

# The Washington Times

www.washingtontimes.com

## IS WAR ECONOMICALLY RATIONAL?

Richard W. Rahn

Published March 13, 2003

How much are you willing to pay in taxes to support the war in Iraq? The reason we are willing to spend any tax money on defense is to reduce the probability of our families, our friends and our fellow Americans being killed or having their property destroyed by acts of war (or terrorism). The most fundamental purpose of government is to protect person and property. Yet, much of the current debate about the impending war in Iraq misses this basic point.

If you believe Saddam does not have weapons of mass destruction and will not acquire them, or if you believe he has them but would not use them on Americans or give them to organizations (e.g. al Qaeda) or individuals that may use them against Americans, then you quite logically could argue that we should spend zero on any effort to disarm him. We see on TV and read the words of various people — actors, commentators, politicians — who make the above argument.

The problem is: What if they are wrong? They are not giving us factual knowledge, or even their own probability estimates of various outcomes. They are telling us their beliefs. If they are wrong, we or thousands or even millions of our fellow citizens could end up getting killed and/or having our property destroyed.

Some argue Saddam is not an immediate threat but he may be in the future and, at that point, we may have to go to war. The questions for such advocates are: How do they know he is not a threat now? How will they know when he is a threat? And, will a war in the future be less risky and/or costly than a war now?

On the other hand, those who argue in favor of a war now should be challenged to give us their probability estimates of alternative outcomes. To advocate war now, they must believe the danger from Saddam is real, as the president obviously does. It is thus fair to ask their estimates of the probability of an attack on Americans by Saddam or his agents or allies, and how many American lives are likely to be lost in such an attack. The Bush administration apparently believes that, by removing Saddam and ridding Iraq of weapons of mass destruction, fewer American lives will be lost in future terrorist attacks than will be lost in an Iraq war now.

By way of reference, in September 11, 2001, approximately 3,000 lives were lost and in the last quarter of 2001 alone, the cost to the economy was estimated to be \$120 billion (or about 1.2 percent of GDP, approximately twice as much as the 1991 Gulf war).

Those opposed to President Bush's plan obviously believe that the likely loss of American lives in an Iraq war and the cost of the operation will be greater than the loss of American lives and the costs of potential terrorists' attacks by leaving Saddam in place.

Some of the president's opponents have presented wildly implausible estimates, in my judgment, of the number of American and Iraqi lives likely to be lost in a military operation. It should be noted that the Constitution requires the president to protect American lives, not Iraqi lives, even though he or anyone else would try to minimize such loss of life among innocent civilians.

Too much of the debate about the impending war is emotional and simplistic. Reasonable people differ about what action the U.S. should or should not take, and much of it can be reduced to estimates of the probabilities of the results of various actions or inactions.

The news media should be demanding that the different sides in the debate put forth their estimates of a range of outcomes and the evidence they have to support whatever numbers they present. Given the complexities and uncertainties of the issues involved and the consequences of being wrong, neither side can know for absolute certainty that their position is right.

Media commentators need to do a better job of discrediting silly or irrational statements. For instance, some have claimed that people in the Bush administration are pushing for war to control Iraq's oil. Oil is a fungible commodity, and it would be far less costly and politically less risky to simply buy it.

Others say we should not go to war because we cannot afford the costs of rebuilding Iraq. The fact is there is sufficient oil revenue in Iraq to pay for the costs of any rebuilding that may need to be done. We Americans do not have to create a model democracy in Iraq, but only to remove the threat to us, which should require a modest and temporary presence and cost. As always, there are the pacifists who not believe in war in any case, which is fine if

you do not mind living under a latter-day Hitler or Stalin — if the good guys give up their guns, only the bad guys have guns.

Finally, there are those who claim that war, or at least increased defense spending is good for the economy. This is only true if the increase in defense spending reduces the risk premium for productive investment in the economy. Given the choice, from an economic standpoint, we are always better off investing in new schools and productive enterprises that have lasting benefits, rather than building tanks and missiles.

Defense spending is a drain on the economy, and therefore we should only spend what is necessary and not a penny more. The amount we should tax ourselves to spend on national defense is analogous to those necessary expenditures to make our homes and workplaces more fireproof, which may detract from both the esthetics and amount of space we could enjoy.

The decision to go to war involves tradeoffs that cannot be known with absolute precision. However, a more informed discussion about the probabilities of various outcomes would help all Americans come to a better decision as to the right course of action and to the consequences of being wrong.

Richard W. Rahn is a senior fellow of the Discovery Institute.

Copyright © 2003 News World Communications, Inc. All rights reserved.