



SHARING THE BURDEN: MORE INTERNATIONAL SUPPORT NEEDED TO PAY FOR WAR AND POST-SADDAM IRAQ

By Keith Ashdown¹
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I. INTRODUCTION

War has always been expensive and the war in Iraq is no different. The United States has already spent \$1 billion dollars on cruise missiles, \$380 million on chemical protective suits, \$100 million for air combat sorties, \$3 million per day for food for the troops and about \$2.9 million a day to operate each of the aircraft carrier groups.

As the War in Iraq progresses, there are growing questions about the total cost of 'liberating' Iraq from Saddam Hussein. Taxpayers for Common Sense (TCS) is concerned that our nation has engaged in a fiscally costly game of diplomatic brinkmanship that will likely increase the long-term American costs for building democracy in Iraq.

Most Americans, and indeed the world, agree that Saddam Hussein has to be removed from power, but there is still vast disagreement on the way to achieve this goal in a cost-effective manner. While cost alone should never be the deciding factor, any time our nation decides to go to war, the budgetary and economic costs should always be considered and carefully evaluated. In the case of Iraq, the full costs, including prosecuting the war, occupation, rebuilding and democracy building; need to be disclosed by the administration. American taxpayers deserve full disclosure on the costs to prevent a bad case of sticker shock. This open debate over long-term costs is vital to ensuring that we don't shortchange the necessary efforts to achieve the strategic goal of building a new democracy in Iraq.

Despite international dissension over the decision to go to war, the President and lawmakers should still endeavor to build stronger post-invasion ties with European and other countries that have a vested interest in a stable, democratically governed Iraq. Our current practice of fiscal unilateralism has to end. Day by day, it becomes clearer that the real long-term financial costs lie within the occupation and rebuilding of the country. We need to encourage other countries to share in the long-term financial burden or the United States will find itself in a financially vulnerable position as we continue to fight a global war against terrorism.

The administration's delay in releasing details about the total costs of the war delays and hampers legitimate debate about the costs of a war in Iraq. As our nation is at war, it is imperative that the full short, and long-term costs of an Iraq invasion to the federal budget be carefully scrutinized, evaluated and brought to the public eye. Unfortunately, Defense

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Secretary Donald Rumsfeld and several other officials in this administration have commented that a full estimate on the costs of war is not “a very useful exercise.”²

This paper provides a realistic analysis of all the costs associated with an invasion of Iraq, including build-up, direct costs, replacement costs, occupation and rebuilding costs, and the economic costs of potential U.S. casualties from the conflict. While focusing on direct costs of the invasion for 2003, *Sharing the Burden* also calculates the total potential cost of the war if it doesn’t proceed exactly as planned. The report also examines the total expense of rebuilding, occupation, casualties and protecting the health of our troops. Finally, this report provides new insight to the debate on the importance of sharing the financial burden of a post-war Iraq with other nations.

In order to pay the bill for the war and to rebuild and occupy Iraq, we are either going to run up a record federal budget deficit for this year, or we have to start making tough decisions on new ways to pay for this massive military expense. Do we cut domestic programs, pork, or wasteful and redundant military expenditures? Do we work to get international allies to help share the burden of the cost? The Administration has not provided a plan to dig our way out of the current budgetary hole and to fund a military offensive and rebuilding plan in the Middle East.

Table 1– Total potential cost of war in Iraq over the next decade		
Area	Low	High
Costs of Combat ³	\$56 billion	\$85 billion
Humanitarian Aid ⁴	\$9 billion	\$36 billion
Rebuilding Iraq ⁵	\$50 billion	\$250 billion
Occupation ⁶	\$50 billion	\$159 billion
Veterans Benefits	\$5 billion	\$20 billion
Total	\$170 billion	\$550 billion

The Impact of Iraq on the Federal Budget

The escalating costs of the war on terrorism and the fact that the costs of the Iraq war haven’t even been included in the \$2.2 trillion dollar budget for 2004 makes it even more important that Congress and taxpayers demand the right to know about the total costs of war and it’s effect on the fiscal health of our nation.⁷

The Bush administration is expected to request \$80 billion in emergency spending to pay for a short Iraq war, costs of occupation and humanitarian aid, and homeland security

² Transcript of Secretary Rumsfeld Press Stakeout Following Briefing of U.S. Senators on Iraq. [United States Department of Defense News Transcript](#). February 26, 2003.

³ This figure includes cost of combat, deployment, and financial aid to allies. The low number assumes 1 month of combat and the higher number assumes 3 months of combat.

⁴ \$3-\$12 billion in Humanitarian Aid over 3 years.

⁵ Assumes \$200-\$1000 per capita investment in rebuilding over the next 10 years.

⁶ Assumes an average of 175,000 for the first two years and then 75,000 over eight years. Initially, the U.S. share would be 70% and that would hopefully be reduced to 40%.

⁷ President Bush released on February 3rd the budget for fiscal year 2004 without any information or data regarding the costs of a war in Iraq. The administration argues that there is no way to estimate these costs until well after the war has started.

spending.⁸ **This added expense would increase the fiscal year 2003 deficit to \$400 billion, the largest in U.S. history, even adjusted for inflation.**⁹

TCS estimates that a U.S. military campaign to invade, occupy, and rebuild Iraq will cost more than \$110 billion this year. When you consider all the factors, the total price tag could be \$544 billion over the next ten years.¹⁰ The war is expected to cost much more than a billion dollars a day. Lawrence Lindsey, former economic advisor to the President, predicted that the total cost of Iraq war could cost \$100 - \$200 billion.

For the first time in a decade, the United States is running a deficit of more than \$300 billion, while at the same time having to pay for other new domestic priorities and to prosecute the war on terrorism. The counter-terrorism budget has increased to over \$30 billion, with much of that money going to efforts to combat Al Qaeda.¹¹ All this despite the fact that the Bush administration took office pledging fiscal responsibility, and promised to keep the expansion and expenditures of government to a minimum during the current recession.

The current budget increases military spending to near Cold War spending levels. The tens of billions of dollars in increases for military spending will further dig a hole into the federal deficit and will crowd out other domestic spending programs, including the ability to fund a new Medicare drug benefit program, Social Security reform and the President's own education initiatives.¹² Even with these increases, a full-scale war with Iraq will financially crimp military budgets, potentially force spending tradeoffs, and pave the way for one of the largest emergency supplemental bills in our nation's history, which will further increase the debt burden on our nation.

Highlights of the report:

- Costs of the war and occupation of a post-Saddam Iraq are growing. A one to three-month war is expected to cost between \$56 billion and \$85 billion. However, the costs of the invasion are only the tip of the iceberg. If there are military setbacks and we don't get significant international support, the Iraq war could cost up to \$600 billion over the next 10 years.
- Over a five-year period, TCS estimates the cost of rebuilding and occupying Iraq to be between \$100 billion and \$409 billion.

⁸ Dana Milbank and Mike Allen. "Bush to Ask For \$80 billion; Estimate of War's Cost Comes as Thousands March in Protest." Washington Post. March 23, 2003.

⁹ Mike Allen and Jonathan Weisman. "Democrats Denounce White House on Cost of War." Washington Post. February 27, 2003.

¹⁰ Wherever possible TCS has attempted to perform a "bottom-up" estimate of costs of prosecuting the war. In cases where that data wasn't available, TCS used other reliable data, specifically adopting the methodology developed by the Congressional Budget Office (CBO). In the case of rebuilding and occupation expenses, TCS relied on troop levels that a critical mass of experts and government officials say will be needed to successfully keep the peace. Other estimates, including the costs of potential oil fires and veterans benefits, are rough estimates of these costs from previous data and are intended only to provide additional insight into potential short and long-term costs of this war. Our staff realizes, more than most, the difficulty in estimating realistic costs of war, but completed this analysis because of the overwhelming belief that the public needs to have a substantial document that can build on the research on cost estimates of this war.

¹¹ The total budget for counter-terrorist activities is more than \$30 billion per year, up from \$12 billion before Sept. 11

¹² The Office of Management and Budget suggests that there will be a \$307 billion budget deficit in 2003. These new deficit numbers coupled with the new expense of the war in Iraq have made it very unlikely that we will see any major new spending initiatives for quite some time.

- The United States is already bearing the brunt of the costs of prosecuting the war in Iraq. *Sharing the Burden* found that the cost of combat, rebuilding, and occupation are likely to surpass \$110 billion this year.¹³ It is essential that the President act immediately to bridge strained relationships with our traditional allies to share the burden of the costs and responsibilities of building a stable, democratic Iraq. With a growing budget deficit and a stalled economy, the financial stakes are high.
- Additional scrutiny is needed on current administration plans to significantly involve private corporations in the rebuilding of Iraq. There is evidence from rebuilding efforts in the Balkans that government contracts with private companies can lead to significant increases in spending and costs overruns.
- If the war doesn't go as planned, a significant cost could be an increase in veterans benefits. Costs could be in the range of \$2 billion a year.

¹³ This assumes a 1-month war, 8-month occupation, humanitarian aid, and aggressive rebuilding efforts have started.

II. THE COST OF INVASION

Estimating the cost of any war is inherently difficult. In fact, prior to the first Persian Gulf War in 1991, the General Accounting Office (GAO), the investigative arm of Congress, estimated the cost of that war to be \$30 billion. In the final analysis, the cost was more than double that amount.¹⁴

Additionally, the complex and interrelated variables make it too difficult to pinpoint an exact cost of the Iraq war. They include 1) troop levels; 2) duration of the conflict; 3) military resistance faced by American troops; and 4) Saddam's response (whether he uses weapons of mass destruction). Using Department of Defense documents, news reports and other sources, this study will provide low and high estimates of the total costs for the war. Low estimates are based on published reports of military assets in the region and high estimates are based on independent experts' portrayals of what could occur if things don't go exactly as planned.

For the military operations portion of the report we assume that there will be no other financial support provided to us by any other country. The only other country with significant assets in the Gulf is Great Britain and the estimated cost for their troop levels is at \$2.7 billion.¹⁵ However, economists believe the cost to be closer to \$5.4 billion.¹⁶

A new invasion of Iraq will be dramatically different from the previous Gulf War in several ways. First, it will combine the tank and troop-heavy portion of the first Gulf War with the military speed of Panama and the precision bombing of Afghanistan.¹⁷

Since the first Gulf War, Iraq's military capability has significantly atrophied. Iraq's army is estimated to be roughly half of what it was, standing currently at 389,000 troops with 650,000 reservists. Of that amount, varying figures suggest between 60,000 and 100,000 Republican Guard members, who are considered the most significant defensive obstacles. The number of tanks destroyed and not replaced after the Gulf War has left Iraq's military columns with only 2,600 tanks, and heavy artillery has been similarly reduced to 1,900 pieces.¹⁸ There are an estimated 310 combat aircraft left in Iraq's possession, which are not considered a significant threat to U.S. air or ground forces, since Iraq failed to launch a significant air defense when their number was twice that during the first Gulf War.

Despite the reduced capacity, Iraq's military defenses may be more formidable than they appear because of changes in strategy. Iraq has indicated that it would not meet U.S. forces in the desert as in 1991, but would instead retreat to urban centers,¹⁹ making combat more

¹⁴ Charles A. Bowsher. "The Administration's Proposal for Financing Operations Desert Shield and Desert Storm: Testimony before the Committee on Budget, United States House of Representatives." General Accounting Office. February 21, 1991. Page 2.

¹⁵ William Keegan. "Business: In my view: Brown prepares a blank war cheque." The Observer. March 9, 2003. This story cost estimates the cost of British forces in the region at 1.75 billion pounds. The conversion from pounds to U.S. dollars done by author.

¹⁶ Reed V. Landberg and James Kirkup. "Blair's Iraq War May Be Twice \$2.7 Bln Estimate." Bloomberg News. March 21, 2003.

¹⁷ Thomas Ricks. "War Plan for Iraq Largely In Place." Washington Post. March 2, 2003.

¹⁸ Center for Defense Information. "CDI Fact Sheet: Iraqi Armed Forces", November 12, 2002.

¹⁹ Greg Miller and John Hendren, "Saddam indicates plans for urban war." Los Angeles Times. August 9, 2002.

difficult due to an effort by American forces to avoid civilian casualties. Also, closer formations of combat troops defending hometowns from what may be perceived as unwarranted action against Iraq will fight more aggressively. Troops that are stationed in urban centers are also likely to be under more direct control of military leaders, and therefore less likely to surrender as they did in the first Gulf War. Finally, Saddam Hussein is much more likely to use chemical or biological weapons, and more likely to attempt to engage Israel in the conflict. All of these threats could make this year's war in Iraq more difficult and more expensive.²⁰

The differences from the aerial bombing and special forces war in Afghanistan, and the changes in Iraq's military and strategy goals since the earlier Gulf War will likely make a new invasion of Iraq more costly than either of those conflicts. An invasion would consist of overwhelming levels of both air and significant ground forces. It has been reported that the Iraq invasion will use more than 3,000 precision-guided bombs, including 600-800 cruise missiles that would be launched at targets of strategic importance and military assets throughout Iraq within the first few days.^{21 22} In the first few days of combat, the U.S. forces have used more than 1,500 precision-guided bombs and over 1000 cruise missiles.²³

A. Deployment Costs and Troop Levels

There are wide-ranging estimates of Iraq invasion costs, mostly because there are still questions regarding the level of Iraqi resistance and the duration of combat. This analysis assumes that U.S. taxpayers will pay the full cost of the military efforts with only the contribution of several billion dollars from the United Kingdom.

The low estimate is based on the current deployment levels of more than 250,000 troops in the CENTCOM region

Table 2 – Estimates for the Costs of Troops in Iraq²⁴			
Troop Levels	30 days	60 days	90 days
250,000	\$10.2 billion	\$13.5 billion	\$18.37 billion
300,000	\$12.35 billion	\$16.7 billion	\$22.05 billion

and the ten of thousands of troops still on the way.²⁵ The higher figure is based on the estimate of 300,000 U.S. troops deployed to the Gulf. Each cost estimate is based on one-month, two-month and three-month levels of war fighting. This estimate also assumes a five-month deployment schedule.

These cost estimates include reserve support of active troops, as well as backfill for departed active duty troops in key government and security roles in the United States. Most military

²⁰ John J. Lumpkin. "Pentagon sees urban combat as Saddam's secret weapon." Associated Press. September 23, 2002. According to Retired Gen. Merrill McPeak, head of the air force during the Gulf War, an urban fight in Baghdad is like a "knife fight in a phone booth...The frontal assault on the urban environment is doable, but we'd lose a lot of people."

²¹ Eric Schmitt and Thom Shanker. "War Plans Call for Precision Bombing Wave to Break Iraqi Army." New York Times. February 2, 2003.

²² David Martin. "The US and Iraq, Storm Clouds Gather, Hard Questions Remain." CBS Evening News. February 9, 2003. 600-800. (This barrage of Cruise Missiles would cost \$600-\$800 million and would significantly deplete the stock of 2,600 remaining in the U.S. arsenal.)

²³ This is based on reports from CNN, Reuters and Associated Press.

²⁴ This includes pay for reserve personnel called to active duty as well as special payments, such as hazardous pay for deployed troops. These estimates include all transportation to the Gulf and back as well as housing and other personnel expenses such as clothing, medical support etc. These estimates include a 4-month deployment to the region.

²⁵ Jim Mannion. "US forces around Iraq top 250,000." Agence France Presse. March 17, 2003.

and defense experts don't believe that a war is going to last three months. However, it is still important to estimate the cost of a war over this time period because of the potential of a war lasting that long due to uncontrollable variables.

These estimates are based on Congressional Budget Office (CBO) troop cost estimates and other government data and reflect the increase in incremental costs of prosecuting the war – the costs above normal expenses incurred by the Department of Defense.²⁶

B. Air Campaign Costs

Similar to the first Gulf War, the invasion of Iraq has been prefaced with a heavy air campaign. In the first few days of the war, the air-based “Shock and Awe” attack has launched more bombs and missiles at Baghdad than in the entire first Gulf War, including about 1000 cruise missiles and more than 1,500 precision-guided bombs against Iraqi targets.²⁷ Some are reporting that in the first days of the war tens of thousands of precision-guided munitions could be used.²⁸ The air campaign will include more than 1,100 aircraft flying out of dozens of countries including Kuwait, Qatar, and Oman.

Since 1991, U.S. military aircraft have become much deadlier and more effective. During the first Gulf War, less than 8% percent of the bombs dropped were precision guided. But in the new war, lasers, satellites or video displays will guide about eight out of ten bombs.²⁹ Since 1991, precision-guided bombs have gradually increased from 8% in the Gulf War, to 35% in Kosovo, to 65% in Afghanistan to the more than 80% to be used in this conflict.³⁰

This study assumes there will be less tonnage of bombs dropped because of the technological advances made since 1991 and that this will also slightly reduce the amount of combat and air support sorties needed by American jet fighters.³¹

The Air Campaign is expected to use regular and stealth bombers and fighters including, B-52s, B-1Bs, B-2s, F-14s, F-16s, F-117s, F/A –18s and A-10s. Sortie level estimates are based on the effectiveness of Joint Defense Attack Munitions (JDAMs) and other smart weapons. TCS is projecting combat sorties to range from 25,000 to 35,000 sorties per month.³² This would cost between \$6.3 billion and \$8.6 billion in the first month of operation, including all

²⁶ Dan L. Crippen. “Estimating Costs of Operations in Afghanistan During Fiscal Year 2002.” Congressional Budget Office. April 10, 2002.

²⁷ David Martin. “The US and Iraq, Storm Clouds Gather, Hard Questions Remain.” CBS Evening News. February 9, 2003. 600-800 and Eric Schmitt and Thom Shanker. “War Plans Call for Precision Bombing Wave to Break Iraqi Army.” New York Times. February 2, 2003. The 1,500 precision guided bombs and 1000 cruise missile estimate has been reported in numerous publications including: Reuters, Associated Press and CNN.

²⁸ Esther Schrader. “U.S. Plans Lightning Strikes.” Los Angeles Times. March 18, 2003.

²⁹ Matt Kelley. “Expect a swift, powerful thrust toward Baghdad if U.S. goes to war, experts say.” Associated Press. February 18, 2003.

³⁰ Anthony Cordesman. “Iraq’s Military Capabilities in 2002: A Dynamic Net Assessment.” Center for Strategic and International Studies. September, 2002.

³¹ The per unit cost of ordinances is higher, but the tonnage reduction should offset this cost increase.

³² This estimate also includes the cost of all combat support missions, such as refueling, combat patrol and electronic jamming. This projection assumes that there will be less than half the amount of sorties as there were in the first Gulf War.

support and tanker refueling aircraft.³³ In the first few days of combat, the Pentagon officials have announced there have already been 6,000 combat sorties flown in Iraq.³⁴

Again, these estimates are the confluence of several variables, including operational and support costs and the distance each aircraft will fly in combat.

Table 3 – Costs of Aircraft³⁵			
Sorties	1 month	2 months	3 Months
25,000	\$6.3 billion	\$10.56 billion	\$13.1 billion
35,000	\$8.6 billion	\$14.68 billion	\$18.24 billion

For example, combat aircraft cost more than \$5,500 per hour to operate and support and many of the aircraft will be flying from 700 to more than 2,600 miles to reach their targets.

B-2 bombers, which will operate out of Diego Garcia in the Indian Ocean, will also play a key role in the air attack. The B-2s were first used in Kosovo in 1999, and the average B-2 sortie costs \$200,000.

The military strategies and precision-guided weapons used in Afghanistan will dominate this war and give some foreshadowing of the number and type of air strikes likely to be used in Iraq. In the first two months of Operation Enduring Freedom in Afghanistan, the United States flew approximately 40,000 combat air sorties.³⁶ Smart weapons come with a high price tag; each JDAM smart bomb costs more than \$20,000.³⁷ The JASSM, a precision cruise missile designed for launch from outside area defenses costs roughly \$700,000 per missile, and other cruise missiles such as the Tomahawk cost \$1 million per missile.³⁸ Both missiles are supposed to be used heavily in the Iraq conflict. This cost analysis also considers that roughly 1,200 U.S. aircraft have been deployed to the Gulf, which is still somewhat less than the 1,600 U.S. Combat Aircraft that were in operation in 1991.³⁹

C. Aircraft Carrier Battle Groups

Six carriers and 40 warships carrying 70,000 naval personnel have been deployed to the region. The carrier

Table 4 – Monthly Costs of Aircraft Carrier Battle Groups⁴⁰			
Carriers	1 Month	2 Months	3 Months
5 Carrier Groups	\$1.2 billion	\$1.6 billion	\$2.1 billion
6 Carrier Groups	\$1.4 billion	\$1.9 billion	\$2.4 billion

groups include the USS Harry S. Truman, USS Theodore Roosevelt, USS Constellation, USS Kitty Hawk and the USS Abraham Lincoln. Last month, the USS Nimitz left San Diego headed for the Persian Gulf.

³³ Estimate is derived from DOD Aircraft Reimbursement Rates per flying hour. It assumes an average of three hours of flight time per sortie. Cost estimate includes all costs of any bombs or munitions.

³⁴ Deutsche-Welle "U.S. Army Races Across Desert on Way to Baghdad." March 23, 2003

³⁵ This estimate includes costs for maintenance expenses and for spare parts.

³⁶ Anthony Cordesman. "The Lessons of Afghanistan." Center for Strategic and International Studies. August 12, 2002 Page 12.

³⁷ Mike Toner. "Confronting Iraq: Smart Bombs of 1991 Have Gotten Smarter." Atlanta Journal Constitution. February 23, 2003.

³⁸ General Accounting Office: Precision-Guided Munitions: Acquisition Plans for the Joint Air-to-Surface Standoff Missile (Letter Report, 06/28/96, GAO/NSIAD-96-144) and FY 2004 Department of Defense Budget documents.

³⁹ General Accounting Office. Operation Desert Storm: Evaluation of Air Campaign (Report to the Ranking Minority Member, Committee of Commerce, House of Representatives GAO/NSIAD-97-134). June 1997. Page 14.

⁴⁰ These estimates include the costs of Navy Tomahawk Cruise Missiles.

Using data from General Accounting Office reports and other Department of Defense records we are able to calculate an average daily cost for each carrier battle group.⁴¹

D. Other Deployment and Transportation Costs

In the first month of buildup for the first Persian Gulf War, the Pentagon moved more troops and equipment than it moved during the first three months of deployment for the Korean War. After more than five months of deployment to the Gulf, the Pentagon moved more cargo by sea than the Allies transported in World War II.⁴²

Deployment of five to six Carrier Battle Groups, 1,500 aircraft and helicopters, Marine expeditionary forces and other tactical armaments would cost \$10.7-\$13.5 billion. This includes the costs of military operations above peacekeeping levels and maintaining all equipment needed during the first four months of deployment. It also includes \$1.4 billion for transportation costs during the first month of combat and another \$1.2 billion for transporting American troops on commercial airlines.

Table 5 – Other deployment and transportation costs	
Airlift	\$1.7 billion
Sealift	\$4.4 billion
Costs per month	\$1.6 billion
Redeployment	\$3 billion
Total	\$10.7-\$13.5 billion

Efficiency of deployment has been much more effective with the increase of pre-positioned assets and with faster ships. Since the first Gulf War, the military has been replacing and upgrading aircraft capable of moving troops and equipment. Also some military experts believe that the improvements in certain weaponry have reduced the munitions and ordinances needed to prosecute the war.

But other factors have raised sealift costs. The delay in obtaining Turkish base access stranded about three-dozen ships in the eastern Mediterranean and increased costs by more than \$45 million.⁴³

The Department of Defense is also relying more and more on the commercial shipping industry to meet nearly two-thirds of its sealift needs. This also could increase costs.

E. Investment

Despite fewer troops and somewhat smaller force size, the cost of weapons procurement and other purchases made by each of the services to prepare for war will be close to the investment prior to the Gulf War. This is due to several factors, including the reliance on precision-guided weapons and Tomahawk cruise missiles that have been used in previous military engagements. There will also be needed investment, as a result of Afghanistan, in

⁴¹ General Accounting Office. Navy Carrier Battle Groups: (GAO/NSIAD-93-74) 2000.

⁴² Katherine McIntire Peters. "By Air or By Sea." Government Executive. December 15, 2002.

⁴³ Eric Schmitt and Dexter Filkins. "TURKEY; Erdogan, Turkish Party Leader, to Form Government as U.S. Presses for Use of Bases" New York Times. March 12. Estimates are that the stranded ships cost more than \$1.5 million per day.

munitions and ordinances stockpiles and lost equipment. For example, 4,600 GPS guided bombs that were delivered in Afghanistan will need replacing.⁴⁴

In September 2002, the Democratic staff of the House Budget Committee's report on the cost of Iraq argued that a new investment of \$10.1 billion was likely to be spent to prepare for this war. This seems to be an accurate assessment.⁴⁵

As an example, in January, the Pentagon received from contractors 1.8 million JSLIST (Joint Service Lightweight Integrated Suit Technology) chemical protective suits. At \$208 per suit, the total cost will be \$374 million.⁴⁶

⁴⁴ Anthony Cordesman. "The Lessons of Afghanistan." Center for Strategic and International Studies. August 12, 2002 Page 9.

⁴⁵ House Budget Committee Democratic Staff. "Assessing the Cost of Military Action Against Iraq: Using Desert Shield/Desert Storm as a Basis for Estimates" September 23, 2002, Page 20.

⁴⁶ Tony Capaccio. "Pentagon Speeds Production of Protective Suits, Aldridge Says." Bloomberg News. February 20, 2003.

III. CHECKBOOK DIPLOMACY AND OTHER BAILOUTS

Promises or commitments of foreign aid and grants can persuade even the most skeptical countries into at least superficially supporting the U.S. war efforts. U.S. officials have created the sense around the world that if you support the United States, at some point the United States will support you with significant aid, or other types of economic assistance.

The Bush administration has not made public the financial deals that have been struck to win regional and international support for the Iraq war. Given the lack of cooperation by regional and traditional allies to date, it is likely that incentives will be significantly higher than what was offered during the Gulf War. In fact, news reports suggest that the State Department will request \$12-18 billion for foreign aid and diplomatic activities.⁴⁷ During the first Gulf War, the United States pledged \$5 billion in loan forgiveness, plus additional foreign military aid totaling \$4 billion to assure cooperation from allies such as Turkey and Qatar.⁴⁸

Even though U.S. foreign aid has fallen in recent years, it is a vital source of revenue for dozens of cash-strapped nations around the world. The current situation in Iraq is just another example of the United States using its aid programs as a heavy-handed political instrument to reward allies who support our position on war.

There are reams of news stories written about the fact that American taxpayers will be footing the bill for almost the full costs of prosecuting the war in Iraq.⁴⁹ This is also the case with aid to countries to help win at least their tacit support for the war. In 1991, the financial climate was very different in that Saudi Arabia played a central role in providing tens of billions in aid to Arab countries, including Egypt and Syria. Saudi Arabia pledged such a large amount of money to placate Arab countries - nearly half of the kingdom's annual income- that they had to seek loans from international banks for the first time. This investment by Saudi Arabia was central to building a strong anti-Iraq coalition.⁵⁰

Most of the countries looking for aid aren't just trying to get a handout; they are looking for the necessary aid to cushion the significant economic chaos they will face because of the war.

This study includes only incremental increases in aid and focuses on the direct grants and other expenses needed to grease the bureaucratic and diplomatic wheels of each country. It doesn't include the costs of new base buildup or any other type of infrastructure in these countries and it doesn't include any other financial benefits these countries have already received from the U.S. government. For example, Angola receives about \$19 million in development assistance from the United States, Mexico has received \$44 million in development assistance, Cameroon benefits from U.S. military support and also surplus

⁴⁷ Alan Fram. "Pentagon May Seek \$100B For War Costs." Associated Press. February 26, 2003.

⁴⁸ During the Gulf War, an additional unaccounted for cost was the foreign aid and debt forgiveness by the United States for allies. This money, given in exchange for use of airbases or other cooperation, represents a direct cost to taxpayers. In the first Gulf War, this included \$10 billion for Egypt, roughly \$2 billion for Turkey, and \$700 million for Jordan, according to the General Accounting Office.

⁴⁹ Britain has committed about \$2.8 billion and Australia has committed 2,000 troops.

⁵⁰ Edward Cody and Steve Mufson. "Saudi Arabia May Seek Bank Loans; War Costs Putting Pinch on Oil-Rich Kingdom's Cash Reserves." Washington Post. February 13, 1991.

military arms under the Excess Defense Articles Act, and finally Guinea gets about \$26 million in economic aid and \$3 million in military grants. All these countries are members of the U.N. Security Council and rely significantly on foreign investment, aid and loans from the World Bank and other institutions dominated by the United States⁵¹

Bulgaria is another prominent example of international support that is propped up by the U.S. administration. Bulgaria has been a beneficiary of American largess by receiving more than \$420 million in economic aid through USAID.⁵²

While there has been a recent commitment by Japan to fund \$1.3 billion in international aid to Middle East countries to soften the economic impacts of an Iraq war, the administration has to act aggressively to increase the support from other foreign countries.⁵³ Our current estimate is between \$6 billion and \$9.4 billion in direct aid to countries who are supportive of our government's efforts in Iraq and \$9 billion in business aid directly in response to the second Gulf War.⁵⁴

To shore up friendships and alliances for the War on Terrorism, the United States showered countries around the globe with financial gifts. As an example, Pakistan was the beneficiary of \$12.5 billion in debt restructuring. Now, instead of running an annual debt, Pakistan has annual surpluses.⁵⁶

The type of support that the United States is willing to provide can be divided into two distinct categories. The first is the countries seeking to be reimbursed for the direct economic impacts of war and the second is comprised of countries whose support is sought as a way to legitimize the war. Other reasons may include urging some countries to just stay out of the diplomatic fight and not to oppose the current war efforts. Here is the rundown of aid requests made by specific countries and by the U.S. government:

Table 6 – Likely beneficiaries of U.S. Aid related to war in Iraq⁵⁵	
<i>Country</i>	<i>Estimated Aid</i>
Jordan	\$1-\$2 billion
Egypt	\$2-\$4.4 billion
Turkey	\$1 billion
Pakistan	up to \$1 billion
Israel	\$1 billion
Total	\$6-\$9.4 billion

A. Countries

Jordan – Jordan has quietly allowed U.S. troops to be stationed within their borders to launch search-and-rescue missions and has allowed the use of Jordanian airspace for American jet fighters flying sorties from aircraft carriers based in the Mediterranean Sea. Jordanian officials have made it clear that while they offer support, there cannot be any offensive military operation launched from their soil. Domestically, they are reasonably

⁵¹ Sam Vaknin. "The Cost of Coalition Building." United Press International. February 24, 2003.

⁵² Sarah Anderson, Phyllis Bennis, and John Cavanaugh. "Coalition Of The Willing Or Coalition Of The Coerced?" Institute for Policy Studies. February 26, 2003.

⁵³ Agence France Presse. "Japan Plans \$1.3 Billion In Mideast Aid After Iraq War." March 11, 2003.

⁵⁴ This estimate of corporate aid in response to the war only includes \$9 billion in tax deferments being requested by the top carriers in airline industry and doesn't include any other business interests at this time.

⁵⁵ This doesn't include expected support that will be distributed to countries that are part of the "Coalition of the Willing." Some specifics estimates have also been rounded.

⁵⁶ Stan Crock and Lee Walczak. "Bush's Dollar Diplomacy." Business Week. February 28, 2003.

concerned about public opinion and potential uprisings of extreme anti-American factions within their borders.

Government representatives have stated that they received promises of at least \$150 million in economic aid this year from the U.S. government, although they say that no final agreement has been reached. Last year, Jordan received more than \$460 million in aid from the United States⁵⁷

Even though Jordan is less dependant on Iraq economically than it has been in the past, it still expects to suffer from war-related economic losses of between \$1 billion and \$1.5 billion.⁵⁸ This small country imports all of its oil from Iraq and half of it is sent to them for free.⁵⁹ To compensate for this oil subsidy and costs to their economy, Jordan will receive between \$1 billion and \$2 billion in direct aid or support. This increase may last several years to make up for the loss of oil and other economic woes from the war.

There are other ways the U.S. government is supporting Jordan. Early this year, it was reported that the United States delivered two and possibly a third battery of Patriot missiles to assist Jordan in defending against a scud missile attack. Depending on the size of the battery, this would cost anywhere between \$64 million and \$80 million.⁶⁰

Israel – The aid given to Israel will be to obtain their agreement not to retaliate against an Iraqi attack.

The war scenario that dominates the Pentagon's nightmares is the likelihood that Saddam Hussein will launch a chemical or biological attack on Israel. The intent would be to elicit a violent response from the Israeli government and gain a critical mass of opposition to the U.S. invasion from Arab countries. In 1991, Iraq launched 39 scud missiles in an attempt to get Israel to respond, even targeting Israel's Dimona nuclear power plant near Tel Aviv in an attempt to maximize damage and casualties.

Pentagon aides have worked hard behind the scenes to keep Israel out of the war. They have provided several batteries of Patriot missiles, Aegis class destroyer, 600 troops and a truck-size warning system that would alert Israeli officials of missile launches from Iraq. Planners have also pledged that Scud launchers located in Western Iraq will be among the first targets of U.S. troops.⁶¹

While already the top recipient of American foreign aid at about \$3 billion per year, last month Israel sent a delegation to Washington to work out a new compensation deal that

⁵⁷ Anthony Shadid. "Jordan to Allow Limited Stationing of U.S. Troops." Washington Post. January 30, 2003.

⁵⁸ Nicolas Pelham. "Jordan Budgets for War Costs." Financial Times. February 7, 2003.

⁵⁹ Anthony Shadid. "Jordan to Allow Limited Stationing of U.S. Troops." Washington Post. January 30, 2003.

⁶⁰ This is calculated using \$2 million per missile, which the Defense Department estimates of the cost of one PAC-3 missile. This number may be low, numerous other sources say that PAC-3 cost between \$3.4 and \$3.6 million per missile.

⁶¹ Carla Anne Robbins and Karby Leggett. "How the U.S. Plans to Keep Israel On Iraq War Sidelines." Wall Street Journal. March 3, 2003.

would include more than \$4 billion in direct aid to their country.⁶² Recent news reports have put the package at \$1 billion in direct aid and \$9 billion in loan guarantees.⁶³

Pakistan – As a new friend of the United States in the War on Terrorism, Pakistan has become an important ally. Although they said they would have abstained during the U.N. Security Council's second resolution on the war on Iraq, they are still expected to receive sizable support from the United States for their tacit support. According to polls, Pakistanis are adamantly against the war on Iraq, but the Musharraf administration is doing what it can to help the United States. In response to Pakistan's ongoing support, President Bush extended a moratorium on sanctions against the country, which would clear the way for hundreds of millions of additional aid.⁶⁴ Some sources expect that they will receive as much as \$1.1 billion.⁶⁵

Egypt – Even though Egypt receives about \$1.3 billion a year in U.S. foreign aid, Egyptian government officials were in Washington last month making their case for more financial support to supplement the effects the war will have on their national economy.⁶⁶ Recently, General Tommy Franks, who would lead the war in Iraq, went to Egypt to meet with President Hosni Mubarak and his defense minister.⁶⁷ As the second Gulf War hostilities began, President Mubarak laid the blame squarely a Saddam Hussein's feet.

Egyptian officials fear a war-related drop in tourism, an economic mainstay of their country, which could cost billions. According to these officials, the financial losses even in a short, quick war could amount to \$6-\$8 billion.⁶⁸ Just the threat of war has reduced the value of its currency by about 20 percent.⁶⁹ The World Bank has already committed, in the event of war, \$1 billion to Egypt and the Japanese would send an additional \$150 million.^{70 71} Reports have put Egypt's request at \$4.4 billion in Iraq-related aid.⁷²

Turkey – Currently, the Turks are stating that they will let the United States have access to Turkish airspace.⁷³ Despite the apparent denial of bases access, it is still unclear what the size of the economic aid package will be. The TCS estimate is between \$1 billion and \$1.5 billion in direct aid.

⁶² Jan Cienski. "Potential Backers Bargain For Cash, Diplomatic Aid: The Race Is On To Squeeze Money Out Of United States." National Post. February 24, 2003. The estimate of \$4 billion and \$8 billion in loans has been reported by a variety of sources including Newsweek, Associated Press and United Press International among others.

⁶³ Aluf Benn, Nathan Guttman, and Moti Bossok. "U.S. To Give Israel \$9B in loan guarantees and \$1B in Military Aid." Haaretz. March 23, 2003.

⁶⁴ Associated Press. "Bush Clears Way for Aid to Pakistan." March 14, 2003.

⁶⁵ Agence France Presse. "War in Afghanistan Cost Pakistan \$2 Billion." February 28, 2003.

⁶⁶ Karen DeYoung. "Egypt Asks U.S. for Trade Pact, Aid Boost; Possible War in Iraq Fuels Other Requests." Washington Post. February 8, 2003.

⁶⁷ Associated Press. "U.S. General Franks Meets With Mubarak." March 11, 2003.

⁶⁸ Greg Myre. "War Jitters Hurting Some But Helping Others in the Gulf Region." New York Times. March 7, 2003.

⁶⁹ Maher Chmaytelli. "Financial Aid Pours Into Mideast Ahead of the Iraq Conflict." Agence France Presse. March 7, 2003.

⁷⁰ Global Newswire. "Egypt: World Bank to Provide \$1 Billion in Case of War." March 5, 2003.

⁷¹ Kyodo News Service. "Japan Plans Over One Billion In Mideast Aid After Iraq War." March 11, 2003.

⁷² Dan Morgan. "Congress Questions Costs of War-Related Aid." Washington Post. March 17, 2003.

⁷³ Philip P. Pan. "Turkish Leader Makes Request on Airspace." Washington Post. March 19, 2003.

Turkey shares a 218-mile border with Iraq and numerous war planners have stated that there is no way to invade Iraq from the north without a significant troop presence in the country. A veteran war planner, retired Army Col. Robert Killebrew stated that if the United States doesn't get access to Turkish bases it would be a "significant blow to the war plan."⁷⁴

One of the reasons for Turkey's reluctance is that they were promised significant support from the United States that never materialized after the last Gulf War. The 1991 war decimated the Turkish tourism industry, a valuable oil pipeline was shut down and 50,000 truckers lost their jobs.⁷⁵

The Turkish economy grew by 9.5 percent in 1990, but with the first Gulf War the growth rate spiraled downward to less than 1 percent the following year. The Turkish government sought roughly \$650 million in post-war aid, but was rebuffed by the previous Bush administration.⁷⁶

The current administration has aggressively courted Turkish support because it will be essential to shortening the war and would cut U.S. casualties by opening a northern front in Iraq, forcing Saddam Hussein to divide his forces.⁷⁷ Now that the Pentagon has secured overflight rights from Turkey, they will have more than 100 additional combat planes on two aircraft carriers in the Mediterranean at their disposal.^{78 79}

Even though economic experts have argued that it is in the best interest of the Turkish economy to accept the direct aid and \$20 billion in other grants and loans, the prospect of a locally unpopular war pressured the government to turn down the U.S. request for base access.⁸⁰ The American rush to war likely forced the vote before government was able to line up significant support in the Parliament. Jackson Diehl of the Washington Post concluded, "the air of imperious impatience that [the U.S.] conveyed to Ankara, was necessary to meet the Bush administration's tight calendar on Iraq."⁸¹

Turkey needs U.S. support to reduce interest payments on its national debt, which eats nearly 70% of their federal budget.⁸² Support from the United States would allow Turkey to lower its \$100 billion public debt and would enable Prime Minister Erdogan to keep his promises of increased social spending, new jobs and new roads without having to suffer massive spending cuts elsewhere.⁸³ Economic analysts have stated, "the costs of a

⁷⁴ Glenn Kessler and Vernon Loeb. "Turkey Conditions Troop Deployment on More U.S. Aid." Washington Post. February 19, 2003.

⁷⁵ Keith B. Richburg. "Turks Remember Losses From Last War On Iraq." Washington Post. February 23, 2003.

⁷⁶ Peter Beinart. "Once Bitten." The New Republic. March 10, 2003.

⁷⁷ Paul Richter and John Hendren. "Smaller U.S. Force In Turkey Weighed." Los Angeles Times. January 17, 2003.

⁷⁸ Eric Schmitt and Dexter Filkins. "Erdogan To Form New Turkish Government As U.S. Presses For Use Of Military Bases." New York Times. March 12, 2003.

⁷⁹ James C. Helicke. "Turkey Agrees to U.S. Overflights for Iraq War." Associated Press. March 21, 2003.

⁸⁰ Ron Hutcheson and Tim Johnson. "Turkish Officials Say \$26 Billion Deal Near On Hosting U.S. Troops." Knight-Ridder Newspapers. February 21, 2003. This is a conservative estimate of the aid package. Many news sources put the package at closer to \$30 billion.

⁸¹ Jackson Diehl. "The Lesson Of Turkey." Washington Post. March 10, 2003.

⁸² Yalman Onaran. "Turkey Needs U.S. Troops agreement to Avoid Default." Bloomberg News. March 4, 2003.

⁸³ Leyla Boulton, Judy Dempsey, David Gardner and Peter Spiegel. "The US Cannot Just Talk To the Military, Haggle – And Sign The Cheque." Financial Times March 4, 2003.

second failed vote on U.S. troop mobilization would represent a major blow to AKP [the ruling Justice and Development Party.]”⁸⁴

Also adding to the confusion is the fact that some U.S. cargo ships are continuing to unload military equipment despite an official decision by the Turkish parliament not to allow any deployment of foreign troops without legislative approval.⁸⁵ To help pay for the economic impact of the Iraq war and very limited other support, Turkey will still get an economic package somewhere in the range of \$1-\$1.5 billion in general aid and military support.

The process of buying an international coalition for a war on Iraq also raises other significant strategic concerns. As summed up by Barbara Slavin at USA Today, “Will members stick together if the war is longer and messier than the short campaign most expect? And what about the aftermath, when the U.S. could be on the hook for billions in costs for the reconstruction of Iraq?”⁸⁶

B. Bailouts to Private Companies

There has been little reported about bailouts of industries negatively affected as a result of the war in Iraq. There is no question that the United States currently has a bad case of the economic doldrums. While it is unclear at the present moment how generous of a mood Congress is in, it is clear that numerous interests will use the war to promote their favorite pet projects.

The airline industry states they could lose more than \$10 billion from a war in Iraq, which could translate into 70,000 layoffs. If the unthinkable happens - a major terrorist attack occurs when war breaks out - the biggest airlines could collapse with 98,000 layoffs and 3,800 fewer flights.⁸⁷ Airlines are lobbying Congress to suspend \$9 billion in annual taxes to blunt the negative impact of a war in Iraq.⁸⁸

⁸⁴ Hidir Goktas. “Turk MPs Hold Special Session Over U.S. Troops.” [Reuters](#). March 13, 2003.

⁸⁵ Jean-Christophe Peuch. “Turkey Under Fire Over U.S. Landing.” [Radio Free Europe-Radio Liberty](#). March 13, 2003.

⁸⁶ Barbara Slavin. “U.S. Builds War Coalition With Favors – And Money.” [USA Today](#). February 25, 2003.

⁸⁷ Dan Reed, Barbara DeLollis and Marilyn Adams. “Airlines Plead Case For Aid as War Looms.” [USA Today](#). March 12, 2003.

⁸⁸ Leslie Miller. “Major Airlines Seek Billions in Help From Reluctant Congress.” [Associated Press](#). March 11, 2003.

IV. THE DAY AFTER SADDAM: THE COSTS OF OCCUPATION AND REBUILDING IN IRAQ

U.S. military action will likely prove overwhelming, but the true test for the United States will be to build democracy in the region, protect Iraqis from a dictatorial power grab, prevent tribal and religious strife, and ensure the integrity of current territorial boundaries. The effort to occupy and rebuild Iraq will be the most ambitious and expensive since rebuilding of Western Europe after World War II, which cost about \$90 billion in today's dollars.⁸⁹

The costs and amount of time required to occupy and rebuild Iraq are astronomical. As Michael Ignatieff in the New York Times points out, we just have to look in the mirror to know that effective rebuilding takes a very long time, "Reconstructing the South after the Civil War lasted a full century."⁹⁰

From Haiti to Afghanistan, the U.S. ability to successfully rebuild "failed states" has been virtually non-existent. Military experts have argued that these efforts have created a significant strain on resources and troop morale. In Somalia, we assumed our efforts to save and feed the Somali children would be accepted with open arms. After 13 months in the country, U.S. forces were withdrawn without completing their mission.⁹¹

Peacekeepers remained in Bosnia for more than seven years because, similar to Iraq, the political institutions left behind by the previous dictator were very weak and had to be rebuilt. Even after an international investment of nearly \$10 billion in infrastructure, the country still suffers under a stranglehold of crime, gangs and drug running.

Even with the \$56-\$85 billion price tag for the war, the price of peace, especially if the occupation lasts long, could dwarf the cost of war. Significant concerns have been raised by development and humanitarian experts that the United States has been slow to prepare for a post-Saddam Iraq. Until recently, there has been little attention paid to occupation and rebuilding efforts, but fortunately interest has increased.⁹²

It is unclear if the Bush administration is prepared for the diverse challenges that lie ahead in a post-war Iraq. The President needs to lead our nation to commit the necessary resources and finances to successfully rebuild Iraq. While it is excellent news that the administration has already begun efforts to raise money for rebuilding efforts by seizing more than \$1.4 billion in revenue from the Iraqi government, it is still only the tip of the financial iceberg.⁹³

It is vital that we find significant international support for this effort because the total cost for policing, occupying, and rebuilding the country far exceeds what U.S. taxpayers should

⁸⁹ Barbara Slavin. "Rebuilding Iraq to Start Quickly." USA Today. March 20, 2003.

⁹⁰ Michael Ignatieff. "Nation-Building Lite" New York Times. July 28, 2002.

⁹¹ David Wood. "Democracy Faces Uphill Battle In Postwar Iraq; U.S. has struggled with Reconstruction Efforts." Newhouse News Service. December 29, 2002.

⁹² Unlike the first Gulf War, there have been a scant number of Congressional oversight hearings over war planning. The only exception being the Senate Foreign Relations Committee.

⁹³ Kathleen Day. "U.S. Seizes \$1.4 Billion in Frozen Assets; Funds to Defray Cost of Postwar Rebuilding." Washington Post. March 21, 2003.

pay. Tom Freidman, the New York Times columnist, described it as a long, expensive process, “Because building a decent Iraq is not going to be a sprint. It’s going to be a marathon, a long, costly project of not just rebuilding a democracy, but basically forging a real country, a country that has been ruled with an iron fist.”⁹⁴

Kenneth Pollack, an Iraq expert from the Brookings Institution agrees that the real test of U.S. efforts will be in rebuilding; “Iraq is a society that has been destroyed over the last 34 years...it is going to be a long, hard process to build a stable, prosperous Iraq.”⁹⁵

U.S. officials have yet face the real challenges that lay ahead, and have said they want to rebuild Iraq in 12 months. U.N. Development Program chief Mark Malloch Brown, commented that the plan “flies in the face of human history.”⁹⁶

There are also growing concerns that the administration’s decision to circumvent the United Nations will increase the U.S. share of rebuilding costs. This is coupled with our recent peacekeeping experiences, in which European countries have been hesitant to commit human resources. At the same time, dozens of other countries have been slow to commit resources to recent international efforts to rebuild Afghanistan.⁹⁷

It is obviously necessary to be frugal with American tax dollars. But if we are going to safeguard American interests and build democracy in Iraq, we cannot skimp on these efforts. Our recent history of rebuilding efforts has been to try to do it fast and cheap, a model for disaster in Iraq. Speaking about the U.S. track record, Ivo H. Daalder, senior fellow at the Brookings Institution, explained, “If Afghanistan is the model for Iraq, we’re in deep, deep trouble...the administration has done the minimum necessary there to avoid disaster and I think what Iraq requires is the maximum necessary to ensure success.”⁹⁸

One of the main concerns about current administration efforts is that they haven’t been clear with the American people about the cost of bringing democracy to Iraq. Success will require a significant investment of American financial resources. A complete, full disclosure of the rebuilding plan should be released to the U.S. taxpayers with the costs disclosed as well.

Here are some of the other priorities that the reconstruction plan should address.

Establish a significant post-war security force for Iraq – Prepare for the worst to happen and establish a force large enough to deter it from happening. Unlike Afghanistan, this force should be large enough to defend most of the sites that construct weapons of mass destruction and to have sizable security representation in the Kurd and Shiite regions.

⁹⁴ CNBC News Transcript of the Tim Russert Show. March 8, 2003, Tom Freidman of the New York Times discusses the crisis in Iraq. Comments from Mr. Friedman about the importance of rebuilding Iraq.

⁹⁵ Transcript of the Oprah Winfrey Show. “Guests discuss their views on whether the United States should go to war with Iraq or not.” October 8, 2002.

⁹⁶ Neil King Jr. “Bush Has an Audacious Plan To Rebuild Iraq Within A Year.” The Wall Street Journal. March 17, 2003.

⁹⁷ Afghanistan officials recently stated that they only have \$4.5 billion for rebuilding efforts, which is about 25% of what the country needs to cover the next five years.

⁹⁸ Vernon Loeb and Thomas Ricks. “For Army, Fears of Postwar Strife.” Washington Post. March 11, 2002.

Other countries should absorb a larger portion of occupation and rebuilding costs – The United States' tough stance on the war has been extremely deleterious to efforts to raise new monies to pay for the rebuilding of Iraq. Other than the United States, only Britain, Spain and Australia have made verbal agreements to support a post-Saddam Iraq, but there have been no public commitments to help pay for rebuilding Iraq. The longer we wait to ask, the harder it is going to be to raise significant financial support from other countries. Only Japan has committed \$1.3 billion to pay for post-war economic aid to a variety of Gulf States and Australian lawmakers have begun to debate the issue.⁹⁹

Full disclosure of the post-Saddam plan cost – The administration has to be fully candid with the American people about the full costs of rebuilding Iraq. The decision to invade without U.N. support will increase the U.S. portion of the costs of rebuilding. To build the necessary public commitment for participation over the long term, the administration needs to be much more forthcoming about the long-term costs to the American people.

Stop relying on gimmicks to justify plan – The administration's early insistence that oil revenues will be able to pay for rebuilding is shortsighted and has delayed and deterred efforts to raise new monies. Additionally, this rhetoric gave credence to the notion that the United States was going to war for the oil.

There may be a long-term potential for Iraqi oil production to help pay for rebuilding, but in the short-term it is highly unlikely that with crumbling infrastructure between \$62 billion and \$130 billion in foreign debt and \$172 billion in unsettled claims relating to the first Gulf War reparations, any significant amount of resources from oil production will be available for some time.¹⁰⁰

A. Cost of Occupation

The cost of an occupying force can only be generally estimated. There are disagreements regarding the size of occupation forces, which we believe err on the side of being small. The required duration of U.S. forces' presence in the country depends on a variety of factors including: general Iraqi support, religious and ethnic strife, the use of weapons of mass destruction, and if there are no other significant surprises during the war.

As in other countries where the United States has removed dictators and tyrants, large occupation forces will be necessary to transform Iraq into a democratic country. The level of forces necessary will be initially very high, but will diminish over time. If regional stability is to be maintained and ethnic strife contained, a large force will likely be necessary for at least two years.

Estimates for post-war Iraq troop level requirements to maintain stability in the region range anywhere between 75,000 and 200,000 troops. The Army Chief of Staff, General Eric Shinseki has stated that the occupying force that would be needed is "several hundred thousand," and that this type of force would be necessary to "maintain a safe and secure

⁹⁹ AAP Newsfeed. "Fed: Govt Must Commit To Rebuild Iraq." March 17, 2003.

¹⁰⁰ Frederick D. Barton and Bathsheba N. Crocker. "A Wiser Peace: An Action Strategy for A Post-Conflict Iraq." Center for Strategic and International Studies. January 2003. Page 23.

environment, to ensure that people are fed, that water is distributed, all the normal responsibilities.”¹⁰¹

Another method to estimate troop requirements is by reviewing other recent deployments: Bosnia had 50,000 troops and is one-fifth the size of Iraq. Using this simple formula you would then assume a force of more than 200,000 troops.¹⁰²

The incremental costs include the costs of deployment and equipment for each soldier stationed in Iraq. This will be roughly \$265,000, resulting in a total cost for the first year of occupation of \$53

Table 7 – Potential costs of peacekeepers in a post-war Iraq¹⁰³				
Duration	Troops Levels	U.S. Share	U.S. Portion of cost	Total Cost
18 Months	175,000	70%	\$49 billion	\$70 billion
5 Years	100,000	50%	\$66 billion	\$132 billion
8 Years	75,000	40%	\$64 billion	\$159 billion

billion.¹⁰⁴ Over a likely five-year occupation, during which time the number of forces necessary could drop to 75,000, the total cost of occupying Iraq and stabilizing the region would be at least \$132 billion. Also, we assume that other nations will incrementally assume more costs as the duration of occupation increases.

Other sources have suggested that occupation could be accomplished with as few as 75,000 troops. But considering all the significant challenges and variables in a post-war Iraq the proper way to plan is too assume a force the size that General Shinseki is envisioning.¹⁰⁵

The need for so many troops becomes clear when the challenges of the post-war Iraq are considered. The first job will be to secure all weapons of mass destruction sites and to make sure that all those weapons are destroyed. This is no easy task. Some argue that this action alone will take up to two divisions, which is 50,000 troops. Next is creating a security force to defend against revenge killings and ethnic conflicts. Iraqi security forces, which may total more than 70,000, will have to be removed, Baath party and military officials will have to be found and depending on their actions during the war they will need to be arrested or put on trial.

Additional security will have to be provided for humanitarian organizations and if Iraqi forces use chemical weapons, there will be significant cleanup and containment costs.

¹⁰¹ Transcript of the Fiscal Year 2004 Defense Budget Hearing Before the Senate Armed Services Committee. 108th Congress. February 25, 2003. This was the answer of General Eric Shinseki to a question on the size of occupational force in a post-war Iraq.

¹⁰² Michael E. O'Hanlon. "Shinseki Vs. Wolfowitz." Washington Times. March 4, 2003.

¹⁰³ Estimate is based on \$265,000 in incremental costs per peacekeeper. No commitments have been made to assist the United States in post-War Iraq. The assumption used is that there will be some burden sharing, but less than there has been in the past, especially if the United States doesn't go through the United Nations.

¹⁰⁴ Based on Dan Crippen. "Estimate of the Costs of the War in Afghanistan." Congressional Budget Office, April 2002. Estimate by Taxpayers for Common Sense.

¹⁰⁵ The Council on Foreign Relation report on post war Iraq assumes 75,000 troops. Even members of the task force that the Council put together thought this number was too low. James Dobbins, former Clinton administration official considers the 75,000 number "the lowest suggested requirement."

One additional factor that is difficult to quantify is the strain these efforts will put on the U.S. military. The impact of this commitment is exemplified by the fact that at a 75,000 troop level, the average infantryman would spend six months out of every twenty-four in Iraq.¹⁰⁶

B. Cost of Reconstruction

Costs of reconstruction will depend upon numerous factors, including the extent of damage from the bombing campaign and the state of the Iraqi economy. It is very difficult to imagine how this can be done in less than a decade. The reconstruction effort in Iraq will dwarf any similar efforts since World War II.

On a per capita basis, reconstruction costs in different countries have ranged between \$200-\$1000. Using Afghanistan and Kosovo as an example, it is likely that efforts will last at least 10 years and cost roughly \$200 per capita.¹⁰⁷ Iraq's current population is 25 million, so the annual rebuilding cost would be roughly \$5 billion per year. Over an estimated 10-year rebuilding period, reconstruction costs would be \$50 billion.¹⁰⁸ This annual cost still lags behind the United Nations estimate of \$30 billion over three years for rebuilding Iraq.¹⁰⁹ The World Bank has found that rebuilding can cost \$1,000 per capita, which would put rebuilding in the range of \$250 billion. Similarly, the cost could top \$250 billion to rebuild everything from roads to daycare centers over the next decade, according to Raad Alkadiri, a director at PFC Energy.¹¹⁰ For example, just restoring and repairing the electrical power grid to its pre-1991 level would cost \$17 billion.¹¹¹ Over a multiyear period, the TCS estimate is \$50-\$250 billion to rebuild Iraq.

The administration should move quickly to involve other international organizations and other countries to help reduce the cost of the U.S. role and burden on U.S. taxpayers.

C. Cost of Rebuilding the Oil Industry

A post-Saddam Iraq would be financially lucrative for the American-dominated oil services industry.

A Halliburton subsidiary, Kellogg Brown & Root Services, recently won a contract with the Pentagon to rebuild the Iraqi oil fields. Halliburton is no stranger to working in Iraq. In the 1970's, Halliburton bought the Mina al-Bakr oil terminal near Basra and then repaired it

¹⁰⁶ Eric Schwartz. "Iraq: The Day After." Council on Foreign Relations. March 12, 2003.

¹⁰⁷ According to the Brookings Institution, previous examples of rebuilding countries with relatively sophisticated infrastructure, such as Yugoslavia, show that the cost can run as high as \$200 per resident per year. Other rebuilding efforts, such as those in Afghanistan, where there is little infrastructure in the first place, and there is less damage by invasion, may cost as little as \$80 per year. Iraq's infrastructure is already in need of significant rebuilding, given the years of neglect by Saddam Hussein. After a U.S. attack, the infrastructure would likely be severely damaged and require rebuilding on par with examples in Eastern Europe.

¹⁰⁸ Taxpayers for Common Sense estimate.

¹⁰⁹ Julia Preston. "The Price: UN Estimates Rebuilding Iraq Will Cost \$30 billion." New York Times. January 31, 2003. This is a three year estimate.

¹¹⁰ Neela Banerjee. "Can Oil Pay for Iraq's Rebuilding? The U.S. Hopes So." New York Times. March 2, 2003.

¹¹¹ "Report to the Secretary-General dated 15 July 1991 on humanitarian needs in Iraq prepared by a mission led by the Executive Delegate of the Secretary-General for humanitarian assistance in Iraq." S/22799, July 17, 1991.

following the Iran-Iraq war.¹¹² Kellogg Brown & Root Services has been a military contractor since 1942.

To rebuild and develop proven oil reserves in Iraq to a maximum level of production over the next ten years, the cost is likely to be about \$40 billion, which mostly will be paid for by the companies that are able to tap Iraq's oil, the second largest oil reserves in the world. About \$5 billion in reconstruction contracts will be distributed by the interim government to companies such as Halliburton, Baker Hughes, and other oil services companies.¹¹³ The main focus of these companies will be to fix damaged infrastructure. The U.S. Army Corps of Engineers is currently seeking bids from contractors to reconstruct and run Iraq's oil industry.¹¹⁴

Their goal will be to regain pre-1990 Iraqi oil production levels. With the proper investment, daily production could double to more than seven million barrels in six to seven years.

D. Humanitarian Assistance

After the war is finished, rapid humanitarian assistance will be essential. More than 16 million Iraqis, 60% of the population is dependent on government-distributed food. Now that the war has started, it is likely that this food distribution network will collapse. More than 5.2 million Iraqi children will need immediate food assistance.¹¹⁵

Many experts believe that the war will create a massive humanitarian crisis because of refugees and the potential use of chemical weapons. It is predicted that there will be more than a million post-war refugees. Experience from the first Persian Gulf War leads Jordan and Turkey to believe that a large influx of refugees will have a destabilizing impact on their countries.

Several sources consider the current \$3 billion dollar estimates on humanitarian assistance over the first year to be too low. A rough estimate would be to compare Kosovo to Iraq. Kosovo received about \$1 billion in humanitarian assistance, a comparable level in Iraq, a country that is more than 12 times larger, would amount to \$12 billion.

Humanitarian assistance will be needed to feed, house, and to pay for emergency medical care. The \$3 billion - \$12 billion in assistance is for one year and this level of support is expected to be necessary for three years.

One proposal in the United Nations sponsored by the United States and Great Britain is to use Iraqi oil proceeds from the \$40 billion oil-for-food account to pay for humanitarian relief supplies during a war.¹¹⁶

¹¹² Nelson D. Schwartz. "Why Oil Prices Will Fall; Because Iraq has been on the sidelines of the oil world for 20 years. Soon it won't be." Fortune. March 31, 2003.

¹¹³ Warren Veith and Elizabeth Douglass. "Gauging The Promise of Iraq Oil; Ousting Hussein Could Open the Door For U.S. and British Firms." Los Angeles Times. March 12, 2003.

¹¹⁴ Mark Fineman and John Hendren. "Civilian Team Poised to Move In, Rebuild Iraq; U.S. specialists are to take over key institutions after troops secure them. Scores of Iraqi exiles are recruited to help in the effort." Los Angeles Times. March 19, 2003.

¹¹⁵ John Yaukey. "Humanitarian Crisis Looms In Iraq." Gannett News Service. February 24, 2003.

¹¹⁶ Dafna Linzer. "Iraqi Oil Money Plan Set for Relief Use." Associated Press. March 19, 2003.

E. Privatizing Rebuilding

The Bush administration's plan to rebuild Iraq relies significantly on private U.S. corporations to do the heavy lifting. Initial contracts from the federal government are worth more than \$1.5 billion. Bechtel, Kellogg Brown & Root, Parsons Corp. and Fluor Corp. are competing for the contract.¹¹⁷

In December 2001, a Halliburton subsidiary, Kellogg Brown & Root Services (KBR), was awarded a 10-year contract to provide logistical and support services to the Pentagon during military operations around the globe at any time.¹¹⁸ This deal is unusual because it stretches 10 years and has a payment structure that critics say encourages KBR to spend whatever it takes to keep the troops happy.

Officials at KBR won't comment on the new contract, but said the company had provided services worth billions of dollars in a previous 10-year contract, including work performed in Somalia, Haiti, and the Balkans. Just the cost of paying KBR to provide support services for U.S. forces in the Balkans has been \$2.2 billion. KBR has been criticized extensively for financial mismanagement and wasting millions on excessive purchases, including \$5.2 million on furniture purchases.¹¹⁹

Generally, private contractors have to be better managed if they are going to be effective. In Bosnia, employees of DynCorp (now part of Computer Sciences Corporation) were found to be operating a sex-slave ring.¹²⁰

Another company that is lined up to get one of these exclusive reconstruction contracts is Bechtel, who prides themselves as being the largest private construction contractors in the world. The firm is renowned for their work on the Hoover Dam, the Alaska oil pipeline, and the English Channel Tunnel.

This company has a checkered past of waste and mismanagement on government contracts. Bechtel managed the Big Dig tunnel project in Boston, which is expected to cost a total of \$14.6 billion dollars - a far cry from the \$8 billion figure that was originally projected, making it one of the largest public works project in U.S. history.¹²¹

Using private companies to run rebuilding efforts adds a variety of logistical and other functional complexities. It will likely deter other countries from contributing to the rebuilding efforts in Iraq. There is virtually no country that will take money from their economy and give it directly to American companies to manage this work in Iraq. This will also likely reduce the role of the UN and non-U.S. countries in post-Saddam Iraq and will slow down efforts to rebuild the country in a cost effective manner.

¹¹⁷ Neil King Jr. "Bush Has an Audacious Plan To Rebuild Iraq Within A Year." The Wall Street Journal. March 17, 2003.

¹¹⁸ Oil Daily. "Halliburton Unit Would Quell Iraqi Oil Fires." March 7, 2003.

¹¹⁹ Contingency Operations: Army Should Do More to Control Contract Cost in the Balkans." Correspondence 09/29/2000, GAO/NSIAD-00-225 General Accounting Office. October 9, 2000.

¹²⁰ Leslie Wayne. "America's For-Profit Secret Army." New York Times. October 13, 2002.

¹²¹ Keith Ashdown. "Digging Into Taxpayers' Wallets." Taxpayers for Common Sense. February 14, 2003.

V. OTHER COSTS

The fog of war affects not only the soldiers, but the cost estimating crystal ball as well. But there are certain specific scenarios that could have significant impacts on costs. Specifically, there will be tens of billions in additional costs if Saddam sets Iraqi oil wells on fire and if he is successful in using biological or chemical weapons. Here are a couple potential scenarios:

A. Iraqi oil fires

The administration reports that they have significant intelligence that suggests Saddam Hussein may try to set 1500 oil wells on fire across Iraq. The Iraqi military has placed explosives at oilfields around Kirkuk in northern Iraq.¹²² Currently, the Pentagon reports that only a dozen oil wells have been set ablaze.

In 1991, Iraqi forces set ablaze 700 of 1000 Kuwaiti oil wells, an environmental and economic disaster that took close to two years to clean up and repair at a cost of more than \$20 billion.

Pentagon officials have stated that if the same thing occurs in Iraq, it would result in twice the damage and would cost about \$30-50 billion to repair.¹²³ This disaster would likely result in a loss of 2-3 million barrels of oil per day and destroy 400 miles of coastline.

Additionally, economists are stating that if Middle Eastern oil fields are damaged significantly, \$2 per gallon gas could become a regular standard with an enormous economic impact on the United States.¹²⁴

B. Veterans' Benefits

Death benefits - During the first Gulf War, the United States did suffer casualties. While these casualties were comparatively light considering initial casualty predictions, the loss of any American life is significant. In the second Gulf War, there currently have been few casualties, but there will likely be at least as many as they were in the first Gulf War, and possibly even more. Putting aside for a moment how these losses affect the families and the nation, the economic costs can add up very quickly.

In the first Gulf War, 148 service members were killed in battle. Each of these soldiers received a \$6,000 "death gratuity" payment for survivors to cover immediate expenses.¹²⁵ Pensions and payments for college or vocational training go to a casualty's family.

A surviving spouse would receive a payment of about \$1000 a month, plus \$237 for each child until they turn 18. The Pentagon has understandably been very hesitant to release any estimate on the numbers of soldier casualties. Defense experts have estimated that depending on the duration of combat and the possibility of urban warfare, casualties could

¹²² [Reuters News Agency](#). "Signs Iraq Has Explosives At Oil Fields." March 10, 2003.

¹²³ Glen Justice. "Hussein May Try To Blow Up Iraq's Oil Wells." [Bloomberg News](#). January 24, 2003.

¹²⁴ Peter G. Gosselin. "What Did You Learn In the War, Daddy?" [Los Angeles Times](#). March 17, 2003.

¹²⁵ On March 19, the House of Representatives passed a provision to make this payment entirely exempt from taxes. Currently only half of it is.

range from 100 to 5000 troops, with a total number of wounded about three to four times the final amount.¹²⁶

In addition, spouses and children of the deceased service member receive direct payments in Dependency Indemnity Compensation. For spouses of the decedent, the payments continue until they remarry. For children of the decedent, those payments continue until the child is 18, or 23 if the child attends college. Educational and other assistance to families of those killed in action add to the cost. For each serviceman killed, the additional benefits can total up to \$1 million, depending on the number of dependants and the length of the benefits.¹²⁷ This would put the potential death benefits anywhere between \$100 million and \$50 billion over the next fifty years.

Chemical and biological weapons - Another area of concern would be to protect our troops from chemical or biological weapons. In the first Gulf War, it appears that a significant number of our troops were exposed to chemical or biological agents causing a host of symptoms collectively called "Gulf War Syndrome."

Thousands of servicemen and women have suffered. Our servicemen and women deserve the best medical treatment that this country can provide, but it comes at a cost; with more than 200,000 servicemen and women from the first Gulf War alone on disability benefits, the cost of treating the Gulf War Syndrome is about \$3 billion a year and we haven't found a cure yet.¹²⁸ For the purposes of benefits, the Gulf War started in August 1990 and it continues through the present (38 USC 101 [33]). All the soldiers and sailors fighting today in Iraq and Kuwait are eligible for all the same Gulf War-related benefits, including those for Gulf War illnesses.

In a new invasion of Iraq, the United States may suffer similar if not greater losses. According to many analysts, because of the desperation of Saddam Hussein to retain power or to simply retaliate, there is a greater likelihood that Iraq will use chemical or biological weapons. If similar casualties are incurred, the subsequent benefits for servicemen and women after the new invasion of Iraq could likely approach \$150 billion over a 50-year span.¹²⁹

¹²⁶ Michael E. O'Hanlon. "Counting Casualties: How many people would die in an Iraqi War?" *Slate*, September 25, 2002,

¹²⁷ Based on benefit data from the Department of Defense.

¹²⁸ Research released in 2002 now associates low-level chemical exposure to Gulf War veterans' illnesses, thus opening the door for additional liability for the government. The number of service members the Pentagon confirms were potentially exposed to low-levels of chemical weapons at Khamsiyah, Iraq, on March 10, 1991, is 145,400.

¹²⁹ While there were few fatalities during the Gulf War, some soldiers were killed and wounded on the battlefield. Separately, many troops experienced a wide variety of ailments during later stages of the war and upon return to the United States. The ailments, collectively called "Gulf War Syndrome" were discounted at first, but later recognized to potentially be the effect of chemical attack launched by Iraq during the war. Many veterans of the war affected by the syndrome sought medical help through the Veteran's Administration (VA). The cost of disability benefits to veterans, known as "compensation and pension," from the Gulf War is still climbing, but is estimated to be roughly \$2.2 billion per year. Additionally, the VA spends roughly \$30 billion per year to provide medical treatment for veterans of all wars, at a cost of roughly \$10,000 per year per veteran seeking medical attention. There are approximately 20,000 disabled veterans from the Gulf War, at an annual cost for medical treatment of \$200 million. The cost of veteran's treatment and benefits for Gulf War veterans is expected to total \$120 billion.

In 1991, the Pentagon and Congress considered it a significant expense for the war.¹³⁰ This time, the expense hasn't gotten much attention, but is potentially a significant long-term expense that should be accounted for.

C. International Criminal Court

The Bush administration has also indicated a desire to bring Saddam Hussein and other high-level officials in the Iraqi government before a war crimes tribunal. This laudable goal does not come without an additional price tag – courts of similar composition to those the administration would likely set up have cost between \$35 and \$50 million per year to operate.¹³¹ If the administration is intent on prosecuting more than just the top-level administration of Iraq, and actually seeks to prosecute all those responsible for war crimes atrocities under the sort of court demanded by international justice, the operating cost of such a court could reach or exceed \$50 million per year for several years.¹³²

¹³⁰ Richard L. Berke, "After The War: The Troops; House Approves Veteran Benefits As Part of Appropriation for War," New York Times, March 14, 1991.

¹³¹ United Nations Operating Budget. The cost of the International Criminal Tribunal for the Former Yugoslavia (ICTY) and the International Criminal Court for Rwanda (ICTR) cost roughly \$40-\$50 million per year to operate. Given the likelihood that the United States will attempt to prosecute not only Saddam Hussein but also many of his top generals and others in his administration who are alleged to have committed war crimes and crimes against humanity, the trials would likely be as extensive as those in the ICTY and the ICTR.

¹³² United Nations Operating Budget.

VI. CONCLUSION

The American economic and military contribution to this war make it abundantly clear that the costs of war and post-Saddam occupation of Iraq will be higher than anyone initially imagined. As this war begins, it is becoming more important that the administration make a much stronger commitment to getting other countries to pay a much larger share of the cost of creating a free, democratic Iraq.

This will not be easy. Our nation has significant diplomatic fences to mend and will need to focus on listening to our international allies, working in cooperation and building general public agreement on the plan for the future of Iraq.

The costs will be significant and no matter how much diplomacy and charm is used, the United States, as the wealthiest and most powerful nation on earth, will have to bear a significant burden of the costs. If we are to stay the course and rebuild a democratic Iraq, we must have the buy-in of the American people and by extension, the U.S. Congress. We need to have an honest discussion about the five-year and ten-year costs of Iraq. The administration needs to describe in much more detail its plan, how much it will cost, and how they will get other countries to pay for a significant portion of it.

There was significant budgetary concern over the last conflict in 1991. Lawmakers showed much more reluctance to finance the first Gulf War by heavy borrowing. The concern was virtually the same as we face now – lawmakers didn't want to grow the deficit by more than \$300 billion, the exact same federal budget deficit we face today.¹³³

The United States has strayed from the path first set in 1991. At that time, significant political and diplomatic resources were put into a plan called Operation Tin Cup to get a majority of the first war paid for by other countries.

Burden sharing in 1991 was successful and it still can be today. We need to get away from financial unilateralism: it's lonely and very costly. We need to go down a different road, and we need a few friends to pay for part of the trip.

¹³³ John Greenwald. "Fight Now, Pay Later." Time Magazine. February 4, 1991.