

The Price of Liberty

Paying for America's Wars

Robert D. Hormats



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Business

In a bracing work of history, a leading international finance expert reveals how our national security depends on our financial security

More than two centuries ago, America's first secretary of the treasury, Alexander Hamilton, identified the Revolutionary War debt as a threat to the nation's creditworthiness and its very existence. In response, he established financial principles for securing the country—principles that endure to this day. In this provocative history, Robert D. Hormats, one of America's leading experts on international finance, shows how leaders from Madison and Lincoln to FDR and Reagan have followed Hamilton's ideals, from the greenback and a progressive income tax to the Victory Bond and Victory Garden campaigns and cost-sharing with allies.

Drawing on these historical lessons, Hormats argues that the rampant borrowing to pay for the war in Iraq and the short-sighted tax cuts in the face of a long-term war on terrorism run counter to American tradition and place our country's security in peril. To meet the threats facing us, Hormats contends, we must significantly realign our economic policies—on taxes, Social Security, Medicare, and oil dependency—to safeguard our liberty and our future.

Quotes

"Bob Hormats has taken on the impossible: making lively history of the fiscal side of America's wars. Taxes and spending, economics and politics, all mixed up together in times of national crisis, from the Revolution and Alexander Hamilton to Iraq and both George Bushes. There are lessons to be learned and too often forgotten, even for the financing of the new 'War on Terror.'"—Paul Volcker, former chairman of the Federal Reserve

"*The Price of Liberty* is both a superb history and an urgent call for appropriate fiscal policy in the current campaign against terrorism. Hormats shows that, time and again, how wars were paid for determined how wars were fought—and won or lost. An important and timely book."—David M. Kennedy, author of *Freedom from Fear*

"Robert Hormats mounts a compelling argument that America faces large-scale economic catastrophe due to lack of a long-term, fiscally sound strategy for meeting military and security needs as well as domestic obligations. *The Price of Liberty* is a fascinating book and its message is hard to ignore."—Henry Kissinger

Author Biography

Robert D. Hormats is the vice chairman of Goldman Sachs (International) and a managing director of Goldman, Sachs & Co. He has served in numerous presidential administrations and is a former member of the board of directors of the Council on Foreign Relations. His articles appear frequently in *The Wall Street Journal*, *Financial Times*, *The New York Times*, and *Foreign Affairs*. He lives in New York City.