our estimate upward to between \$600 billion and \$900 billion—a broad specter, yes, but certainly also a significant upward tick from our earlier projection of \$400 billion to \$700 billion, based on historical patterns.

Similarly, our estimates for the economic and social costs associated with returning veterans can be expected to rise by at least a third—the staggering toll of repeated deployments over the past decade.

The Bush administration not only vastly underestimated the cost of the wars but cut taxes twice—in 2001 and 2003—just as we were ramping up the war effort. This was the first time in U.S. history that a government cut taxes while also appropriating huge new sums to fight a war. And the consequence is that the wars added substantially to the federal debt.

Between 2003 and 2008—before the financial crisis unfolded—the debt rose from \$6.4 trillion to \$10 trillion, and, at least one-quarter of this increase was directly attributable to the wars, first in Iraq and then in Afghanistan.

The US is spending more than \$3 billion a week on the wars in Afghanistan and Iraq

We have already spent more than \$1 trillion in Iraq... and weekly—yes, weekly—spending in Iraq and Afghanistan now comes to more than \$3 billion.

For example, in March 2003—the month of the Iraq invasion—oil prices hovered just under \$25 per barrel. Immediately afterward, however, prices started to soar, reaching \$140 a barrel five years later. Add to that: for Americans, the war-spending left us with much less wiggle room domestically to deal with the financial crisis.

In the run-up to the election, people have expressed concerns about the debt and the deficit, as well as the huge ongoing burden of funding the conflict, and the constraints they exert on the size of the economic stimulus package.

Here is what we know: the legacy of the wars will continue to drag the economy down.

The long-term costs of the conflicts in Iraq and Afghanistan will be higher than previous wars because of higher survival rates, greater incidence of PTSD and other mental-health disorders. Additionally, a higher percentage of veterans are claiming disability benefits, and far more veterans have served multiple tours of duty.

Taken in context, history shows that the cost of caring for war veterans typically peaks 40 years after a conflict ends. The peak year for paying out disability claims to World War I veterans didn't occur until 1969; the peak for paying out World War II benefits was in the 1980s, and we have not yet reached the peak cost for Vietnam veterans. Even the Gulf War of 1991, which lasted just six weeks, now costs more than \$4 billion a year in veterans' disability compensation.

Hundreds of thousands of veterans have already been treated in VA medical facilities; and many will require care for the rest of their lives. Half-a-million people plus have filed for disability compensation. And the total lifetime cost of providing for these veterans is likely to tally between \$600 billion and \$900 billion, as mentioned above. But of course, even these huge numbers don't include the economic costs that are borne by veterans and their families, in terms of diminished quality of life, lost employment and long-term suffering.

We will also need to find billions of dollars to replace vehicles, weapons and other equipment that will never be repatriated.

It is this spending (and the accompanying debt) that will one day need to be paid, that is truly haunting the November elections. We just don't care to connect the dots. Iraq and Afghanistan cast a long shadow. We will be living with their legacy for decades.

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