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THREE YEARS LATER: THE COST OF US MILITARY OPERATIONS IN IRAQ

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Since the United States launched Operation Iraqi Freedom (OIF), its invasion of Iraq, three years ago the US Congress has appropriated about \$226 billion to cover the cost of military operations in that country. This funding is intended to cover the incremental cost to the Department of Defense (DoD) of conducting OIF—including the initial buildup of US forces, the brief conventional combat phase of the war and the ongoing stability operations. In addition, Congress has provided some \$23 billion in non-DoD funding for Iraqi reconstruction and related efforts.¹

Funding for OIF has been provided primarily through three emergency supplemental appropriations. The first of these was enacted in April 2003 and the last in May 2005.² In addition, some funding was provided in a special “bridge fund” included in the fiscal year (FY) 2005 and FY 2006 defense appropriations acts. The funding in the FY 2006 bridge fund is intended to cover the costs of military operations in Iraq and Afghanistan during the first part of FY 2006 (which began on October 1, 2005). At the beginning of February, the Bush Administration submitted a \$68 billion supplemental request to cover the cost of military operations in those countries through the remainder of FY 2006 (which ends on September 30, 2006). Assuming, as has been the case over the past two years, that about 80 percent of this funding is allocated to military operations in Iraq, this would bring the total cost of military operations in that country to some \$280 billion.

When the administration submitted its \$463 billion fiscal year (FY) 2007 budget request for national defense³ at the beginning of February, it decided not to include funding for the deployments in Iraq or Afghanistan. However, the administration stated that it would, at some point this year, amend its request to include \$50 billion in bridge funding to cover war-related costs during the first part of next year. Assuming that roughly 80 percent of that funding would be allocated to Iraq, this would bring the total provided for military operations in that country to about \$320 billion.

¹ See Steven M. Kosiak, “Iraq Reconstruction: Without Additional Funding, Progress Likely to Fall Short, Undermining War Effort,” CSBA, February 27, 2006. To date, a total of about \$29 billion has been provided for Iraqi reconstruction and security assistance. However, this includes \$7 billion in funding for training and equipping Iraqi security forces provided through the DoD budget (and included in the \$226 billion figure noted in the text). Some \$4 billion of the \$23 billion in non-DoD funding provided to date has also been allocated to supporting Iraqi security forces.

² In addition to funding for military operations and reconstruction assistance for Iraq, these special appropriations also included funding for operations in Afghanistan and some homeland security activities. Altogether, a total of about \$331 billion has been provided for these various military operations over the past five years.

³ This includes \$441 billion for DoD and \$23 billion Department of Energy (DoE) and other defense activities.

Given data limitations and the enormous uncertainty surrounding deployment levels and other considerations, it is impossible to provide even a rough estimate of the likely cost of military operations through the end of FY 2007 and beyond. However, some insight into future costs can be gained by considering an illustrative scenario developed by the Congressional Budget Office (CBO).

Under this scenario, CBO assumed that the United States would keep forces in Iraq through the next decade, as some believe might be necessary to defeat the insurgency. Specifically, CBO assumed that the number of US troops deployed in and around Iraq and Afghanistan would decline from today's level of roughly 200,000 to 158,000 by the end of FY 2007 and 50,000 by the end of FY 2010, and that the number of troops in the region would remain at that level through FY 2016.⁴ According to CBO, sustaining such a presence would require an additional \$225 billion in DoD funding over the FY 2007-16 period. If 80 percent of that funding were needed to support operations in Iraq, this would add about \$180 billion to the cost of military operations in that country. This would bring the total cost of military operations in Iraq to some \$500 billion through FY 2016.

It is possible that costs could be far higher or lower, depending on how events unfold. If, for example, the United States were unable to reduce the number of troops deployed in Iraq and Afghanistan below 120,000, another \$200 billion might need to be provided over the FY 2006-16 period, including \$160 billion for Iraq.⁵ Conversely, if the United States were able to withdraw all of its troops from Afghanistan and Iraq over the next 18 months, as some observers outside the administration have suggested, little or no additional funding (beyond the \$50 billion the administration has already indicated it will request for FY 2007) might be needed.

Whatever the merits—on strategic and political grounds—of the US military operations in Iraq and Afghanistan, the direct financial costs will be high. The Iraq operation alone has already cost far more than the 1991 Persian Gulf War. That war cost about \$89 billion (FY 2007 dollars) and was paid for largely through contributions from US friends and allies (altogether these contributions offset nearly 90 percent of US costs). Taken together, it is quite possible that the United States will ultimately spend more on US military operations in Iraq and Afghanistan than it did on the Korean War (\$455 billion) or the Vietnam War (\$650 billion). On the other hand, the financial burden posed by these ongoing military operations is substantially lower when measured as a share of the economy—since today's economy is much larger than that existing at the time of the Korean or Vietnam Wars.

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⁴ For a more detailed description of this scenario, see CBO, "An Alternative Budget Path Assuming A Reduction in Spending for Military Operations in Iraq and Afghanistan and in Support of the Global War on Terrorism," February 24, 2006.

⁵ Author's estimate based on CBO data.