

COSTS OF WAR



The Costs of War: Obstacles to Public Understanding

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Public access to information about government spending is presumed – and required – by the US Constitution, which directs that “a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time” (Article 1, Section 9, Clause 7).

It is remarkable that, among all of the many categories of government information, budget information is singled out for publication in this way. The ability of the public to “follow the money” expended by its government is understood to be an essential prerequisite to self-rule. Budget data that are secret, unreliable, or otherwise unavailable are incompatible with constitutional democracy.

In practice, however, public access to budget information is imperfect and incomplete.

In the crucial area of national defense, the scale of spending alone makes it hard to grasp. Public understanding of the costs of war is further limited by secrecy, faulty accounting, and the deferral of current costs.

The massive scale of the defense budget

The vast scale of military spending – currently on the order of \$700 billion -- makes it practically impossible for anyone to have a comprehensive understanding of the topic, certainly not in any detail.

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The first audit of the financial statements of the Department of Defense, the initial findings of which are soon to be reported, has required 1200 auditors, who were to review (a sample of) 18 billion transactions. This is said to be the most complex financial audit ever undertaken.²

Even before the audit was performed, it was clear that there were going to be some serious problems. “I anticipate the audit process will uncover many places where our controls or processes are broken,” said DoD Comptroller David Norquist. “There will be unpleasant surprises.”³

Irregularities in military spending are already known to exist. For example, the Special Inspector General for Afghanistan Reconstruction “has identified up to \$15.5 billion in waste, fraud, and abuse, and failed whole-of-government reconstruction efforts (or 29 percent of the \$52.7 billion we examined).”⁴

Given the size and complexity of the defense budget, and the “broken” controls that are in place, an ordinary citizen who is unable to perform her own investigation is likely to default to unexamined prejudices, or to turn away from the subject altogether.

Secrecy as a barrier to public understanding

The national security classification system, properly employed, serves the public interest by protecting information that could damage or threaten the nation if disclosed, such as details of current military operations, advanced weapons technologies, or intelligence methods.

But there is a widespread recognition, shared by many national security officials, that agencies often apply secrecy needlessly or inappropriately, resulting in “over-

² *Providing for the Common Defense*, US Department of Defense, September 2018, at p. 12
<https://media.defense.gov/2018/Oct/03/2002047941/-1/-1/1/PROVIDING-FOR-THe-COMMON-DEFENSE-SEPT-2018.PDF>

³ Testimony of David Norquist before the Senate Budget Committee, March 7, 2018.
https://www.budget.senate.gov/imo/media/doc/NORQUIST.FINAL%202018-03-07%20SBC%20Norquist%20Statement_.pdf

⁴ SIGAR-18-60-SP Review Letter, July 17, 2018. <https://www.sigar.mil/pdf/special%20projects/SIGAR-18-60-SP.pdf>

classification.”⁵ At a minimum, classification practices are inconsistent over time, and can be arbitrary, if not self-serving.

In the defense budget process, secrecy can impede public understanding of the scope of US military operations, and thus preclude their evaluation both by supporters and by critics.

Lately, the Department of Defense has moved to withhold the number of US troops that are deployed in Afghanistan, Syria and Iraq. Though these data had been public information for many years, and were typically disclosed after each preceding quarter, they were suddenly deemed too sensitive to release, even after the fact.⁶ The effect is not so much to confuse the enemy – the data are retrospective, not prospective – as to obscure and diminish public awareness of current military operations.

The posture of US Special Operations Command is likewise becoming harder for the public to discern, even as its global activities are being ramped up. Last year, according to testimony presented before the Senate Armed Services Committee (SASC), US Special Operations Command (SOCOM) personnel were deployed to “80 plus” countries. This year, the SASC budget authorization hearing for SOCOM was closed to the public. But a statement to the House Armed Services Committee indicated that SOCOM deployments now covered “90 countries.”⁷

The Department of Defense does prepare a periodic “Cost of War update” that tabulates and summarizes U.S. expenditures on post-9/11 military operations, narrowly

⁵ In a 2009 memorandum, for example, President Obama spoke of “the problem of over classification.” <https://obamawhitehouse.archives.gov/the-press-office/presidential-memorandum-classified-information-and-controlled-unclassified-informat>. In 2016, DNI James Clapper asked intelligence agencies “to take a leading role in reducing targeted classification activities.” See “DNI Clapper Embraces Review of Secrecy System,” *Secrecy News*, April 6, 2016. <https://fas.org/blogs/secrecy/2016/04/dni-fcgr/>.

⁶ See “Pentagon strips Iraq, Afghanistan, Syria troop numbers from web” by Tara Copp, *Military Times*, April 9, 2018, <https://www.militarytimes.com/news/your-military/2018/04/09/dod-strips-iraq-afghanistan-syria-troop-numbers-from-web/>; see also “The Pentagon’s Transparency Problem: Why Accurate Troop Levels Are So Hard to Find” by Loren DeJonge Schulman and Alice Friend, *Foreign Affairs*, May 2, 2018. <https://www.foreignaffairs.com/articles/united-states/2018-05-02/pentagons-transparency-problem>; and “The Pentagon struggles to provide accurate numbers for deployed troops” by Alex Horton, *Washington Post*, November 27, 2017. <https://www.washingtonpost.com/news/checkpoint/wp/2017/11/27/the-pentagon-struggles-to-provide-accurate-numbers-for-deployed-troops/>

⁷ 2017 SASC hearing (open): <https://www.armed-services.senate.gov/hearings/17-05-04-united-states-special-operations-command>; 2018 SASC hearing (closed): <https://www.armed-services.senate.gov/hearings/17-05-04-united-states-special-operations-command>; 2018 SOCOM statement to the HASC: <https://armedservices.house.gov/legislation/hearings/evolution-transformation-and-sustainment-review-and-assessment-fiscal-year-2019>

construed. But this report, though unclassified, is not published by DoD and must be obtained through informal channels or private contacts.⁸

In the last two years, U.S. military officials imposed new restrictions on media interviews and base visits, at least temporarily; they blocked (but later permitted) publication of current data on the extent of insurgent control of Afghanistan; and they classified previously unclassified information concerning future flight tests of ballistic missile defense systems.⁹ A Navy database of aviation accidents and mishaps that had previously been public was withdrawn from public access even as the rate of such accidents was growing.¹⁰

The national security benefits of such moves, which seem to reflect an aversion to unwelcome publicity, are doubtful; but their discouraging impact on public oversight and accountability is clear.

If secrecy in budget matters were not challenging enough, the practice of *deception* in government financial accounting – deliberately publishing inaccurate and misleading information -- has become more prevalent, and has lately won a measure of official approval.

The Federal Accounting Standards Advisory Board recently approved a new financial accounting standard that permits government agencies to “modify” their public financial statements in order to conceal information about classified activities, and to report spending for one line item in another, unrelated line item.¹¹ (Unmodified financial statements must be maintained separately and are not to be publicly disclosed.) This practice had previously been limited to certain aspects of intelligence spending. Funding for the CIA, for example, has long been concealed in line items in the DoD budget. But for unknown reasons, the Board decided that the same approach could be used to obscure classified information more broadly.

This new policy “jeopardizes the financial statements’ usefulness and provides financial managers with an arbitrary method of reporting accounting information,”

⁸ Recent editions of the DoD cost of war report are posted here: <https://fas.org/man/eprint/cow/index.html>

⁹ “Growing Pentagon Secrecy Draws Questions,” *Secrecy News*, April 16, 2018. <https://fas.org/blogs/secrecy/2018/04/growing-pentagon-secrecy/>

¹⁰ “The Navy’s Terrible Accident Record Is Now Hidden From Public View” by Jason Paladino, *The Atlantic*, October 8, 2018. <https://www.theatlantic.com/technology/archive/2018/10/the-navys-accident-data-is-now-hidden-from-public-view/572461/>

¹¹ “FASAB Issues Statement of Federal Financial Accounting Standards 56, *Classified Activities*,” news release, October 4, 2018. http://files.fasab.gov/pdf/files/sffas_56_nr.pdf

according to comments provided to the Board by the Department of Defense Office of Inspector General, which opposed the move.¹²

The upshot is that even when government financial statements are publicly available, they must be viewed with a degree of skepticism.

Deferral of costs deflects public attention

Throughout most of US history, it was normal practice to raise taxes in times of war. When we were at war, everyone knew we were at war and everyone helped pay for it at least to some extent.

That is no longer true.

As Linda Bilmes has written, Congress cut taxes when we went to war in Afghanistan and Iraq in 2001 and 2003. And since that time, “we have paid for these wars by piling up debt on the national credit card.”¹³

Deferring costs in this way does not mean, of course, that they will not be ultimately paid. It simply means that the cost burden will be shifted onto future generations that will no doubt have defense challenges and costs of their own.

In the past, the US government was sensitive to this problem and took steps to address it.

“During the Korean War, for example, Truman raised top marginal tax rates to 92 percent. In Vietnam, Johnson reluctantly imposed a surcharge that hiked top rates to 77 percent. In both cases, these taxes were enacted specifically to avoid burdening future generations with the legacy costs of the wars.”¹⁴

¹² “Accounting Board Okays Deceptive Budget Practices,” *Secrecy News*, October 9, 2018. <https://fas.org/blogs/secrecy/2018/10/deceptive-budget-practices/>

¹³ Linda J. Bilmes, “The Credit Card Wars: Post-9/11 War Funding Policy in Historical Perspective,” statement in congressional briefing, November 8, 2017. https://watson.brown.edu/costsofwar/files/cow/imce/papers/2017/Linda%20J%20Bilmes%20_Credit%20Card%20Wars%20FINAL.pdf

¹⁴ Linda J. Bilmes, “Is the US forgetting the wars in Iraq and Afghanistan?”, *Boston Globe*, October 10, 2018. <https://www.bostonglobe.com/opinion/2018/10/10/what-trying-achieve-iraq-and-afghanistan/vYatMdNmeO7S7ioccxDIXN/story.html> . The generational burden of paying for such costs is not equally distributed. See “U.S. Wars Abroad Increase Inequality at Home” by Rosella Cappella Zielinski, *Foreign Affairs*, October 5, 2018. <https://www.foreignaffairs.com/articles/2018-10-05/us-wars-abroad-increase-inequality-home>

The deferral of war costs into the indefinite future, exacerbated by tax cuts, inevitably means that public awareness of U.S. military operations is diminished or eliminated rather than heightened.

It means that the “feedback loops” that are at the heart of deliberative democracy are disabled. The public is not being forced, as it should be, to make difficult choices among competing priorities. Through the illusory magic of deficit spending, we are spared the knowledge of the burdens that we are placing on our future selves and on future generations. The budget lights may be flashing red, but they are shielded from our view.

Conclusions/Recommendations

Too often, government officials have avoided difficult decisions about how to limit and prioritize military spending, and the public has remained blissfully ignorant of the resulting costs and mistakes. It should be possible to do better. Here are a few illustrative suggestions:

Make the pending audit of the Department of Defense matter. The first-ever audit of DoD financial statements provides an important new opportunity to bring order and accountability to defense spending. DoD and Congress should make the most of it, casting a spotlight on problem areas that are revealed by the audit and working diligently to produce solutions.

Restore the needed policy “feedback loops” in order to promote responsible budgeting. The costs of war ought to be more clear and tangible to the public. If it is not immediately practical to reduce or eliminate deficit spending, more could be done to publicly highlight the consequences of deferring the costs of war into the indefinite future. For example, every appropriations bill for war could prominently feature the amount that it adds to the current deficit, to the total debt, and to the future interest burden.

Push for more sensible classification practices. Secrecy can be an irresistible temptation for military officials and others, so there needs to be an effective way to check it and to limit it to the necessary minimum. This is a perennial problem that may never be fully resolved, but it can be mitigated. In one promising innovation, the National Geospatial-Intelligence Agency has adopted a new practice that requires a written justification for why each item of classified information needs to be protected, as well as how the information

could be paraphrased or discussed in an unclassified manner.¹⁵ A similar approach could be followed by other agencies that classify information.

Open the congressional budget debate to competing and critical points of view. The costs of war are tightly coupled to a particular view of the role of the US in the world, and to current national defense strategy. The public would benefit from a richer and more nuanced debate on these topics throughout the appropriations process and in other public forums. At what point does the pursuit of stability in Afghanistan, for example, preclude other, more urgent national security goals? What if the achievement of supremacy in nuclear or conventional weaponry comes at the cost of leaving the US more vulnerable to cyber attack, for example, or to foreign influence operations or decaying infrastructure? How does the DoD budget address the foreseeable national security consequences of climate change? And so on.

¹⁵ NGA Charts New Path in Classification Policy, Secrecy News, September 13, 2017. <https://fas.org/blogs/secrecy/2017/09/nga-enhancement/>