



JOINT ECONOMIC COMMITTEE  
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**Opening Statement of Sen. Charles E. Schumer  
Chairman, Joint Economic Committee  
“War at Any Cost? The Total Economic Costs of the War  
Beyond the Federal Budget”  
February 28, 2008**

Good morning. I'd like to thank you for coming to our Joint Economic Committee hearing today on the costs of the war in Iraq. This is a contentious topic, so I will ask our audience at the outset to be respectful of the witnesses, their opinions, and the committee as we proceed today.

We have a very distinguished panel including:

Professor Joseph Stiglitz, a Nobel Laureate economist;  
Robert Hormats, a former National Security Council adviser under both Democratic and Republican Presidents and a co-Chairman at Goldman Sachs International;  
Rand Beers, the president of the National Security Network and also a former NSC adviser; and  
Scott Wallsten, an economist and formerly of the American Enterprise Institute.

I would like to take a few moments to talk about the war, its costs, and what I believe is a turning point in our argument against this war. Then I will recognize our members for opening statements and formally introduce our panel.

**The case against this war has been building for a long time. Too many young American men and women have given their lives, or have suffered terrible, life-altering injuries, with little to show for their sacrifice. The American people are baffled by the lack of political progress, despite the good work of our troops,. And now, Americans are trying to comprehend the eye-popping dollar figures that this war is costing our budget and our economy.**

It is becoming clear to all Americans -- Republicans, Democrats and Independents that by continuing to spend huge amounts in Iraq we are prevented from spending on important goals and vital needs here at home.

**So the turning point is this: the lack of progress, particularly on the political front, continues. The tragic loss of life continues. But the cost of the war and the inability to use those funds to help us here at home and to properly go after the nexus of terror, which is to the east – in Pakistan and Iran – has become the clinching argument that we must, quickly and soon, change the course of this war in Iraq.**

I went to Iraq over New Year's. I spent time with our soldiers. They're wonderful. They're awe-inspiring - from the private I met just out of a Queens high school who had enlisted eight months previously and who had been in Iraq only three weeks, to the majors and colonels who had served ten years in the Army or the Marines and had made the military their life's work. All of them see a greater good than just themselves. I spent time with General Petraeus and General Odierno. There's no doubt they are fine, intelligent, good people.

When I went to Iraq, I assured our soldiers, from the privates to the generals, that one good thing that would come out of this war is that the esteem in which we hold both the military and our soldiers would be greater than when the war started. This is far different from the Vietnam War, one of the more disgraceful times in America, when our soldiers were often vilified for serving their country.

But after leaving Iraq, I came to this conclusion. Even if we were to follow general Petraeus' game plan, which involves not just military success and security but winning the hearts and minds of the people, it would take us a minimum of five years and even then, have only about a 50% chance of success of bringing stability to Iraq – not democracy but just stability to large portions of the country.

That's not the military's fault and that's not America's fault. That's because of the age-old enmities within Iraq -- Sunnis, Shiites, and Kurds – and then within the groups themselves – that make it very hard to create long-term stability without a permanent at-large structure of troops.

We have too many pressing national security and economic priorities that require the attention, energy and resources that we are spending on a policy in Iraq that has too high a risk of failure.

Our education system is declining. Our health care system doesn't cover too many people. We are paying \$3.30 for gas because we don't have an energy policy. And if your goals are primarily foreign policy, wouldn't our time and effort be better spent focusing on the dangerous triangle composed of Pakistan, Iran, and Afghanistan, not Iraq?

**We must ask ourselves, is it worth spending trillions of dollars on such an uncertain and unpredictable outcome?**

**The cost of the war has become the 800 billion dollar gorilla in the room. The backbreaking costs of this war to American families, the federal budget, and the entire economy are beyond measure in many ways, and it is becoming one of the first things after the loss of life that people think and talk about.**

A report issued by the majority staff of this committee estimated that the total costs of the war will double what the Administration has spent directly on the war alone - \$1.3 trillion through 2008, and that is a conservative estimate.

**According to budget and Iraq spending for 2007, for the amount the Bush Administration wants to spend PER DAY in Iraq, over \$430 million, we could:**

- Enroll an additional 58,000 children in Head Start per year;
- Put an additional 8,900 police officers on the streets per year;
- Provide health insurance for 329,200 low-income children through CHIP per year;
- Hire another 10,700 Border patrol agents per year;
- Make college more affordable for 163,700 students through Pell Grants per year; and
- Help nearly 260,000 American families to keep their homes with foreclosure prevention counseling this year.

In the fiscal year 2008 budget, we put \$159 Billion into Iraq:

- That doubles our entire domestic transportation spending to fix roads and bridges of \$80 billion.
- It dwarfs all the funds we provide to the National Institutes of Health to discover cures for diseases like cancer and diabetes – \$29 billion.
- Iraq spending is seven times our spending to help young Americans get a college education – \$22 billion.
- And spending in Iraq is 30 times greater than what we set aside to ensure the health of every single American child - \$5 billion.

The costs are mountainous, and in this changing world where we have to fight to keep America number one, we cannot afford such costs – despite the great efforts that our soldiers are putting into Iraq.

I've read the testimony from Professor Stiglitz. And we are grateful to have him here before his new book comes out. **His book's title speaks for itself – “The \$3 Trillion War.”**

I was dismayed to learn that Professor Stiglitz had trouble getting information from the government about what this war is costing us, particularly from the Pentagon and the Veterans Administration.

*I was also tremendously disappointed to read in the paper today that the White House has disparaged Prof. Stiglitz and the work he has done. It is the height of hypocrisy for an administration that has been so secretive, so unwilling to face the truth and the true costs of their policies and this war to disparage the courage and conviction of someone like Professor Stiglitz.*

**I plan to ask the Senator Levin, who chairs the Senate Armed Services Committee, to work with me to make sure this administration is transparent and forthcoming about the billions in taxpayers' money that we are spending going forward.**

**Professor Stiglitz estimates that conservatively, this war could cost \$3 Trillion for budget costs alone – and that is TRILLION with a “T.”** These estimates make our JEC estimates seem small. His higher estimates of the total economic costs dwarf all other estimates at up to 5 trillion.

So we desperately need a change of course in Iraq. We can't continue to police a civil war built on age-old enmities of the various factions in Iraq. We can't afford the costs, which are

increasing exponentially according to expert economists. And we can't allow this skyrocketing spending in Iraq to displace other very real domestic and foreign policy priorities.

History will look upon this Iraq War in two ways. It will admire the bravery of our soldiers, from the privates to the generals; and it will be amazed at the mistakes made by this Administration in starting and continuing this war, for far too long.