

"The Economics of War: From King to Obama"

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Over forty years ago, on April 4, 1967, Dr. Martin Luther King, Jr. delivered an historic, antiwar address at New York City's Riverside Church. King declared that the social programs of President Lyndon Johnson's administration, widely termed "The Great Society," had been "shot down over the battlefields of Vietnam." King announced that "it would be very inconsistent for me to teach and preach nonviolence in this situation and applaud violence when thousands and thousands of people, both adults and children, are being maimed and many killed in this war." Eleven days later, in New York City's Central Park, King led a rally of 125,000 in protest against the Vietnam War.

In this presidential campaign year, the candidate speaking most decisively within the tradition of Dr. King's Riverside Church peace address is Illinois Senator Barack Obama. In a major address on March 20 at the University of Charleston, Obama urged the electorate to consider the destructive impact Bush's five-year-long war in Iraq had on the U.S. economy. Obama observed: "The more than \$10 billion we're spending each month in Iraq is money we could be investing here at home. Just think about what battles we could be fighting instead of fighting this misguided war." Obama showed the ability to break down the \$10 billion Iraq War bill to illustrate how every U.S. family was bearing part of the financial burden. "When Iraq is costing each household about \$100 a month, you're paying a price for this war," Obama declared. "No matter what the costs, no matter what the consequences, John McCain seems determined to carry out a third [Bush] term. That's an outcome America can't afford."

Every day, the nation is slipping further into a serious economic crisis, while President Bush mindlessly tap dances outside the White House. Between September, 2007 and January, 2008, the median price for a U.S. home fell 6 percent compared to one year earlier. The private sector economy lost 26,000 jobs in January, 2008, and another 101,000 jobs in February.

The economic "Great Unknown," of course, is the size of the bad debt generated by mortgage refinancing, and the leveraged debt of investment banks like Bear Stearns. Tens of millions of Americans heavily borrowed against the

rising value of their homes to pay for home remodeling, to cover the costs of their children's college education, and to pay medical bills. The banks irresponsibly sold subprime mortgages that reaped super profits, but saddled low income families with mortgage obligations they could not afford. Today, about nine million American families are currently behind in their mortgage payments. One to two million Americans will declare bankruptcy during the next twelve months.

Obama's immediate task is to link the current economic and mortgage crisis being experienced by millions of Americans, with the political economy of the Iraq War. The place for Obama to start would be to remind voters of the distance between Bush's promises about the projected economic costs of the conflict vs. the reality. The federal government is incapable of addressing domestic economic problems, he might argue, because the Iraq War cost is so expensive.

Five years ago, the Bush administration promised Americans that the cost for invading and occupying Iraq militarily would be approximately \$50 to \$60 billion. By the fifth anniversary of the Iraq invasion, this March, the Pentagon admitted that military expenditures now exceed \$600 billion. The Congressional Budget Office, a nonpartisan center, sets the real cost somewhere between \$1 trillion and \$2 trillion.

Nobel Prize-winning economist, Joseph Stiglitz, my faculty colleague at Columbia University, estimates that the long term cost for Bush's war in Iraq will exceed \$4 trillion. The best way to comprehend this enormous waste of money and human lives that the United States government has carried out is to measure the unmet needs and obligations we are failing to address. Several days ago, for example, Hillary Clinton estimated the cost of the Iraq War at "well over \$1 trillion. That is enough to provide health care to all 47 million uninsured Americans and quality pre-kindergarten for every American child, solve the housing crisis once and for all, make college affordable for every American student and provide tax relief to tens of millions of middle-class families."

Even some thoughtful Republicans who supported the Iraq War now recognize how terribly wrong their estimates were for how much the conflict would cost. Take the case of economist Lawrence B. Lindsey, Bush's first chief economic adviser. Lindsey was fired from his post years ago because he estimated that the war could cost \$100 billion to \$200 billion. Lindsey's preliminary figures were right, but he underestimated how long U.S. troops would be stationed and fighting in Iraq. Now, Republican Presidential candidate John McCain promises us that American troops could be stationed and fighting in Iraq for one hundred years.

Obama's biggest challenge, however, is to explain to the American people that both imperialist wars abroad and periodic economic crises at home represent a structural failure within America's economic and political system. This was, course, the realization of Martin Luther King Jr. just before his assassination. "For years I labored with the idea of reforming the existing institutions of society," King declared in 1966, "a little change here, a little change there. Now I feel quite differently."

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