

March 18, 2004

## **ONE YEAR LATER: THE COST OF US MILITARY OPERATIONS IN IRAQ**

**By Steven M. Kosiak**

Since the United States launched Operation Iraqi Freedom (OIF), its invasion of Iraq, nearly one year ago (on March 19, 2003) the US Congress has appropriated about \$100 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. On the other hand, the fact that US forces no longer have to enforce the no-fly zones in Iraq has yielded modest savings (perhaps \$1-2 billion a year), that marginally offset these costs. In addition, Congress has provided some \$23 billion in non-DoD funding for Iraqi reconstruction and related efforts.<sup>1</sup>

Funding for OIF has been provided through two emergency supplemental appropriations. The first of these was enacted in April 2003 and the second in November 2003.<sup>2</sup> The second supplemental provided funding to pay for operations in Iraq through September 30, 2004—the end of the federal government’s fiscal year. Since US troops are expected to remain in Iraq beyond this year, more funding will clearly have to be provided at some point to cover those costs.

When the administration submitted its fiscal year (FY) 2005 budget request for national defense at the beginning of February, it decided not to include funding for the deployments in Iraq or Afghanistan. The \$423 billion included in the regular annual appropriations request is intended to cover the cost of modernizing the US military, and manning and operating it at peacetime levels. The extra costs incurred as a result of military operations in Iraq and Afghanistan will be covered through another emergency supplemental appropriation, which the administration expects to submit to Congress in January 2005.

It is impossible to estimate precisely how much funding will be required to cover these costs, since it is unclear how large a US presence will be needed in Iraq and Afghanistan in FY 2005.<sup>3</sup> However, given the administration’s current plans and timetable for operations in those countries, a reasonable estimate

---

<sup>1</sup> Steven M. Kosiak, “Funding for Military Operations, Homeland Security, and Related Activities Since 9-11,” CSBA, January 21, 2004, p. 3.

<sup>2</sup> In addition to funding for military operations and reconstruction assistance for Iraq, these two supplemental appropriations also included funding for operations in Afghanistan and some homeland security activities. Altogether, the FY 2003 supplemental, enacted in April 2003, contained about \$78 billion and the FY 2004 supplemental, enacted in November 2003, totaled about \$87 billion.

<sup>3</sup> To date, a total of \$52 billion appears to have been provided for Operation Enduring Freedom in Afghanistan. Amy Belasco, “Defense Funding by Mission For Iraq, Afghanistan, and Homeland Security: Issues and Implications,” Congressional Research Service (CRS), October 17, 2003, p. 3. This funding has been provided through a total of six different supplemental appropriations, beginning with the first post-9/11 emergency supplemental enacted in September 2001.

might be \$30-50 billion, with perhaps three-quarters of the funding being allocated to OIF. These figures are also consistent with a recent statement by Joshua Bolton, the Director of the Office of Management and Budget, that \$50 billion represents the “upper limit” of what is likely to be needed to cover the cost of military operations in Iraq and Afghanistan in FY 2005.<sup>4</sup>

Estimating costs for the years beyond FY 2005 is, of course, even more speculative. The Congressional Budget Office (CBO) has provided estimates for the cost of four illustrative scenarios for the occupation of Iraq.<sup>5</sup> Under the lowest cost scenario, the number of US troops in Iraq is assumed to decline from today’s level of approximately 125,000 troops to 76,000 in FY 2005, with all US military personnel withdrawn by the end of FY 2007. By contrast, in the most costly scenario, the number of US troops is projected to fall to 50,000 by FY 2008 and stay at that level through FY 2013. Projected costs under the four scenarios, for the years beyond FY 2005, range from as little as \$11 billion to nearly \$130 billion. Actual costs could be even higher, since CBO’s estimates do not include the cost of related classified intelligence activities and because, in the past, DoD’s estimates of the incremental costs of military operations have sometimes been higher than CBO’s estimates.

Whatever the merits—on strategic and political grounds—of the US intervention in Iraq, the direct financial costs will be high. The operation has already cost far more than the 1991 Persian Gulf War. That war cost about \$84 billion (FY 2004 dollars) and was paid for largely through contributions from US friends and allies. (Altogether these contributions offset nearly 90 percent of US costs.) By the end of next year, the total cost of operations in Iraq, for DoD alone, could well approach \$150 billion. If substantial numbers of US troops are required to remain in Iraq for many years beyond FY 2005, total costs could approach, or possibly even exceed, \$300 billion over the coming decade.

Alternatively, total costs could be significantly lower over the decade if the United States were able to withdraw all of its forces from Iraq within the next couple of years. Moreover, even at \$300 billion, the operation would be substantially less costly than the Korean War (\$418 billion) or the Vietnam War (\$597 billion).<sup>6</sup>

\* \* \* \* \*

For more information, contact Steven M. Kosiak at (202) 331-7990.

The Center for Strategic and Budgetary Assessments (CSBA) is an independent policy research institute established to promote innovative thinking about defense planning and investment strategies for the 21st century. The center is directed by Dr. Andrew F. Krepinevich. For more information on CSBA, see our web site at: <http://www.csbaonline.org>.

---

<sup>4</sup> Adam Entous, “Bush May Need Up to \$50 billion Extra for Iraq,” *Reuters*, February 2, 2004, available at [www.Reuters.com/news](http://www.Reuters.com/news).

<sup>5</sup> Douglas Holtz-Eakin, Director, CBO, Letter to the Honorable John Spratt, Ranking Member, House Budget Committee, October 28, 2003.

<sup>6</sup> These estimates (expressed in FY 2004 dollars) were derived (using DoD deflators) from Stephen Daggett and Nina Serafino, “Costs of Major US Wars and Recent US Overseas Operations,” CRS, October 3, 2001, p. 3.