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A tally of US taxpayers' tab for Iraq

By [David R. Francis](#)

The costs of the Iraq war are escalating for the United States.

They are enlarging an already serious federal-budget deficit. The October-through-July deficit hit a record \$324 billion, the Treasury reported last week. The Congressional Budget Office projects the red ink will reach \$401 billion by the end of September.

Moreover, because restoration of Iraqi oil production has been slowed by sabotage and other problems, US consumers and business are paying probably an extra \$100 million a day for gasoline and other petroleum products.

Estimates of the cost of the war are rough. Defense Secretary Donald Rumsfeld has told the Senate the "burn rate" runs about \$3.9 billion a month. Afghanistan, together with Noble Eagle, the protective overflights of military jets in the US, costs another \$1.1 billion a month.

Members of Congress have asked the Bush administration for a detailed breakout of those costs. They also would like to get a guess on the bill for reconstruction of Iraq. But these numbers have not been forthcoming.

The White House's Office of Management and Budget recently

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estimated the fiscal 2004 deficit at \$475 billion. But that included no money for Iraq.

Any 2004 Iraq costs will add "dollar for dollar" to the deficit, notes Richard Kogan, an economist at the Center on Budget and Policy Priorities.

Looking at Iraq alone, one congressional expert puts the cost for this fiscal year (ending next month) at \$80 billion, of which \$62 million is charged to the Defense Department.

That works out to \$281 per man, woman, and child in this country. This sum doesn't include the extra gasoline and other fuel costs, nor Afghanistan.

Most experts expect the occupation costs to continue indefinitely.

"Two, three, maybe five years," suggests Gordon Adams, an economist at George Washington University and veteran specialist in military-cost issues. A rapid return of the American troops is "just not viable."

Though wanting to keep firm control of Iraq policy for itself and, to some degree, Britain, the US would like to involve troops from other nations in the occupation and reconstruction so it can relieve more of its 139,000 troops currently in Iraq and share costs. But key possible providers of troops, such as India, France, and Germany, won't participate unless the United Nations is given a greater role.

"The Europeans are not interested in sponsoring a US occupation, even in the name of reconstruction," says Christopher Hellman, an analyst at the Center for Arms Control and Non- Proliferation in Washington.

Adds Mr. Adams: "The consequences of not going for that [UN role] is that we pay the bill. The Bush administration is bound and determined to shoot itself in the foot at the cost of American taxpayers."

Some smaller nations, such as Poland, are sending small numbers of troops. But the US is paying much of their costs, directly or indirectly.

The bombing of UN headquarters in Baghdad last Tuesday could discourage other nations from rushing in aid and troops. Considering the lack of security, the International Monetary Fund and World Bank pulled their staffs out of Iraq last Wednesday.

Other nations' attitudes will become clearer at a donors' conference of some 50 countries scheduled for late October in Madrid. It's aimed at getting pledges of help in the reconstruction of Iraq.

Restoring basic services, such as electricity (a \$13 billion cost, by one estimate) and water (\$16 billion), is considered essential to



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dampening Iraqi unrest. Broader reconstruction is an open-ended project.

"You can spend as much as you want to spend," says Mark Stoker, defense economist for the International Institute for Strategic Studies in London.

Conservative estimates of reconstruction costs run about \$100 billion. That's on top of the \$3.9 billion per month of US defense spending. The cost to maintain a peacekeeper in the Balkans amounts to between \$200,000 and \$250,000 per year. Peacekeepers (troops) in Iraq won't likely be cheaper.

Last year, William Nordhaus, a Yale University economist, calculated that under certain conditions, a "protracted and unfavorable" war and its aftermath could cost as much as \$1.9 trillion.

One prewar hope was that Iraq's own oil production would cover much if not all of the reconstruction costs. This hope is fading.

"Costs will far exceed what oil revenues reap in the short-term and in the long-term," says Edward Chow, a former international executive at Chevron Corp. and now a visiting scholar at the Carnegie Endowment.

The goal of the Coalition Provisional Authority has been to raise oil production to 1.5 million barrels per day (bpd) by year's end, still below the 2 million barrels of prewar production. That will be hard. A recent pipeline bombing cut exports through Turkey.

For oilmen like Mr. Chow, sabotage is "absolutely nothing unusual." It happens regularly in Nigeria and Colombia. Damage can usually be fixed quickly.

But reduced Iraqi oil output has helped drive world prices to about \$31 a barrel from \$26 after the war. It probably would have gone as low as \$20, Chow says. The \$11 difference costs Americans a goodly sum at the pumps.

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