

Price of Iraq occupation could dwarf war's cost

REUTERS, Washington

The price of a post-war US occupation of Iraq could be so big that some experts fear it would make the cost of combat alone pale in significance.

This is especially true because consideration of the war's ultimate price tag, and how to pay it, comes at a time the US government is already awash in red ink.

This week, the White House asked Congress for almost \$75 billion in extra money to pay for a relatively short war in Iraq.

While Congress has yet to set aside funding for rebuilding in the current budget debate, worries over the war's eventual costs were cited in the Senate's Tuesday vote to whack President Bush's proposed 10-year tax cut of \$726 billion in half.

For a government that spends more than \$2 trillion a year, a one-time expense of \$75 billion is relatively small. It will, however, add to what the Bush administration has already estimated will be a record budget shortfall of \$304 billion in 2003 and it will mean additional debt will be added to the government's current outstanding debt of \$6.400 trillion.

The Council on Foreign Relations, in a recent report, estimated that the United States may need to station 75,000 troops in Iraq, which, with aid efforts, could cost \$20 billion a year "for several years."

Bob Bixby, executive director of the Concord Coalition, a balanced budget advocacy group, said the annual costs could run between \$10 billion and \$30 billion.

"No one really has any idea about how much this might cost," said Lyle Gramley, a former Federal Reserve governor and a senior economic consultant with Schwab Washington Research Group. "It could be very, very big bucks."

In World War II, the United States ran up huge amounts of debt to finance a global war fought on two fronts. While it left the war with a big debt burden, it quickly worked it off. Publicly held debt as a percentage of US gross domestic product fell to 57.3 percent by 1955, after peaking at 108.6 percent in 1946.

In Vietnam, the increasing US involvement throughout the decade of the '60s was also financed by government borrowing, though to a much smaller extent. The decision to finance the

war at the same time as then-President Lyndon Johnson's Great Society social programs led critics to say the administration was buying both "guns and butter."

The last major US war, the original Persian Gulf War in 1991, was a different matter. As part of a much larger international coalition, the United States successfully raised almost all of the approximately \$61 billion cost through international contributions.

A Treasury spokesman on Tuesday declined to comment on whether Iraq occupation costs could affect Treasury's long-term borrowing patterns.

There is, however, a very small cash cushion left over from the 1991 Gulf War. The Defence Cooperation Account, where money from US allies was deposited to help pay for the first Gulf War, still had about \$657 in cash and another \$13.1 million in holdings of US government securities on hand at February's end, according to the Treasury Department.

The cost of keeping troops in Iraq after the war depends on several variables, experts say. The size and duration of a post-war US operation is a major question and likely would depend on how well a

post-Saddam Hussein regime is accepted. Another variable is whether the costs could be shared with other nations or defrayed through oil sales.

But if the United States is faced with a long, solitary commitment, it could have consequences for the economy.

One problem could be a creeping growth in expenses reminiscent of the Vietnam era. The costs of the continued escalation of US efforts in Vietnam were not foreseen and, some argue, played a part in the rise of inflation in the late 1960s and early 1970s.

"Vietnam snuck up on budgeters," said Lou Crandall, chief economist with Wrightson ICAP.

Another possibility is a return of the early '80s economy, according to Schwab's Gramley. Seeing an expensive military buildup leading to massive deficits under the Reagan administration, the Federal Reserve was compelled to keep inflation-adjusted interest rates high in order to hold inflation in check, he said.

Those rates, he said, kept productivity growth low and economic growth muted.



A US Marine from the 2nd battalion/8th Marine looks at armored vehicles destroyed during the night by friendly fire at the command post headquarters near Nasiriyah. Dozens of US marines were injured when their forces fired on one another at the post around the southern Iraqi city. A US Central Command spokesman in Qatar said the incident was being investigated but he could provide no further details.

PHOTO: AFP

Extracts from letters worldwide

The Times, London

Reverend Dr Simon Coupland, Worthing

I am baffled by the uproar caused by the Iraqis showing pictures of the bodies of dead US troops and US prisoners in captivity. This is said to be contrary to the Geneva Convention, yet on Days 1 and 2 of the conflict the news media carried numerous pictures of Iraqis being taken into captivity, as well as graphic photos of Iraqi dead. The difference was that the Iraqi prisoners were shown being offered food or water, but a moment's reflection shows that this was just as much an act of propaganda as the intimidation of the US troops by their Iraqi captors.

Peter Fullerton, London

The Americans are of course right to complain of the mistreatment of the prisoners of war taken by the Iraqis, and to call it "disgusting".

including countless innocent civilians, I see no reason why British and American service personnel should expect to be spared.

Denise Lunn, Hove, ESussex

I have decided that I will not be buying any newspapers - and I buy two or more a day - which force me to look at graphic pictures of war casualties. I realise that war has terrible consequences; I do not need to have that fact shoved into my face when I look at a newspaper stand or inside a newspaper. Nor do I want my children to be exposed to it. I also notice that all the pictures of the wounded and dead so far have been of Iraqis.

In addition, pictures and film of those "surrendering" could endanger any family they may have in Baghdad. After all, Saddam is still in power. And isn't there a better, less humiliating term to convey their unwillingness to fight for Saddam?

hate America for this war remember the protesters here. If you think France is wrong, remember that some of the French agree with you. No administration can speak for all of its people. It is easy but dangerous to hate an entire nation. That hate will lead to more conflict.

Sean Lloyd, Suva, Fiji

The Iraq war, in essence, is a scuffle between the big mafia and a street gang.

Sadir, Baghdad

It's heartbreaking to see my city set on fire on TV, but who is to blame? Certainly Saddam Hussein but let us not forget the fact that he has been supported by the US and the UK for years to oppress his own people to fight neighbouring countries. Today the very same allies are liberating the Iraqis! Don't destroy my country Mr Bush...not in our names.

Ghufuran, Pakistan

Wow, what diplomacy - the US presenting itself as a saviour of Iraqi people, bypassing and ruining the integrity of the UN. Can anybody stop this wild oppression on innocent Iraqi people?

Ron, Burlington, Canada

Although I support the cause to disarm and move Saddam out of Iraq, I have less understanding for all those protestors and their brain-washed views. At the same time I have strong concerns about the future. Will this mean an increasing American world presence? Or maybe we will see a worldwide backlash to everything that is American.

The Hindu, Madras

Shailesh Gandhi, Mumbai

Never before in the history of the world has such a small man led a disproportionately powerful nation into attacking a small country without rational justification. Progress of human civilisation has been about the strong being restrained by morality into not trampling on the weak.

Mr. Bush's action will erode the entire moral capital of the US, and perhaps convert the world into an inferno of terrorist actions. This arrogant violence could bring us to the brink of a dreadful world war. The weak of the world weep at this ascendancy of violent power.

Chris Fernandes, Mumbai

The US missiles that rained on Iraq were seeking "targets of opportunity" opportunity for whom? Obviously, the US as this will benefit arms manufacturers, post-war rebuilding activities and, most of all, the oil cartel. Mr. Bush and his aides are the biggest human rights violators, whose vicious schemes need to be stopped before they engulf the other parts of the world. If we, the ordinary people, do not stop this monster now, it will be emboldened to target other countries which do not toe its line.

Sydney Morning Herald

Damien Flattery, Victoria

It seems the coalition has bullets, mortars and shells which can dodge around civilians and hapless conscripts.

Otherwise I'm sure we would be seeing images of the piles of corpses left behind as coalition forces "take" various cities. I suppose if you hear the word "precision" repeated that many times, you will start to believe anything.

Christian Science Monitor

Richard Girling, San Francisco

Sports fans are anticipating the World Series of Global Power: The Bush vs. Hussein spectacle. House odds are on Bush for the battle, but in this war, even the winner will be a loser. If thousands of Iraqi civilians die in this war as they did in 1991, blood will be on our hands - even if oil flows freely from the newly liberated oil fields of Iraq. I, for one, will not be rooting for the home team.

South Korea divided over sending troops to Iraq

AFP, Seoul

South Korea's parliament plans to vote Friday on a government motion for sending non-combatants to Iraq as an increasing number of lawmakers are bowing to public pressure to oppose it.

"The number of lawmakers who are opposed to the dispatch of troops is increasing day after day," Chun Jung-Bae, a lawmaker of the ruling Millennium Democratic Party (MDP) told journalists on Thursday.

The People's Solidarity of Participatory Democracy, an umbrella group of activists, said 54 lawmakers including 34 from the MDP and 16 from the opposition Grand National Party put their names in a signature collection campaign against the troop dispatch and the war against Iraq.

Leaders of the two rival parties agreed to vote again on the government motion on Friday after the National Assembly on Tuesday put off voting on it, fearing a public backlash.

For passage of the bill, more than half of the 271 members of the National Assembly have to be present in the plenary session and more than 50 percent of lawmakers have to support it.

Calling for a quick approval from parliament, President Roh Moo-Hyun has said the troop dispatch would help strengthen Seoul's hand in haggling with Washington on how to resolve the nuclear stand-off with Pyongyang.

British press divided over UN role in post-war Iraq

AFP, London

Britain's press was divided Thursday over whether to support Prime Minister Tony Blair's wish to see the UN play a lead role in running post-war Iraq.

"UN should take over postwar Iraq. A unilateral US occupation would be doomed to failure," said an editorial headline in the Financial Times as Blair prepared to convince US President George W. Bush of the need for a prominent UN role.

"The central concern should be to give Iraq the best chance of a viable transition to freedom and prosperity -- and prevent it becoming another failed state and

incubator of Islamist rage against the west," said the business daily.

It argued that following the any fall of the Iraqi regime, a UN civil authority should pave the way for a multilateral force under US leadership.

"But the UN would provide the umbrella and legitimacy for the constituent political process by which Iraqis would decide how to share power among themselves," the papers said.

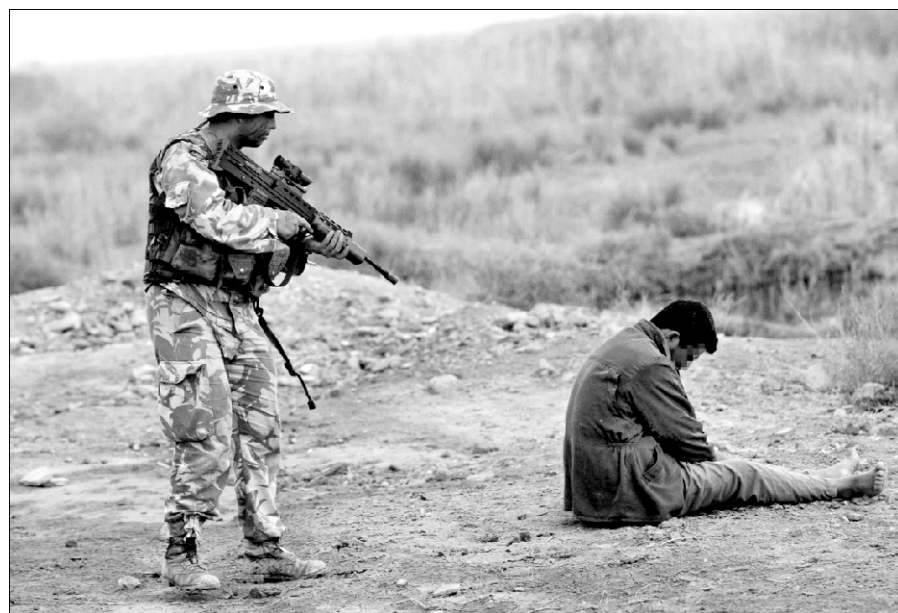
Blair is seeking more UN involvement in reconstructing Iraq than Washington may be ready to allow. The British leader is pushing for a UN resolution giving the international body the lead role in running post-war Iraq and supply-

ing humanitarian aid.

But the Bush administration, apparently mistrustful of a politically divided and bureaucratically slow United Nations, reportedly wants Iraq ruled under the direct control of its military, even if it sees a role for the UN in distributing humanitarian aid.

Blair was to press Bush on the issue later Thursday during talks at the presidential retreat at Camp David, Maryland.

"I am clear that the United Nations must be centrally involved" not just in humanitarian relief as the war rages, but in rebuilding Iraq after the guns fall silent, Blair told a Downing Street press conference on Tuesday.



British Corporal Steve Ritson stands guard over an alleged Baath Party member, captured by 40 Commando Royal Marines, south-east of Basra.

PHOTO: AFP

But their complaint would surely and sadly carry more weight were they not themselves in arrogant breach of the Geneva Convention in their treatment of those prisoners from Afghanistan whom they are holding in Guantanamo Bay and whom they have treated, and allowed to be photographed, in the most demeaning way.

Dean Schleicher, Maryland

Mr Bush's Iraqi policy has been marked by incompetence and insincerity. He treats diplomacy and negotiation dismissively.

Where have all the grown-ups in Washington gone?

Kevin Marriott, London

Britain has now become, against the vast majority of the world's governments and public opinion, an aggressor nation. History will surely condemn Bush and his surrogate, Blair, and those supine legislators who supported them.

The Guardian

Aida Kaisy, an Iraqi living in London

If the thought of watching a snuff video disgusts you, then why not the aerial bombardment of Baghdad?

Eddie Woods, Amsterdam

As an American writer who has served in the US airforce, I definitely do not support "our troops" fighting in Iraq. Unlike most of their adversaries, they joined the armed forces with their eyes wide open. The only coalition casualties that are likely to convince the undecided that the Bush administration's unprovoked aggression against another sovereign state was as unwise as it is illegal. If Iraqis must die,

Keith Nolan

Carrick-on-Shannon, Ireland

Without newspapers and the internet this awful war would be badly served by the sad and disgraceful behaviour of satellite television reporting. Never before have I seen and heard such biased material extolling the virtues of the so-called coalition: it has all been made to look like a video game. Where are the bodies, the maimed, the disenfranchised peoples of Iraq?

From now on if I hear the word "embedded" it will indicate a person or organisation unworthy of the honourable profession of journalism and a free press.

GulfNews

K. Eaton, Dubai.

I am a British national, and have lived in the UAE for some years now. I am against the use of force in any area of the world and believe that in the end the only true solutions to disagreement are diplomacy and reason.

Let us all just keep a level head during this time of uncertainty in Iraq and Palestine, and hope and pray that sense will prevail in the preservation of the Iraqi and Palestinian peoples. Let respect and reason take over from bullying.

BBC News Online

Jessica Daugherty, Virginia, USA

There are those even in Germany and France who support the war and those in the US and UK who do not. I am an American who does not support the war. Whatever you think of the war and the nations involved please remember that people are individuals. If you

CHRONOLOGY OF FIRST WEEK OF WAR

AFP, Baghdad

The following is a chronology of the main events of the first week of the US-led war on Iraq.

March 20:

-- 0100 GMT: A US deadline set by President George W. Bush for Iraqi President Saddam Hussein to flee the country expires

-- 0235 GMT: The United States launches war on Iraq with limited air strikes on Baghdad, as Bush promises in a nationwide address a "broad and concerted campaign" to disarm the country

March 21:

-- The United States launches 1,000 cruise missiles and 1,000 air strike late night sorties on hundreds of targets in Baghdad and elsewhere

-- Eight British and four US troops become the first known casualties on the coalition side when a helicopter crashes in Kuwait

March 22:

-- US troops meet stiff resistance around the southern border town of Umm Qasr and in Nasiriyah farther to the north

-- An Australian cameraman is killed in a suicide car bombing in northern Iraq, and a British television reporter dies in shooting in the

south

March 23:

-- Iraqi television shows pictures said to be of dead US soldiers and five captured US troops

-- US air raids pound Baghdad, the northern city of Mosul and positions held by an alleged al-Qaeda-linked Kurdish Islamist group

-- US officials say a US Patriot missile brought down a British RAF Tornado fighter plane in Iraq in a friendly fire incident

-- An American soldier is detained after a grenade attack that killed one US soldier and wounded 12 in northern Kuwait

March 24:

-- Saddam pledges a long and bitter war against US and British forces in a second "victory" speech to the nation

-- Iraq shoots down two US Apache helicopters

-- US-led air raids batter Baghdad again

-- US commander General Tommy Franks says coalition forces are holding 3,000 prisoners

-- Iraq's northern oil capital of Kirkuk is rocked by 24 hours of almost non-stop bombardment

-- Bush is to ask Congress for 75

billion dollars extra to cover the cost of the war, reconstruction and boosting domestic security

-- Two British soldiers are killed in fighting in the south

March 25:

-- Allied forces score gains in their advance on Baghdad, as 4,000 marines push across two bridges spanning the Euphrates River at Nasiriyah and while coalition troops take control of Umm Qasr

-- A sandstorm brings hundreds of tanks and amphibious assault vehicles to a complete halt, slowing the US Marines Corps' drive

-- Violent bombing on the outskirts of Baghdad rocks the capital amid reports that advancing coalition troops within 100 kilometres (60 miles). Eight people are killed and 60 others wounded, the ICRC says

-- Kirkuk is hit by fresh airstrikes

-- A US Patriot battery shoots down a British Tornado by mistake

-- Saddam calls on Iraqi tribes to rise up and fight the US and British forces

-- There are reports of an uprising against the regime by Shiites in the city of Basra

March 26:

-- Iraq says 14 Iraqis are killed when missiles hit a residential and market

area in Baghdad

-- US President George W. Bush says Saddam Hussein is steadily "losing his grip" on power, but warns that the war is far from over

-- British Prime Minister Tony Blair flies to the United States for face-to-face talks with Bush

-- US troops kill 1,000 Iraqis in a 72-hour period in the Najaf region, a US officer says

-- Iraqi tanks make a surprise breakthrough of the besieged southern city of Basra and push south toward British positions under heavy bombardment, a British officer says

-- Iraq says more than 500 civilians were wounded and 200 homes destroyed in US and British bombardment of the southern city of Nasiriyah

-- US-led forces bombard the state television building in Baghdad, putting main TV channels briefly off the air

-- The UN Security Council holds its first formal consultations on proposals to reactivate the UN oil-for-food programme to channel humanitarian relief to Iraq

-- The Red Crescent begins distributing humanitarian aid to the inhabitants of Safwan in southern Iraq

PHOTO: AFP