



Written by [Raven Clabough](#) on August 31, 2011

More Money Lost to Enemies and Fraud in Iraq, Afghanistan

Earlier this month, a special task force assembled by General David Petraeus (left) released the findings from its investigation that determined approximately \$360 million in U.S. tax dollars landed in the hands of those that the American military have been fighting for over a decade: Taliban, criminals, and power brokers. More recently, however, another commission determined that the figure is actually closer to \$60 billion.



An independent panel, the Commission on Wartime Contracting-established by Congress in 2008- asserts that \$60 billion in American tax dollars has been lost to waste and corruption in Afghanistan and Iraq within the last decade.

The Commission's 240-page report asserts that the United States is expected to have spent beyond \$206 billion by the end of the 2011 budget year on its operations in Afghanistan and Iraq. Of that \$206 billion, it has determined that approximately 10 to 20 percent has been spent on "contracting waste" while an additional 5 to 9 percent of that total was absorbed by fraud.

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The *Associated Press* has obtained a copy of the report, which has not yet been released to the public. It reports:

The commission cited numerous examples of waste, including a \$360 million U.S.-financed agricultural development program in Afghanistan. The effort began as a \$60 million project in 2009 to distribute vouchers for wheat seed and fertilizer in drought-stricken areas of northern Afghanistan. The program expanded into the south and east. Soon the U.S. was spending a \$1 million a day on the program, creating an environment ripe for waste and abuse, the commission said.

"Paying villagers for what they used to do voluntarily destroyed local initiatives and diverted project goods into Pakistan for resale," the commission wrote.

In fact, according to the report, the second largest funding source for Afghan's insurgency has been from money directed to it from U.S.-backed construction projects and transportation contracts. The report is not specific about the amount, but explains that insurgents and warlords typically threaten subcontractors in Afghanistan with violence unless those contractors are willing to pay for protection.

Noting the implications of such a discovery, Rep. John Tierney (D-Mass.) former chairman of the House oversight panel that worked on Petraeus's investigation, [said](#), "This arrangement has fueled a vast



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protection racket run by shadowy of warlords, strongmen, commanders, corrupt Afghan officials, and perhaps others. Not only does the system run afoul of the Defense Department's own rules and regulations mandated by Congress, it also appears to risk undermining the U.S. strategy for achieving its goals in Afghanistan."

Tierney adds, "When war becomes good business for the insurgents, it is all the more difficult to convince them to lay down their arms."

Both Petraeus's and the Commission's findings note that the money is lost to corruption and fraud by way of "reverse money laundering." Through reverse money laundering, payments made to companies hired by the military for transportation, construction, power projects, fuel and other services are often funneled to other groups that are part of insurgency or criminal networks. One document from Petraeus's investigation explains, "Funds begin as clean monies [but] either through direct payments or through the flow of funds in the subcontractor network, the monies become tainted."

According to the commission, that same waste may continue to grow as the United States begins to leave reconstruction projects and programs to Iraq and Afghanistan to bear the financial burden. *The Blaze* writes, "[The Commission] said the waste could grow as U.S. support for reconstruction projects and programs wanes, leaving Iraq and Afghanistan to bear the long-term costs of sustaining the schools, medical clinics, barracks, roads and power plants already built with American money."

Such an assertion calls into question whether the Commission has an agenda to encourage continued American presence in these countries.

The Commission's report recommends that the agencies should adapt more strict scrutiny measures of those companies with which they contract in war zones so that they do not continue to make these mistakes.

The Commission on Wartime Contracting was established via legislation sponsored by Senator Claire McCaskill, D-Mo. It was modeled after the Truman Committee, which was created to oversee World War II spending by analyzing military support contracts, reconstruction contracts, and private security companies.

Responding to the report's findings, McCaskill said, "It is disgusting to think that nearly a third of the billions and billions we spent on contracting was wasted or used for fraud."



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