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The Costs of War and Some Who Benefit

by Richard M. Ebeling

War is never profitable for either the victor or the vanquished nation. It imposes various costs on the people of the combatant nations. First, and most obvious, war costs some of them their lives and leaves others permanently crippled and incapacitated. They are the victims on both sides whose lives are cut short or reduced in their potential. While those who have volunteered for soldiering know and accept the risks involved in war, including loss of life or serious injury, those who are conscripted into their nation's military and innocent noncombatants who find themselves in harm's way have not agreed to any of what befalls them. This cost also falls on the families of loved ones who die in war or who must be cared for in later years because of the injuries of combat.

War also imposes the cost of all that had existed and is now either destroyed or damaged by aerial bombardment or by the movements of armies across the land. Workplaces and private residences are reduced to rubble, along with the machinery and tools in the factories and all the personal belongings housed in people's homes. The resources of society must be directed to rebuild and replace all that men had worked to construct and accumulate in the past. And all the new and additional things that could have been produced to make human life better with those same scarce resources must be put on hold, perhaps for years or forever, merely to redo what war wiped out.

Even when one of the combatant nations in a war is not itself touched by invasions and bombings, the war is not costless in terms of these material things of life. Every man in the military is one man fewer employed in the private sector. Every dollar taxed away by government to finance the war is one dollar less in the pockets of private citizens to spend in ways reflecting their own hopes, dreams, and desires, and those of their family members. In addition, taxes for the war effort take dollars away that could have been used by private-sector businesses for new investment and capital formation to increase the productive capacity and improve the standard of living of the society in the future.

But doesn't war generate prosperity for many in the economy? War is profitable for the defense-related industries that will have to replenish the \$1 million missiles and the \$50,000 bombs that are being dropped on the opposing country. War is also profitable for the companies supplying the uniforms, equipment, and weaponry for the armed forces in the field or the rear areas, as it is for all those supplying the food and amenities provided by the government for those in combat.

But every one of the dollars taken by the government through taxes or borrowed from the financial markets is a dollar less that is available for all of those private-sector uses and productive employments. Government only has the power to transfer and redistribute the resources and income of the society. Government does not create production or wealth. It merely expropriates the wealth produced by others through activities of commerce and industry in the private sector, and spends it the way the government desires instead.

Furthermore, dollars — when spent by their original owners in the private sector of commerce and industry — are used in ways that add to future production capabilities through new or additional research and development or investment in more and better capital equipment. When the government uses those dollars and the resources they represent in the marketplace, it uses them to manufacture weapons of destruction, weapons that are consumed in war and are, in addition, used to destroy lives and the private productive and personal property of those in the opposing nation. War expenditures impoverish people. War, whatever its rationale and possible justification, makes people on both sides of the battle lines less well off and requires people to then try to make up for all the lost ground the conflict has taken away.

When this war ends and the U.S. government goes about the enterprise of remaking Iraqi society, huge expenditures will be forced on the American taxpayer to cover the costs. Already, according to various newspaper accounts in the United States and Europe, the private vultures are circling the government procurement offices to devour their portions at the public trough. The global social engineers in Washington are finishing the details on a \$100 billion postwar reconstruction project for U.S.-occupied Iraq.

Iraq's major public sectors will be rebuilt by American companies given the government contracts to do the work. Some lucky firms will have the contracts to restructure the Iraqi public school system — but as public schools, not as private educational institutions. And within a year of the end of the war, 4.2 million Iraqi students will receive U.S. Aid for International Development (USAID) "student kits" to teach them to be good citizens according to a curriculum designed with the approval of the U.S. government.

Some fortunate American corporation is to receive the government contract to design and implement a national health-care system modeled more or less on the British system of socialized medicine, to be eventually managed by an Iraqi government ministry of health. This will include more than 100 hospitals to be built or restored under separate contracts to various American

companies. The U.S government will pay for five rebuilt or new government-owned airports in Iraq, three for domestic and two for international flights. The U.S. military will run all air traffic control.

And selected American companies will be contracted by USAID to make every Iraqi a believer and practitioner in U.S.-style democracy. Iraq, according to the blueprint, is to be divided into 18 regions, in which hired legal experts will prepare the institutional changes and the groundwork for future political elections. The chosen private contractors will, in cooperation with U.S. “local military commands,” proceed to “train Iraq’s traditional and civil society leaders” in the “fundamental process of democratic government.”

Yes, the aftermath of war will be profitable for those privileged companies, corporations, and private experts that are given lucrative contracts at taxpayers’ expense to make a new and better socialized sector for the Iraqi people. Because if these reports are correct, that is what the United States will be in the business of paying for, and all from an administration that says it values the private sector over “big government.” Clearly what is meant is using taxpayers dollars to hire privileged private companies to “build socialism” in faraway lands liberated by American armed forces.

Another name for the planned use of selected American companies to do the actual work of nation building in Iraq is “corporate welfare.” And the use of this term should make it much clearer that what will be at work will be large-scale income redistribution from the U.S. taxpayer to the privileged few in the corporate world who are wise enough and well-connected enough to obtain the multi-billion dollar contracts from Washington.

Some will benefit from war through the largess of government spending during and after the military conflagration. But like all other forms of government redistribution, it will be at the expense of many others in society and will in the long run make the vast majority in the nations affected poorer than they were or ever had to be.

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