

## **Statement by Economists Opposed to War against Iraq**

As American economists, we oppose unilateral initiatives for war against Iraq, which we see as unnecessary and detrimental to the security and the economy of the United States and the entire world community.

Given the precarious state of our own economy, America requires the attention and focus of leadership and resources to address economic problems at home. Instead, leadership and resources are being diverted to an unnecessary and costly war. As UN Chief Inspector Hans Blix points out, the objective of containment is being achieved now, by 250 inspectors at a cost of \$80 million per year, in contrast to a force of some 150,000 soldiers and at least \$100 billion for war.

No administration can credibly promise to solve all problems simultaneously, and as a result of our administration's comparative neglect, the American economy suffers the following serious problems:

First, private business investment in the United States has not yet started to recover in most areas. Lack of new investment means lack of jobs. The prospect of war threatens America's financial, energy and other markets. And the larger commitment of the administration to the military will impede, not advance, the recovery of the technology sector, by drawing resources away from civilian applications.

Second, there is a recent and troubling slowdown in consumer spending, which has been supporting the slow recovery. American households are highly indebted. Only low interest rates, continuing demand in the housing sector, low oil prices and cheap imports have kept the consumer going. We fear that war may significantly drive up interest rates and oil prices. If indeed this is so, or if the ongoing decline in the dollar goes too far, the effect could be to unleash a major consumer retrenchment in the United States, overwhelming the added government military spending.

Third, state and local government budgets continue to suffer. These budget shortfalls are translating into service cuts and tax increases. Either way, household budgets will take a serious hit. The war fever in Washington is blocking efforts for revenue sharing with the states, which is a major way the federal government could prevent a state and local calamity, and it is blocking adequate support efforts for homeland security. Nor can we hope, in such a climate, to address our continuing and larger problems of health care, education, unemployment, and poverty, all of which remain urgent concerns here at home.

During the 1990's America enjoyed strong economic growth, strong financial markets and unprecedented job expansion. We believe a contributor to that growth was the "peace dividend" following the end of the cold war. Unfortunately, in place of a "peace dividend," today we are being offered a "war surcharge," which will be further aggravated by the effect of a war on the price of oil, especially if it results in destabilizing Saudi Arabia.

The current policy of sponsoring a new war in the Middle East plays "Russian roulette" with our economy. Instead, our leaders should focus on restoring our economy and stimulating job growth. The American people cannot afford to tolerate a mismanaged economy or a naïve underestimation of America's economic perils.

We ask economists, business leaders and all Americans to join us in opposition to the decision to go to war and instead to support a return to a policy that pays adequate attention to the needs of our economy. We do not believe that this war is necessary to the national security of the United States. A sound economy is necessary to the security of the United States and to peaceful world economic development.