

REVIEW ARTICLE

POLICY LESSONS FROM AN UNEXPECTED SOURCE

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Joseph Stiglitz and Linda Bilmes. (2008), *The Three Trillion Dollar War. The True Cost of the Iraq Conflict*. London: Penguin. 311 pages.¹

In April 2008, Paul Wolfowitz admitted that the US was “pretty much clueless on counterinsurgency”² during the first year of the Iraq War. This confession says much about the ongoing war in that country. At that time, it will be remembered, Wolfowitz was the US Deputy Secretary for Defence and together with his boss, the then Secretary of Defence, Donald Rumsfeld, was a leading “Neo-Con” (Neo-Conservative) – as this ever more notorious thread of American foreign policy thinking has been called.

Six years on – and well over a million Americans and Iraqis dead – the truth is, at last, seeping through about the invasion of Iraq, its immediate aftermath and the drawn-out war.

There has been a deluge of books on the topic and very few – if any – can sustain a case for either the invasion, or the war itself. Indeed, most agree with the verdict of a report from the (US) National Defense University, which called the invasion “a major debacle” saying that the war’s outcome “is in doubt”.³ As a cursory glance reveals, these writings have picked through every conceivable aspect of the calamity: George W. Bush’s longing to fulfil his father’s destiny, the refusal

¹ An version of this review appeared as Peter Vale. (2008). The price of war. *Mail & Guardian* (Johannesburg), 03 September. Online it is available at: <http://www.mg.co.za/article/2008-09-03-the-price-of-war>.

² Eli Lake. (2008). Wolfowitz admits “clueless” on counterinsurgency. *The New York Sun*, April 29.

³ See Jonathan S. Landay and John Walcott. (2008). Pentagon institute calls Iraq War “a major debacle” with outcome “in doubt”. *McClatchy Newspapers*. 17 April 2008.

of Saddam Hussein to comply with United Nations imposed inspections, the cherry picking of intelligence evidence, the lack of an adequate plan to govern once the invasion was over and many more.

It is, however, instructive to remember that the professed motive for the invasion was two-fold: firstly, Saddam Hussein possessed weapons of mass destruction and, secondly, there was an averred link between him and Al-Qaeda. But, over time, a third reason has been advanced. This argues that America's 'new militarism' – to use Andrew Bacevich's term⁴ – compelled the United States to make the world safe for globalisation, that mix of free trade, free markets, liberal democracy, which guaranteed that the world was open for American-style business.⁵ Robert Manne calls the same idea "Americanisation", which, he admits, is a "highly ambiguous idea (which in some contexts is) ... used merely as a kind of synonym for modernisation, the inexorable rise of an individualistic, consumerist, capitalist culture".⁶

Actually, the drums of the Iraqi War – to deliberately use the old phrase – had long sounded around a fourth reason for the intervention: the averred threat, which Iraq posed to America's security. This may have been the primary reason: indeed, some accounts suggest that a decision to invade Iraq was made during George W Bush's first year in office.⁷ And so, by late 2001, the establishment think-tank, the Council of Foreign Relations, commissioned a blue-ribbon panel of "experts" to map out a plan for the US in Iraq after the by then fully anticipated invasion. Their report, called *Guiding Principles for U.S. Post-Conflict Policy in Iraq*,⁸ set out a two-year, three-phased approach based on state-reconstruction – an idea which became increasing in vogue in the years which followed the post-Cold War collapse of Yugoslavia.⁹

⁴ Andrew Bacevich. (2005). *The New American Militarism: How Americans are Seduced by War*. New York: Oxford University Press.

⁵ On the misdirected nature of this interpretation, see Ha-Joon Chang. (2007). *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*. London: Bloomsbury Press.

⁶ Robert Manne. (2006). The New Dominion, in Peter Beilharz and Robert Manne (eds.). *Reflected Light. La Trobe Essays*, Melbourne: Black Inc.:71.

⁷ See Michael J. Boyle. (2008). A war in search of a rational. *International Affairs*, 84(5):1012.

⁸ For full text, see http://www.cfr.org/pdf/Iraq_TF.pdf.

⁹ For a critical discussion of this project, see Keith D. Watenpugh. (2006). The Guiding Principles and the U.S. Mandate for Iraq. Twentieth Century Colonialism and America's new Empire, in Stephen Eric Bronner and Michael J. Thompson

Amongst these mounting reasons, a parallel cottage industry grew around the notion – indeed, the desirability – of an American Empire. The idea was ignited by two radical thinkers, Michael Hardt and Antonio Negri,¹⁰ but was sympathetically followed up by the conservative British émigré economic historian, Niall Ferguson.¹¹ Increasing political conversations suggested that the imperial burden was the only option for the United States to secure itself in the aftermath of 9/11.¹²

Topographically, post-Cold War America certainly had the features of an Empire: it was the world’s only superpower and its immediate force projection presented it with compelling imperial characteristics. At the height of the Roman Empire, the Romans had an estimated 37 military bases dotted around their world; at the height of the British Empire, there were 36 military bases – including the one at Simonstown – scattered internationally. At last count, the United States has 761 active military bases with – what nowadays is called – a global reach.¹³ It is not surprising, then, that the United States has by far the highest military expenditure in the world. Indeed, the US spends as much as the next nine countries on the top-ten combined.¹⁴

(eds.). (2006). *The Logos Reader. Rational Radicalism and the Future of Politics*. Lexington: The University Press of Kentucky:269-278.

¹⁰ Michael Hardt and Antonio Negri. (2000). *Empire*. Cambridge, Mass.: Harvard University Press.

¹¹ See Niall Ferguson. (2003). *Empire: Demise of the British World Order and the Lessons for Global Power*. New York: Basic Books.

¹² There is a lively discussion by Alan Ryan, the Oxford political philosopher, of a number of these books under the title “What happened to the American empire” in *The New York Review of Books*, Vol. LV(16), (October 23):59-62.

¹³ See Tom Engelhardt. Tomgram: Being in base denial. Going on an imperial bender. Available at: <http://www.domdispatch.com/post/print/174972/Tomgram%253A%2520%2520Being>. Accessed 05/09/2008.

¹⁴ Tomgram%253A%2520%2520Being. Accessed 05/09/2008.

Rank	Country	Military budget
1.	United States (FY 2008 budget)	\$623bn
2.	China (2004)	\$65bn
3.	Russia	\$50bn
4.	France (2005)	\$45bn
5.	United Kingdom	\$42.8bn
6.	Japan (2007)	\$41.75bn
7.	Germany (2003)	\$35.1bn
8.	Italy (2003)	\$28.2bn
9.	South Korea (2003)	\$21.1bn
10.	India (2005 est.)	\$19bn
	World total military expenditures (2004 est.)	\$1.100bn
	World total (minus the US)	\$500bn

From Chalmers Johnson. (2008). The economic disaster that is military Keynesianism. Why the US has really gone broke, *Le Monde Diplomatique*, February.

This thinking around the imperial option however proved the reliability of two truths: firstly, no idea in social theory is ever fully spent and, secondly, of all the academic disciplines which have been wantonly discarded by the triumphant march of rational choice, Economic History is surely the most important. The latter, incidentally, has been confirmed by the rediscovery of John Kenneth Galbraith's classic book, *The Great Crash 1929*¹⁵, as the so-called "sub-prime crisis" deepened in late 2008. As these thoughts draw to a close, we return to Galbraith's incisive and important writing.

This extended review is not much interested in the debate around empire. But it discusses an important – perhaps *the* most important – book on the war in Iraq which is its central focus. And the pages that follow are mainly concerned with testing the veracity of this claim on the book's importance. But, more narrowly, this review will show why the ideas in the book are important to students of military affairs.

In order to do this, your reviewer has to travel along byways and draw from numerous other sources to offer interpretations of international affairs in this, the first decade of the twenty-first century. The technique, which will be employed to research and explain, is Simon Scharma's "thieving-magpie-approach". The reason for this being that, although the focus is plain, discussion cannot be limited by maintaining a stable conceptual paradigm. War, any war, is a melange, not a single focussed issue. The belief that war is always a cross-disciplinary exercise is older than Von Clausewitz, as all students of conflict know. And the book, which is at the heart of this review – as we shall see – advances the same multiply-faceted understanding. Importantly however, the breakthrough that it offers is to view war through the lens of budgets and accounting – perspectives that are too seldom used in discussions of war and peace.

If the thieving magpie represents one methodological departure in these pages, another is that the argument critiques rather than reinforces established values and understandings. This "brushing against the grain" – to use Walter Benjamin's famous metaphor of this approach – invariably opens new interpretations of old issues, as we shall see.

Why America matters

For its enormous footprint in world affairs, the United States remains largely under-studied – though not unknown – beyond its borders. One reason for this is that the form of modern social science is overwhelmingly American. So it is that

¹⁵ J.K. Galbraith. (1954). *The Great Crash 1929*. New York: Penguin Books.

many credential understandings of the social world (and its ways) are rooted in American ways of knowing. The study of politics, as an example, is intertwined with American ideology and encrusted in the powerful positivist methodology that marks the discipline's mainstream. Indeed, the very name, Political *Science*, is intended to underscore its claims to conceptual stability, and real-world authority. A second reason is that America's knowledge industry – its universities, think-tanks and publishing houses – effectively command the way in which the world is authored. The cumulative effect of this is that the social world can scarcely be described without using a partisan lexicon. This partly is what Harvard's Joe Nye described as “soft power” – America's capacity to influence political and diplomatic outcomes in its own interest without a shot being fired.¹⁶

However, to introduce a helpful metaphor, if the world is constantly under America's microscope, the United States is seldom – if ever – under the world's microscope. South Africa provides a compelling example of the resulting conceptual and policy lacuna. It is difficult to remember when last a serious critical piece of work appeared in this country, which analysed the global role of the United States.¹⁷ Or, indeed, a workshop – let alone an academic conference – devoted to understanding the United States in international affairs as organised by South Africa's ever-proliferating think-tank industry. As a result, policy-makers and intellectuals absorb the discourses of America – all manufactured within that country, of course – without demur.

The resulting myopia goes a tad further, however. A cursory reading of recent South African journals reveals an unquestioning reproduction of mainstream – read American – views on international and security matters under the guise of objectivity. Let one example make this delicate point: a piece recently appeared in the SAPSE-accredited journal, *African Security Review*, under the title “United States relations with South Africa: Why now is a crucial time to strengthen them” by Thaddeus L. Underwood, who is described as a “major in the United States Army and an assistant professor of economics” at West Point. Underwood's argument

¹⁶ Joseph S. Nye. (2004). *Soft Power: The Means to Success in World Politics*. New York: Public Affairs.

¹⁷ I am willing, but only just, to make an exception for the piece “American foreign policy: quo vadis” which appeared in the review, *Global Dialogue* 13,2 (August 2008), and published by the Institute for Global Dialogue. The qualification is necessary because the author, Francis A Kornegay, is (or was) an American citizen. However there is no local equivalent for the Australian intellectual Bruce Grant's compelling 2004 book *Fatal Attraction. Reflections on the Alliance with the United States*. Melbourne: Black Inc.

comprises a series of declaratory statements on the bilateral relationship against the backdrop of America's strategic ambitions in Africa especially around AFRICOM. When these ideas are subject to a thin deconstruction, they emerge as the same kind of exhortatory propaganda, which marked writing on these matters during the Cold War.¹⁸

A march of folly?¹⁹

Given the horror of 9/11, and the international condemnation that followed it, it now seems inconceivable that the slide into the Iraq War could have occurred without a greater degree of what is so adoringly called "accountability". But it did. Riding roughshod over the recommendation of many in his own party, the Republicans, of his father – the forty-first American president – and in the face of demonstrations in every major city in the world, George W. Bush took his country (and the self-styled "Coalition of the Willing"²⁰) into Iraq.

Looking back, the duplicity of American diplomacy – "organised hypocrisy", as the theory of modern state sovereignty has often been called – on Iraq was a re-run of much that had gone before. Especially after the Second World War – and, in Latin America and the Pacific, since the Monroe Doctrine of December 1823 – the United States was drawn by its "Manifest Destiny" to intervene in other parts of the world. But grasping the limits of its duplicity was impossible because, as we have already noted, there was near universal sympathy for the United States following 9/11. Nonetheless, at the time, it was difficult – though not impossible – to argue that America may well be tempted by the Old Testament doctrine of revenge.²¹

¹⁸ Thaddeus L. Underwood. (2008). United States relations with South Africa: Why now is a crucial time to strengthen them. *African Security Review*, 17(1):6-19.

¹⁹ This phrase is borrowed from the historian Barbara Tuchman's 1984 classic book of the same title. Tuchman's argument turns on the tendency of governments to act stubbornly and perversely against their own best interests. The book uses four case studies – the decision of the Trojans to bring the Trojan horse into their city, the provocation of the Protestant uprising by the Renaissance Popes, the loss of the American colonies by the British, and the failures of US policy in Vietnam – to illustrate the point. See Barbara W Tuchman. (1984). *The March of Folly: From Troy to Vietnam*. New York: Alfred A. Knopf, Inc.

²⁰ The original list prepared in March 2003 included 49 members. Of these, only five contributed troops to the invasion, thirty-three provided troops to support the occupation after the invasion was complete, and six members supplied no military. See Richard Beeston. (2005). Ranks begin to thin in coalition of the willing. *The Times*, 15 March.

²¹ See, for example, Peter Vale. (2001). A time for deep reflection. *Mail & Guardian* (Johannesburg), 14-20 September.

In the event, lure of international intervention was heightened by three threads of Enlightenment thinking. First, emancipation: the duty of those who are free, is to free others. Second, the formal translation of this understanding into America's international calling – its Manifest Destiny – by the country's twenty-eighth president, Woodrow Wilson. At the end of the Cold War, the policy thread, which came to underpin this, was embraced by the term "liberal internationalism". And, thirdly and most especially after the retreat from Vietnam, are the heroic memories of America's role in the liberation of both Europe and Japan in the early-1940s. Their role as liberators – again in a noble cause and again with Allies – had taken place during the UN-sanctioned Persian Gulf War (2 August 1990 – 28 February 1991) which had ousted Saddam Hussein from Kuwait.

The latter conflict effectively brought the rush of combat into the modern living room literally with high-pixel quality. More than any other, the image which lingered from the first Gulf War was the video game. This confirmed another truism – war invariably hides its horror behind both play and its language. In its wake, 147 Americans were dead and 235 wounded but it left a costly budgetary legacy, too. Of 700 000 Gulf War veterans, just under half filed for disability pensions and, today, they cost the US taxpayer \$4.3 billion a year. This "accrual" accounting system – showing future costs when they are incurred, not when they are spent – is at the heart of the accounting deception in US government budgeting and, as we shall come to see, is central to the approach offered in the *Three Trillion Dollar War* – the book under review.

Language matters

In the months leading up to the invasion of Iraq, this reviewer was a Fellow at New York University surrounded by academic colleagues, many of whom were veteran activists, who were fierce opponents of the War. It was both an exciting and depressing time: their energy levels were high and the depth of their understanding of the issues was crystal clear, but their discourse was caught in a language of the late 1960s. At an anti-War Rally on a sunny autumn day in Central Park, I heard defiant speech after defiant speech harked back to the Vietnam experience. In many other ways, the event was an anachronism: its form was a return to the demonstration, which, after 1969, had largely been discarded as anti-war activities moved from protest towards community organisation.

On the day, two speeches stood out: first, the activist and Oscar-winning actress Susan Sarandon whose position on the war was associated with the Christian Left. But, more impressive was the fire delivered by her husband, actor Tim Robbins. With other speakers, he recalled how people's power had triumphed over the unwanted war in Vietnam. Each mention of this victory was fêted with applause by

the largely good-natured crowd. And yet, the tongue, the tone and even the tenor of the speeches seemed weirdly out of place in a time in which everything, including the very idea of terror itself, was said to be integral to the inexorable process called globalisation.

Five years on, I now recognise that the weakness of the protest on that particular day – and on others like it across the world – was this: in politics, the language of the moment matters far more than any longing to make a difference to the world. This is because “official language” – to choose Pierre Bourdieu’s term – is bound up with immediate struggles around the authority of the state, popular resistance to it and constructions these conflicts tap from policy discourse. So, to fight the invasion of Iraq with the largely liberal sentiment that drove, decades earlier, the US from Vietnam, was surely to court failure. What mattered on the day was that “markets” and the “progress” – not to mention the idea of “freedom” – were threatened by Saddam Hussein’s Iraq. In other words, the only language that truly mattered was instrumental and material.

As a result, the Bush administration, sustained by the belief that their mission was blessed by Manifest Destiny, ordained by history, and sanctioned by the false promise of neo-liberal globalisation, would decidedly invade Iraq whatever the protesters thought and said.

A costly war

A problem with political language of course is, for all its deceit, that it can – and often does – linger long enough to call politicians to account. And this explains why – in my considered view – the book by Joseph Stiglitz and Linda Bilmes must be judged the most important book on the war in Iraq.

But who are Stiglitz and Bilmes?

To anybody interested in contemporary public policy, Joe Stiglitz needs no introduction. Formerly a chief economist at the World Bank, Stiglitz was chair of US President Bill Clinton’s Council of Economic Advisors. In 2001, he won the Bank of Sweden’s Nobel Prize for Economics, and is currently a professor at New York’s Columbia University.²² His co-author is less known, though. With a BA and an MBA from Harvard, Linda Bilmes is an authority on the arcane world of public finance, especially budgeting. During the Clinton administration, she was US Assistant Secretary and Chief Financial Officer of the US Department of Commerce, Deputy Assistant Secretary of Commerce for Administration, and US Representative

²² For those interested in the work of Stiglitz and his cohort see *The Economist’s Voice*, an electronic journal, at <http://www.bepress.com/ev/announce/20081024>.

to several high-ranking panels, including a Treasury Department commission, which examined the viability of the Inter-American Investment Corporation.²³

The genius of this book – and the abstract noun is carefully chosen – is that the authors have combined Stiglitz’s economic understanding with Bilmes’s careful attention to line-by-line budgeting. As a result, the book’s method (and indeed its language) comes straight out of the “market revolution”, which so effectively watered neo-liberal globalisation. Embedded in the semantics, which have dominated “official language” for two decades, are terms such as “accountability”, “transparency”, and “governance”, which are code words for the social control²⁴ that is essential to the “cult of the free market”.²⁵

Stiglitz and Bilmes have looked into the way in which public policy is conceived and implemented in Iraq by using cost accounting as their primary optic. This makes their book critical of the Iraq War but not in the everyday sense of this word. The point of entry into their analysis is itemised budgeting – what an article or activity will cost both now and in the future. The overall package – in a manner of speaking – was the invasion of Iran; its ongoing cost is the mounting bill presented by years of recurring and hidden costs. The general point they seek to make is an ancient one: war fritters away treasure. So, the Iraq War will dissipate American resources deep into this century. Technically speaking, Stiglitz and Bilmes have presented a set of audited accounts on the Iraq War – costing-it (to use the technical term) both in real time and beyond. Their approach is simple and highly effective because it uses “official language” of policy-speak to dice and slice the manner in which thinking about the Iraq War has unfolded.

Consider the idea of opportunity cost, which was introduced into economic thinking in the 1930s. In the context of the Iraq War, its use yields quite startling insights. So, the monthly price-tag for the Iraq War is more than three times what the US annually gives to Africa. Or take the idea of future cost: as we have already seen from the first Gulf War, America has given its veterans a promissory note – access to medical costs for two years and, beyond this, disability payments for life. This particular issue is the focus of Chapter Three. Entitled “The True Cost of Caring for Our Veterans”, it makes for interesting reading because the final figure is

²³ From <http://www.hks.harvard.edu/about/faculty-staff-directory/linda-bilmes>. Accessed 12/10/2008.

²⁴ For a version of this argument, see Barry Hindess. (2008). Government and discipline. *International Political Sociology*, 2(3):268-270.

²⁵ Benjamin M. Friedman. (2008). A challenge to the free market. *New York Review of Books*, LV(17), November 6:44.

based on increased survival rates, which are the result of improved battlefield medicine. Simply put, the better the health and injury care in combat, the more survivors. On page 62, we therefore learn that injuries per fatality rates have improved with each successive war: World War I, 1.8 wounded per one fatality; World War II, 1.6 wounded servicemen per death; for the Vietnam and Korean Wars, this figure was 2.6 and 2.8 respectively. In Iraq and Afghanistan, the ratio is more than 7 to 1 – by far the largest in US history. If we include non-combat injuries, the ratio soars to 15 wounded for each fatality.²⁶ This is good for the individuals involved of course, but it translates into increased budgetary costs for survivors over longer and longer time frames. Interestingly, these ideas earned Bilmes a sharp rebuke from the Pentagon²⁷ and, as presented in the book, this section is a reworking of an earlier working paper.²⁸

The authors point out that the difficulty with long-term costing is that full disclosure – as it were – is hidden from sight when immediate cash accounting budgets are drawn up. The resulting misrepresentation of the true costs involved are compounded by the fact that the Pentagon's "financial accounting is so poor and lacking in transparency that the department has never even come close to earning a clean bill of health."²⁹

Stiglitz and Bilmes further suggest that the hidden costs of the war are everywhere to be found. This little insight (from page 51) on the over 100 000 contractors operating in Iraq gives an idea of the extent of the war, its skewed nature and its long-term escalatory effects. Insurance premiums on contractor salaries are estimated to run between 10-21 percent: at the time of writing, over a 1 000 US contractors had been killed and over 12 000 wounded. The cumulative long-term financial costs of these figures are truly staggering. If only half of both these file claims are taken into account, the cost of providing benefits over time will run to \$3 billion.

²⁶ Stiglitz and Bilmes. (2008), *The Three Trillion Dollar War. The True Cost of the Iraq Conflict*. London: Penguin. p. 62.

²⁷ See Shooting the Messenger, Inside Higher Ed. (Jan 30 2007). Available at: <http://www.insidehighered.com/news/2007/01/30/injuries>. Accessed 14/10/2008.

²⁸ Linda Bilmes. (2007). *Soldiers Returning from Iraq and Afghanistan: The Long-term Costs of Providing Veterans Medical Care and Disability Benefits*. Cambridge, Mass.: Kennedy School of Government, Harvard University. Faculty Research Working Papers Series.

²⁹ Stiglitz and Bilmes, *The Three Trillion Dollar War: The True Cost of the Iraq Conflict*. p. 46.

Additionally, some of the costs of the Iraq War are “off-budget”. These are expenses incurred in branches of government other than Defense, Veterans Affairs and Social Security. Of interest are costs that the Department of Labor incurs by law because it is required to manage the complex relationship with sub-contracting. Although government sub-contractors are required to pay various forms of insurance – such as disability, medical and health – this is expensive during war and, by contractual agreement, these are paid in full by the US government. With over 100 000 contractors in Iraq (p. 51), the outlay on insurance is huge. Incidentally, wage differentials between workers are very revealing: private security contractors earn up to US\$ 1 200 per day, army sergeants between US\$ 150 and US\$ 190 per day, and Iraqi translators less than US\$10 per day!³⁰

So, the total bill – the incredible three trillion dollars in the title – presented by Stiglitz and Bilmes for the War in Iraq, is based on sound accounting and costing theory. This is after corrections for inflation and the “time value of money”, interest, and the costs of restoring the US military to its pre-War readiness and other hidden costs.

The clarity of its presentation and its detailed documentation make it difficult to counter the claim – in the other sense of the word – that this has been a costly war. Those uninitiated in the world of budgets, economics (and their respective controlling jargons) will find the evidence presented by Stiglitz and Bilmes accessible. This is explained by the book’s ease of reading but more importantly perhaps the high degree of trust that stems from its sheer authority. So, for instance, there are three pages of acronyms, fifteen pages on methodology and a staggering sixty pages of meticulously detailed footnotes. What’s more, and this reinforces the credibility of the entire argument, most of the citations are drawn from the mainstream – specifically Pentagon websites – rather than the sometimes blind anger of the war’s opponents.

Taken in its entirety, this exercise has delivered the costs of the war in a language and a form that is easily accessible to a generation who believe that neo-liberal globalisation and America’s global reach is the natural ordering of the modern world. Their world is not the anti-war tracts of philosophers – Immanuel Kant, Richard Cobden, Bertrand Russell, Reinhold Niebuhr and others – or the thoughts of activists like Mahatma Gandhi or John Lennon – but of the world of Milton Friedman and Chicago School supply-side economics.

For these reasons, *The Trillion Dollar War* should be considered the first clear-eyed report card on the Iraq War; it may also be the most important anti-war book

³⁰ No free lunch in Iraq. 2008. *The Sydney Morning Herald* (Books). March 21-23.

for a generation. This latter claim requires further explanation. As we have seen, America's energetic publishing industry has produced book after recent book in the past six years – the lack of boots on the ground during the invasion, the sickening pictures from Abu Ghraib prison, the failure of successive Iraqi governments are just a few of the topics they have touched. These and other insights – drawn from politics, from sociology, from philosophy – are familiar ones, even if the Iraqi case presents, as do all wars, a unique set of circumstances. However, by using budget-and costing-speak, Stiglitz and Bilmes have ventured where no other writers on the Iraq War have dared: to the coffee room (or water-fountain) conversation, where – in matter-of-fact ways – the most life-changing decisions are made.

Although many may not like it, the dominant analytical language of our time is located at the budgetary end of neo-liberal globalisation – this is the language within which the world's most influential people, that new generation of financial traders that until recently made merry but – as the recent financial crisis has shown – have made mayhem, live and work.

The triumph of this book is it that asks, in the language young professionals know best, the age-old question: At what price, war and its ways?

The hidden hand

Indeed, as the crisis has deepened, it has been difficult not to see that the meticulous research presented by Stiglitz and Bilmes foretold dissipation and impending ruin. Put differently, the Iraq War (and its Afghanistan twin) have contributed to what some have called “a financial disaster of global-systemic proportions”.³¹ Earlier this year, another American writer, Chalmers Johnson, warned against “the mistaken belief that public policies focused on frequent wars, huge expenditures on weapons and munitions, and large standing armies can indefinitely sustain a wealthy capitalist economy”.³²

Of course – and this one of the great mysteries of neo-liberal economics – military expenditures are largely hidden from the averred rationality of free markets. Defence is exempt from the scrutiny of neo-liberal logic that has positioned the consumer at the centre of all economic decisions. To fully appreciate the importance of this point, we will return to John Kenneth Galbraith. In an article published shortly after the end of the Cold War, Galbraith wrote, “a notable feature

³¹ John Lanchester. (2008). Cityphobia. *London Review of Books*, 30(20) 23 October:3.

³² Chalmers Johnson. (2008). The economic disaster that is military Keynesianism. Why the US has really gone broke. *Le Monde Diplomatique*, February.

of ... (the) ... modern military ... is that it stands outside the decisive control of modern economic activity”.³³

One of the great shibboleths of modern America was laid down by its thirty-fourth president, Dwight D. Eisenhower, when he introduced the term “military-industrial complex” into the country’s political lexicon. Stiglitz and Bilmes have tested this notion in an original and compelling fashion. As a result, they have shown how true professionals can play a role in soundly scrutinising policy options by using previously unexplored techniques. If it is true that the day of Empire is never done, because “no nation has ever made a frank avowal of its real imperial motive”,³⁴ professionals will constantly be required to calculate the cost of hubris that drives all imperial ambition.

How can the long-term cost of hubris be calculated? How can we build understandings of the costs involved in matters of war and of peace without repeating the catastrophic loss – in lives and on treasure – that we see in Iraq every day? How can we think – as Stiglitz and Bilmes have – out of the formal conceptual frames that hold us captive?

In 2007, Bob O’Neill, whose credentials to speak on these matters have surely no equal in the world,³⁵ set down a marker to all professionals, whatever their ideological predilections, who are interested in matters of war and peace:

[T]his is an era of great challenge to policy makers. We can continue to run downhill, but there will be terrible consequences. We need a new generation of national and international leaders who understand why the policies of the past several years have been so unsuccessful and boldly set out on a new course. These leaders will need sound guidance from the expert communities of academia, the media and government agencies. It is up to us to produce high

³³ John Kenneth Galbraith. (1996). The autonomous military power. An economic view. *Disarmament. A Periodic Review by the United Nations*, XIX(3):43.

³⁴ Reinhold Niebuhr quoted in David Bromwich (2008). Self-deceptions of empire. *London Review of Books*, 30(20), 23 October:11.

³⁵ O’Neill is the one-time director of the International Institute for Strategic Studies, London, and Chichele Professor of the History of War Emeritus, Oxford University.

*quality work. It will be up to our leaders to open their ears and their minds to some positive new thinking.*³⁶

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³⁶ Robert O'Neill. (2007) *World Order under Stress: Issues and Initiatives for the 21st Century*. (The Cunningham Lecture. 2007) Canberra. The Academy of the Social Sciences in Australia (Occasional Paper 3/2007):10.