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*Potential Costs of a War Against Iraq*  
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**Background: The Gulf War and Today**

The Persian Gulf War in 1991 cost about \$80 billion in constant 2002 dollars (or about \$61 billion in then-year dollars).<sup>1</sup> This cost includes both Desert Shield, the five-and-a-half month buildup, and Desert Storm, a 38-day air campaign followed by a 100-hour combined-arms operation. The United States was able to offset most of the cost of the war with cash and in-kind contributions from allies around the world. The net cost to the United States was quite modest: about \$4 billion in 2002 dollars.<sup>2</sup>

The potential cost to the US of a war on Iraq today is highly uncertain. It depends on numerous factors like the type of campaign conducted, how many personnel will be involved, how many of what kinds of equipment will be used, the type and quantity of munitions expended, how long the conflict lasts, how long the country is occupied after the war, and the level of contributions from other countries, among others. Many of the data necessary to determine the costs are simply unknown at this time, and much of what is known is not publicly available (for example, the Pentagon's classified models for estimating the costs of conflicts).

**Costs of a War with Iraq: Recent Estimates**

Despite the uncertainties, several recent estimates of a potential war on Iraq have been put forward:

- In September, 2002, the non-partisan Congressional Budget Office (CBO) estimated that a one-month war could range from \$22 billion to \$29 billion (assuming two different types of campaigns: Heavy Ground and Heavy Air).<sup>3</sup>
- The Democratic staff of the House Budget Committee estimated that over the same time period, costs could range from \$30.6 billion to \$48.3 billion (based on two different variations of Gulf War forces: New War A and New War B).<sup>4</sup>

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<sup>1</sup> House Budget Committee, Democratic Staff, *Assessing the Cost of Military Action Against Iraq: Using Desert Shield/Desert Storm as a Basis for Estimates* (Washington, D.C., September 23, 2002).

<sup>2</sup> Ibid, p. 5.

<sup>3</sup> Congressional Budget Office, *Estimated Costs of a Potential Conflict with Iraq* (Washington, D.C., September 2002).

<sup>4</sup> House Budget Committee, p. 18.

(Neither of these figures includes the cost of occupying and rebuilding Iraq after a war, which, according to CBO, could range from \$1.5 billion to nearly \$5 billion per month, depending on the kinds of activities performed and the number of personnel needed.)

- Larry Lindsey, the President's economic adviser, was quoted as saying that a war on Iraq could cost \$100 billion to \$200 billion.<sup>5</sup> Mitchell Daniels, the Director of the Office of Management and Budget later called that estimate "very high."<sup>6</sup>
- The watchdog group, Taxpayers for Common Sense, argues that "(a)n Iraq war is likely to cost tens of billions more than the \$200 billion estimates provided by President Bush's lead economic advisor, Lawrence Lindsey."<sup>7</sup>
- Alan Abelson of Barron's cites yet another figure in his recent column: "...the cost of even a relatively short war in Iraq, presumably including the tab for reconstruction and occupation, could run, Administration sources reckon (so relates the feisty economist Robert Parks in his latest newsletter), somewhere between \$1 trillion and \$2 trillion." Abelson goes on to observe, "...one of life's few verities is that government estimates of costs for anything from a sewer line to a war should be automatically doubled."<sup>8</sup>

Comparing these and other recent estimates is difficult; they are clearly based on different assumptions and timeframes, and include different cost elements. In the end, any estimate of the total costs is only as good as its author's prognostications about how the conflict would play out and what would occur in its wake.

### **The Bush Administration's Campaign Plan**

Recent news reports have added new clarity to at least one variable: the type of campaign the Bush Administration is planning. According to several news sources, including the Washington Post, the Washington Times, and the New York Times, the Administration has settled on a plan involving a total of about 250,000 military personnel (about half the number used in Desert Storm), including about 150,000 ground troops, at least four carrier battle groups, several Army and Marine divisions and several Air Force wings.<sup>9</sup>

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<sup>5</sup> Wall Street Journal, *Bush Economic Aid Says Cost Of Iraq War May Top \$100 Billion* (New York, September 16, 2002).

<sup>6</sup> AFX News Limited, *White House's Daniels Says \$100-200 Billion War Cost Estimate 'Very High'* (Washington, D.C., September 18, 2002).

<sup>7</sup> Taxpayers for Common Sense, *Cost of Iraq Invasion Severely Underestimated; Tens of Billions Have Been Ignored*, Press Release (Washington, D.C., November 1, 2002).

<sup>8</sup> Alan Abelson, *Delaying the Inevitable*, Barron's (New York, November 18, 2002).

<sup>9</sup> Thomas E. Ricks, *War Plan for Iraq is Ready, Say Officials*, Washington Post (Washington, D.C., November 10, 2002). Rowan Scarborough, *War Plan Calls for Air Strikes, Up to 80,000 Ground Forces*, Washington Times (Washington, D.C., November 13, 2002). David E. Sanger, Eric Schmitt, and Thom Shanker, *War Plan in Iraq Sees Large Force and Quick Strikes*, New York Times (New York, November 10, 2002).

Unlike the six-month buildup and 38-day air war followed by the 100-hour ground assault in 1991, current plans reportedly envisage a much shorter air campaign – less than a month; possibly ten days or less – followed by a “rolling start” with a small ground force of 60,000 to 80,000, backed up by additional ground troops waiting in reserve in Turkey, Qatar, and Kuwait. Special Operations forces would infiltrate the country early to seek and destroy Iraq’s short-range Scud missiles – Saddam Hussein is estimated to have a few dozen of the missiles he fired at Israel and Saudi Arabia during the Gulf War – neutralize other threats to US forces and its allies in the region, and secure critical airfields in the country. US forces are planned to rapidly strike at the heart of the Iraqi leadership and its pillars of control over the country with an “inside-out” strategy to force Saddam Hussein and his elite military forces to capitulate early.

### **Costs of Combat in Iraq**

According to CBO, a one-month campaign involving 250,000 personnel (200,000 active duty and 50,000 reservists) with an emphasis on air power and lighter ground forces (the Heavy Air scenario), would cost about \$22 billion for a one-month war. CBO’s estimate is based on a force composed of 2 1/3 Army divisions (two full divisions and one brigade), ten Air Force air wings, 1/3 of a Marine Expeditionary Force, and participation by five Navy aircraft carriers. This array of forces is similar to that reportedly envisioned in the Administration’s campaign plan. CBO’s estimate includes the costs to deploy the forces, operate them for the first month in combat, operate them for subsequent months of combat, and redeploy the forces after the war.

This estimate is probably low: CBO assumed a total reserve call-up of 106,000 reservists (50,000 to support combat and another 56,000 to fill positions in the United States and elsewhere vacated by deploying forces). However, recent news reports suggest that the Pentagon could call up as many as 265,000 reservists – the same number it did in 1991 – to help guard military and other government facilities against potential terrorist reprisals.<sup>10</sup> An additional 159,000 reservists could increase the costs by at least \$3 billion to \$4 billion – still more if the combat phase extends beyond about one month.

CBO also assumes that 50% of targets in the first month would be attacked by precision munitions and 10% each month thereafter. Recent reports suggest that over 60% of targets could be attacked by precision munitions; if more precision munitions were used, the total costs of the war would be greater than CBO’s estimate. That said, Pentagon planners might be reluctant to deplete stocks of precision munitions, which could be needed quickly after Iraq.

The ultimate cost of combat in Iraq depends critically on how the campaign unfolds, which remains uncertain. There are a number of “wildcards” that could have a major impact on the conflict and its cost. For example, Iraq could successfully employ weapons of mass destruction against US forces, critical ports and/or airfields, or Israel. US military forces could become bogged down in urban combat, or critical allies could falter.

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<sup>10</sup> Thom Shanker and Eric Schmitt, *Reserve Call-Up For An Iraqi War May Equal 1991’s*, New York Times (New York, October 28, 2002).

Persian Gulf military expert Anthony Cordesman has described a “best case” in which Iraq is defeated in 4-6 weeks and does not use weapons of mass destruction effectively on US forces or the region. He goes on to describe scenarios less favorable to the US: an “intermediate case” in which the fighting goes on for 6-12 weeks, and a “worst case” lasting 90-180 days.<sup>11</sup> These latter cases would obviously entail costs well above the one-month of combat estimate described above.

### **Occupation and Reconstruction Costs**

After the war and overthrow of Saddam Hussein, the United States would seek to rebuild Iraq. Occupation and reconstruction would add significantly to the total cost, depending on how large the occupation force is, what kinds of operations it carries out (bridge-building, construction, etc.), how long it remains in country, contributions from other countries, and other factors. Though the number of occupation forces that would be needed is not yet determined – particularly since allied support could reduce the need for US forces – estimates range from 50,000 to 200,000. According to CBO, monthly occupation costs could range from \$1.4 billion to \$3.8 billion per month, which represents a range of between 75,000 and 200,000 US peacekeepers.

For the purpose of comparison, in Bosnia, about 60,000 peacekeepers were deployed in the first year. They were reduced to 30,000 in the following year, and seven years later, in 2002, they number about 18,000, of which about 3,000 are US military forces. Though size is not the only factor, Iraq is significantly larger than Bosnia, at about 437,000 square kilometers as compared to Bosnia’s 51,000 square kilometers.<sup>12</sup> In the first year, as many as 100,000 US peacekeepers may be needed in Iraq, which would cost about \$2 billion per month. In following years, that figure might be reduced substantially as the situation on the ground improves and/or allies increase their participation. Conversely, if the country is not successfully pacified, the US may need to commit larger numbers of forces over an extended period. These figures do not include a number of other potential costs to the United States of rebuilding a post-Saddam Hussein Iraq, such as direct foreign aid and loan forgiveness to secure the cooperation of allies.

### **Conclusions**

The estimates discussed above include only direct costs of a war on Iraq. But the United States could incur other indirect costs, such as increases in oil prices, substantial declines in the markets, interest on debt acquired by the war, or a terrorist act of reprisal in the US that substantially harms the economy. Such costs are difficult to predict. However, a recent conference at CSIS concluded that a swift victory over Iraq would have a benign or even positive effect on the economy, but that a prolonged conflict could substantially damage economic growth and stability.

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<sup>11</sup> Anthony H. Cordesman, *An Attack on Iraq: The Military, Political, and Economic Consequences*, Center for Strategic and International Studies briefing, November 12, 2002.

<sup>12</sup> Central Intelligence Agency, *World Factbook 2002* (Washington, D.C., January 2002).

While much of the rhetoric is focused on how high the potential costs of a war with Iraq could be (the ceiling can be as expansive as one's assumptions and timeframe), it is at least as useful to appreciate what the minimum costs would be. Without allied support, a war with Iraq would cost the United States at least \$50 billion in the first year under the most optimistic scenario, assuming a one-month war and a follow-on occupation force of 100,000 troops. This represents a little over 60% of the cost of the Gulf War. After a war on Iraq today, monthly costs could range from about \$0.5 billion to nearly \$4 billion for occupation and reconstruction, depending on the number of US forces needed.