The war's true measure; In long term, war is much cheaper than containment; [Chicago Final Edition] Steven J Davis. Chicago Tribune. Chicago, Ill.: Apr 6, 2003. Pg. 1 (Copyright 2003 by the Chicago Tribune)

AMERICA AT WAR. Thoughts about a developing war: Saddam Hussein has decades of crimes to answer for, and the dossier is growing; containment may have sounded like an efficient plan for Iraq, but the numbers back the war decision; and public opinion isn't always what it seems to be. ECONOMICS.

As U.S.-led forces strive to oust Saddam Hussein and overthrow his regime, many doubt the wisdom and morality of war when the U.S. had the option of containment--including inspections, sanctions and deterrence--in dealing with Iraq and its weapons of mass destruction.

This raises two questions: Is war more expensive than containment? And would containment have saved lives?

President Bush has proposed a $75 billion budget to fund the war. A recent study by the Congressional Budget Office has projected additional costs of $25 billion if heavy combat persists for four months. Humanitarian aid, reconstruction and peacekeeping could add from $10 billion to $40 billion to that in the next two years. Adding up these figures puts direct U.S. costs for war and its near-term aftermath as high as $140 billion.

But containment also would have required a potent U.S. military presence, including soldiers and large amounts of military hardware that could be put to other uses. Before the recent buildup, the U.S. was devoting 30,000 troops, 30 ships, 200 aircraft and lots of other support equipment to containment. All that cost about $13 billion per year.

As it turned out, these efforts proved inadequate to enforce UN sanctions. Evidently, an effective containment policy would have required an even greater U.S. military presence in the Persian Gulf region. If redoubled efforts to enforce sanctions and carry out inspections had required the U.S. to expend 50 percent more on containment, then the costs would have risen to $19 billion annually.

Of course, containment would be necessary only as long as the current regime, or a like-minded successor, remained in power. So any calculation of costs should account for the possibility that Iraq might evolve into a far less dangerous country.

It is hard to assess the probable duration of a dangerous Iraqi regime, absent U.S. intervention, but history offers some guidance. Hussein survived a devastating war with Iran in the 1980s, a crushing military defeat in the 1991 gulf war and 12 years of draconian sanctions. These facts suggest that the current regime would be hard to dislodge under containment. Other highly repressive regimes, such as Cuba and North Korea, also show much staying power.
In this light, consider an optimistic scenario of a 3 percent chance that the Iraqi regime would morph from malign to benign in any given year. This implies an expected duration for a dangerous regime of 33 years. In comparison, the Soviet empire survived nearly half a century under containment by the West, and the containment of North Korea has required a large U.S. military presence on the Korean Peninsula for 50 years.

War is less expensive

From a math perspective, annual containment costs of $19 billion could be converted to expected present value by discounting future expenditures at an appropriate rate, which we take to be 2 percent per year, and by the 3 percent annual probability of peaceful regime change. The resulting estimate for the direct cost of containment is $380 billion. This dwarfs any reasonable estimate of direct U.S. war costs.

One argument for containment is that the Iraqi regime is unlikely to use, or allow others to use, its weapons of mass destruction against the U.S. Yet even a small probability that "containment" allows greater development or spread of these weapons significantly raises the cost of a containment strategy.

For example, suppose that a hostile Iraqi regime raises the probability of a terrorist attack of the same magnitude as 9/11 by 5 percent each year (one additional attack every 20 years). If the direct economic losses inflicted by such an attack are $50 billion, then the cost of containment rises to $430 billion in present-value terms.

Factoring in the indirect costs of another 9/11 event—in the form of greater security expenditures on the domestic front and more disruption to daily life—further adds to the cost of containment. A careful study found that the tab for the extra homeland security precautions triggered by 9/11 exceeds $80 billion per year. If a dangerous Iraqi regime raises the cost of homeland security by even a 10th of this amount, then the present-value cost of containment rises by $160 billion. The total cost of containment, in present-value terms, becomes $590 billion.

Occupation would help Iraqis

A different concern is that the war in Iraq will lead to a long occupation or an expensive nation-building effort. These concerns are legitimate, but we should also recognize that such an effort would be enormously beneficial for the Iraqi people, for the Middle East and for U.S. and world security. The net financial and security benefits of nation building are highly uncertain and may well be positive. But even if they are negative, the net costs must be enormous in order to tip the balance in favor of containment. By the calculations above, the costs of long-term occupation and nation building must exceed the benefits by at least $450 billion to tip the balance against war from a U.S. cost perspective.

For the Iraqi people, the economic scale tips even more dramatically in favor of war. Since Hussein came to power in 1979, Iraqi income per person has fallen by at least 75 percent—a truly catastrophic decline in living standards. In the dozen years since the last
gulf war, lost oil revenues alone have exceeded $12 billion a year. And much of Iraq's greatly diminished output is diverted to an oversize military, an apparatus of terror and repression, and the relentless glorification of Hussein. If war even partly undoes this collapse in living standards, then the economic plight of the Iraqi people may turn around.

Most important, let's consider the human toll of containment. The regime's victims include 200,000 dead Iraqis and twice as many as that wounded during the 1980-88 war with Iran, an even greater number of Iranian casualties, the slaughter of 200,000 Kurds (many with chemical weapons), more than 10,000 dead Iraqis in the 1991 gulf war plus many Kuwaitis and allied troops, tens of thousands of Shiites killed during brutal repressions after the gulf war, several hundred thousand marsh Arabs whose homeland and way of life were systematically destroyed in 1992 and 1993, and more than 100,000 Iraqi deaths from disease and malnutrition since the gulf war.

All told, the regime has caused the deaths of more than a half-million Iraqis since Hussein came to power. Under the policy of containment after the gulf war, a reasonable estimate is that 200,000 or more Iraqis have died prematurely as a direct consequence of the regime or its policies.

Cost in lives

How does this tally of human misery compare to war? If we discount future lost lives in the same way as future economic costs, and allowing for the same probability of peaceful regime change, then a policy of containment means another 200,000 to 600,000 dead Iraqis.

In comparison, the 1991 gulf war killed as many as 35,000 Iraqis, mostly soldiers who died during a long and intensive aerial bombardment by the U.S. and its allies. Yes, the current war has uncertain consequences, but in this case the weight of the historical evidence points to a greater death toll from containment than from war.

So, does this analysis tell us that war is a better option than paths not taken? In all likelihood, we will never know the answer to that question with full confidence. But the analysis supports three conclusions: First, the direct U.S. costs of war are less than the likely costs of containment. Second, in economic terms, Iraqis are likely to be much better off as a result of war.

Finally, strange as it may be, war is likely to bring with it less death.

[Illustration]

PHOTO; Caption: PHOTO: U.S. soldiers cross the Euphrates River to check for explosives on a bridge south of Baghdad last week. They found that the bridge was rigged with explosives, which they removed. USA Today photo by Jack Gruber.