



4-2003

## The Uncertainties and Other Costs of a War with Iraq

Matthew D. Melick '03  
*Illinois Wesleyan University*

Follow this and additional works at: <https://digitalcommons.iwu.edu/parkplace>

---

### **Recommended Citation**

Melick '03, Matthew D. (2003) "The Uncertainties and Other Costs of a War with Iraq," *The Park Place Economist*: Vol. 11

Available at: <https://digitalcommons.iwu.edu/parkplace/vol11/iss1/8>

This News and Commentary is protected by copyright and/or related rights. It has been brought to you by Digital Commons @ IWU with permission from the rights-holder(s). You are free to use this material in any way that is permitted by the copyright and related rights legislation that applies to your use. For other uses you need to obtain permission from the rights-holder(s) directly, unless additional rights are indicated by a Creative Commons license in the record and/ or on the work itself. This material has been accepted for inclusion by faculty at Illinois Wesleyan University. For more information, please contact [digitalcommons@iwu.edu](mailto:digitalcommons@iwu.edu).

©Copyright is owned by the author of this document.

---

## The Uncertainties and Other Costs of a War with Iraq

that country. That is a social cost to society of the war country as well as the country where people are fleeing. Another social cost would be aid to countries affected by war. This aid would have to come from a large country like the United States or organizations such as the United Nations. In either case, money would have to come from the United States which would have a cost to US citizens. This is a social cost because it has to be done in order to get the country back on its feet after a devastating war. Social costs can not be ignored when figuring the cost of war and its impact on the economies of participating nations.

I barely touched the surface of the economic situation that war brings about. I hope I have left you

with a greater understanding of what has to be looked at before war is decided upon as an option. War affects everyone in some way or another, how it affects them is determined by their standing in society (i.e. their job level (management or labor)) and your ability to buy goods. The short term effects of a war are up for grabs but most likely, price levels will raise. In the long run, the economy will work itself back to equilibrium. The long run costs of this war, if short, will not be great. The economy is already at a slow point and it seems to me that it has good potential no matter what happens just as long as it happens before too long. War is not a good thing, but uncertainty is much worse, and that is all we have now.

## The Uncertainties and Other Costs of a War with Iraq

Matthew D. Melick, et al

While I can agree with Mr. Coontz on the points that he raises (oil prices will go up during war times and decrease once the United States, or a U.S. friendly regime, has control of Iraqi oil; a short war would be relatively inexpensive to the U.S. and much more costly to Iraq; and, there are some social costs), he does not mention many other costs that the United States will most likely face as a result of an Iraqi war. There are also numerous uncertainties that come with any war, not to mention one that has a protracted objective like regime change. These costs and uncertainties will not only affect the United States but the entire international community. Most importantly though is the fact that going to war should never be decided solely on economic grounds, human life is always the most important consideration.

The United States is currently facing a situation that could alienate it from its closest allies if diplomacy is not handled with the utmost care. By going ahead with a war against Iraq, against the will of the majority of the international community, especially France and Germany, the United States is taking a large risk. While the United States is certainly a hegemonic power and therefore other countries are forced to bow to its authority, going against the United Nations may cause great political and thus economic instability. In terms of trade relations this could be a

signal to other countries that the United States does not feel the need to respect international treaties and pacts if they do not coincide with the "American Agenda," creating much uncertainty. While this unilateral (or bilateral really, with British support) move may not pose any direct economic costs, other than the fact that the cost will fall only on these two countries instead of a coalition of nations, it is a possibility that it could affect economic relations in the future.

*"Even as economists we must occasionally come to the realization that not everything in life should be dictated by the strict laws of supply and demand or economic costs and benefits"*

It is important to remember that war is always an uncertain endeavor; therefore, there is no guarantee on the timeframe of the operation. Just as the present administration believes that

this will be a short operation, the Kennedy/Johnson administration thought Vietnam would be a quick operation as well and almost a decade, and too many lives, later they were proven wrong. While I hope that the present operation will have very few similarities to the Vietnam conflict the point is clear that war is always uncertain and therefore it is fruitless to give it a price tag until after the objective has been accomplished.

Another uncertainty that faces the world is will a post-Saddam Iraq prosper economically. While no one will argue the fact that Saddam Hussein is a horrible despot, he does rule Iraq with a stable hand. In a post-Saddam Iraq there will sure be great uncer-

tainty, both politically and economically. If the United States withdraws, there are numerous factions in the country that would love to be in control, which could create great economic unrest in Iraq and the entire region.

Also, any attack against Iraq by the United States is most likely going to create great unrest in the Arab world. It is conceivable that the deaths of thousands of Iraqi citizens could lead to yet another generation of America hating terrorists. It does not even take that much resentment toward the United States to cause a great disruption to our economic system. There are numerous unforeseen costs that could come as a result of this.

In addition to these uncertainties the United States will be faced with huge back-end costs, such as the reconstruction effort following the war. The United States will be undertaking bombing campaign over Baghdad that will nearly demolish the city. Sure the United States now operates precision guided missiles, but even they will cause "collateral damage" to underground and surrounding infrastructures. If the U.S. plans on establishing a friendly post-Saddam regime it will be forced to supply assistance for the reconstruction of this city and many others through-

out the country. In addition to the structural collateral damage the United States will be faced with the possibility of thousands of civilian casualties. Again, if the United States plans to prevail as the good guy it will be forced to spend billions of dollars nursing the injured back to good health.

These are just a few of the uncertainties and back-end costs that the United States faces in its decision on whether or not to go ahead with war. However, war should never be decided solely on economic costs and uncertainties. There are sure to be many Iraqi lives lost in the conflict, as well as the lives of brave young men and women serving the U.S. and its allies, which the government must consider before moving ahead. It must also look at the political ramifications; can the United Nations survive a "slap in the face" from the United States and the United Kingdom, two of its most important players? All of these things and much more should be considered and openly debated before the United States moves against Iraq.

Even as economists we must occasionally come to the realization that not everything in life should be dictated by the strict laws of supply and demand or economic costs and benefits.

## Alumni Notes

*Sarah Bland*

### **Jeremy Sandford, '02**

Jeremy is in the first year of an economics Ph.D. program at the University of Wisconsin - Madison, and working feverishly to prepare for his preliminary exams in July. After that, he hopes to do research in labor or public economics. He suggests that anyone interested in doing graduate work to take as much math as possible, even at the expense of economics if necessary. He also advises everyone to enjoy themselves while still at Illinois Wesleyan, because his brief experience with the real world has not been as nice as his memories of IWU - a lot more walking involved, for one thing.

### **Justin Etnyre, '99**

Justin is working at Household International as a Busi-

ness Information Analyst in the consumer lending business unit. His position lies between the business users and technology services, and he uses tools such as SAS and SQL to ensure that reporting and data requirements are met. He is also working on his MBA at Roosevelt University with a concentration in MIS, which he plans to complete in August of 2003.

### **Bryan C. McCannon, '98**

Brian has been at Penn State working on his Ph.D. in Economics since he graduated from Illinois Wesleyan. He will be defending his dissertation on strategic product differentiation and labor raiding this spring. Starting next fall, he will be an assistant Professor of Economics at Elmira College. His areas of specialization are industrial organization and micro theory/game theory. Along with his work in economics, he is also