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Use of Iraq Contractors Costs Billions, Report Says

By [JAMES RISEN](#)

WASHINGTON — The United States this year will have spent \$100 billion on contractors in [Iraq](#) since the invasion in 2003, a milestone that reflects the Bush administration's unprecedented level of dependence on private firms for help in the war, according to a government report to be released Tuesday.

The report, by the [Congressional Budget Office](#), according to people with knowledge of its contents, will say that one out of every five dollars spent on the war in Iraq has gone to contractors for the United States military and other government agencies, in a war zone where employees of private contractors now outnumber American troops.

The Pentagon's reliance on outside contractors in Iraq is proportionately far larger than in any previous conflict, and it has fueled charges that this outsourcing has led to overbilling, fraud and shoddy and unsafe work that has endangered and even killed American troops. The role of armed security contractors has also raised new legal and political questions about whether the United States has become too dependent on private armed forces on the 21st-century battlefield.

The budget office's report found that from 2003 to 2007, the government awarded contracts in Iraq worth about \$85 billion, and that the administration was now awarding contracts at a rate of \$15 billion to \$20 billion a year. At that pace, contracting costs will surge past the \$100 billion mark before the end of the year. Through 2007, spending on outside contractors accounted for 20 percent of the total costs of the war, the budget office found, according to the people with knowledge of the report.

Several outside experts on contracting said the report's numbers seemed to provide the first official price tag on contracting in Iraq and raised troubling questions about the degree to which the war had been privatized.

Contractors in Iraq now employ at least 180,000 people in the country, forming what amounts to a second, private, army, larger than the United States military force, and one whose roles and missions and even casualties among its work force have largely been hidden from public view. The widespread use of these employees as bodyguards, translators, drivers, construction workers and cooks and bottle washers has allowed the administration to hold down the number of military personnel sent to Iraq, helping to avoid a draft.

In addition, the dependence on private companies to support the war effort has led to questions about whether political favoritism has played a role in the awarding of multibillion-dollar contracts. When the war began, for example, Kellogg, Brown & Root, a subsidiary of Halliburton, the company run by [Dick Cheney](#) before he was vice president, became the largest Pentagon contractor in Iraq. After years of criticism and scrutiny for its role in Iraq, Halliburton sold the unit, which is still the largest defense contractor in the war,

and has 40,000 employees in Iraq.

“This is the first war that the United States has fought where so many of the people and resources involved aren’t of the military, but from contractors,” said Charles Tiefer, a professor of government contracting at the University of Baltimore Law School and a member of an independent commission created by Congress to study contracting in Iraq and Afghanistan.

“This is unprecedented,” he added. “It was considered an all-out imperative by the administration to keep troop levels low, particularly in the beginning of the war, and one way that was done was to shift money and manpower to contractors. But that has exposed the military to greater risks from contractor waste and abuse.”

Dina L. Rasor, an author and independent expert on contracting fraud, said she believed that the \$100 billion cost estimate from the Congressional Budget Office might be low, since there were virtually no reliable audits of or controls on spending during the first years of the war. “It is a shocking number, but I still don’t think it is the full cost,” Ms. Rasor said. “I don’t think there have been any credible cost numbers for the Iraq war. There was so much money spent at the beginning of the war, and nobody knows where it went.”

Peter W. Singer, a defense contracting expert at the [Brookings Institution](#), said the biggest problem was that the administration contracted out so much work in Iraq, almost no thought had been given to an overall strategy to determine which jobs and functions should be handled by the government, and which could be turned over to private companies without damaging the military effort.

“These new numbers point to the overall question — when do you cross the line in terms of turning over too much of the public mission of defense to private firms,” Mr. Singer said. “There are some things that are appropriate for private companies to do, but others things that are not. But we don’t seem to have had a strategy for determining which was appropriate and which wasn’t. We have just handed over functions to contractors in a very haphazard way.”

Senator [Byron L. Dorgan](#), a North Dakota Democrat, said recently that the Pentagon’s outsourcing in Iraq had grown so large and raised so many unanswered policy questions that he had been pushing for the Senate to create a special war-contracting committee, like the panel that [Harry S. Truman](#) led in the Senate before he was tapped to be Roosevelt’s running mate in 1944.

“The Truman Committee held 60 hearings on waste, fraud and abuse,” Mr. Dorgan said. “It’s unfathomable to me that we don’t have a bipartisan investigative committee on contracting in Iraq.”

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