

COSTS OF WAR

ESTIMATED DOLLAR COSTS OF WARS, in \$BILLIONS

THESE TOTALS DO NOT INCLUDE:
Medicare costs for injured veterans after age 65; Expenses for veterans paid for by state and local government budgets; Promised \$6.8 billion reconstruction aid for Afghanistan; Additional Macroeconomic Consequences of War Spending including infrastructure and jobs, see: Edwards, Helms, Garrett-Heltzer

	CONSERVATIVE ESTIMATE	MODERATE ESTIMATE	REPORT/SOURCE
Congressional War Appropriations to Pentagon	1,311.5	1,311.5	Wheeler
Additions to the Pentagon Base Budget	526.2	652.4	Wheeler
Interest on Pentagon War Appropriations	185.4	185.4	Edwards
Veterans' Medical and Disability	32.6	32.6	Blimes
War Related International Assistance (State Department/USAID)	74.2	74.2	Denca
Additions to Homeland Security Spending for the War on Terror	401.2	401.2	Denca
SUBTOTAL FEDERAL OUTLAYS FY2001 Through FY2011, Constant \$2011	2,321.1	2,657.3	
Projected Obligated Funds for Veterans' Medical and Disability to 2051 ¹	589.0	934.0	Blimes
Social Costs to Veterans and Military Families	295.0	400.0	Blimes
TOTAL OUTLAYS TO 2011 AND ADDITIONAL COSTS OF VETERANS' CARE	3,215.1	3,991.3	
Pentagon War Spending Requested for FY2012	118.4	118.4	CRS ²
State Dept./ USAID War Related Spending Requested for FY2012, Afghanistan, Iraq, Pakistan	12.1	12.1	CRS ²
Projected Pentagon War Spending FY2013-2015, w/reduction to 45,000 troops ³	167.6	167.6	CBO ⁴
Projected Pentagon War Spending FY2016-2020	155.0	155.0	CBO ⁴
SUBTOTAL FUTURE PROJECTED DIRECT WAR SPENDING	453.1	453.1	
Additional Interest Payments to 2020	1,000	1,000	Edwards

Economic Costs Summary: \$3.2 – 4 Trillion and Counting

There are at least three ways to think about the economic costs of these wars: what has been spent already, what could or must be spent in the future, and the comparative economic effects of spending money on war instead of something else.

Spending to Date: How much have the wars in Afghanistan, Iraq and Pakistan since 9/11 cost? The answer to that question depends on what you count as a war expense and how you estimate inflation over the last 10 years. It also depends on whether you count only the money that the U.S. has already spent or if you include the money the U.S. is committed to spending in the future.

These are the budgetary costs for the bombs, bullets, and fuel that go into making war, the troops' pay, veteran benefits, war related foreign assistance, homeland security, and interest already paid on war related debt.

The Costs of War economics research team used the most up-to-date publicly available figures at the time of their writing to calculate the spending on the wars from 2001 through fiscal year 2011. To make comparisons across categories and over time easier, in this summary we have converted current dollar figures to inflation-controlled 2011 dollars (constant dollars) using standard Bureau of Economic Analysis (BEA) deflators.

What was the Department of Defense allocated?

The Pentagon's total allocation for war from 2001-2011 in current dollars was \$1,208.1. The DOD has its own way of calculating inflation. Using standard BEA deflators the total is \$1,311.5 billion in constant 2011 dollars. The DOD was also allocated additional funds for its base budget. This totals \$652.4 billion, some portion of which has been used for war expenses, and all of which might be counted as having been appropriated as a result of the war climate in Washington. A conservative estimate might count only a portion of these additions to the budget over what might have been expected to be appropriated to the Pentagon. Our calculation of spending to date uses both a conservative and moderate estimate of the addition to the Pentagon's base budget.

How has the U.S. paid for the wars so far? The United States paid for past wars by raising taxes and or selling war bonds. The current wars were paid for almost entirely by borrowing. This borrowing has raised the U.S. budget deficit, increased the national debt, and had other macroeconomic effects, such as raising interest rates. The U.S. must also pay interest on the borrowed money. The interest paid on Pentagon spending alone, so far (from 2001 through FY 2011) is about \$185.4 billion in constant dollars.

War related spending is also found in the [foreign assistance](#) budget, known on Capitol Hill as "International Assistance" spending. Aid to Afghanistan, Iraq and Pakistan grew because of the war to 74.2 billion in constant dollars. Much of that spending by the State Department and USAID directly supported military efforts.

The U.S. also increased spending on [homeland security](#) by more than \$400 billion in constant dollars beyond the levels already in place. We include this as excess spending on homeland security that occurred as a result of the war on terror. Considered by many an important part of domestic mobilization for the wars, there continue to be questions about the effectiveness of this spending.

What has already been spent to care for the medical and disability needs of U.S. veterans? As of December 2010, the U.S. had already spent more than \$32 billion for both medical care and disability for more than a million veterans of these wars. Each day, more veterans continue to apply to receive their benefits.

Obligations for Future Spending: The costs of war don't end when the fighting stops. Specifically, the U.S. has incurred obligations by fighting the wars. For example, the U.S. is obligated to pay the future medical and disability costs of [veterans](#). As in past wars, medical and disability costs will peak in about 30 to 40 years, totaling from nearly 600 billion to almost \$1 trillion.

Unless the U.S. immediately repays the money borrowed for war, there will also be future interest payments. <highlight "future interest payments" and link to page 28> We estimate that interest payments could total about one trillion dollars by 2020.

Opportunity Costs of War Spending: What could the economy look like if we had not spent that money on war? Were jobs lost or gained by war? Military spending does produce jobs. But spending in other areas could produce more [jobs](#).

Military spending has also affected investment in public assets and [infrastructure](#). While investment in military infrastructure grew, investment in other, non-military, public infrastructure did not grow at the same rate.

1Share

INFOGRAPHIC

In constant dollars

[1] See Bilmes, attached report. These numbers include her estimate of \$346 to \$469 billion in obligated costs for medical and disability for veterans who have served through December 2010. The additional amount is based in part on CBO projections for those who serve after December 2010, built on assumptions about what war zone troop levels are over the next several years.

[2] CRS: Amy Belasco, Congressional Research Service, "The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 2011," March 2011.

[3] Amy Belasco, Congressional Research Service, "The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 2011," and K. Alan Kronstadt, "Pakistan-U.S. Relations: A Summary," Congressional Research Service, 16 May 2011.

[4] CBO: Calculated from Congressional Budget Office, "Long-Term Implications of the 2011 Future Years Defense Program," February 2011, p. 8.

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