



Written by [Michael Tennant](#) on July 29, 2010

Pentagon Can't Account for Iraq Reconstruction Funds

“The \$8.7 billion in question was Iraqi money managed by the Pentagon, not part of the \$53 billion that Congress has allocated for rebuilding,” continues the AP. “It’s cash that Iraq, which relies on volatile oil revenues to fuel its spending, can ill afford to lose.”

The \$9.1 billion came from the \$20 billion Development Fund for Iraq, established by the United Nations Security Council in 2003. “The DFI includes revenues from Iraq’s oil and gas exports, as well as frozen Iraqi assets and surplus funds from the defunct, Saddam Hussein-era U.N. oil-for-food program,” according to the AP.



Iraq’s government made the monumental mistake — though it probably had little choice given that it was firmly under the thumb of the United States at the time — of trusting the world’s leading spendthrift with its money. The U.S. was permitted to use the DFI, supposedly for humanitarian and reconstruction efforts, through December 2007.

Now, according to a report by the Special Inspector General for Iraq Reconstruction, the Pentagon cannot “readily account for its obligations, expenditures and remaining balances associated” with the DFI. Of the \$8.7 billion in question, the Pentagon cannot account for \$2.6 billion at all.

The AP adds:

Tracing the rest of the money is difficult because of a combination of lax financial controls and management, the failure to designate an organization to oversee the spending and the failure to set up and deposit the funds in special accounts, as required by the Treasury Department.

The Defense Department, in responses attached to the audit, said it agreed with the report’s recommendations to establish better guidelines for monitoring such funds, including appointing an oversight organization mostly likely by November.

Government is always willing to establish oversight agencies *after* it has been caught engaging in unethical behavior and the damage has been done.

It’s not as if the Defense Department has exactly been prudent with *Americans’* money either. Some [\\$12 billion](#) in U.S. cash shipped to Iraq in 2003 and 2004 in the form of huge, shrink-wrapped stacks of \$100 bills was handed out willy-nilly with no controls whatsoever, potentially even ending up in the hands of the very militia groups the U.S. military was fighting.

The AP points out that the inspector general’s report is just the latest in a long line of complaints about the U.S. occupation of Iraq, “including investigations of fraud, awarding of contracts without the required government bidding process and allowing contractors to charge exorbitant fees with little oversight, or oversight that came too late.”



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Furthermore, the Iraq reconstruction effort overall is not exactly a model of success, writes the AP: “Seven years after the U.S.-led invasion, electricity service is spotty, with generation capacity falling far short of demand. Fuel shortages are common and unemployment remains high, a testament to the country’s inability to create new jobs or attract foreign investors.”

The situation in Afghanistan is no better. “About \$60 billion have poured into Afghanistan since 2001 in hopes of bringing electricity, clean water, jobs, roads and education to the crippled country,” reports the AP; yet the “number of Afghans with access to electricity has increased from 6 percent in 2001 to only about 10 percent now, far short of the goal of providing power to 65 percent of urban and 25 percent of rural households by the end of this year.” One power plant built at a cost of \$305 million — triple the original estimate — “now often sits idle because the Afghans were able to import cheaper power from neighboring Uzbekistan before the plant came online.”

As always with its failures, the government’s solution is to pour more money into them. Thus, though the United States has already spent \$51 billion since 2001 to reconstruct Afghanistan, Washington “plans to raise the stakes to \$71 billion over the next year — more than it has spent on reconstruction in Iraq since 2003,” according to the AP.

Military action is about destruction, not construction. U.S. soldiers are trained to blow up buildings, bridges, and roads; they are ill suited to the task of reconstructing that same infrastructure. The Defense Department, however, has been assigned the unenviable job of rebuilding war-ravaged countries from the ground up — an impossible task for any government agency, but especially for one whose purpose, as Rush Limbaugh is fond of saying, is “to kill people and break things.”

The U.S. military had no constitutional authority to invade either Iraq or Afghanistan in the first place, and its continuing presence there is only hampering the reconstruction efforts. It is time to bring the troops home and let the Iraqis and Afghans, the people who have the greatest interest in the future of their countries, take over the slow, difficult task of rebuilding.



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