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US war debt dances on the ceiling

By David Isenberg

Just how much have America's wars in Afghanistan and Iraq cost since 2001?

The truth is that we don't yet know. This is due to the sloppiness, both intentional and unintentional, of bookkeeping on the part of the Pentagon and other United States governmental agencies, and troops are still there and may remain in reduced numbers for years to come. The nature of multi-year appropriations also make a definite accounting impossible at this point.

But one thing is sure. It is going to be more, a lot more than anyone originally thought. Thus, those cost estimates of a decade ago look like the projections of Candide-like cost counters, seeing the best of all possible worlds

To cite just one example, back in December 2002 William

Nordhaus, an economics professor at Yale University wrote an article that was a shortened version of a longer study, "The Economic Consequences of the War with Iraq". In this article Nordhaus, at the time considered a pessimist for his projections, detailed many of the costs not being factored into the estimates being produced by the George W Bush administration.

Back then, according to Nordhaus "it is difficult to see how a

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successful occupation of Iraq could be less than five years and it might easily extend for two decades". Thus, a minimum cost could range from \$75 to \$500 billion. When one factored in the costs for reconstruction and nation-building the total could range from a minimum of \$25 billion to as much as \$100 billion.

You can be sure there any number of budget analysts looking back at that estimate as the idealism of an age of innocence, reflecting an optimism that was not supported by subsequent reality.

To grasp the bill US taxpayers will eventually have to pay try multiplying Nordhaus' 2002 estimate 30 to 40 times. That is the preliminary bottom line in a study [1] released June 29 by the Watson Institute of Brown University, a new multi-author study of the costs of the post-September 11, 2001 wars.

Just to date the study has found that appropriations have been between \$2.3 and 2.7 trillion; with an additional \$884 to \$1,334 billion already incurred for future costs for veterans and their families. This makes a total, incurred thus far, of from \$3.2 Trillion to \$4.0 trillion in inflation-controlled 2011 (constant) dollars through FY 2011. [2] The final bill, going out to 2020 will run at least \$3.7 trillion and could reach as high as \$4.4 trillion.

It bears noting that these are budget costs to the federal government, not the broader economic costs to the economy or even other costs to state and local governments.

All wars costs generally look at only easily quantifiable costs; usually in terms of the people and equipment of the military forces fighting them.

The Brown study is unusual in that also addresses those broader costs, such as the human costs in terms of civilian dead, the wounded, refugees, and more. It found that at least 137,000 civilians have died and more will die in Afghanistan, Iraq, and Pakistan as a result of the fighting at the hands of all parties to the conflict.

Putting together the conservative numbers of war dead, in uniform and out, brings the total to 225,000. But those numbers only consider direct deaths - people killed by bombs or bullets. They exclude indirect deaths, such as those who die due to shattered health care systems.

And millions of people have been displaced indefinitely and are living in grossly inadequate conditions. The current number of war refugees and displaced persons totals 7.8 million.

There were other costs that the study did not include. Among them were:

- Future payments for interest on the debt from 2011 forward.
- The unfunded costs that American paid to care for their war wounded family member (one in five of the cases of serious wounding has this effect)
- The future costs of veterans' medical care beyond age 67; or payments for disability beyond age 67 for veterans
- Education benefits from the new GI bill
- A total for the Statistical Value of Human Life for each troop and contractor drone strikes and covert operations in Pakistan
- The promised money, yet to be paid, for reconstruction in Afghanistan and Iraq

Analysts may quibble about some of the particulars. For

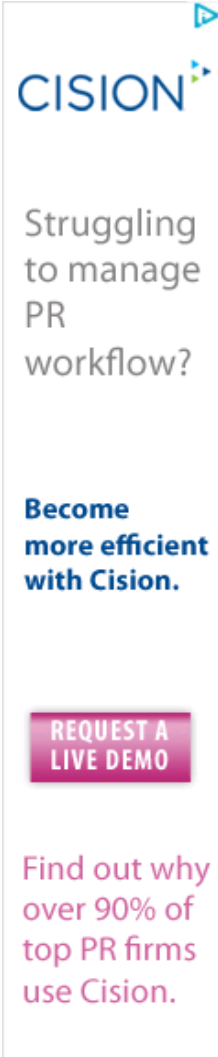
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example, the team included some items - like \$400 billion in increased "homeland security" spending after 9/11 - that are debatable as "costs of war".

Still, it is clear that advocates of the Afghanistan, Pakistan (think the covert operations and drone attacks), and Iraq wars who pretend the costs have been only the \$1 trillion that President Barack Obama mentioned in his speech last month on reducing US troop levels in Afghanistan - "Over the last decade, we have spent a trillion dollars on war" - are passing on grotesquely inaccurate information. The report emphasizes the extent to which the wars will continue to burden the US federal budget, which is already on an unsustainable course due to an aging American population and rising healthcare costs.

The total will continue to soar when considering often overlooked costs such as long-term obligations to wounded veterans, including not only that of the Veterans Administration but that of state and local government spending on veterans' services, and the classified spending on the Central Intelligence Agency drone program in Afghanistan and projected war spending from 2012 through 2020. The estimates also do not include at least \$1 trillion more in interest payments coming due. The interest paid on Pentagon spending alone, so far (from 2001 through financial year 2011) is about \$185.4 billion in constant dollars.

Given the current budget debate in Washington and fast approaching August 2 deadline by which congress has to come to an agreement on raising the national debt limit or face defaulting on its obligations for the first time in its history, the study noted that the current wars were paid for almost entirely by borrowing. This borrowing has raised the US budget deficit, increased the national debt, and had other macroeconomic effects, such as raising interest rates. The US must also pay interest on the borrowed money. A few other findings from the researchers on non-economic costs:

The study notes that while the number of US soldiers who have died in the wars is known, just over 6,000, there is a lack of knowledge regarding the levels of injury and illness in those who have returned from the wars. New disability claims continue to pour into the Veteran Affairs, with 550,000 just through last autumn.

As of December 2010, the US had already spent more than \$32 billion for both medical care and disability for more than a million veterans of these wars. Given that the US is obligated to pay the future medical and disability costs of veterans, just as in past wars, medical and disability costs will peak in about 30 to 40 years, totaling from nearly \$600 billion to almost \$1 trillion.

The report also notes that many deaths and injuries among US contractors have not been identified. While that number is certainly not as exact as regular military forces, there is enough Labor Department data to say that as of June 2010 more than 2,008 contractors have been killed in Iraq and Afghanistan.

On top of that, more than 44,000 contractors have been injured, of which more than 16,000 were seriously wounded. Many of those are not US citizens who will, for a variety of reasons not get the compensation they are entitled to under US law. So, in a sense the United States has already defaulted on its obligations.

Notes

1. Click [here](#)

2. Click [here](#).

David Isenberg is an adjunct scholar with the Cato Institute, a US Navy veteran, and the author of the book, *Shadow Force: Private Security Contractors in Iraq*. The views expressed are his own. His e-mail is sento@earthlink.net. His blog is *PMSC Observer* (isenberg.securitycontracting.net.)

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Head Office: Unit B, 16/F, Li Dong Building, No. 9 Li Yuen Street East, Central, Hong Kong

Thailand Bureau: 11/13 Petchkasem Road, Hua Hin, Prachuab Kirikhan, Thailand 77110