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Sarah E. Kreps. *Taxing Wars: The American Way of War Finance and the Decline of American Democracy*. New York: Oxford University Press 2018. ISBN: 9780190865306 (hardcover, \$29.95).

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Introduction by Joshua Rovner, American University

The relationship between war, taxes, and public opinion has long interested scholars of democracy and international security. In theory the fiscal costs of war should restrain leaders from starting them, especially if those costs are born by the public on whose support they rely. According to Sarah Kreps, however, American leaders have not been constrained in this way for decades. They have learned to find alternatives to the kind of war taxes that concentrate public attention. They have also fought prolonged wars with volunteer forces. No draft, no tax, no protest.

Kreps's argument is substantially more nuanced than that, of course, but the thrust of her argument points to a powerful and discomfiting trend in American politics and decisions about the use of force. The reviewers in this roundtable agree that it deserves close attention from scholars. Understanding the relationship between war financing and public opinion may shed light on when the United States goes to war, and how it chooses to fight. Linda Bilmes goes one step further, calling the book "required reading for every Member of Congress."

This roundtable explores several related themes in the book, and may serve as a jumping off point for continued research on war financing and war fighting. According to the reviewers, Kreps's argument begs a number of critical questions. Bilmes, for instance, argues that budgetary policies compound the tax issues that are highlighted in the book. Post 9/11 policies have moved war financing "off-budget" in ways that further obscures the costs of military operations. At other times, budget rules may not enable or reinforce tax policies. Similarly, Matthew DiGiuseppe argues that the book would benefit from more consideration of economic explanations. Changes in global financial markets may increase the availability of credit, which may go a long way towards explaining when U.S. leaders opt to fund their wars through borrowing.

Comparative studies may also add breadth to the argument, a point Rosella Cappella Zeilinki emphasizes in her review. While the book concentrates on the American experience, there is no reason why the underlying factors are unique. Paul Poast suggests an opportunity to learn more by looking backward, noting that the U.S. fought low-intensity wars throughout much of the nineteenth century without war taxes. Perhaps, he suggests, Kreps's argument travels in time as well as in space.

A final set of questions is about the policy judgments that are left unstated in the book. DiGiuseppe raises the question of whether financing wars through debt is more efficient than financing them through taxes. While he does not agree with this claim, it is worth asking if the temptation of borrowing is based as much on economic logic as on political expediency. Finally, Trevor Thrall suggests that a fundamental debate over national security lies just under the surface of Kreps's argument. Are political elites justified in obscuring the costs of limited wars, which may be necessary for national security but misunderstood by the public? Or are they simply hiding their own flawed judgment in ways that lead to unnecessary wars and undermine democratic accountability?

Participants:

Sarah E. Kreps is a Professor of Government, Adjunct Professor of Law, and Faculty Fellow in the Milstein Program in Technology and Humanity at Cornell University. She is the author of four books on the topics of technology, defense, and politics, including, most recently, *Taxing Wars: The American Way of War Finance and the Decline of Democracy* (Oxford University Press, 2018), as well as two books on drones and a fourth on

military interventions. Beyond these books, she has written dozens of academic articles, policy reports, and opinion pieces on related topics. She has a BA from Harvard, MSc from Oxford, and Ph.D. from Georgetown. Between 1999 and 2007 she was an officer in the United States Air Force.

Joshua Rovner is an associate professor at the School of International Service at American University. He is currently scholar-in-residence at the National Security Agency and U.S. Cyber Command. The views expressed here are the author's alone.

Linda J. Bilmes is the Daniel Patrick Moynihan Senior Lecturer in Public Finance at Harvard University and co-author, with Joseph E. Stiglitz, of *The Three Trillion Dollar War: The True Cost of the Iraq Conflict*. She is also a contributor to the Brown University costs of war project <https://watson.brown.edu/costsofwar/>. Her forthcoming book *The Ghost Budget* focuses on the Overseas Contingency Operations budget.

Rosella Cappella Zielinski is an Assistant Professor of Political Science at Boston University who specializes in study the political economy of security. She is the author of *How States Pay for Wars* (Ithaca: Cornell University Press, 2016) winner of the 2017 American Political Science Association Robert L. Jervis and Paul W. Schroeder Best Book Award in International History and Politics. Her other works can be found in the *Journal of Peace Research*, *Conflict Management and Peace Science*, *Security Studies*, as well as *Foreign Affairs*, *Texas National Security Review*, and *War on the Rocks*.

Matthew DiGiuseppe is an assistant professor of International Relations at the Institute of Political Science, Leiden University. His research interests lie at the intersection of international political economy and security studies. Before joining the Institute of Political Science at Leiden, Matthew was an assistant professor the University of Mississippi for six years. He received his Ph.D. from Binghamton University in 2012. His work has been published in the *British Journal of Political Science*, *International Studies Quarterly*, the *Journal of Peace Research*, *Political Research Quarterly*, *Foreign Policy Analysis*, *Economics & Politics*, *Business & Politics*, and *International Interactions*.

Paul Poast is an associate professor in the Department of Political Science at the University of Chicago, where he is also the Director of Graduate Studies, a research affiliate of the Pearson Institute for the Study of Global Conflicts, and a member of the Center for International Social Science Research advisory board. He studies international relations, with a focus on international security. He is the author of three books, *The Economics of War* (McGraw Hill-Irwin, 2006), *Organizing Democracy* (University of Chicago Press, 2018), and *Arguing About Alliances* (Cornell University Press, forthcoming). He has authored or co-authored academic papers in journals such as *International Organization*, *World Politics*, *Political Analysis*, the *American Journal of Political Science*, and the *Journal of Conflict Resolution*. His research has been funded by the National Science Foundation, featured in various news outlets (such as *The New York Times*, *Bloomberg*, and the *Washington Post*), and received a number of awards (notably the Walter Isard Award and the Bruce Russett Award).

Trevor Thrall is an associate professor of international security in the Schar School of Policy and Government at George Mason University. He is also a Senior Fellow at the Cato Institute in the Defense and Foreign Policy department. Dr. Thrall's research revolves around the intersection of international security, political communication, and public opinion. His most recent edited volume, *U.S. Grand Strategy in the 21st Century: The Case for Restraint* (Routledge 2018) examines current U.S. grand strategy and presents leading arguments in favor of a more restrained foreign policy. Thrall also publishes commentary on current affairs in a wide range of publications, including the *Philadelphia Inquirer*, *Detroit News*, *Huffington*

Post, Newsweek, Time, The National Interest, and Foreign Policy, and is a frequent guest on radio and television. Thrall received his Ph.D. in political science from M.I.T.

Review by Linda J. Bilmes, Harvard University

In 2008 Joseph Stiglitz and I published our initial estimate of the enormous financial cost of the wars in Iraq and Afghanistan.¹ Since then the estimated cost has grown to \$5-6 trillion, making the post-9/11 wars the longest and arguably the most expensive in U.S. history.²

Despite this mind-bending figure, a fractious U.S. Congress has studiously avoided almost any discussion of the topic. Congress has held far fewer hearings on war costs for Iraq and Afghanistan than during Vietnam and Korea. Similarly, there has been barely a word on the subject from any of the past three occupants of the White House.

A striking feature of the Iraq and Afghanistan wars is the way in which they have been financed. In sharp contrast to previous conflicts, the federal government did not raise taxes to help cover the costs.³ Personal taxes rose (in some cases very significantly) during the War of 1812, the Civil War, the Spanish-American War, World War I, World War II, Korea, and Vietnam. Presidents Woodrow Wilson, Franklin Roosevelt, Harry Truman and Lyndon Johnson devoted large portions of their State of the Union addresses to asking the public to shoulder the financial burden. By contrast, after three rounds of tax cuts (in 2001, 2003 and 2017) most Americans now pay lower taxes than they did when the Twin Towers fell.

There has been little attention to why the U.S. has been able to buck historical norms on war funding, or on the consequences of this shift. Sarah Kreps attempts to provide an answer in her book, *Taxing Wars: The American Way of War Finance and the Decline of Democracy*. Kreps adds her voice to those who have argued that by borrowing the money instead of imposing taxes, the U.S. government has been able to make the cost of the wars far less visible.⁴ She offers a nuanced discussion of the role that taxes play in a democratic society and makes the case that the absence of taxes to pay for the recent wars has undermined the social contract between the public and government.

Kreps argues that the public does not view debt in the same way it views paying taxes. Citing Charles Tilly, Kreps identifies taxes as the most significant imposition that government makes on individuals.⁵ Without

¹ Joseph E. Stiglitz and Linda J. Bilmes, *The Three Trillion Dollar War: The True Cost of the Iraq War* (New York, NY: W. W. Norton, 2008)

² Brown University, Watson Institute for International and Public Affairs, “Costs of War Project” (website), <https://watson.brown.edu/costsofwar/>.

³ Robert D. Hormats, *The Price of Liberty: Paying for America’s Wars*, 1st ed. (New York: Times Books, 2007).

⁴ Linda J. Bilmes, “The Fiscal Opacity Cycle: How America Hid the Costs of the Wars in Iraq and Afghanistan,” in Martin Guzman, ed., *Toward A Just Society: Joseph Stiglitz and Twenty-First Century Economics* (New York: Columbia University Press, September 2018).

⁵ Charles Tilly, “Forward” in Isaac William Martin, Ajay Mehrotra, and Monica Prasad, eds., *The New Fiscal Sociology: Taxation in Comparative and Historical Perspective* (New York: Cambridge University Press, 2009).

additional taxes, the costs are hidden, and a key mechanism through which government keeps the topic of war in the forefront of public consciousness is removed. In economic terms, the argument is that individuals have a very high discount rate. A dollar of extra tax today is much more painful than a dollar of tax increases to repay debt tomorrow - especially if 'tomorrow' is uncertain and could be a generation away.

In 2014, Kreps surveyed 350 Americans and asked them to estimate the costs of the Afghanistan war, which at that point were close to \$700 million. Responses ranged from \$1 million to \$10 trillion. The typical response was "I have no idea—\$100 million?"⁶ Leaving aside the difficulty that many people have just imagining the scale of millions, billions, and trillions, her work suggests that most voters have no idea what the war is costing and cannot relate to such enormous sums. By comparison, she points out that people are quite aware of how much they pay in taxes. Taxes are visible and painful, which makes people pay attention to what they are being used for. If the wars were financed by taxes, the public would likely be more attentive to the costs, as well as the goals and the duration of the conflict. In the absence of higher taxes, the public becomes apathetic about the cost of war.

Second, Kreps focuses on the link between taxes and accountability for war spending. She argues that the lack of dedicated war taxes not only hides the cost of war from the public but reduces the attention and accountability for war spending by elected officials. She points out that while there has been discussion about the military conduct of the wars—whether to 'surge' and so forth—there has been very little discussion about how to pay for them. Apart from a handful of lawmakers, such as former Congressman David Obey in 2009, there has been no serious effort in Congress to impose taxes to help pay for the wars.

My own research corroborates Kreps's argument. In previous wars, taxes were the mechanism that forced accountability in Congress. Since Congress must approve tax policy, the simple act of increasing taxes obliges the relevant Committees in Congress to hold hearings on the topic. During the Korean and Vietnam wars, the House Ways and Means Committee and the Senate Finance Committee held numerous hearings focused on the cost of the wars since they were required to consider tax increases needed to finance them. Those same committees barely touched the topic during the post-9/11 wars.⁷

Kreps's third and most powerful argument is that the policy of borrowing to pay for the wars is starting to damage the democratic nature of society. She observes that while the recent wars in Iraq and Afghanistan have at times been controversial, how Americans pay for them has not been. In an uncommon display of bipartisanship, Republicans and Democrats rarely raise the issue. She concludes that a broad, quiet political consensus now exists to insulate the American people from the human and financial costs of their wars. This agreement is insidious, she writes, because it has undermined democratic accountability.

As a number of scholars, including and Andrew Bacevich and Alasdair Roberts have pointed out, the public has become a spectator to the post 9/11 wars due to the fact that these conflicts are being fought by an "all-volunteer force" (manned by a tiny percentage of the population, augmented by paid contractors), and

⁶ "Just Put It On Our Tab: War Financing and the Decline of Democracy," *War on the Rocks*, 28 May 2018, <https://warontherocks.com/2018/05/just-put-it-on-our-tab-21st-century-war-financing-and-the-decline-of-democracy/>.

⁷ Linda J. Bilmes, "Is the US Forgetting the Wars in Iraq and Afghanistan?" *Boston Globe*, 10 October 2018.

increasingly reliant on mechanized warfare such as drones.⁸ Kreps believes the use of borrowing rather than taxation as a financing tool in combination with this all volunteer force has resulted in a vastly diminished public interest in the wars. It leads to a cycle of endless warfare without public awareness or clear consent. If no one pays attention to the costs of war, it makes Americans far more willing to go to war and enables the state of permanent warfare.⁹

Recent opinion polls suggest this argument needs to be taken very seriously. According to the *Rasmussen Reports*, 42% of the American public say that the United States is no longer at war in Afghanistan or that they don't know.¹⁰ *Tyndall Report*, which ranks television network news, reports that the war in Afghanistan has not been among the top 20 news stories since 2014.¹¹ If Kreps is right, this situation will only get worse as political resistance to higher taxes becomes increasingly entrenched.

This leads to the related question of why U.S. policymakers chose to eschew higher taxes in the post 9/11 period. Kreps contends that the public is less willing to pay higher taxes for 'limited' wars (which are far away and do not appear to be all-consuming) than for 'absolute' conflicts such as World War II. In her analysis, given the importance of taxes and the public's awareness of them, the taxes themselves serve as a kind of yardstick for how much value the public attributes to the war. Where the value is low (as in a 'limited' war), the public is less willing to pay higher tax rates. The importance of debt financing is that it severs this relationship, since the public no longer associates the value of war with the level of taxation.

Kreps views Korea as a turning point in the U.S. public's willingness to fund limited wars. Here her argument is less convincing. It is true that the public soured on high taxes by the third year of the Korean War, and Congress denied Truman's request to continue high tax rates indefinitely. But is not evident that the limited nature of the conflict was the decisive factor in public weariness with high tax rates. Truman himself was passionate about avoiding public indebtedness. He was determined to pay for war costs through higher taxes and reduced spending on other programs, mentioning "pay-as-you-go" over 200 times in his public speeches.¹² By 1952, he had already increased tax rates twice, raising top marginal rates to 92% as well as hiking rates on median income households. After years of high taxes stretching back to World War II, there was a strong desire in Congress to lower tax rates, regardless of the military stalemate in distant Korea.

⁸ Alasdair S. Roberts, *Blacked out: Government Secrecy in the Information Age* (Cambridge; New York: Cambridge University Press, 2006); Andrew J. Bacevich, *America's War for the Greater Middle East: A Military History*, Reprint edition (New York: Random House Trade Paperbacks, 2017).

⁹ See Rosa Brooks, *How Everything Became War and the Military Became Everything: Tales from the Pentagon* (New York: Simon & Schuster 2016).

¹⁰ "Do Voters Know We're Still At War With Afghanistan?" *Rasmussen Reports*, 30 August 2018, http://www.rasmussenreports.com/public_content/politics/current_events/afghanistan/do_voters_know_we_re_still_at_war_with_afghanistan.

¹¹ The *Tyndall Report*, "Top Twenty Stories of 2018," Year in Review, <http://tyndallreport.com/>.

¹² Linda J. Bilmes, manuscript for forthcoming book *The Ghost Budget*.

Vietnam does not prove the argument either. Despite it being a far-away, 'limited war, Johnson was under intense pressure from his economic advisors and Congress to raise taxes to combat mounting inflation. Johnson himself was a reluctant convert to higher taxes, knowing that this would also entail curbs on his domestic programs. Despite this, and the fact that public opinion was 75% opposed to the measure, the economic arguments won out and Congress enacted a 10% war tax surcharge in spring 1968.

Kreps second explanation for why the U.S. has avoided higher taxes is that the relationship between state and society has changed since World War II. She maintains that the public now expects the government to use tax payments to provide both military *and* social programs, rather than simply to pay for military engagements, which was the primary purpose of taxation prior to the expansion of social programs under Franklin Roosevelt and thereafter. In other words, households pay their taxes and expect the government to figure out how to allocate them across all the functions of government.

This is a provocative argument that could be developed further. The share of government spending dedicated to social programs has clearly grown over time, with nearly two-thirds of the federal budget now devoted to "entitlements" such as Social Security, Medicare, and Medicaid. What is less clear is how the public aversion to taxes of any kind fits into this picture. Since Grover Norquist, an anti-tax lobbyist, launched the "No Tax Pledge" in 1986, it has become almost a requirement for every Republican candidate, at both federal and state level, to sign it. President George H. W. Bush lost the election in 1992 after renegeing on his 'read my lips, no new taxes' pledge—something surely remembered by his son who never considered raising taxes for the Iraq war. For the past 25 years there has been a bipartisan loathing for new taxes, even while the appetite for spending appears almost limitless.

The main shortcoming of Kreps book, however, is that it underplays the role of economics in determining what choices a country makes in paying for war. Economic factors include price inflation and, more importantly, the availability and cost of borrowing.¹³ One of the key drivers behind the decision not to impose higher taxes in the post 9/11 wars has been the availability of plentiful credit at historically low interest rates in international capital markets. The large volume of U.S. dollar assets accumulated by foreign governments as a counterpart to ongoing U.S. current account deficits, combined with a 'flight to safety' following the 2008 financial crisis, made it possible for the U.S. Treasury to substantially increase its borrowings at very low cost. As a consequence, the U.S. has been able to triple its national debt since 2001 while the percentage of the annual budget devoted to interest declined from 11% at the beginning of the war to 7% today (borrowing for the wars represents about one-fifth of the total U.S. debt). Had interest rates continued at their pre-2008 rates, the U.S. would be diverting 16% of the national budget to debt service, which would have forced Congress to either increase taxes or reduce spending on other items to pay for the war.

A second and related omission is that Kreps does not sufficiently consider the role of budgetary policy and specifically the interplay between tax policy and the budget. Unlike previous military conflicts, post-9/11 war spending has been authorized almost entirely through emergency and exempt spending vehicles. These 'off budget' mechanisms circumvented Congressional budget rules and kept war spending outside regular budget caps. They bypassed standard budgetary processes that would have obliged lawmakers, and even the Pentagon, to consider spending trade-offs and increased accountability for war spending. In short, it was not

¹³ See Rosella Cappella Zielinski, *How States Pay for Wars* (Ithaca: Cornell University Press, 2016).

simply the financing of the war through debt that concealed the full costs of the post 9/11 wars. The specific (and unique) budgetary strategy also played a critical enabling role.

Despite these criticisms, Kreps book is extremely important. Historically, taxes have been an important way to keep government focused on the cost and duration of military interventions. The burden of war taxes puts pressure on government to keep track of military costs and gives the public recourse to apply the brakes if the costs seem to exceed the benefits. Kreps highlights this connection and the real risk of public apathy and low accountability leading to longer and more expensive wars. It should be required reading for every member of Congress.

Review by Rosella Cappella Zielinski, Boston University

Sarah Kreps's *Taxing Wars: The American Way of War Finance and the Decline of Democracy*, makes a valuable contribution to our understanding of the United States' current ability to wage costly and enduring military operations with seemingly little public attention. Indeed, the financial costs for the Global War on Terror-associated military actions, including the wars in Iraq and Afghanistan, are up to \$5.933 trillion through fiscal year (FY) 2019, yet operations continue unheeded.¹ While others argue that the United States' ability to engage in these long wars is due to their low intensity, decreased casualties, the shift to capital-intensive warfare, and fiscal opacity, Kreps draws attention to the means by which the United States pays for wars.²

Kreps argues that taxation connects citizens to any war effort. Democratic accountability suffers when citizens do not feel the costs of war in their paycheck. Thus, barring immediate financial sacrifice, citizens are unlikely to provide feedback on, or to sanction elected officials for, military actions abroad. The lack of feedback, in turn, allows political elites to wage wars exclusive of public constraint. Elites, looking to avoid the spectacle of public opinion, respond accordingly. Thus, they look to sever the connective financial tissue and do so by employing what Kreps refers to as "hide-and-seek" policies such as borrowing (5).

This argument, grounded in liberal thought, is centuries old. Indeed, most works on war finance, including Kreps's, cite Adam Smith. In *An Inquiry Into the Nature and Causes of the Wealth of Nations*, Smith wrote,

"The ordinary expence [*sic*] of the greater part of modern governments in time of peace being equal or nearly equal to their ordinary revenue, when war comes they are both unwilling and unable to increase their revenue proportion to the increase of their expence [*sic*]. They are unwilling, for fear of offending the people, who by so great and so sudden an increase of taxes, would soon be disgusted with the war. . . . The facility of borrowing delivers them from the embarrassment which this fear and inability would otherwise occasion."³

¹ Neta Crawford, *United States Budgetary Costs of the Post-9/11 Wars Through FY2019: \$5.9 Trillion Spent and Obligated* (Brown University: Cost of War Project, 2018).
https://watson.brown.edu/costsofwar/files/cow/imce/papers/2018/Crawford_Costs%20of%20War%20Estimates%20Throug%20FY2019.pdf

² For example, see Erik Gartzke, "Democracy and the Preparation for War: Does Regime Type Affect States' Anticipation of Casualties?" *International Studies Quarterly* 45:3 (September 2001): 467-485; Tanisha M. Fazal. "Dead Wrong? Battle Deaths, Military Medicine, and Exaggerated Reports of War's Demise." *International Security* 39:1 (Summer 2014): 95-125; Linda J. Bilmes, "The Fiscal Opacity Cycle: How America Hid the Costs of the Wars in Iraq and Afghanistan" in *Toward A Just Society: Joseph Stiglitz and Twenty-First Century Economics*, Ed. Martin Guzman (New York: Columbia University Press, 2018).

³ As cited in Rosella Cappella Zielinski, *How States Pay for Wars* (Ithaca: Cornell University Press, 2016), 21. Kreps discusses Adam Smith on page 10.

Other classical economists echoed Smith's concern. Writing almost a century later, David Ricardo wrote that "When the pressure of the war is felt at once, without mitigation, we shall be less disposed wantonly to engage in an expensive contest, and if engaged in it, we shall be sooner disposed to get out of it, unless it be a contest for some great national interest."⁴

Kreps's major contribution is her rich empirical discussion of the history of American war finance and her theorizing of the critical juncture that set the United States on its current "hide-and-seek" war-finance policy path. She argues that World War II served as a tipping point regarding the United States' tax capacity, the public appetite for taxation, and, in turn, the ability of the American government to pay for wars via taxation. Prior to World War II, the United States frequently instituted war taxes to fund various conflicts. This period was unique in that post-war tax demobilization was swift and there was no collective anti-tax sentiment. Different sectors, regions, and political parties expressed different preferences about the type and implementation of war taxes. This variation in preferences provided windows of opportunity for those that favored a war tax to overcome opposition to increased taxes. The generally permissive politics of war financing allowed policymakers to extract higher taxes for more serious conflicts up to 1945. Kreps's framework helps explain why the United States financed its costliest wars to date by a high percentage of tax revenue.⁵

The success of World War II taxation came at a cost, however, ushering in a long period of "hide-and-seek" policies. Kreps argues that because the United States did not fully demobilize its war taxes, the nation reached an upper bound regarding citizen tax acceptance. While the public accepted the new tax structure, partially to pay for desired welfare policies, it was sensitive to any new tax increase. Moreover, unlike previous periods in which varied political preferences for taxation existed, both parties, Republican and Democrat alike, were opposed to war taxes. Financing war in this new environment via a "Liberty Bond" approach required a major war (5). Barring a major war, political elites will implement "hide-and-seek" policies. The wars in Iraq and Afghanistan, dubbed the 'credit card wars,' clearly indicate that politicians chose the latter.

There are many reasons why scholars who are interested in the politics of warfare and resource extraction, as well as citizens concerned with democratic accountability, should read *Taxing Wars*. The empirical analysis is well-written and offers new evidence and insights on familiar historical cases. Two issues in particular deserve more attention and reflection.

The first issue concerns the role of path dependency and reinforcing institutions. Kreps theorizes World War II as a tipping point, but does not address the self-reinforcing mechanisms that explain continuation down this path beyond tax capacity. For example, the United States implemented tax cuts over the past decade; it is not clear when the reduction will be enough to open up new windows of opportunities for taxation. Relatedly, under what conditions will the two primary political parties no longer reflexively oppose war taxes? Indeed, increasing inequality in the United States suggests there may be new opportunities for partisan

⁴ David Ricardo, "Essay on the Funding System," in *The Works of David Ricardo*, ed. J.R. McCulloch (London: John Murray, 1888 [1846]).

⁵ See also Cappella Zielinski, *How States Pay for Wars*, 110-111.

realignment on taxation.⁶ On the other hand, shifts in global finance have affected borrowing capacity, enabling the United States to engage in more extreme versions of “hide-and-seek.” For example, there has been a shift in the types of “hide-and-seek” policies implemented, from borrowing from citizens within the United States to borrowing from citizens and states abroad.⁷ Furthermore, increasing enthusiasm for United States’ debt abroad as well as a long period of domestic price stability suggests that the upper limit on the ability of the state to engage in borrowing from abroad is nowhere near its pinnacle.⁸ While domestic politics may create new constraints, international financial conditions may continue to relieve policymakers of having to directly confront the guns-versus-butter tradeoff. This suggests a self-reinforcing mechanism for elites, who have learned that they can continue to finance open-ended wars from foreign lenders. The policy takeaway from *Taxing Wars* is grim—elected officials will continue to obfuscate the costs of wars via “hide-and-seek” policies. Thus, the answers to these questions are critical for understanding how to bring democratic accountability back to war finance.

The second issue concerns generalizability. Kreps offers initial insight into the portability of her theory. While the heart of *Taxing Wars* is a discussion of United States’ war finance, she concludes the empirical portion of her book with a chapter on cross-national survey evidence. Indeed, I found Chapter 7 to be the most compelling regarding new cross-national empirical evidence, particularly the discussion on Israel and India, for state capacity tipping points. Chapter 7 raises a host of questions. Most importantly, as other economies experience a certain level of tax capacity, will elites in those states also move towards “hide-and-seek” policies? One could imagine an unattractive collective effect where elites across multiple states are provoked to engage in “hide-and-seek” war finance behavior resulting in a period of forever wars that define a generation.

Taxing Wars is an important contribution to the understanding of how the United States pays for its wars and the effect of war finance on democratic processes. Lessons from the book provide empirical insight into public opinion, elite perception and choice, fiscal capacity, and the ability of a state to engage in perpetual warfare.

⁶ Rosella Cappella Zielinski, “How U.S. Wars Abroad Increase Inequality at Home: Who Foots the Bill for American Hegemony?” *Foreign Affairs* (October 2018), <https://www.foreignaffairs.com/articles/2018-10-05/us-wars-abroad-increase-inequality-home>, and Kevin Narinzy, “Both Guns and Butter or Neither: Class Interests in the Political Economy of Rearmament” *The American Political Science Review* 97:2 (May 2003): 203-220.

⁷ See, for example, Cappella Zielinski, *How States Pay for Wars*, Chapter 6.

⁸ Jason Furman and Lawrence H. Summers., “Who’s Afraid of Budget Deficits? How Washington Should End Its Debt Obsession” *Foreign Affairs* (March/April 2019), <https://www.foreignaffairs.com/articles/2019-01-27/whos-afraid-budget-deficits>.

Review by Matthew DiGiuseppe, Leiden University

Sarah Kreps tackles a key question in the war finance literature: ‘What determines the method by which states finance their wars?’ While it seems like this question is of interest only to scholars who work at the intersection of political economy and security, the question has important ramifications for decisions related to the origins of war, the development of the social welfare state, and democratic accountability.

Scholars have traditionally thought of war finance through a frame of power. Those states that could tax more and borrow more could purchase more weapons, pay more soldiers, and thus deter adversaries or win wars.¹ Inspired by the manner in which the United States has financed the ‘War on Terror’ and related conflicts almost exclusively with borrowed funds, there has been a resurgence in interest in the relationship between fiscal politics, domestic politics, and security in the past 10 years. Instead of focusing solely on power, this more recent literature focuses on the manner in which the options available to finance a war impact the domestic political decisions related to conflict, namely the ability to overcome opposition to taxes or spending cuts.²

Kreps’s book makes an important contribution to this new wave of literature. Like other recent work, *Taxing Wars* argues that the manner in which states fund war is partially a function of the desire of politicians to reduce the economic burden that war places on citizens. The book’s contribution is to argue that the unwillingness of citizens to accept a fiscal sacrifice to finance a war is conditioned by the nature of the war and state-society fiscal relations. Both factors condition the public desire to accept taxes and thus shape the incentives of politicians to engage in war making. In sum, Kreps stresses that low-stakes war generates little appetite for fiscal sacrifice. As such, decision makers will opt for less-visible forms of war finance, such as borrowing. When citizens are confronted with a large-scale war that if lost could fundamentally alter their way of life, they are more accepting of taxes and spending cuts. Furthermore, the book argues that citizens are also more accepting of taxes when citizens expect less in terms of services, and are relatively undertaxed or do not expect the government to provide resource-intensive social services because of the nature of state-society relations.

To provide evidence for these patterns, *Taxing Wars* draws on the political history of war finance in the United States. Using an analysis of political debates and public opinion polls, the book provides evidence that when the stakes are high, such as in the two World Wars, there is more acceptance of war taxes. As the stakes of wars grew less important past WWII, the evidence shows that the public is reluctant to accept new taxes to

¹ See, for example, Kenneth Schultz and Barry R. Weingast, “The Democratic Advantage: Institutional Foundations of Financial Power in International Competition”

² Gustavo A. Flores-Macias and Sarah E. Kreps, “Political Parties at War: A Study of American War Finance, 1789-2010,” *American Review of Political Science* 107:4 (2013): 833-848; Patrick Shea, “Financing Victory: Sovereign Credit, Democracy and War.” *Journal of Conflict Resolution* 58:5 (2014): 771-795; Matthew DiGiuseppe, “Fiscal Autonomy of Deciders,” *Foreign Policy Analysis* 11:3 (2015): 317-338; Paul Poast, “Beyond the ‘Sinews of War’: The Political Economy of Security as a Subfield,” *Annual Review of Political Science* 22 (2019): 223-239; and Douglas Kriner and Breanna Lechase and Rosella Cappella Zielinski, “Self-Interest, partisanship, and the conditional influence of taxation on support for war in the USA,” *Conflict Management & Peace Science* 35:1 (2018): 43-64.

fund wars and politicians are hesitant to support new tax policy. Kreps also provides some innovative causal survey evidence to demonstrate that citizens today are, in fact, sensitive to paying taxes for war.

The evidence largely supports the theory. However, the evidence could have been stronger if the book had probed alternative explanations for the development of US war finance strategies over time. For example, decisions over finance and whether to attempt to sell the public on war taxes may have instead been driven by global economic developments that influence the relative costs of different financing strategies. There is little discussion of the rise, fall, and rise again of global financial markets or the eventual achievement of the United States' exorbitant privilege which enables large budget deficits and access to credit. These developments map very closely to changes in state-society relations and the potential stakes of armed conflict over time. As such, it is quite possible that there is no variance in the public's desire to bear the financial costs of war. It is might simply be that the cost and availability of credit, which also might be a function of the severity of the war, determine which finance strategies policy makers adopt and which efforts to mobilize support for taxation. Consider that while citizens were willing to pay taxes during World War II, the government also borrowed quite heavily. Would the government have forgone taxes if so much global capital had been more abundant and accessible at the time? Would the U.S. public have preferred to finance the entire war? These counterfactuals are, clearly, difficult to prove. However, one might find evidence that policy makers turned to taxation and spending cuts as a last resort and not because it was ultimately received permission from citizens. Further, while there is plenty of evidence that individuals were reluctant to accept taxes in later wars, we have no idea if that might have changed in response to a concerted campaign to change public opinion if the easier, and potentially more fiscally efficient, option of borrowing had not been available.

Further, Kreps pays little attention to ideological forces as potential explanations for variance in war finance decisions. While I do not endorse this view, it is plausible that the decision to finance the Korean War with taxes was a product of the fiscal ideologies of President Harry Truman and important policymakers of the time. Policymakers and elites have strong and different beliefs about appropriate fiscal policy strategies. It is possible that the decisions to tax and borrow were not driven by some citizen-level constraint but by variance in elite preferences.

Another alternative explanation comes from macroeconomics. Given the uneven demand for military expenditure, borrowing might simply be the most efficient manner for financing war. As Robert Barro and others have demonstrated, rapid and dramatic changes to fiscal policy can distort the economy by generating uncertainty, ultimately reducing tax revenues and power in the long run.³ While I am not sympathetic to this viewpoint, a long-run view may have influenced the view of particularly farsighted policymakers.

In all, *Taxing Wars* helps us understand the development of war finance in the United States and the relationship between citizens, fiscal burden, and the political constraints on war fighting. The argument is compelling but could have benefited from more theorizing about alternative explanations and attempts to test the validity of potential alternative explanations.

³ Robert J. Barro, "On the Determination of Public Debt," *Journal of Political Economy*. 87:5 (1979): 940-971.

Review by Paul Poast, University of Chicago

For the public to care about war, it must feel the pain. That is the essence of the argument put forward long ago by Immanuel Kant. Democracy can ensure a “perpetual peace” because the public, wary of “all the calamities of war”, will pressure its leaders to avoid “so risky a game.”¹ Those “calamities” include war’s death and destruction, but also its financial costs.

Sarah Kreps dwells on this point in her new book, *Taxing Wars: The American Way of War Finance and the Decline of Democracy*. The book’s core idea is that Kant’s argument is conditional. More precisely, Kant’s argument depends on the willingness of the public to tolerate tax extraction: “the way societies welcomed or resisted changes in tax levels, as well as distribution of services toward which those resources were employed” (29). According to Kreps, prior to World War II, the American public was willing to incur taxes to fund the government’s war efforts, whether those efforts were limited—meaning wars aimed at well-defined objectives that did not demand the utmost military effort—or absolute—meaning wars that seemingly observed no limits and require massive mobilization of the population and economy. Limited wars included the Quasi-War of 1798, the War of 1812, the Mexican-American War, and the Spanish-American War, while the absolute wars were the American Civil War and World War I. Indeed, it was only during times of war that Americans felt the pinch of income taxation. Consistent with Kant’s claims, the added tax burden on the populace served as a constraint on the war effort: these were all relatively short wars.

But since World War II, the U.S. government has largely shied away from wartime taxation. Why? From a historical standpoint, the American public is now highly taxed. Expanded tax brackets and tax withholding, both products of the World Wars, remain in place. While a large portion of this revenue funds the enhanced ‘welfare’ functions of the U.S. government, it also helps fund the government’s continual ‘warfare’ functions (as defense spending was and remains the largest component of fiscal discretionary spending). Hence, Kreps points out, while the American public appears willing to accept a permanently higher level of peacetime taxes, the public is also less tolerant of new taxes. Consequently, the U.S. government has sought to finance military operations with the existing sources of revenue, both existing taxes and borrowing. Setting aside the post-World War II structural factors that eased the U.S. ability to rely on borrowing (such as the rise of the dollar’s status as the key global reserve currency), an unwillingness of the government to impose ‘war taxes’ essentially undercuts the public accountability component of Kant’s argument. The seemingly endless “hide-and-seek” (141) wars in Iraq and Afghanistan are the ultimate consequence of this breakdown in the Kantian mechanism.

Besides being immensely well written, the book beautifully captures the “guns-versus-butter” tradeoff central to research on the political economy of security.² Aware of the public’s heightened sensitivity to the tradeoff, the U.S. government avoids actions that render the public aware of its butter sacrifice: “[N]o longer does the United States carry out large-scale wars, and high levels of peacetime taxation have created ceiling effects and expectations that the government can provide both guns and butter under the same fiscal heading” (49).

¹ Immanuel Kant, trans. Ted Humphrey, *To Perpetual Peace: A Philosophical Sketch* (Hackett Publishing, 2003 [1795]), 9.

² Paul Poast, “Beyond the ‘Sinew of War’: The Political Economy of Security as a Subfield,” *Annual Review of Political Science* 22 (2019).

Indeed, this appears to be a point of bipartisan agreement: “Despite vast partisan polarization along many other dimensions, partisan differences when it comes to pay for recent wars have become negligible” (49).

But the book raises a nagging question about democratic governance in the United States: are “hide-and-seek” wars really a new threat to American democracy? With the exception of times of great national strife, such as during the Civil War or the World Wars, hasn’t the U.S. government frequently sought to shield the public from observing the direct financial costs of military campaigns?

For example, a key instance of seemingly ‘endless American war’ is largely absent from the book: the numerous and lengthy ‘American Indian Wars’ of the nineteenth century. These included the Apache Wars from the late 1840s to the mid-1880s and the Sioux Wars from the mid-1850s to the early 1890s. One could argue that, following their initial invasion phases, the wars in Iraq and Afghanistan have much in common with these military campaigns.³ For starters, the budgetary outlays for the Iraq and Afghanistan Wars are, relatively speaking, comparable to these nineteenth-century military campaigns. Since the end of the Cold War and during the time of the U.S. “hide-and-seek” wars, U.S. military spending as a portion of total budget expenditures has hovered between 15 and 20 percent.⁴ Such percentages are low compared to levels observed during World War II or even the Cold War. But these percentages are similar to the levels observed during the 1880s when the U.S. was engaged in the later stages of its wars of western territorial expansion and consolidation.⁵ Additionally, like the Iraq War and Afghanistan War, the wars against Native American Tribes were not financed with war taxes. Instead, they were financed out of the general revenues. Of course, the welfare provisioning needs of the federal government were much lower at that time. But the fact remains that the government did not impose ‘war’ taxes that made the costs of these wars salient to the public.

This suggests that the core of Kreps’s argument has even more bite than suggested by the book (or its title). The U.S. government’s willingness to engage in “hide-and-seek” wars, and the potential of that willingness to threaten democratic governance, is not a recent phenomenon. The wars in Iraq and Afghanistan, rather than pointing to a decline of American democracy, show that it continues to operate in a familiar albeit imperfect manner. A core implication of Kreps’s argument is that American democracy has always been far from the ideal republics envisioned by Kant.

But the fact that the book raises this question points directly to the provocative nature of the book’s implications. This is a book that should be engaged by scholars of international security, political economy, and American political development. Most of all, it sheds insights into the financial underpinning of U.S. military power and its use during the age of unipolarity and American hegemony, namely how the U.S. seeks

³ Indeed, the Correlates of War project classifies both the Afghanistan War (referred to as the “Afghan Resistance”) and the Iraq War (referred to as the “Iraqi Resistance”) as “extra-state” since 23 December 2001 and 3 May 2003, respectively. Source for Extra State War dating: <http://www.correlatesofwar.org/data-sets/COW-war/extra-state-war-data-v4-0>

⁴ Source for Composition of Outlays after Cold War: <https://www.whitehouse.gov/omb/historical-tables/> (see Table 6.1 Spreadsheet).

⁵ Source for 1880 Military Spending: <https://fraser.stlouisfed.org/title/194/item/5524/toc/46555> (Pages 1 and 2 of report).

to achieve it without the perception of 'cost.' Given the process laid out by Kant over 200 years ago, this is a recipe for endless war, not perpetual peace.

Review by A. Trevor Thrall, George Mason University

Death and taxes are the only certain outcomes of war...unless that war occurred after Vietnam. Since then, as Sarah Kreps illustrates in *Taxing Wars*, the United States has taken considerable steps to reduce American casualties while its leaders have abandoned the historical practice of raising taxes. Instead of paying for the wars in Afghanistan and Iraq as it goes, the United States has funded them almost entirely through increasing the federal debt.

In this persuasive volume, Kreps argues that far from a simple matter of bookkeeping, taxes are an essential input to the democratic marketplace of ideas, keeping the public informed about the costs of war and encouraging them to hold political leaders accountable for the balance of war's costs and benefits. As a result, the decisions by presidents and Congress to borrow money to pay for wars have worked to obscure the real costs of war, weakening democratic accountability and allowing wars like the ones in Afghanistan and Iraq to go on for much longer than they would otherwise.

The question motivating the book is what explains leaders' decisions about taxing versus borrowing to pay for war, and, in particular, what explains the modern embrace of borrowing to pay for war?

Kreps's theoretical framework is rooted in the logic of audience costs. The line of argument outlined by liberal theorists such as Immanuel Kant and more recently Michael Doyle, holds that a democratic public will tend to exert a constraining force on its government because it is the citizens who ultimately pay for war in blood and treasure.¹ Leaders who launch costly or unpopular wars risk paying serious costs at the ballot box if public opinion turns against them. These potential audience costs, in theory, should make democratic leaders cautious both about the wars they launch and how they wage them.

As Kreps notes, however, in addition to the assumption that the public is sensitive to costs, the theory of audience costs relies on the assumption that the marketplace of ideas will make the costs of war visible to the public. But this is not always the case. War taxes are by nature invasive and onerous. They provide citizens – even those who would otherwise pay little attention to politics or foreign affairs – with a continual reminder that a war is happening and that it is imposing costs on society. Borrowing money to pay for war, on the other hand, does not impose immediate or obvious costs on citizens, and thus fails to encourage the same sort of opinion updating as war grinds on.

Kreps argues that elite decisions to borrow funds rather than raise taxes occurs precisely because they do not want the public to confront the full price of war. The reason is that leaders have had to confront a historic shift in public attitudes: “In the post-1945 world, the public has become almost uniformly unforgiving of fiscal sacrifice, which explains leaders' increased tendency to rely on less visible forms of finance such as borrowing” (2).

Kreps identifies two key factors influencing the public's willingness to sacrifice (i.e. pay taxes) in wartime. The first is the nature of the war. In the case of major wars with high stakes, such as the world wars, the public has been relatively insensitive to costs and has been willing to pay higher taxes. Since World War II, limited wars like Korea, Vietnam, Afghanistan, the Gulf War, and Iraq, on the other hand, have tended to be more

¹ See Immanuel Kant, *Perpetual Peace*, ed. Lewis White Beck (New York: Bobbs-Merrill, 1957); Michael Doyle, “Liberalism and World Politics,” *American Political Science Review* 80:4 (December 1986): 1151-1169.

complex, the goals less obvious, with victory much harder to define. As a result, they provide less compelling justification for public sacrifice.

The second factor is what Kreps calls state-society relations, or the “level of taxation and the portfolio of services individuals expect from their government” (9). For much of its history, the United States had no income tax and provided nothing in the way of social services to its citizens. With World War I, the creation of the income tax, and the passage of the New Deal during the Great Depression, this changed drastically. Taxes never returned to pre-war levels after World War II, while the breadth of social services continued to increase. Over time, Americans have come to rely on those services even as large numbers resent the level of taxation necessary to support them. The result, argues Kreps, is that raising taxes has become a third rail of American politics.

Kreps applies her argument to most of the major wars in American history through four excellent case study chapters, each of which focuses on a different combination of the nature of war and state-society relations. The historical trend that is revealed is clear: when taxes were low and few paid them anyway in the nineteenth century, elites had a choice between taxation and borrowing to fund minor wars like the War of 1812 or the Spanish-American war. The higher stakes of World War I, but especially World War II, allowed elites to raise taxes with public support. In 1944, for example, 90% of Americans felt that taxes were fair despite a top marginal tax rate of 95% (36).

The critical transition from what Kreps calls the “Liberty Bond” model of funding war to the “Hide and Seek” model occurs in the Korea and Vietnam case chapter (5). Korea marked the beginning of the end for the Liberty Bond war, as Harry Truman was initially able to raise taxes thanks to a public conditioned to sacrifice by World War II, only to find that growing unhappiness with the war made levying additional war taxes increasingly less palatable.

Vietnam, meanwhile, marked the end of the end for the Liberty Bond model and the emergence of the Hide and Seek approach. Johnson, afraid that a war in Vietnam would endanger his Great Society programs, not only sought to keep the war out of the public eye early on but refused to raise taxes to pay for the war until he had already decided not to run for reelection in 1968. Polls, of which Johnson was an avid consumer, showed consistent public opposition to raising taxes to pay for the war, a view that hardened over time as public opposition to the war grew. By the 1960s, Kreps argues, the American public had decided that it wanted both guns and butter, but that if push came to shove it preferred maintaining its social programs rather than sacrificing its funds for complicated wars in faraway places like Vietnam.

The final case study chapter examines Afghanistan and Iraq, by which point “war taxes have essentially become taboo, off-limits to mainstream political elites who are well aware of a public mood that would sour on the war if taxes were introduced” (142). As Kreps notes, even with the public galvanized by 9/11, leaders had few good options for funding these wars. Despite annual budget deficits and a ballooning debt, Americans continue to oppose both cuts to social programs and higher taxes. For President George W. Bush, and later Presidents Obama and Trump, there was no alternative to borrowing. Putting a point on just how disconnected taxation now is from fighting wars, Kreps reminds the reader that President Bush pushed not one but two large tax cuts through Congress in 2001 and 2003 even as he was committing the United States to an effort that would wind up costing trillions of dollars.

Kreps makes a convincing case that a higher peacetime tax burden, the desire to maintain social programs in the face of competing priorities, and a shortage of high stakes wars all contribute to the public's historically low willingness to pay for war. The cases also make clear that political elites have avoided raising taxes out of concern for this sensitivity and, in many cases, a more general desire to keep public debate about the war to a minimum. The upshot, Kreps rightly concludes, is that there is less democratic accountability built into the American marketplace of ideas than most believe.

In making this argument Kreps has made a valuable contribution to the study of the marketplace of ideas and the theory of audience costs. What Kreps does not do, however, is explain why elites keep starting (and continuing to wage) wars that they need to hide from the public. To put it a bit differently, Kreps does not adjudicate between various potential interpretations of her results.

One interpretation is that limited wars are sometimes necessary for national security. Unfortunately, the American public does not appreciate this fact, and is too ignorant of foreign affairs and the complexities of individual cases to make informed decisions. Political elites have thus tried to reduce and obscure the costs of war to keep things on track. The move to the all-volunteer force has helped to insulate Americans from the personal costs and risks of war. The vigorous effort over time to create high-tech substitutes for carrying out dangerous missions has steadily reduced the risks and casualties associated with all sorts of military actions, as today's drone campaigns show. These efforts, in addition to avoiding war taxes, have allowed elites to pursue the national interest despite public indifference.

From this perspective, though Kreps is correct that there has been a breakdown in democratic accountability and a failure of the marketplace of ideas, this failure might be considered a necessary one. Rather than a strictly democratic marketplace of ideas, we might say that the United States has a republic of ideas, in which trustworthy elites occasionally interfere with the marketplace to temper the worst instincts of the citizenry.

But it is also possible to argue that the problem lies in the other direction. It may be that American political leaders have, for a variety of reasons, pursued a series of unnecessary and costly wars using a wide array of tricks to manufacture consent and obscure the costs. The public may have been perfectly able to understand the costs and benefits of these wars but simply been less supportive of them than elites wanted. Innovations like the all-volunteer force, drones, and borrowing to pay for war then look less like earnest attempts to reduce the cost of war and more like calculated efforts to ensure that militant policies are insulated from public pressure, especially when combined with increasingly sophisticated White House efforts to manage media coverage. From this view, the state of democratic accountability looks much worse, and the ability of elites to subvert the marketplace of ideas looks more troubling.

Like any great work, *Taxing Wars* ultimately raises as many questions as it answers. This important and timely work speaks to a number of important debates in academia and the policy world. Students and scholars interested in the history of American wars will find her case studies of great value. Those engaged in the debate over American foreign policy and the future of American grand strategy should consider what her work tells us about when and how the United States will go to war. Those concerned about the domestic political context of national security have in her book a rich volume that will reward close study.

Author's Response by Sarah E. Kreps, Cornell University

On 24 June 2019, Democratic presidential candidate Beto O'Rourke called on Congress to institute a "war tax" whenever the country goes to war. The revenues would finance veterans' health care. He defended the proposal by saying: "We must be willing to pay any price, and bear any burden...eighteen years into the war in Afghanistan, and nearly three decades after our first engagement in Iraq, the best way to honor our veterans' service is to cancel the blank check for endless war."¹ In 2019, the proposal is almost iconoclastic, appropriate for a candidate who had started strong out of the gate but later tried to distinguish himself in a crowded field. But throughout much of American history, war taxes were the mainstay of war finance. My 2018 book, *Taxing Wars: The American Way of War Finance and the Decline of Democracy* chronicles the move away from this approach. I argue that the shift occurred for two reasons: 1) wars after World War II tended to be low-intensity conflicts that did not elicit a sense of fiscal sacrifice from the populace, and 2) the post-war peacetime tax rates remained high to finance the nascent but popular social welfare state, but subsequently created a ceiling effect that made initiative-specific taxes politically toxic.

While historical in nature, the themes remain relevant today. One reason for perpetual war—and for shorter, less expensive wars in the past—may be that today's wars do not have visible reminders of their costs as they did in the past. Indeed, the whole basis of democratic conduct of conflict is that these costs in blood and treasure are passed along to the public, which sues for peace when the costs mount. As O'Rourke noted, the current war in Afghanistan, is now its 18th year, but the public feels little connection to it.

The reviewers of this book have each contributed substantially to the tradition of war finance, perpetual war, or accountability in conflict, and I am grateful for their engagement with this work. Perhaps as a result, there is far more room for agreement than discord among the reviewers and myself.

Linda Bilmes (in her work with Joseph Stiglitz) was one of the first to draw attention to the costs of post-9/11 wars.² These costs had been shrouded, I think we would both agree, by the way the United States pays for those wars, which is by debt rather than taxes. She is right to observe that the book "underplays the role of economics in determining what choices a country makes in paying for war." She is largely correct, and the deficiency stems as an occupational hazard of my being a political scientist rather than an economist. I do scope the research as dealing with advanced industrialized democracies that have a borrowing option, as Bilmes notes, and only in passing note countries like Colombia that have had to introduce security taxes because they do not have these same privileged borrowing rates.

In her review, Cappella Zielinski, who, like Bilmes, has written an important book on the costs of war, similarly focuses on the enormous sums that have accrued from the post-9/11 wars.³ Her critique of *Taxing Wars* is that of World War II as an inflection point, and the question of whether this is reversible or not. Her

¹ David Siders, "How Beto O'Rourke Would Use a 'War Tax' to Help Veterans, *Politico*, 24 June 2019.

² Linda J. Bilmes and Joseph E. Stiglitz, *The Trillion-Dollar War: The True Cost of the Iraq Conflict* (New York: W.W. Norton, 2009).

³ Rosella Cappella Zielinski, *How States Pay for Wars* (Ithaca: Cornell University Press, 2016).

review, submitted before O'Rourke's proposal, nonetheless presciently wonders whether a partisan realignment might transpire and make war taxes more attractive. In the past, members of the Democratic Party have proposed war taxes, though they have served only in the House and are almost exclusively members who are now deceased (Rep. John Murtha) or did not run for re-election (Reps. David Obey and Charles Rangel). Nonetheless, the idea resonates with members of the anti-war left and the libertarian anti-war right, so the critique is plausible and the O'Rourke proposal may offer suggestive evidence to this effect. Nonetheless, for reasons embedded in my argument, no mainstream candidate or politician has yet endorsed the idea: tax increases are like a third rail in American politics that no leader wants to touch.

Echoing one of Bilmes's critiques, Matt DiGiuseppe observes that the argument would have been stronger had the book "probed alternative explanations for the development of US war finance strategies over time." One example is the role of fiscal or political ideologies in shaping these decisions about whether to borrow or tax. To be sure, while I do acknowledge the role of partisanship earlier in American history, and deal with that systematically in a co-authored article in the *American Political Science Review* (with Gustavo Flores-Macías), I observe that the contemporary wars have shown a distinct bipartisan antipathy toward initiative-specific taxes, including war taxes.⁴ President George W. Bush, kicking off the post-9/11 wars, famously urged Americans to go to Disney World and lead normal lives rather than dabble in fiscal sacrifice. But President Barack Obama, Representative Nancy Pelosi, or Senator Harry Reid, all Democrats, also shunned the proposals floated by their co-partisans in the House. It is hard to see these anti-war tax trends as anything other than a bipartisan affair, something which is rare in politics these days.

A somewhat different strand of critique emerges in the review of Paul Poast, who has literally written the book on defense economics. Poast, whose whose work takes history seriously, wonders why the argument would say about the series of wars against the Native Americans during the nineteenth century.⁵ Could it be that the U.S. government has always tried to hide the cost of its more unsavory military actions? The critique that nineteenth-century wars get shorter shrift in this book than it should have is perhaps valid. It was based, however, on scope conditions that I still think make sense. As noted in the 2013 *APSR* piece, "Although the number of actual instances of war taxes is not large, we were interested in the conditions that produced a war tax and needed to consider instances in which leaders might have had an opportunity to levy a war tax did not."⁶ Most of the nineteenth-century wars fall outside those scope conditions because they were short or small incursions that would cast doubt on the plausibility of a war tax.

There are certainly smaller nineteenth-century wars in which the criticism Poast outlines is apt (the Mexican-American War for example, where President James Polk did in fact hope for a war tax), and drawing attention to these conflicts actually provides a useful opportunity to refine the argument. My point was not that small-scale, hide-and-seek wars did not take place before, but that the introduction of nuclear weapons has shifted war exclusively to this domain of war and therefore type of war finance.

⁴ Gustavo A. Flores-Macías and Sarah E. Kreps, "Political Parties at War: A Study of American War Finance, 1789-2010," *American Political Science Review* 107:4 (November 2013): 833-848.

⁵ Paul Poast, *The Economics of War* (New York: McGraw Hill, 2005).

⁶ Flores-Macías and Kreps, "Political Parties at War," 838.

Last, Trevor Thrall wonders “why elites keep starting (and continuing to wage) wars that they need to hide from the public” and suggests that one of the book’s implications “is that limited wars are sometimes necessary for national security.” His concerns on the first point are warranted but I would challenge his interpretation on the second. Addressing the second point first, I would say that if the book hangs its hat on any normative implication at all, it is that many of these small scale wars are actually unnecessary for national security and that if the public were aware of its costs, which I argue would be the case if it had to pay in the form of war taxes, it would actually want to pull the plug on those wars. The mechanism relates back to the O’Rourke proposals and misperceptions of its implications. One progressive reacted to the proposal on Twitter by saying that the candidate planned to “Tax non-participants in our imperial ventures to fund war crimes.”⁷ In fact, the tax is intended to operate in the opposite way. The reason why anti-war Democrats have been the ones to propose war taxes is, as a *New Republic* article from 2009 puts it, “that Obey and cosponsors like John Murtha and Charlie Rangel are against sending more troops to Afghanistan.”⁸ The point of contemporary war tax proposals has not been to finance these imperial wars but to tax them so that people would scrutinize the wars, withdraw their support, and bring the troops home.

Why elites continue to wage wars they need to hide is an appropriate question to ask, but surely it is one that is beyond the scope of this book. Perhaps, paraphrasing President Bill Clinton in explaining his shenanigans in the 1990s, because they can.⁹ The reason they can, however, is that the public has become increasingly shielded from its costs. The move away from war taxes is just one side of that coin, of course. Moving from conscription to an all-volunteer military further shrouds those costs, as do improvements in battlefield medicine, which reduce the number of killed in action but increase the less visible wounded in action.¹⁰ For many reasons, these modifications in how Americans fight wars are for the good, but they add up to an apathetic public uninterested in checking the ambitions of American leaders. Yet they do notice when American assets are threatened, for example in a terrorist attack, giving leaders incentives to be seen ‘doing something’ in the service of national security. This can mean the use of force, particularly if it can be wielded without direct harm or visibility to the American public.

Although the prospect of a war tax remains somewhat fanciful, the growing number of serious scholars and policy analysts working on the costs of war and how we pay for those costs suggest that these topics are here to stay, and perhaps scrutiny of government accountability will be the salutary byproduct of that emerging academic tradition.

⁷ <https://twitter.com/andraydomise/status/1143214951529623552>.

⁸ Amanda Silverman, “The War Tax Precedent,” *The New Republic*, 24 November 2009.

⁹ Monica Lewinsky, “‘Who Gets to Live in Victimville?’ Why I Participated in a New Docuseries on *The Clinton Affair*,” *Vanity Fair*, 13 November 2018.

¹⁰ Michael C. Horowitz and Matthew S. Levandusky, “Drafting Support for War: Conscription and Mass Support for Warfare,” *Journal of Politics* 73:2 (2011): 524-534; and Tanisha M. Fazal, “Dead Wrong? Battle Deaths, Military Medicine, and Exaggerated Reports of War’s Demise,” *International Security* 39:1 (2014): 95-125.