Cost of war at least $3.7 trillion and counting

By Daniel Trotta

NEW YORK (Reuters) - When President Barack Obama cited cost as a reason to bring troops home from Afghanistan, he referred to a $1 trillion price tag for America's wars.

Staggering as it is, that figure grossly underestimates the total cost of wars in Iraq, Afghanistan and Pakistan to the U.S. Treasury and ignores more imposing costs yet to come, according to a study released on Wednesday.

The final bill will run at least $3.7 trillion and could reach as high as $4.4 trillion, according to the research project "Costs of War" by Brown University's Watson Institute for International Studies. (www.costsofwar.org)

In the 10 years since U.S. troops went into Afghanistan to root out the al Qaeda leaders behind the September 11, 2001, attacks, spending on the conflicts totaled $2.3 trillion to $2.7 trillion.

Those numbers will continue to soar when considering often overlooked costs such as long-term obligations to wounded veterans and projected war spending from 2012 through 2020. The estimates do not include at least $1 trillion more in interest payments coming due and many billions more in expenses that cannot be counted, according to the study.

The White House says the total amount appropriated for war-related activities of the Department of Defense, intelligence and State Department since 2001 is about $1.3 trillion, and that would rise to nearly $1.4 trillion in 2012.

Researchers with the Watson Institute say that type of accounting is common but too narrow to measure the real costs.

In human terms, 224,000 to 258,000 people have died directly from warfare, including 125,000 civilians in Iraq. Many more have died indirectly, from the loss of clean drinking water, healthcare, and nutrition. An additional 365,000 have been wounded and 7.8 million people - equal to the combined population of Connecticut and Kentucky - have been displaced.

"Costs of War" brought together more than 20 academics to uncover the expense of war in lives and dollars, a daunting task given the inconsistent recording of lives lost and what the report called opaque and sloppy accounting by the U.S. Congress and the Pentagon.

The report underlines the extent to which war will continue to stretch the U.S. federal budget, which is already on an unsustainable course due to an aging American population and skyrocketing healthcare costs.

It also raises the question of what the United States gained from its multitrillion-dollar investment.

"I hope that when we look back, whenever this ends, something very good has come out of it," Senator Bob Corker, a Republican from Tennessee, told Reuters in Washington.

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In one sense, the report measures the cost of 9/11, the American shorthand for the events of September 11, 2001. Nineteen hijackers plus other al Qaeda plotters spent an estimated $400,000 to $500,000 on the plane attacks that killed 2,995 people and caused $50 billion to $100 billion in economic damages.

What followed were three wars in which $50 billion amounts to a rounding error. For every person killed on September 11, another 73 have been killed since.

Was it worth it? That is a question many people want answered, said Catherine Lutz, head of the anthropology department at Brown and co-director of the study.

"We decided we needed to do this kind of rigorous assessment of what it cost to make those choices to go to war," she said. "Politicians, we assumed, were not going to do that kind of assessment."

The report arrives as Congress debates how to cut a U.S. deficit projected at $1.4 trillion this year, roughly a 10th of which can be attributed to direct war spending.

What did the United States gain for its trillions?

Strategically, the results for the United States are mixed. Osama bin Laden and Saddam Hussein are dead, but Iraq and Afghanistan are far from stable democracies. Iran has gained influence in the Gulf and the Taliban, though ousted from government, remain a viable military force in Afghanistan.

"The United States has been extremely successful in protecting the homeland," said George Friedman, founder of STRATFOR, a U.S.-based intelligence company.

"Al Qaeda in Afghanistan was capable of mounting very sophisticated, complex, operations on an intercontinental basis. That organization with that capability has not only been substantially reduced, it seems to have been shattered," Friedman said.

Economically, the results are also mixed. War spending may be adding half a percentage point a year to growth in the gross domestic product but that has been more than offset by the negative effects of deficit spending, the report concludes.