

Iraq costs require some perspective

By Larry Lindsey

A year ago, while I was serving as President Bush's White House economic adviser, I caused quite a controversy when I said that our objective in Iraq would be well worth spending 1% to 2% of America's gross domestic product. At the time, the president had not made any decisions about war with Iraq, so putting any price tag on the mission — particularly one so steep — was considered premature.

It now seems that the cost of deposing Saddam Hussein and re-establishing civil government in Iraq will be in that range. Critics are using words like "massive" and "staggering" to describe the cost. But what we really should ask is: Compared with what? We cannot walk away. If we have no choice but to fight, it makes sense to spend what it takes to win. While any dollar amount in the billions is substantial, it's important to put it into perspective. The Vietnam War cost 12% of GDP at the time and World War II cost 130% of GDP.

The cost to defeat Saddam was less than half a percent of America's annual income (measured as gross domestic product). If spending continues at the current pace, our involvement could cost us 0.4% of our income for the rest of this year. If President Bush's request for \$87 billion for Iraq and Afghanistan is approved, the cost of these two fronts will amount to about 0.8% of our income next year.

Put it in context

But what does that really mean? Each year American households spend about 1% of their income on alcoholic beverages and another 1% on tobacco products. We spend about 0.7% of our money on cosmetic products. In other words, our combined operations to combat terror in the Middle East cost a bit more than we spend on makeup and shampoo and a bit less than we spend on booze or tobacco.

What truly matters, however, is what would have happened had we not deposed Saddam. This is necessarily hypothetical. But we do know that taxpayers funded an extra \$40 billion in federal spending immediately after 9/11. This came on top of the costs paid by others, notably insurance companies, and reflects the direct costs, not the cost of the disruption to our economy. Moreover, the lives lost on that day remain priceless.

One cannot tell with any certainty what would have happened if Saddam had stayed in power. Certainly, damage done by a chemical, biological or radiological attack on America would make the costs of Sept. 11, 2001, seem small by comparison. Having watched closely what happened to our economy on a day-by-day basis immediately after 9/11, I am certain that global economic growth would not be possible if such weapons were used by terrorists in America or on one of our major trading partners.

What we know

We know Saddam used chemical weapons on his own people. We know that in 1998 President Clinton publicly worried about the weapons of mass destruction Saddam had. Moreover, we know there were terrorist training camps in Iraq and that members of terrorist groups now are entering Iraq to fight us.

In an ideal world, the U.S. should not pay the whole cost of deposing Saddam and rebuilding Iraq. Countries such as France and Germany, which sold Saddam weapons parts and helped him build underground bunkers, are getting a free ride. They benefited from trading with Saddam and now gain from the reduction in potential terror by his departure, all the while enjoying the luxury of criticizing us.

But their record in combating tyranny is hardly exemplary. Without America, the French would be speaking German and the Germans would be speaking Russian. Europeans never have repaid us for our efforts on their behalf during the 20th century. But it was still in America's own interest to be involved in those conflicts. The same is true of deposing Saddam and building a more democratic Iraq. It's worth it, whether or not countries like France contribute.

On 9/11, we were attacked because terrorists did not fear retribution. We had not retaliated against attacks abroad or against the 1993 attack on the World Trade Center. Cutting and running from Iraq would embolden our enemies and risk untold loss of life and damage to our economy, costing far, far more than what we now spend on cigarettes or shampoo.

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