

U.S. Costs of Wars Through 2013: \$3.1 Trillion and Counting

Summary of Costs for the U.S. Wars in Iraq, Afghanistan and Pakistan

13 March 2013

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Summary

A full accounting of war's burdens cannot be placed in columns on a ledger. From the civilians harmed or displaced by violence, to the soldiers killed and wounded, to the children who play on roads and fields sown with improvised explosive devices and cluster bombs, no set of numbers can convey the human toll of the wars in Iraq and Afghanistan. Yet, the expenditures noted on government ledgers are necessary to apprehend, even as they are so large as to be almost incomprehensible.²

From 2001-2013, the U.S. has spent and taken obligations to spend \$3.1 trillion on the wars in Iraq, Afghanistan and Pakistan. The total costs are higher when one adds war-induced spending at the Department of Homeland Security and calculates interest due on borrowing to pay for the wars. (See Tables 1 and 5).³ Although the U.S. war in Iraq was of shorter duration than the on-going combat operations in Afghanistan and Pakistan (known as AfPak), the Iraq War was comparatively more expensive in every sense. (See Table 6).

The spending occurs in several categories. If one simply highlights the budgetary costs of allocations and expenditures so far, the U.S. has spent more than \$1.5 trillion for combat and reconstruction in both major war zones.⁴ Iraq accounts for more than 54 percent of those costs. (See Table 2.) Additional war-related spending — including additions to the Pentagon base budget and Veterans health and medical disability expenses — total about \$840-910 billion. In sum, total spending from 2001 through the end of fiscal year 2013 is between \$2.35 and \$2.43 trillion. But there is more: any reasonable estimate of the costs of the wars includes the fact that each war entails essentially signing rather large promissory notes to fulfill the U.S. promises, indeed obligations, of medical care and support for wounded veterans — I.O.U.s that will total approximately an additional \$754 billion in medical and disability payments through 2053.

Together these categories of spending, totaling \$3.1 trillion in special war appropriations, additional war related spending in the "base" budget (described below), care of veterans, as well as future obligations for the care of veterans, are the total for those expenditures already made and incurred for these wars. Further, one might also count Homeland Security spending, which increased by an estimated \$455 billion, because of the

¹ I thank the contributors to the Costs of War Project, especially Anita Dancs and Winslow Wheeler; I also thank Catherine Lutz, Linda Bilmes, Carl Conetta, Ryan Edwards, K. Alan Kronstadt, and Cindy Williams for comments.

² On calculating the costs of wars, see: Joseph E. Stiglitz and Linda J. Bilmes, "Estimating the costs of war: Methodological issues, with applications to Iraq and Afghanistan," in Michelle Garfinkel and Stergis Skaperdas eds., *Oxford Handbook of the Economics of Peace and Conflict*. (Oxford University Press: Oxford, 2012). <http://www.socsci.uci.edu/~mrgarfin/OUP/papers/Bilmes.pdf>.

³ All calculations were made in current dollars.

⁴ Costs also include almost \$29 Billion for Operation Noble Eagle.

threat of terrorist attack. Thus, **counting the growth in Homeland Security spending, money already spent, and future obligations incurred, the total spending to date, including future obligations, is \$3.6 Trillion.**

But the U.S. will not stop spending on war at the end of 2013. U.S. troops will remain in Afghanistan in a combat role through 2014, and the U.S. plans to keep some number of troops in advisory and support roles in Afghanistan for some years beyond the withdrawal of combat forces after 2014. But even if the U.S. stopped spending on war at the end of this fiscal year, interest costs alone on borrowing to pay for the wars will continue to grow apace. **Interests costs on the 1.5 trillion in overseas contingency operations spending alone are projected to add more than \$ 1 trillion dollars to the national debt by 2023.**

An estimate of total costs of both wars, including money already spent and likely costs of both next year's budget and future obligations is below, in Table 5.

Table 1. Summary Overview of Major Categories of Spending in \$Billions

Category	\$Billions	Average \$Billions
Major War Zone Spending (Overseas Contingency Operations) FY2001- FY2013 (See Table 2)	\$1,510.41	\$1,510.41
Estimates of Additional War-related Spending, FY2001- FY2013. (See Table 3)	840.9 – 914.7	877.8
<i>Subtotal War-related Spending</i>	<i>2351.35- 2425.15</i>	<i>2,388.25</i>
Future Obligations for care of Veterans ⁵ (See Table 4)	754.4	754.4
<i>Subtotal War-related Spending and Future Obligations</i>	<i>3,105.75 - 3,179.55</i>	<i>3,142.65</i>
Increase in Homeland Security Spending, FY2001- FY2013	455.2	455.2
<i>Total Spending and Future Obligations</i>	<i>3,560.95 - 3,634.75</i>	<i>3,597.85</i>

At the time of this writing, the most recent Congressional Research Service (CRS) Report on the costs of the wars and other associated expenses was the March 2011 report by Amy Belasco, CRS specialist in Defense Policy and Budget.⁶ Belasco's outstanding report raised many questions about war spending and the consequences of spending for which Congress still needs answers. My accounting of the costs of the wars builds on Belasco's excellent report. But the Belasco report is limited by what she acknowledges are poor accounting practices in the Pentagon — which she describes, diplomatically, as "limited transparency" — and by the focus on direct war appropriations for the DOD, State Department and Veterans Administration. For instance, at least in the March 2011 report, Belasco did not apparently include all the spending

⁵ See Linda J. Bilmes, "The Financial Legacy of Iraq and Afghanistan: How Wartime Spending Decisions Will Cancel Out the Peace Dividend," *Costs of War*, March 2013 for a discussion.

⁶ Amy Belasco, "The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11," *Congressional Research Service (CRS) 29 March 2011*.

for Pakistan, nor all the war related costs associated with veteran's health care and disability. Further, Belasco did not consider the costs of future obligations to veterans. This report thus updates and widens the perspective on total spending for the wars in Iraq and Afghanistan.

But the Belasco report is still outstanding in many respects. Much less comprehensive accounts of war spending are available from the U.S. Department of Defense. For example, a recent unclassified Pentagon accounting of "Costs of War through November 30, 2012" reports different figures from the Belasco paper of 2011 — in some years lower, perhaps due to rounding, and in some years higher for reasons that are sometimes explained. Further, this DOD report does not include related State Department spending, and omits "non-DOD classified programs." That report puts "total costs" of war at 1,206.6 billion from 9/11/2001 through 30 November 2012.⁷

Yet while the Cost of War project estimate is more comprehensive than many accounts, it is still conservative because we did not calculate all the budgetary and economic costs of associated with the wars in Iraq and Afghanistan. While attempting to provide a comprehensive overview — in 2011, when the Costs of War project released its first series of reports and in this 2013 update — there are certainly costs we have not included or attempted to enumerate. For example, while we estimated direct deaths due to violence, we did not estimate the likely many times more people killed indirectly, because infrastructure was degraded and destroyed. In Iraq alone, hundreds of thousands of Iraqis have died due to the direct and indirect effects of the Iraq war's violence. Each one of the people killed directly or indirectly by war could be counted in terms of a statistical value of human life — assigning a dollar value to their deaths. Many more have been injured, the disruption to Iraq's health care and economic infrastructure has led to continued adverse health effects and a continuing economic burden for the people of Iraq and the region. Nor have we included the macro-economic and interest costs, discussed below, in our summary of budgetary costs. Further, as described below, many costs have been externalized — taken up by other governments or private citizens, including the \$300-400 billion in costs to U.S. military families over the next several decades of uncompensated expenses of caring for their injured family members.⁸

Detailed Description and Discussion of Direct and War-related Spending through 2013

Even including the excellent work of Amy Belasco and others at the Congressional Research Service, there is no single accounting that aggregates all war-related spending. Indeed war-related spending occurs in several areas of the U.S. Federal budget. There are special appropriations for war, over and above the general and continuing funding for the Department of Defense, known as the base budget, and appropriations for other war related activities in the budgets of the State Department and Veterans Administration, and so on.

⁷ Office of the Assistant Secretary of Defense for Public Affairs, unclassified, "Costs of War Update as of November 30, 2012," Generated January 2, 2013.

⁸ Linda J. Bilmes, "Current and Projected Future Costs of Caring for Veterans of the Iraq and Afghanistan Wars," Costs of War June 2011. Alison Howell and Zoë H. Wool, "The War Comes Home: The Toll of War and The Shifting Burden of Care," Costs of War June 2011 and Zoë H. Wool, "The War Comes Home: Institutionalizing Informal Care and the Family Sequelae of Combat Injuries," Costs of War February 2013.

Direct War Appropriations

To date, the war in Iraq has cost more than \$822 billion in special direct war appropriations to the Department of Defense and the U.S. State Department/U.S. Agency for International Development (USAID). (See Table 2). The peak of United States direct war spending in Iraq was more than \$141 billion in 2008. Spending on Iraq for 2012 was nearly \$16 billion, and for 2013 was expected to be nearly \$7.7 billion. Spending on direct war appropriations for the war in Afghanistan peaked in 2011 at about \$118 billion, or more than 120 billion including funding for security in Pakistan. (See Figure 1).

Figure 1. Annual Appropriations By Major War Zone/Overseas Contingency Operation for DOD and State/USAID, FY2001-2013, in Billions of Dollars⁹

While the U.S. national security establishment certainly regards Pakistan as part of the area of operations for Afghanistan Operation Enduring Freedom, spending related to Pakistan is not always included in accounts of direct war-related spending.¹⁰ Security spending for Pakistan is included here because the U.S. compensates Pakistan for the use of its ports and transportation through Pakistan (Coalition Support Funds) en route to Afghanistan and because the U.S. subsidizes the Pakistani military's operations against militant organizations — Al Qaeda, the Taliban, and Haqqani network militants. U.S. funds are also used to train and equip the Pakistani military to act as surrogates for the U.S. in the region. While we do not estimate

⁹ Budget for 2013 estimated based on the Presidents request and funding in the Continuing Resolution.

¹⁰ For instance, although Pakistan is mentioned in the summary talking points of the most recent DOD report, "Costs of War Update as of November 30, 2012" spending on Pakistan is apparently not included, in enumeration of the war costs.

the cost of the CIA drone strikes targeting militant leaders in Pakistan, those costs are generally assumed to be included in the budget for the Afghanistan war.

Table 2: Cumulative Direct War Appropriation/Spending¹¹

DOD/State USAID¹²	Cumulative Total FY2001-FY2013, Billions of Dollars	Percent DOD/State Appropriations
Iraq	822.28	54.4
Afghanistan	640.1	42.4
Pakistan ¹³	19.22	1.3
Operation Noble Eagle ¹⁴	28.81	1.9
Total	1,510.41	100

Even when spending for the military and security operations in Afghanistan and Pakistan are added together, Iraq still accounts for 54 percent of total direct war funding. Over the course of the last 10 years, direct Department of Defense and State Department/USAID spending for Iraq has averaged more than \$80 billion each year. And still, as Catherine Lutz shows, the reconstruction of Iraq is far from complete.¹⁵

Additional War-Related Spending

As described earlier, war affects other elements of the budget, specifically, that part of the Pentagon appropriations known as the base budget, which includes spending on procurement of new weapons, military construction, health care and pay of active duty soldiers, operations, and maintenance. Because the Iraq and AfPak wars were fought simultaneously for several years, and soldiers frequently served — very often more than once — in both major war zones, it is not possible to disaggregate all these additional costs by war zone.

¹¹ The budgets are also described as funding for Overseas Contingency Operations (OCO). For a breakdown of DOD and State/USAID appropriations by year in current dollars see appendix.

¹² Sources: Amy Belasco, "The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11" *Congressional Research Service (CRS) 29 March 2011*, for FY2001-2010 ; Pat Towell and Daniel H. Else, "Defense: FY2013 Authorization and Appropriations," CRS 5 September 2012, for DOD FY2011-2013; Susan B. Epstein, Marian Leonardo Lawson and Alex Tiersky, "State, Foreign Operations, and Related Programs: FY2013 Budget and Appropriations," CRS, 23 July 2012, for State Department Spending FY2011-2013; Pakistan, K. Alan Kronstadt and Susan B. Epstein, "Pakistan: U.S. Foreign Assistance," CRS, 4 October 2012 and previous CRS reports for Pakistan, FY2001-FY2012; Office of the UnderSecretary of Defense, Office (Comptroller) "Fiscal Year 2013 Budget Request: Overview" February 2013; Office of the Secretary of Defense, "Fiscal Year (FY) 2013 President's Budget: Contingency Operations (Base Budget)" for Operation Noble Eagle, FY2011-2013.

¹³ Security Related Funding. Since 2002, the United States has provided Pakistan with additional economic and humanitarian assistance totaling about \$8.6 billion. While it is arguable that some of that money is used for security purposes, or is used to deal with the refugees and food insecurity caused by fighting in the border region, I am using only the CRS numbers for security aid and military reimbursements.

¹⁴ Operation Noble Eagle, begun on 9/11 includes the enhanced security for military bases and U.S. airspace provided by the U.S. military in the DOD budget.

¹⁵ Catherine Lutz, "Reconstructing Iraq: The Last Year and the Last Decade," *Costs of War*, February 2013.

As Winslow Wheeler has argued, prior to the 9/11 attacks, the Pentagon's base military budget was not expected to increase.¹⁶ After the 9/11 attacks and the initiation of war in Afghanistan and Iraq, the base budget grew. But the question is, how much of that increase is due to the wars and or to the climate of war? Using slightly different assumptions, both Wheeler and Linda Bilmes estimate that the base military budget grew a great deal as a consequence of the wars. Wheeler attributes much of the increase to the war climate, namely the desire to show support for the troops in the form of higher pay and modernization of military equipment. The Bilmes estimate focuses on increases in the base budget driven specifically by, for instance, the military pay increases used to bolster military recruitment when it was lagging during the Iraq War, which she argues are unlikely to be reduced after the wars' end. Similarly, she argues, medical expenses of active duty personnel have increased due to increasing utilization rates by active duty troops and their families, the expansion of the TRICARE program and the more complicated medical needs of active duty soldiers injured during their deployments. Indeed, many of these costs are institutionalized, and will likely be very difficult to reduce.

Smaller expenditures are more difficult to trace and may or may not be included in the military base budget, or in other State Department accounts of military spending on Iraq and Afghanistan. For instance, the United States acquired troops, or in some cases access to air space, land lines of communication, or military bases from the smaller contributors to the "coalitions of the willing" for the wars in Iraq and Afghanistan. More than 40 countries contributed to the war in Iraq and some received compensation for their role. In Afghanistan, the key regional partner, Pakistan has received billions of dollars in both economic and security assistance.¹⁷

Other war-related costs occur outside the military budget. Specifically, many of the more than 50,000 U.S. soldiers who were officially wounded in action, and many of those who were evacuated from the war zones for disease or non-hostile injuries require on-going medical care.¹⁸ The medical care of those who have left the military becomes the responsibility of the Veterans Administration.

¹⁶ Winslow T. Wheeler, "Unaccountable: Pentagon Spending on the Post-9/11 Wars," *Costs of War*, June 2011.

¹⁷ Uzbekistan has also proved important to the war in Afghanistan, in part because Pakistan has on occasion halted U.S. access to Afghanistan, such as when the U.S. killed two-dozen Pakistani soldiers in late November 2011 and transit was halted for about 7 months. Military aid to Uzbekistan, which is meant to secure military transportation access to roads into Afghanistan (and for a number of years, access to the military base in Karshi-Khanabad) peaked in 2002, and totals more than \$200 million through FY2013. Yet, military aid to Uzbekistan is comparatively cheap when compared to other aspects of the wars in Afghanistan and Iraq and we have not included it in this accounting of the costs of war. See Anita Dancs, "International Assistance Spending Due to War on Terror," *Costs of War*, June 2011 and U.S. Department of State Congressional Budget Justifications for Foreign Operations. Also see Jim Nichol, "Uzbekistan: Recent Developments and U.S. Interests," Congressional Research Service, 3 August 2012.

¹⁸ See Catherine Lutz, "U.S. and Coalition Casualties in Iraq and Afghanistan," for *Costs of War*, 21 February 2013. FOIA requests show 90,000 medivacs. Bilmes, "The Financial Legacy of Iraq and Afghanistan."

Table 3. Categories of Additional War Related Spending, FY 2001-2013

Additional War Related Spending	Cumulative Total \$Billions
Estimate A war-related DOD increase to Base Budget ¹⁹	(706.2)
Estimate B war-related DOD Increase to Base Budget ²⁰	(780)
VA Medical ²¹	23.56
Social Security Disability ²²	4.4
VA Disability	35.3
VA Other Costs Related to Afghanistan and Iraq ²³	71.5
Subtotal Additional War-related Spending, 2001-2013	
Subtotal including estimate A	840.94
Subtotal including estimate B	914.74

Non-Budgetary and Externalized Costs

Several costs of the war have been externalized and therefore do not appear in this accounting focused on U.S. Federal outlays and obligations. Specifically, as Zoe Wool's research shows, the externalized costs include the social costs of care for disabled veterans borne by their families.²⁴ Further, state and local governments assume some of the costs of veteran's benefits.

The costs incurred outside the U.S. — by the United States allies and by the people of and governments of Afghanistan, Pakistan, and Iraq total in the billions of dollars. For example, the UK spent about \$14 billion in Iraq from 2003-2011 and was projected to spend about \$30 million in Afghanistan by the time of their complete withdrawal.²⁵ By one estimate, the budgetary costs of German military involvement in Afghanistan is more than \$15 billion (12

¹⁹ Based on Winslow Wheeler, "Unaccountable" estimates growth in the Base portion of the military budget attributable to the war over the budget projected before 2001. The FY2013 cost is based on estimated war spending.

²⁰ Bilmes 2013 estimate of the portion of the DoD outlays in the base (non-war appropriations) directly related to war include increases in TRICARE RESERVE, recruiting, pay indexing, personnel, concurrent receipt, all of which exceed 25%, but to be conservative Bilmes used a 25% cum base increase. The FY2013 cost is based on estimated war spending. Bilmes, "The Financial Legacy of Iraq and Afghanistan."

²¹ Bilmes, "The Financial Legacy of Iraq and Afghanistan": VA medical including direct outlays for Iraq/Afghanistan veterans + directly related medical costs related to: Traumatic Brain Injury; Spinal injury; Women veterans.

²² Bilmes, "The Financial Legacy of Iraq and Afghanistan": Disability Pay for fully disabled veterans (90-100%) service-connected.

²³ Bilmes, "The Financial Legacy of Iraq and Afghanistan"; Costs of War: Other VA costs directly related to Iraq/Afghanistan, including investments in: Claims processing for new claims; Mental health/PTSD; IT investment related to claims; Prosthetics; Readjustment Counseling for new veterans.

²⁴ Zoë H. Wool, "The War Comes Home: Institutionalizing Informal Care and the Family Consequences of Combat Injuries," *Costs of War*, February 2013.

²⁵ BBC, "Iraq War in Figures," 14 December 2011, <http://www.bbc.co.uk/news/world-middle-east-11107739>. James Kirkup, "Afghan War Will Cost British Taxpayers £20 billion by Time Mission is Complete," *The Telegraph* 19 May 2012, <http://www.telegraph.co.uk/news/worldnews/asia/afghanistan/9275712/Afghan-war-will-cost-British-taxpayers-20-billion-by-time-mission-is-complete.html>.

billion Euros), at the low end, and not including medical costs, or the costs of financing the German participation in the war.²⁶

While the U.S. has given assistance to the governments of Afghanistan, Pakistan, and Iraq, there are still hundreds of billions of dollars worth of reconstruction and military costs borne by the governments of Iraq and Afghanistan. Further, there is also increased military spending in Pakistan (beyond what the US has given in military aid) and a burden of refugee flows in these countries. In addition, there is a budgetary burden to international institutions involved in humanitarian assistance in the war zones, which is shared broadly by many of the world's governments. This burden includes the costs of work by UN agencies, non-governmental organizations, humanitarian organizations such as the International Committee for the Red Cross and Handicap International, and regional governments that care for refugees and displaced people in the war zones.

Macroeconomic and Interest Costs

The macro-economic effects of the wars for the U.S. economy are ongoing. Earlier Costs of War project analysis, by Heidi Garrett-Peltier, James Heintz, and Ryan Edwards, showed that **the wars likely costs tens of thousands of jobs, affected the ability of the U.S. to invest in infrastructure and probably led to increased interests costs on borrowing, not to mention greater overall Federal indebtedness.**²⁷

The spending for overseas contingency operations (OCO) was funded primarily by borrowing, not additional taxes. No additional taxes were raised for these wars; indeed, taxes were cut in many categories for most of the war years, and they recently rose only for households with incomes over \$400,000.

Using a standard macroeconomic model of the U.S. economy, Ryan Edwards estimates that as of 2013, the U.S. has already incurred an additional approximately \$260 billion in interest on borrowing to pay for the wars.²⁸ Over the next several decades, assuming no more military spending on these wars, but also no additional tax increases or spending cuts, **cumulated interest costs on borrowing to pay for the wars will ultimately rise to dwarf the \$1.5 trillion of direct military spending from 2001-2013, adding more than \$7 trillion to the national debt.**²⁹

The severity of the burden of war-related interest payments will depend on many factors, not least, the overall future health of the U.S. economy, interest rates, government fiscal policy, and national saving. But unfinanced war spending has played a significant role in raising our national debt, and it has few of the benefits associated with reductions in taxes and increases in spending intended to combat the great recession that have also raised the debt.

²⁶ Tilman Brück, Olaf J. de Groot, and Friedrich Schneider, "The Economic Costs of the German Participation in the Afghanistan War," *Journal of Peace Research*, (November 2011) vo. 48, no. 6, pp. 793-805.

²⁷ See respectively, research briefs by Heidi Garrett-Peltier, "The Job Opportunity Costs of War," Costs of War, June 2011; James Heintz, Military Assets and Public Investment, " Costs of War June 2011, and Ryan D. Edwards, "Post-9/11 War Spending, Debt, and the Macroeconomy," Costs of War, June 2011.

²⁸ Edwards calibrates a standard Solow model to model feedbacks from deficit-financed government defense spending into current GDP, the capital stock, and interest rates. See Edwards, "Post-9/11 War Spending, Debt, and the Macroeconomy."

²⁹ Edward's calculation is based on only the direct war appropriations noted in table 2.

Future Military and Veterans Related Spending

There are two major categories of future spending — spending in FY2014 and future costs for the care of veterans. Total costs for the veterans of these wars will increase over time. As Linda J. Bilmes notes, peak spending on veterans' disability and medical care, for every war, occurs decades after wars end.³⁰ The costs for veterans of these wars will be comparatively greater than for past wars. Specifically, veterans of the wars in Iraq and Afghanistan often return with multiple traumas, as well as respiratory and cardiac trouble. Further, and as each veteran ages, their health care needs will become more complex and expensive. Of those who have been discharged, Bilmes estimates that their care over the next forty years will cost approximately \$754 billion in today's present value. (See Table 4).³¹

Not all of the 2.5 million people who served deployments in the war zones have left the military. This is thus a conservative estimate — if only because, unfortunately, the war in Afghanistan will continue to produce more people with complex wounds and conditions. Further, costs will increase as more troops move from active duty care to care in the Veterans Administration and the Social Security Administration.

Table 4. Future Obligations for Veterans' Care³²

Categories of Veterans' Care	Present Value 2014-2053
Veterans Administration Medical	287.6
Social Security Disability	42.3
Veterans Administration Disability	424.5
Total	754.4

As noted above, operations will not end 2013. Tens of thousands of U.S. troops will remain in Afghanistan in a combat role through 2014 until their withdrawal at the end of the year. Specifically, by the end of February 2014, about 32,000 combat troops will remain in Afghanistan.³³ The pace and ultimate size of withdrawal is unclear, but reports are that the U.S. may keep as many as 8,000 - 10,000 troops in advisory and support roles in Afghanistan for some years beyond the withdrawal of combat forces after 2014.

The President has not made a request for FY2014 or other future years. But it is reasonable to project that the U.S. will continue to spend money in Pakistan in FY2014 in support of the operations in Afghanistan, will continue drone strikes in Pakistan and in Yemen, and will also continue maintain a small State Department presence in Iraq. I estimate that the costs of continuing DOD and State/USAID operations in Afghanistan, Iraq and Pakistan through

³⁰ Bilmes, "The Financial Legacy of Iraq and Afghanistan."

³¹ This does not include veterans' education benefits under the GI Bill.

³² Long Term Present Value of Medical Care, Social Security, and Disability Claims already submitted through 2014-2053. Bilmes, "The Financial Legacy of Iraq and Afghanistan."

³³ Michael R. Gordon and Mark Landler, "Decision on Afghan Troop Levels Calculates Political and Military Interests," *The New York Times*, 12 February 2013. Associated Press, "Conflicting Reports on Afghanistan Troop Withdrawal," *Salon.com*, 22 February 2013, http://www.salon.com/2013/02/22/conflicting_reports_on_afghanistan_troop_withdrawal/.

FY2014 will be about \$65 billion, (using pre-surge spending as the guide for likely AfPak spending in 2013.³⁴ Similarly, spending in the base budget associated with the wars will be, in my estimate, about \$65.³⁵ I have not estimated Pentagon base budget costs or war spending beyond FY2014, although the Congressional Budget Office projects that costs of executing the Pentagon's plans in future years will require more than the Pentagon has suggested in its own projections.³⁶

Table 5. Costs to Date and Future Costs of Wars³⁷

FY2001-FY2013 Costs	\$billions
Total DOD (Afghanistan, Iraq, Operation Noble Eagle (ONE))	1406.91
Estimated additions to the Pentagon base	743.1
State and US AID (Afghanistan, Iraq, and Pakistan)	103.50
total medical and disability for veterans	134.7
Additions to Homeland Security	455.2
Interest on Pentagon War Appropriations	259.4
Subtotal FY2001-FY2013 Costs	3,102.85
Estimates of Future Spending	
Pentagon and State/USAID (Afghanistan, Iraq, Pakistan, and ONE) FY2014	65
Increase to the Pentagon Base, FY2014	65
Future Veterans' costs for medical and disability, FY2014-2053	754.4
Subtotal Future War-related Spending	884.4
Total Costs to Date and Estimated Future Federal Budget Costs	3,987.25
Cumulative Interest through 2053	>7,000

What Portion of Costs Are Due to the War in Iraq?

As Americans mark the ten-year anniversary of the invasion of Iraq, it is natural to try to estimate the total cost of the Iraq war. As with the total costs of war, Pentagon accounts of war costs emphasize Pentagon spending. But, as the Costs of War project has emphasized, total costs include spending in other areas of the Federal budget. When those costs are included in the accounting, Iraq's share of the total U.S. costs of war in Afghanistan and Iraq from 2001-2013 is almost \$1.7 Trillion. (See Table 6).

³⁴ These include some equipment reset (replacement) costs.

³⁵ The base budget also includes operations in Trans-Sahara and the Horn of Africa.

³⁶ Congressional Budget Office, "Long-Term Implications of the 2013 Future Years Defense Program," (CBO, July 2012).

³⁷ Using current dollar budget figures.

Table 6. Actual and Imputed Future U.S. Total Costs of Iraq War³⁸

U.S. Costs of Iraq through FY2013	\$ billions
DOD War Appropriations	769.9
State/ USAID	52.38
Increase in DOD Base Spending (attributing 54% of total increase to Iraq)	401.27
VA Medical (attributing 65% of total costs to Iraq war)	15.31
VA Disability (attributing 65% of total costs to Iraq war)	21.84
SS Disability (attributing 65% of total costs to Iraq war)	2.91
Growth in other VA Spending (attributing 65% of total costs to Iraq)	46.48
Homeland Security (attributing 54% of increase to Iraq)	245.81
Interest Cost (54% of cumulative costs, not counting interest cost in 2002 and 2003)	138.8
Subtotal Cost of Iraq War and War-Related Expenses through 2013	1,694.70
Future Iraq Related Costs FY2014-2053	
Future Obligated Spending for Veterans Care and Disability, Net Present Value (attributing 65% of total costs to Iraq war)	490.59
Total, not including interest on borrowing	2,186.10

This estimate includes money Congress appropriated for the war zone in the DOD and State Department budgets. That was 54 percent of the total spent on both Iraq and Afghanistan from through FY2013. I assumed, that 54 percent of the DOD base budget increase and the increase in Homeland Security spending could be attributed to the Iraq War. Although many soldiers served in both Iraq and Afghanistan, based on the proportionately greater numbers of troops who served in Iraq and were wounded in action in Iraq, I assumed 65 percent of the costs of veterans care and disability expenses could be attributed to the Iraq war.³⁹ I used the same assumption for the portion of future spending on Veterans medical care and disability that could be attributed to Iraq.

Finally, because the Iraq war appropriations for FY2003-FY2013 were not funded with new taxes, but by borrowing, it is important to keep in mind the interest costs already paid, and future interest costs. Iraq War appropriations for DOD and State were 54 percent of the

³⁸ Based on current dollars reported in Federal Budgets.

³⁹ The peak number of troops deployed in Iraq was 170,000 soldiers in 2007 and more than 32,000 were reported as wounded in action. U.S. troop levels in Afghanistan peaked at about 101,000 in 2011 and so far more than 18,000 have been wounded in action. In the past two years, the severity of the injuries of troops returning from Afghanistan has grown. See Catherine Lutz, "U.S. and Coalition Casualties in Iraq and Afghanistan."

interest costs. If one were to include Iraq's share of cumulative interest through 2053, those costs could be more than \$3.9 trillion.⁴⁰

In calculating Iraq's share of the burden, I have not included future spending for Iraq past FY2013, estimated the costs of soldiers who will move into the category of Veterans in the future. I also have not included the various costs of veterans care that have fallen to state and local governments, the costs of an Afghan war arguably prolonged by Iraq, other costs externalized to military families and Americans more generally, or the macro-economic consequences of the war.

Conclusion: Pre-War Optimism and the Reality

Optimistic assumptions and a tendency to undercount have, from the beginning, been characteristic of the estimates of the budgetary costs and the fiscal consequences of these wars. Nowhere is this clearer than estimates of the budgetary costs of the Iraq war. But, unlike the Afghanistan war, there were at least some pre-war estimates of the costs.

In mid-September 2002 Lawrence Lindsey, then President Bush's chief economic adviser, estimated that the "upper bound" costs of war against Iraq would be \$100 to \$200 billion. Overall, Lindsey suggested however that, "The successful prosecution of the war would be good for the economy."⁴¹ On 31 December 2002, Mitch Daniels, the director of the Office of Management and Budget estimated that the costs of war with Iraq would be \$50-60 billion.⁴² Daniels suggested that Lindsay's estimates were much too high, although neither official provided details for the basis of their estimates.

There were other pre-war estimates for Iraq. For instance, in September 2002 U.S. House of Representatives Budget Committee Democratic staff estimated costs of \$48-60 billion, assuming 30-60 days of combat and a 2 ½ month occupation.⁴³ The headline in *The Wall Street Journal* covering the Congressional estimate read, "Lindsey Overestimated Costs of Iraq War, Democrats Say."⁴⁴ Later in 2002, Yale economist William Nordhaus suggested a nearly \$2 Trillion cost for the Iraq war if the war were to be protracted and difficult. He argued while the main component of costs could be higher oil prices (\$778 billion), a long war could cost \$140 billion in direct military spending and another \$615 billion to pay for occupation, peacekeeping, reconstruction and nation-building, and humanitarian assistance.⁴⁵ To this, Nordhaus added an estimated \$391 billion in negative macroeconomic consequences.

The most comprehensive estimate of the long-term budgetary costs of both wars — including direct and indirect spending and other economic effects — is *The Three Trillion Dollar*

⁴⁰ Again, the severity of the burden of war-related interest payments will depend on many factors, not least, the overall future health of the U.S. economy, interest rates, government fiscal policy, and national saving.

⁴¹ Lindsey, quoted in *Wall Street Journal*, 15 September 2002.

⁴² Elizabeth Bumiller, "Threats and Responses: The Cost; White House Cuts Estimates of Cost of War with Iraq," *The New York Times*, 31 December 2002.

⁴³ *Assessing the Costs of Military Action Against Iraq: Using Desert Shield/Desert Storm as Basis for Estimates*, An Analysis by the House Budget Committee. September 2002.

⁴⁴ Bob Davis, "Lindsey Overestimated Costs of Iraq War, Democrats Say" *The Wall Street Journal*, 24 September 2002.

⁴⁵ William D. Nordhaus, "The Economic Consequences of a War with Iraq," in American Academy of Arts and Sciences, *War With Iraq, Costs, Consequences, and Alternatives* (Cambridge: American Academy, 2002) pp. 51-86.

War by Joseph E. Stiglitz and Linda J. Bilmes.⁴⁶ The Stiglitz-Bilmes estimate was conservative in many respects. Not counting the increased burden to our national debt, the costs of war have and will exceed even their cautious estimates.

There are many reasons not to compare the budgetary costs of war in one era to the next — not least because wars are very capital intensive, and the costs of equipment changes, and also because each war has its own characteristic strategy. Yet, if estimates of spending on previous U.S. wars are known with any reliability, the military DOD/State Department direct spending on the Iraq War may have already exceeded the military combined military spending of the Korean and Vietnam Wars.⁴⁷

In sum, no matter how one counts the Iraq War was one of the most costly in U.S. history, not only for Americans, but for the people of many governments. It is also arguable that the fact of taking up war in Iraq prolonged the U.S. war in Afghanistan, raising the cost of the Afghanistan war and ultimately the entire costs of the U.S. wars begun after 9/11.

⁴⁶ Joseph E. Stiglitz and Linda J. Bilmes, *The Three Trillion Dollar War: The True Costs of the Iraq Conflict* (New York: Norton, 2008).

⁴⁷ U.S. Commerce Department, "Statistical Summary: America's Major Wars," cited in Nordhaus, "The Economic Consequences of a War with Iraq," p. 55.

Appendix to Table 2. Major US Appropriations for DOD and State/USAID by War Zone FY2001-FY2013, in Current \$Billions

Spending by War Zone/Operation (Overseas Contingency Operation)	2001-2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Requested 2013	Cumulative 2001-2012	Cumulative Total through FY2013
Iraq														
DOD	0	50	56.4	83.4	98.1	127.2	138.8	92	66.5	45	9.6	2.9	767	769.9
State/ USAID	0	3	19.5	2	3.2	3.2	2.7	2.2	3.3	2.3	6.2	4.78	47.6	52.38
Iraq total	0	53	75.9	85.4	101.3	130.4	141.5	94.2	69.8	47.3	15.8	7.68	814.6	822.28
Afghanistan														
DOD	20	14	12.4	17.2	17.9	37.2	40.6	56.1	87.7	114	105.5	85.6	522.6	608.2
State/ USAID	0.8	0.7	2.2	2.8	1.1	1.9	2.7	3.1	5.7	4.1	4.3	2.5	29.4	31.9
Afghanistan total	20.8	14.7	14.6	20	19	39.1	43.3	59.2	93.4	118.1	109.8	88.1	552	640.1
Pakistan Security	1.42	1.51	0.82	1.31	1.26	1.13	1.14	1.67	2.74	2.40	1.24	1.3	17.90	19.22
Operation Noble Eagle (ONE)	13	8	3.7	2.1	0.8	0.5	0.1	0.1	0.1	0.13	0.14	0.14	28.67	28.81
Budget for Major War Operations	35.22	77.21	95.02	108.81	122.36	171.13	186.04	155.17	166.04	167.93	126.98	97.22	1413.19	1510.41

Totals may not add due to rounding.

Sources: Amy Belasco, "The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11" *CRS 29 March 2011*, for FY2001-2010. Pat Towell and Daniel H. Else, "Defense: FY2013 Authorization and Appropriations," *CRS 5 September 2012*, for DOD FY2011-2013. Susan B. Epstein, Marian Leonardo Lawson and Alex Tiersky, "State, Foreign Operations, and Related Programs: FY2013 Budget and Appropriations," *CRS 23 July 2012*, for State Department Spending FY2011-2013. Pakistan, K. Alan Kronstadt and Susan B. Epstein, "Pakistan: U.S. Foreign Assistance," *CRS, 4 October 2012* and previous CRS reports for Pakistan, FY2001-FY2012. Office of the UnderSecretary of Defense, Office (Comptroller) "Fiscal Year 2013 Budget Request: Overview" February 2013. Office of the Secretary of Defense, "Fiscal Year (FY) 2013 President's Budget: Contingency Operations (Base Budget)" for Operation Noble Eagle, FY2011-2013.