$1.2 Trillion Mistakes

Kate Cell

In 2003, EPS (then ECAAR) published what remains the first independent analysis of the full costs of the Ballistic Missile Defense system the Bush team proposed during the 2000 presidential campaign. While the research was underway, one Board member told me that the question we were trying to answer was analogous to this: “Someone is building a time machine. No one has ever seen one before. The specs, blueprints, and account books are classified. Now, how much will it cost?”

Despite its inherent difficulties, the project remains one of EPS’s great successes. The final estimate - up to $1.2 trillion - is still quoted whenever someone outside the military-industrial complex contemplates the price tag for BMD. Three years after it first appeared the entire 120-page, 1.2 megabyte report is downloaded an average of 35 times a week from the EPS website, despite the fact that the much shorter introduction and executive summary are also available.

As it turns out, BMD appropriations have not accelerated at anything like the speed necessary to implement the full Bush administration program. Spending remains fairly steady at “only” eight to ten billion dollars a year. Though Steve Kosiak of the Center for Strategic and Budgetary Assessments estimates that just one-third of the $845 billion dollar increase in military expenditure since September 11, 2001 pertains to Operations “Iraqi Freedom” or “Ending Freedom,” the wars in Iraq and Afghanistan have clearly imposed some budgetary constraints on missile defense. One bad idea (blaming Saddam Hussein for 9/11, then invading and occupying Iraq) has driven out another (managing the threat of ballistic missiles through the boondoggle of Star Wars).

In January of this year, Linda Bilmes of Harvard’s Kennedy School and EPS Trustee Joseph Stiglitz published a paper estimating the full costs of the Iraq war to the US economy at, you guessed it, $1.2 to $2 trillion.

Missile defense was my first experience of the mind-boggling number of $1 trillion. Perhaps by the time the Bilmes/Stiglitz paper came along my ability to respond emotionally to obscenely big numbers had been dulled. When I first heard the $2 trillion upper bound, I wasn’t shocked, nor even surprised. Building a stable democracy out of the fragmented, pseudo-nation of Iraq is much like building a time machine: no one’s ever known how to do it, and it is sure to cost a lot more than you’d think.

But the literally hundreds of reporters, politicians, activists, and scholars who have now quoted the Bilmes/Stiglitz estimate were surprised and shocked. “The Economics of War and Its Aftermath: The Case of Iraq” reckons the war’s impact on the price of crude oil at an additional $5 to $10 per barrel. This section of the analysis alone has ensured that the Bilmes/Stiglitz findings are part of discussions, debates and elections around the world.

Over the first five years of the Bush administration EPS staff were often told by foundation program officers, political consultants, pollsters, media specialists, etc., that “the trade-off argument” is dead in the political water - the US public does not believe it can pay too high a price for “freedom.” But how much intelligence capacity, diplomacy, international educational and cultural exchange, homeland security, renewable energy technology, how much real security and freedom could the US have bought for $2 trillion or more?
In his preface to “The Full Costs of Ballistic Missile Defense,” Kenneth Arrow reminded readers that every national security choice has costs and consequences. Recent polls show that people in the US are opening the nation’s credit card bill for the Iraq war. They’re reckoning the costs and they don’t think they got a bargain. In the immortal words of President Bush himself (ghostwriting by The Who): “Fool me once, shame on you. Fool me twice… We can’t get fooled again.”

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