

# Spending Under Fire

By Colonel Daniel Smith, USA (Ret.) | March 11, 2004

As part of normal government processes, the cabinet secretaries have been testifying before various budget, authorizations, and appropriations committees on their departments' Fiscal Year (FY) 2005 budget requests. Almost as normal in past years have been cuts in the State Department's funding and additions to the Pentagon's allocation.

So it came as a mild shock when the Senate Budget Committee, on March 3, voted to cut seven billion dollars from the president's request for the Defense Department. Then a second hit was delivered when Representative Jim Nussle (R-IA), chairperson of the House Budget Committee, announced he would cut half a percent (about two billion dollars) from the White House proposal for Pentagon and domestic security spending in FY2005. This modest effort to reduce military increases was shortlived, however. A week later, all the money had been restored.

A third mild jolt came on March 4 when the Gallup organization released the findings of a U.S. poll conducted February 9-12. For the second consecutive February, and the first statistically significant (beyond the margin of error) time since May 1999, more people (31%) say the government is spending too much rather than too little (22%) on Defense. In the same poll, 34% agreed (as they did in February 2003) that national defense is not strong enough. This suggests unease about both what defense dollars are buying and the division of fiscal resources between the military and non-military elements of national power.

So is spending on the military under fire, or will it continue as long as U.S. forces are "firing" (engaged) in the "war on terror"?

It's hard for the average layman to judge just how much has been and is being spent diplomatically and militarily to fight this "global war." Even those with great experience and vast amounts of time to study budget documents can miss entries or underestimate because some expenditures are listed as "classified."

There are some clues that can get an observer in the ballpark. What follows attempts to do that, and nothing more.

## The General Picture

General numbers are easy to find. For example, the FY2005 federal budget request is for \$2.4 trillion, of which \$818 billion is discretionary spending (what Congress will allocate or otherwise manipulate). Of this latter, \$21.33 billion in the State Department's request is for "foreign operations" designed to advance U.S. interests throughout the world. Secretary of State Colin Powell noted in his appearances on the Hill that 48% (**\$10.24 billion**) of this amount is directed against the global "war on terrorism":

- \$1.2 billion for Afghanistan reconstruction, security and democracy building;
- \$5.7 billion to assist other countries that are helping fight the war on terrorism;
- \$3.5 billion to enhance responses to emergencies and conflict situations; and
- \$190 million to expand democracy in the Greater Middle East and "attack...the roots of terrorism."

(It is quite probable that some of these amounts would have been available to help countries emerging from civil strife. But with Congress reluctant to cut requests labeled "for the war on terror," this has become the justification of choice.)

On the military side, in addition to cutting \$7 billion from the \$421 billion in the White House request, the Senate Budget Committee earmarked as a "war reserve" an additional **\$30 billion** for military operations in Iraq and Afghanistan. This would seem

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to undercut reported plans by the administration to wait until calendar 2005 to submit a \$50 billion supplemental request for these and other global war on terror activities. Indeed, there is concern in Congress that a funding gap will materialize if funds for Iraq and Afghanistan are not included in the regular FY2005 Defense Appropriation Bill. The monthly bill for military operations just in these two locales averages \$4.6 billion, according to February 2004 testimony by the Army's chief of staff.

## The Costs of the Global War on Terror

Underneath these very public amounts are less-publicized expenses by the Pentagon for the anti-terror "war." In March 1 testimony before the Senate's subcommittee on Defense, the Pentagon's comptroller revealed some of these costs. He:

- asked for authority to reprogram \$1.3 billion of the military's proposed FY2005 budget as it "does not request specific appropriations" for training and equipping Afghan and Iraqi security units and for funding the Commanders Emergency Response Fund (CERF);
- revealed that CERF programs had consumed \$126 million since May 2003;
- asked for authority to draw \$200 million from funds in the Afghanistan Freedom Act to enhance Afghan army training.
- noted that the FY2005 budget request contained \$196 million to buy body armor for soldiers and armored Humvees.

That's **\$1.7 billion** going for the war in the FY2005 budget plus **\$126 million** in CERF from last year

Is there any rough account of what this war has cost the U.S. taxpayer so far? And have these costs tracked projections?

The answer to the second question depends on the baselines used. For example, in February 2002, the World Bank estimated it would cost \$15 billion over 10 years to rebuild the infrastructure just in Afghanistan. Iraq would cost \$55 billion between 2004-2007.

In a May 2002 report, the Congressional Research Service (CRS) estimated that from the end of the first Gulf War to the end of FY2000, the Pentagon alone had spent **\$8 billion** "to contain Iraq and provide humanitarian aid to the Kurds" with an additional **\$1.1 billion** expended in FY2001.

In December 2002, International Horizons Unlimited, a San Antonio-based, business-oriented research firm, calculated that military expenditures for the "war on terror" since September 11, 2001, had been \$40 billion and projected at least an additional \$70 billion in 2003.

The first question is harder to answer because of confusing and possibly overlapping requests and statements by different agencies about money spent. For example, the White House said in December, 2001 that in the first 100 days after September 11, **\$332 million** was spent in Afghanistan for humanitarian relief and military-dropped food rations.

In March 2003, the administration asked Congress for **\$3.6 billion** for immediate post-war direct and indirect relief and reconstruction funding for Iraq. The detailed State Department FY2005 budget request published by the Office of Management and Budget also shows that in FY2003, an additional **\$2.28 billion** was appropriated for the Iraq Relief and Reconstruction Fund (IRRF) and in FY2004, **\$18.48 billion** more above the regular foreign operations budget.

In fact, the CRS publishes periodic updates of appropriations for military operations and reconstruction assistance for Iraq, Afghanistan, and the Global War on Terrorism. The most recent update available, dated October 15, 2003, includes an analysis of the FY2004 supplemental. Consolidating separate tables into one allows us to get an overall picture of cumulative spending since the 9/11 attacks (see Table 1).

## The Human and Financial Costs of the War in Iraq

There is another, macabre category of "spending under fire" that touches on the greatest expenditure in war: human life. In mid-February, the most

TABLE 1

NAME OF LAW	DATE OF ENACTMENT	PUBLIC LAW NUMBER	DEFENSE FUNDING (\$BILLIONS)
FY2001 Emergency Terrorism Response Supplemental Appropriations Act; FY2002 DOD Appropriations Act	9/18/01; 1/10/02	P.L. 107-38; P.L. 107-117	\$17.4
FY2002 Emergency Supplemental	8/2/02	P.L. 107-206	\$16.1 <sup>1</sup>
FY2003 Consolidated Appropriations	2/20/03	P.L. 108-7	\$10.0 <sup>2</sup>
FY2003 Emergency Wartime Supplemental	4/16/03	P.L. 108-11	\$62.6
FY2003 Emergency Wartime Supplemental Iraq reconstruction & international assistance	4/16/03	P.L. 108-11	\$8.2*
FY2003 Consolidated Appropriations	2/20/03	P.L. 108-7	\$6.1 <sup>3</sup>
FY2004 Iraq-Afghanistan Emergency Supplemental Appropriations	11/6/03	P.L. 108-106	\$65.6
FY2004 Iraq-Afghanistan Emergency Supplemental Appropriations	11/6/03	P.L. 108-106	\$21.4*
FY2004 DOD Appropriations Act	9/30/03	P.L. 108-87	\$.6*
<b>TOTAL</b>			<b>\$205.3</b>

1. Includes \$2.7 billion for precision munitions, command and control support, and coalition support.

2. Budget amendment of July 3 "for expenses related to the war against terrorism."

3. For expenses in Afghanistan and enhanced security in the U.S.

\*State Department/Foreign Operations/USAID

authoritative estimate on Iraqi civilian casualties since the war began passed 10,000. Another report put casualties within the new police forces at 300. Most of those who have died recently have been killed by anti-coalition forces. U.S. military deaths are 552 (as of March 8) with another 100 dead among other coalition forces.

When Iraqis are killed by U.S. forces, compensation may be paid to survivors. Under the Foreign Claims Act, a monetary award may be made if civilians are killed in "non-combat-related incidents" when U.S. troops are negligent or "act wrongly." So far, the U.S. has paid \$2.2 million since May 1, 2003, when the "war" officially ended, on approximately 5,600 cases accepted. That's an average of just under \$400 per case.

In incidents deemed to be combat, "sympathy payments" of up to \$2,500 may be given to surviving relatives. Making sweeping and therefore inaccurate (but perhaps off-setting) assumptions that only one death occurred in the 5,700 incidents rejected by the

U.S. military under the Foreign Claims Act and that a sympathy payment was made in each case, the U.S. would have paid an additional \$14.3 million. Together, these two "spending under fire" categories come to **\$16.5 million**, hardly a blip on Pentagon accounting charts.

Adding the highlighted dollar amounts not in the table (**\$75.6 billion**) gives:

1. a conservative total of **\$280.9 billion** spent or requested since the end of the first Gulf War for operations to contain Iraq (a rogue state), to combat terrorism, and to fight in and then reconstruct Afghanistan and Iraq;
2. a more conservative total of **\$272.9 billion** spent or requested since FY2001 to conduct the "war or terror" declared by President Bush, including fighting in and then reconstructing Afghanistan and Iraq.

Neither of the totals above includes funding for the Department of Homeland Security.

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For the future, the Congressional Budget Office estimates that when anti-terror activities end in Afghanistan and Iraq (which may well not be for some time), the ongoing “war on terror” will still consume some **\$30 billion** per annum—virtually half again more than the State Department’s entire foreign operations budget (\$21.3 billion) request for FY2005.

In remarks at Princeton University on the observance of George Kennan’s centenary (February 20, 2004), Secretary of State Powell recalled what foreign policy visionaries—those who not only dream but act to fulfill their dreams—have always understood: “We’re not going to win the war on terrorism on the battlefield alone.... Good alliance relations, trade policy, energy policy, intelligence cooperation, public diplomacy, nation-building—all of these are part of our formula for victory. Most important, however ... are ideas and ideals ... [that] remain our greatest strength.”

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## FOR MORE INFORMATION:

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**p. 4**

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