
In 2003, Secretary of Defense Donald Rumsfeld dismissed as "baloney" a suggestion that the war in Iraq might cost American taxpayers $200 billion. Rumsfeld's estimate, endorsed by Mitch Daniels, director of President Bush's Office of Management and Budget, was $50-60 billion, some of which, they indicated, would be picked up by other countries. Rumsfeld's deputy, Paul Wolfowitz, added that Iraqi oil revenues would pay for the postwar reconstruction of the country.

They were wrong. Operating costs for the war now exceed $12.5 billion a month (up from $4.4 billion in 2003). Including the war supplemental for fiscal 2008, Congress has appropriated $634 billion for military operations, reconstruction, embassy costs, security at U.S. bases, and foreign aid programs in Iraq.

The meter, of course, is still ticking. And, as Joseph Stiglitz and Linda Bilmes point out, these figures do not include massive costs that have been hidden from the public by the Bush Administration. In *The Three Trillion Dollar War*, Joseph Stiglitz, professor of economics at Columbia University, chairman of President Clinton's Council of Economic Advisors, and winner of the Nobel Prize in Economics in 2001, and Linda Bilmes, lecturer at Harvard's Kennedy School of Government and former Assistant Secretary of Commerce, use documents obtained under the Freedom of Information to tally the "true costs" of the war—and the massive expenditures still to come.

Stiglitz and Bilmes make no effort to hide their political agenda. They believe that the invasion of Iraq by the United States was an act of aggression in violation of international law—and that the likelihood of a stable and democratic society in the foreseeable future is dim.
Convinced that the United States has become "toxic" in Iraq, they maintain that the only remaining questions for policy makers are tactical: how rapidly can American forces be withdrawn—and with what implications for the balance of power among Sunnis, Shiites, and Kurds.

Stiglitz and Bilmes do not include benefits of the war in their calculations. And their estimates, inevitably, include lots of guesswork. Nonetheless, *The Three Trillion Dollar War* is an important and timely book. In the run-up to what was, after all, an "elective" war, and during the five year occupation of Iraq, they demonstrate, the American people and their representatives lacked adequate and accurate information about the human and financial costs. Democracies should—and can—do better.

To conceal from voters the economic burden of the war, Stiglitz and Bilmes point out, the Bush administration refused to raise taxes—and consistently "low balled" expenditures. Unwilling to increase the size of the armed forces, the Pentagon "privatized" services from cooking and cleaning to servicing weapons, bypassing competition among corporations in favor of "sole source bidding" and "cost-plus contracts." Expenses have skyrocketed. Private security guards, for example, make up to $445,000 a year, while army sergeants get less than $70,000 in pay and benefits. Not surprisingly, instead of a second tour of duty, soldiers take jobs with military security firms. The cost of recruitment and retention goes up: re-enlistment bonuses now approach $150,000. Rebuilding the armed services, the authors estimate, will take at least $250-375 billion.

And the costs of caring for returning Iraq war veterans is about to explode, with virtually no extra money set aside by the administration. With a seven-to-one ration of injury to fatality, the highest by far in American history, the Veterans Administration can expect about half of
armed forces personnel to file disability claims, many of them for head injuries or Post
Traumatic Stress Disorder. Veterans will use Medicaid and Social Security as well. Without a
major overhaul of the system, Stiglitz and Bilmes predict a bureaucratic nightmare, with
backlogs and poor quality care reminiscent of the recent scandal at Walter Reed Hospital. The
bill for medical, disability, and Social Security services may well top $600 billion.

The impact of the war on the American economy, they suggest, has been "staggering." Without the conflict annual GDP growth would have been 0.2% higher, generating 900,000 more jobs each year, and oil prices reduced by $10 a barrel. Countering the assertion that raising taxes is a "deadweight loss," they assert that saddling future generations with debt will increase the costs by 50% or more.

Paying for war on a credit card, they emphasize, makes it too easy for American citizens and their elected representatives to authorize an attack. In a penetrating and provocative final chapter, Stiglitz and Bilmes suggest reforms that will bring about greater transparency in projecting appropriations; shared sacrifice by the current generation; and a return to checks and balances in American foreign policy. When a conflict lasts more than a year, they recommend, Congress should not be allowed to use "emergency supplementals" to fund it; the Pentagon should not be able to use the National Guard or Reserves; and funding should come from a "war surtax." Appropriations should be contingent on strategy reviews, tight limits on private contractors, and "clean, auditable" financial statements from the Department of Defense, which include estimates of the micro and macro economic impact of war and health care costs arising from military service.

Some of these reforms, no doubt, are not politically feasible. Nor would they, if enacted, guarantee against errors of judgment. But, as Stiglitz and Bilmes conclude, they might make it
more likely that the decision to go to war would be taken with "greater solemnity, greater care, and greater reserve"—amidst better information about the costs in blood and treasure "that will live on long after the last shot has been fired."

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