



Published on Saturday, January 7, 2006 by the [Guardian/UK](#)

Iraq War Could Cost US Over \$2 Trillion, says Nobel Prize-Winning Economist

- Economists say official estimates are far too low;- New calculation takes in dead and injured soldiers

by Jamie Wilson in Washington

The real cost to the US of the Iraq war is likely to be between \$1 trillion and \$2 trillion (£1.1 trillion), up to 10 times more than previously thought, according to a report written by a Nobel prize-winning economist and a Harvard budget expert.

The study, which expanded on traditional estimates by including such costs as lifetime disability and healthcare for troops injured in the conflict as well as the impact on the American economy, concluded that the US government is continuing to underestimate the cost of the war.

The report came during one of the most deadly periods in Iraq since the invasion, with the US military yesterday revising upwards to 11 the number of its troops killed during a wave of insurgent attacks on Thursday. More than 130 civilians were also killed when suicide bombers struck Shia pilgrims in Karbala and a police recruiting station in Ramadi.

“The paper on the real cost of the war, written by Joseph Stiglitz, a Columbia University professor who won the Nobel prize for economics in 2001, and Linda Bilmes, a Harvard budget expert, is likely to add to the pressure on the White House on the war.”

The paper on the real cost of the war, written by Joseph Stiglitz, a Columbia University professor who won the Nobel prize for economics in 2001, and Linda Bilmes, a Harvard budget expert, is likely to add to the pressure on the White House on the war. It also followed the revelation this week that the White House had scaled back ambitions to rebuild Iraq and did not intend to seek funds for reconstruction.

Mr Stiglitz told the Guardian that despite the staggering costs laid out in their paper the economists had erred on the side of caution. "Our estimates are very conservative, and it could be that the final costs will be much higher. And it should be noted they do not include the costs of the conflict to either Iraq or the UK." In 2003, as US and British troops

were massing on the Iraq border, Larry Lindsey, George Bush's economic adviser, suggested the costs might reach \$200bn. The White House said the figure was far too high, and the deputy defence secretary, Paul Wolfowitz, said Iraq could finance its own reconstruction.

Three years later, with more than 140,000 US soldiers on the ground in Iraq, even the \$200bn figure was very low, according to the two economists.

Congress has appropriated \$251bn for military operations, and the Congressional budget office has now estimated that under one plausible scenario the Iraq war will cost over \$230bn more in the next 10 years. According to Mr Stiglitz and Ms Bilmes, whose paper is due to be presented to the Allied Social Sciences Association in Boston tomorrow, there are substantial future costs not included in the Congressional calculations.

For instance, the latest Pentagon figures show that more than 16,000 military personnel have been wounded in Iraq. Due to improvements in body armour, there has been an unusually high number of soldiers who have survived major wounds such as brain damage, spinal injuries and amputations. The economists predict the cost of lifetime care for the thousands of troops who have suffered brain injuries alone could run to \$35bn. Taking in increased defence spending as a result of the war, veterans' disability payments and demobilisation costs, the economists predict the budgetary costs of the war alone could approach \$1 trillion.

The paper also came amid the first indications from the Pentagon that it intended to scale down its costly presence in Iraq this year.

Last night, Ayman al-Zawahiri, al-Qaida's number two, said in a video that hints of the American withdrawal amounted to a "victory for Islam".

The unforeseen costs of the war have been blamed on poor planning and vision by the architects of the invasion. In a frank admission yesterday, Paul Bremer, the first US administrator of postwar Iraq, said the Americans did not anticipate the uprising that has persisted since flaring in 2004. "We really didn't see the insurgency coming," he told NBC television.



But the economists' costings went much further than the economic value of lives lost. They factored in items such as the higher oil prices which could partly be attributed to the war. They also calculated the effect if a proportion of the money spent on the Iraq war was allocated to other causes. These factors could add tens of billions of dollars.

Mr Stiglitz, a former World Bank chief economist, said the paper, which will be available on josephstiglitz.com, did not attempt to explain whether Americans were deliberately misled or whether the underestimate was due to incompetence.

But in terms of the total cost of the war "there may have been alternative ways of spending a fraction of that amount that would have enhanced America's security more, and done a better job in winning the hearts and minds of those in the Middle East and promoting democracy".

© Guardian Newspapers Limited 2006

###

 Printer Friendly Version  E-Mail This Article

FAIR USE NOTICE

This site contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available in our efforts to advance understanding of environmental, political, human rights, economic, democracy, scientific, and social justice issues, etc. We believe this constitutes a 'fair use' of any such copyrighted material as provided for in section 107 of the US Copyright Law. In accordance with Title 17 U.S.C. Section 107, the material on this site is distributed without profit to those who have expressed a prior interest in receiving the included information for research and educational purposes. For more information go to: <http://www.law.cornell.edu/uscode/17/107.shtml>. If you wish to use copyrighted material from this site for purposes of your own that go beyond 'fair use', you must obtain permission from the copyright owner.

Common Dreams [NewsCenter](#)

A non-profit news service providing breaking news & views for the progressive community.

[Home](#) | [Newswire](#) | [Contacting Us](#) | [About Us](#) | [Donate](#) | [Sign-Up](#) | [Archives](#)

© Copyrighted 1997-2006

www.commondreams.org