

Military Deaths and Disability Benefits Short-Change Families of Veterans

By [Sherwood Ross](#)

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Pentagon death and disability payments for service personnel are far lower than private sector payouts for like causes, a Nobel Prize-winning economist says.

The families of civilian workers killed in an environmental accident routinely collect millions of dollars in court settlements but the official Pentagon payout to family survivors is a \$100,000 “death gratuity” plus \$400,000 in life insurance, write Joseph Stiglitz and Linda Bilmes in their new book “The Three Trillion Dollar War”(W.W. Norton). Bilmes is an expert on government finance at Harvard and economist Stiglitz teaches at Columbia University.

The \$500,000 sum “is a small fraction of the value used in even the narrowest economic estimates of the value of a lost life, what a person might have earned had he/she been able to fulfill his/her normal life expectancy,” the authors say. Juries frequently award much higher amounts in wrongful civilian death lawsuits, including one recent award for \$269 million.

Using the economists’ “value of statistical life” measure, of \$7.2 million for an employee killed in a workplace or environmental accident, the “hidden cost” to the public given 4,300 U.S. deaths in Iraq and Afghanistan exceeds \$30 billion, the authors write.

And the \$7.2 million yardstick is short, too, because in many cases “those killed in Iraq were young men and women in peak physical condition, at the beginning of their working lives. The true economic loss from their deaths could be much higher,” Stiglitz and Bilmes say.

Similarly, veterans’ families are being short-changed in payouts for traumatic brain injuries(TBI)—injuries that often prevent a veteran from holding down a job and require frequent trips to the doctor.

“Even when TBI is diagnosed correctly, the maximum compensation the government provides is less than \$60,000 per year in combined veterans’ and Social Security disability benefits,” Stiglitz and Bilmes write. “This is a fraction of the amount brain injury experts estimate for the typical lifetime costs for a person surviving a severe TBI, which exceeds \$4 million.”

Stiglitz and Bilmes note that a recent analysis by the Veterans Disability Benefits Commission(VDBC) showed that “the dollar amounts paid to younger veterans and to those with severe mental disabilities do not come anywhere close to matching what they could have earned.”

VDBC found actual VA benefits covered only 69% of the income that a 35-year-old vet with a mental health disability could have expected to earn had the vet not become impaired, the authors write. As for vets suffering 100% mental disability, the gap between what they might have earned and what Uncle Sam pays them over their lifetimes is about \$3.6 million.

While the budgetary costs of the war — what the Treasury and taxpayers shell out — may be as high as \$2.7 trillion, before interest, the authors write this figure ignores the “social” costs of Iraq, costs that aren’t captured in the Federal budget but “nevertheless represent a real burden on society.” Stiglitz and Bilmes estimate these will add at least \$300 to \$400 billion more to the bill.

Not tallied in the official count, either, are such costs as those borne by vets’ families for their caretaker roles. Some family members must change or quit their jobs to attend the wounded. A 100% disabled veteran will get about \$45,000 from the VA and perhaps \$12,000 more in Social Security disability pay, plus some health care or other benefits.

“But all of this adds up to a fraction of what it costs to look after a young man (or woman) who needs help getting dressed, eating, washing, and performing other daily activities, as well as constant medical attention, 24 hours every day, seven days per week,” the authors point out.

“Someone else—perhaps a wife, husband, parent, or volunteer in the community—is bearing the real cost of providing this care.” And in one in five families of wounded returning veterans, a family member has been forced to quit a job to work full-time.

To date, Stiglitz and Bilmes write, there have been more than 65,000 “non-mortal casualties” among U.S. troops deployed in Iraq and Afghanistan, of whom 14,000 are so seriously injured they were unable to continue their service.

More than a quarter of a million veterans returned from the front have been treated in a VA facility and 80% of them have applied for disability benefits, “which means that over 200,000 men and women who fought in Iraq or Afghanistan have been left with a physical or mental impairment,” the authors say. “Before the war is over—and in its aftermath—the numbers are likely to more than double.”

Sherwood Ross is a Miami-based public relations consultant who formerly worked for the *Chicago Daily News* and as a columnist for wire services. Reach him at sherwoodr1@yahoo.com .

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