

Many administration
thought it as a war
that



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Many discussions have risen as to whether the war in Afghanistan and Iraq were necessary for United States to get involved in. Whether the wars were necessary or not, there are some effects that we have to live with that reminds us of them.

To start with, both wars consumed an estimated \$2.4 trillion; the effect of these wars was felt in many economies of the world especially Iraq and Afghanistan. American economy was not spared either; there have been numerous concerns on the amount of spending that is put into wars. Another debate that has also arisen is the effect of the war on the economy as well as the economic prospects. The effects of the wars are negative; the reasoning behind this is because the war was understated as the white house advisor had estimated the war would spend an estimated \$200 billion instead an enormous \$2.4 trillion was spent.

A big difference therefore exists from the final figure that the war consumed as the government had to add more money meant for other developments. The understatement of the cost could be attributed to the fact that Bush administration thought it as a war that would take a small time hence inexpensive but to their surprise it took more time. The economy was hurt through the budget as a lot of money which would have been used to run the economy was used to fund it. An estimated \$12.5 billion was spent in Iraq in a month while another \$16 billion was spent in Afghanistan every month as the operating expense (Bilmes Para 5). The operating expenses were funded by the funds from emergency appropriations: this amount of money could have been used to try and fight recession which was and still affecting the country. The budget of 2007 that was used to finance Iraq was \$138 billion;

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such amount of money would have hired thirty thousand teachers, provided Medicaid facility for about 45 million Americans and also would be used to build about four hundred schools.

The illustration shows the opportunity cost of getting involved in war in comparison with the services that could be availed to the public. Not only has the war affected the economy through the national budget but there has also been a decrease in household spending. Through an estimated by the Joint Economic Committee, by the year 2017 estimated \$46, 400 will be the increase in each household in terms of the taxation. The meaning of this is that the household would have a lesser amount of money to spend, as a bigger portion of it will be directed to supporting the war.

According to the principles of economics, less income translates to decrease in demand, which also results to lesser production. A continuous trend leads the country having a lesser GNP (Teslik Para 4). Another way the economy is been affected is due to increase of commodity prices in the market due to increase in toll on prices. The mostly affected commodity is crude oil, which has increased consistently as a result of the war. The increase in oil can be attributed to the fact that Iraq produces an amounting 3% of the global oil production. Not only does this cause an increase in price but also there is notable instability in the prices in the recent years. With the continuing of the war, oil prices are likely to increase to such a price that will strain the users of this commodity. In turn, government is spending more than what it would have spent in importing oil if there was no war.

In the long run, there will be a likelihood of existence of inflation caused by high fuel prices. The national debt is estimated to be about \$13 trillion. The fact that the wars were financed through borrowing means that there will be an increase in the national debt.

Again, the fact the debt has an interest means that the debt can only increase with time. Having a big national debt means that added borrowing has higher interest rates, the borrowed money for the war there has effect on American people as the government uses more money to repay it leaving the taxes payers with a lesser amount of money to spend. Though the effects of the war when it comes to taxation are not been experience now means that they will be increased later to cater for the increased national dept. Financing the war using borrowed funds also means that the country will be made more dependent to other counties investors in bid to reduce the national debt (Thiele Para 5). The long term effect of this will be that there will be a decrease in the standard of living and the country in future will strain in dealing with some economic challenges that may arise like the in the health sector. Clearly a lot of money is been spent in supporting the wars that United States is engaging itself into. The effects of the war are not only been involved in the three countries that are involved in the war but also other countries are also culprits of the same. A good example is when it comes to the prices of crude oil where the effect has been felt globally (Stiglitz Para 4).

At the same time there has been a considerable increase the national debt since most of the money used to finance it is borrowed money. The problems do not end there as the interest rates of borrowing increases with any

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additional borrowing. If nothing is done the country might face many problems in future with the government been forced to increase taxes to finance the debt. The effect of this may be a decrease in the national domestic product as well as lowering of the standard of living of the citizens. Quitting the wars and avoiding involvement in such wars can be of much benefit to United States economy. The money involved in the war would be channeled to promote development in other sectors as well as been used to reduce the national debt. The fact that there has been a recession means that the economy has already been hurt and there is no need of the war since it continually keeps in hurting the economy more. Almost all the sectors are being affected and there is need for the government to minimize the control the budget to avoid having an economic disaster in the near future (Sterngold Para 7).

Works Cited

Bilmes, Joseph Stiglitz and Linda. "The three trillion dollar war." 23 February 2008. The Sunday Times. 9 April 2011