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The Costs of Military Operations and Reconstruction in Iraq and Afghanistan

On July 31, 2007, the House Budget Committee held a hearing entitled “The Costs of Military Operations and Reconstruction in Iraq and Afghanistan.” The purpose of the hearing was to take testimony on war costs to date and a projection of future war costs based on different scenarios. The hearing also aimed to assess wasteful spending with respect to these operations and what the agencies are doing to curb it. Below are some highlights from the hearing.

More than \$600 Billion Already Provided — The wars in Iraq and Afghanistan and enhanced security at home have already cost \$600 billion since 2001 (\$450 billion just for military operations and reconstruction in Iraq). The cost of the wars has been on a continual upward trajectory; the Department of Defense’s (DoD’s) monthly obligation rate has risen to \$12 billion per month (\$10 billion for Iraq alone). Currently, spending on these operations accounts for more than 15 percent of all the government’s annually appropriated funds.

Future Costs Could Top \$1 Trillion — While DoD was unwilling to offer any projections of future costs, the Congressional Budget Office (CBO) did. CBO testified that the wars could cost up to \$1 trillion more over the next ten years even if the level of troops deployed in the Iraq and Afghanistan theaters reduces to 75,000 by 2013.

The Administration Says \$145 Billion War Request Won’t Be Enough — DoD testified that the Administration’s \$145 billion war request for 2008 will be insufficient because it doesn’t include enough funding for Mine Resistant Ambush Protected (MRAP) vehicles and it doesn’t include any funding for the troop “surge” beyond fiscal year 2007. Shortly after the hearing, the President formally requested an additional \$5.3 billion for MRAP vehicles, which increased his 2008 war request to more than \$150 billion. According to CBO, if the troop surge is maintained through next spring, that will cost \$13 billion in 2008.

Waste, Fraud and Abuse in Iraq Reconstruction — Iraq reconstruction has been subject to significant delays and cost-overruns, diluting the \$44 billion U.S. investment. According to the Special Inspector General for Iraq Reconstruction, Stuart Bowen, projects are still hindered by the volatile security environment, widespread Iraqi corruption, mismanagement, waste, and insufficient oversight by the U.S. Agency for International Development, DoD, and the Department of State. A recent audit found that a major U.S. contractor, which received more than \$2.0 billion, met its goals on fewer than half of 24 projects. Even when the United States completes projects, the Iraq government often is unwilling or unable to accept responsibility for properly maintaining them. Mr. Bowen’s office reported that Iraq has accepted responsibility for only 435 out of nearly 2,800 completed projects, or just 15 percent.