LONDON DIALOGUE'S REPORT ON

Assessing the Cost of the Iran War for the United States

The human, material, financial, and economic burden of a war of choice, and the cost of its continuaation.

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Executive Summary

The war against Iran, which the United States (US) and Israel opened on 28 February 2026 with Operation Epic Fury, was presented to the American public as a swift and contained operation. Nearly five months later, with the Islamabad Memorandum of Understanding (MoU) in ruins and open hostilities resumed, it has become something the administration did not prepare the country for: a protracted and expensive war of choice whose costs are compounding across every dimension that matters to a modern state. This report assesses those costs from the perspective of the US alone. It counts the human toll borne by American service members, the materiel lost in combat, the direct financial burden on the Treasury, the shock transmitted through the global energy market, the inflationary pressure imposed on American households, and the political confrontation now unfolding between a president seeking to fund a widening war and a Congress increasingly unwilling to authorise it.

The central finding is that the war has already cost far more than its architects acknowledged and that its resumption has removed the ceiling the June settlement briefly imposed on those costs. The direct military expenditure of the initial campaign has been estimated by the Center for Strategic and International Studies (CSIS) at between $34 and $42 billion, a figure that excludes the far larger sums the administration has since sought from Congress. The Office of Management and Budget submitted a supplemental request for $87.6 billion, and members of Congress have cited a reported ceiling of $200 billion for the war and associated bills. The 13 American service members have been confirmed killed, and more than 200 wounded, and 42 American aircraft were lost or damaged in the opening campaign alone. The closure of the Strait of Hormuz, through which roughly a fifth of the world's oil passes, drove Brent crude above 110 dollars a barrel at its first-phase peak and pushed American consumer price inflation to a three-year high of four point two per cent in May 2026.

The war's resumption in July 2026 has reopened each of these cost channels. The US has relaunched strikes at the president's direction, reimposed its naval blockade, and again seen its bases across the Gulf targeted by Iranian missiles and drones; oil has climbed back above eighty dollars a barrel, and the disinflation that the June truce briefly delivered has been placed in jeopardy. The report concludes that a prolonged war carries a distinctive and escalating danger for the US: not military defeat, which is not in prospect, but the slow exhaustion of fiscal capacity, the entrenchment of inflation, and the erosion of the domestic political consensus on which sustained military operations ultimately depend. The costs assessed here are, on present trends, more likely to accelerate than to abate.

List of Acronyms

CENTCOM	US Central Command
CSIS	Center for Strategic and International Studies
DoD	Department of Defense
IEA	International Energy Agency
LD	London Dialogue
MoU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
US	United States

1. Introduction and Scope

This report examines the cost of the 2026 war against Iran as it falls upon the United States (US). It does not attempt to adjudicate the war's origins, its legality, or its strategic wisdom, each of which London Dialogue (LD) has addressed elsewhere. Its purpose is narrower and, at the present moment, more urgent: to set out, as far as the public record allows, what the war has cost the US in lives, materiel, money, and economic stability, and to assess how those costs are likely to behave if the war, having resumed, continues.

The assessment distinguishes between two phases. The first phase ran from the opening strikes of 28 February 2026 to the Islamabad Memorandum of Understanding (MoU), whose text was agreed on 12 June and signed remotely on 17 June 2026, and which established a 60-day ceasefire during which a final settlement was to be negotiated.[1] The second phase began when that framework unravelled. By early July, the US and Iran were again trading strikes; on 8 July, President Trump stated at the North Atlantic Treaty Organisation (NATO) summit that he believed the truce had ended, and in the days that followed, the US Central Command (CENTCOM) resumed its air campaign while Iran struck US bases and shipping in the Gulf.[2] The distinction matters because much of the authoritative cost data from the Congressional Research Service, the Congressional Budget Office, and the Center for Strategic and International Studies (CSIS) was compiled during the first phase, when the war appeared to be ending. Those figures should now be read not as a final accounting but as a floor beneath a rising cost.

The report counts four categories of cost. The human cost covers US military personnel killed and wounded. The materiel cost covers aircraft, naval assets, and munitions. The direct financial cost covers the additional expenditure incurred by the Department of Defense (DoD) due to the war, as well as the supplemental funding the administration has sought. The economic cost encompasses both the global energy shock stemming from the closure of the Strait of Hormuz and the domestic consequences for inflation, interest rates, and household budgets. A fifth section addresses the fiscal and political confrontation that the war's cost has provoked in Washington, and a sixth sets out clearly labelled illustrative scenarios for the cost

[1] "Islamabad Memorandum of Understanding: Terms and Timeline," Council on Foreign Relations, June 2026; and "US and Iran Reach Agreement to End War," CNN, 14 June 2026.

[2] "US Stocks Lose Ground as War with Iran Keeps Pressure on Oil Prices," CNBC, 8 July 2026; and "10-Year Treasury Yield Climbs as Jumping Oil Prices Reignite Inflation Fears," CNBC, 8 July 2026, https://www.cnbc.com/2026/07/08/treasury-yields-trump-iran-ceasefire.html. See also, "US Resumes Strikes While Iran Says It Struck Two Tankers in Strait of Hormuz," CNN, 13 July 2026, https://www.cnn.com/2026/07/13/world/live-news/iran-war-trump.

of continuation. Throughout, documented figures are distinguished from projections, and where estimates vary between sources, the range is given rather than a single contested number. All figures are drawn from institutional and primary sources; where trackers and advocacy organisations are the only available source, this is stated, and the figure is treated with corresponding caution.

2. The Human Cost

The human cost of the war to the US, measured in the lives of its service members, has been comparatively small against the scale of the operation, but it is neither negligible nor politically inert. As of the first-phase accounting, US CENTCOM confirmed 13 American service members killed in action and approximately 200 wounded, of whom the great majority sustained minor injuries and returned to duty.[3] These figures, drawn from official Pentagon and CENTCOM statements, are the most conservative in circulation; independent tallies have cited higher numbers, but this report adheres to the official count.

The circumstances of the American deaths are instructive because they illustrate the diffuse and often incidental ways in which a large expeditionary deployment generates casualties. The first three American fatalities occurred on the second day of the war, when Army soldiers based in Kuwait were killed in an incident that the Pentagon did not fully detail, amid the Iranian ballistic-missile and drone barrages directed at Gulf states hosting American forces.[4] The single deadliest event for American personnel was not an enemy strike at all, but the crash of a KC-135 refuelling aircraft over western Iraq, which killed six service members and by itself raised the death toll to 13.[5] This pattern, in which support and logistics losses rival or exceed those inflicted directly by the adversary, is characteristic of high-tempo air campaigns sustained over great distances.

The wounded present a similar picture. The Pentagon reported that of roughly 200 injuries sustained since the war began, the vast majority were minor, with more than 180 personnel returning to duty and a smaller number, initially cited as eight, severely injured.[6] Many of these

[3] "At Least Three US Service Members Killed During Iran Operation: CENTCOM," Al Jazeera, 1 March 2026, https://www.aljazeera.com/news/2026/3/1/at-least-three-us-service-members-killed-during-iran-operation-centcom; United States Central Command casualty updates, March to July 2026. See also, "200 US Troops Wounded Since Iran War Started: CENTCOM," The Hill, via Associated Press, June 2026, https://www.aol.com/articles/200-us-troops-wounded-since-213138917.html.

[4] "Three US Troops Killed in War with Iran: CENTCOM," Al-Monitor, 2 March 2026, https://www.al-monitor.com/originals/2026/03/three-us-troops-killed-war-iran-centcom.

[5] "200 US Troops Wounded Since Iran War Started: CENTCOM," The Hill, via Associated Press, June 2026, reporting six service members killed in the crash of a KC-135 refuelling aircraft over western Iraq.

[6] "200 US Troops Wounded Since Iran War Started: CENTCOM," The Hill, via Associated Press, June 2026, https://www.aol.com/articles/200-us-troops-wounded-since-213138917.html.

injuries were concussive or shrapnel wounds sustained during Iranian missile and drone attacks on bases in Kuwait, Qatar, and elsewhere in the Gulf. The resumption of hostilities in July has renewed this exposure. Iran's response to the reopened American campaign has again included drone and ballistic-missile attacks on US bases in Kuwait and Bahrain, and while those particular salvoes were reported to have been intercepted without American casualties, the return to active operations restores the conditions under which the first-phase losses occurred.[7]

Table 1 sets out the confirmed US military casualties of the first phase. The figures should be understood as documented minima drawn from official sources and as a baseline that the resumption of the war has begun to move upward.

Table 1. Confirmed United States military casualties, first phase (to early July 2026).

Category	Figure	Principal circumstances
Killed in action	13	6 in KC-135 crash over Iraq; 3 in Kuwait (day two); remainder across Gulf base attacks and operations
Wounded	Approx. 200	The majority were minor; over 180 returned to duty; 8 were initially cited as severe
Aircraft lost or damaged	42	See Section 3

Source: CENTCOM; Pentagon (DCAS), CRS IN12692

The strategic significance of these casualties exceeds their number. President Trump entered office having campaigned as a leader who would keep the US out of foreign wars, and the first American deaths in the operation were immediately understood in those terms; as one correspondent observed, the deaths of US troops would change a great deal for a president who had promised to avoid exactly this.[8] The human cost of the war, in other words, is politically leveraged in a way that its absolute magnitude would not suggest, and it feeds directly into the domestic confrontation examined in Section 6.

3. The Material Cost

The materiel cost of the war to the US has been substantial, and it is the category in which the gap between the administration's initial framing and the documented reality is widest.

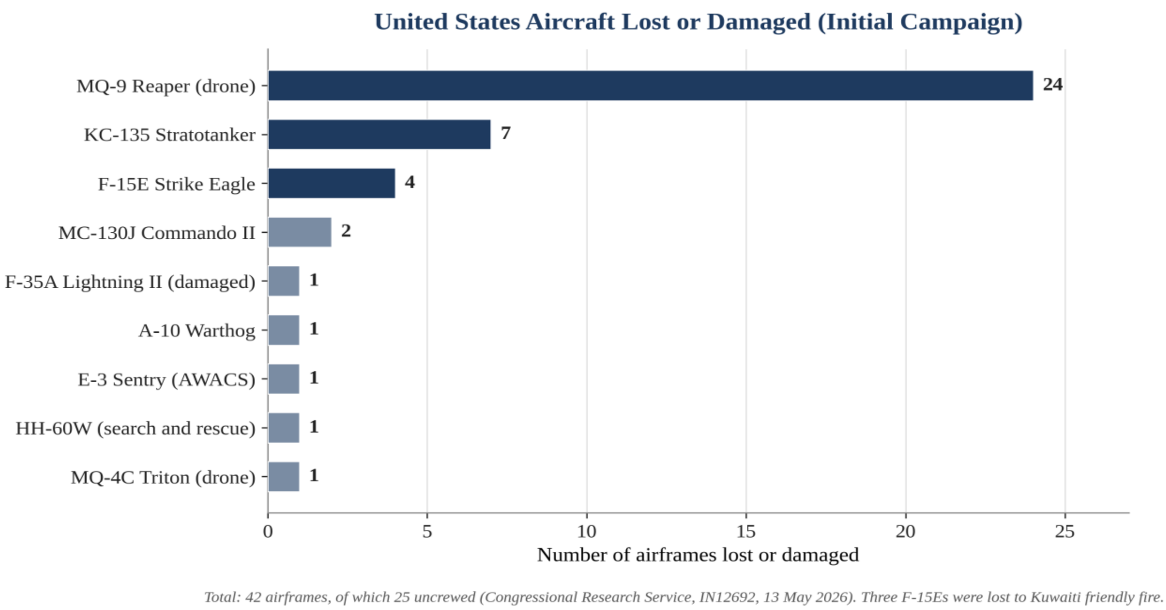
[7] "Iran War Casualties and Base Attacks, June to July 2026," Council on Foreign Relations Global Conflict Tracker, accessed July 2026, https://www.cfr.org/global-conflict-tracker/conflict/confrontation-between-united-states-and-iran.

[8] Alan Fisher, reporting for Al Jazeera, in "At Least Three US Service Members Killed During Iran Operation: CENTCOM," Al Jazeera, 1 March 2026, https://www.aljazeera.com/news/2026/3/1/at-least-three-us-service-members-killed-during-iran-operation-centcom.

According to the Congressional Research Service, the US lost or sustained damage to 42 aircraft during the initial campaign.[9] This is a remarkable figure for a war fought against an adversary whose air force never seriously contested the skies, and it reflects the intensity of Iran's air-defence and missile response, the hazards of a high-tempo campaign flown over long distances, and, in at least one notable instance, the confusion of a crowded and contested battlespace.

Figure 1 presents the breakdown of these losses by aircraft type. The largest single category by far was the MQ-9 Reaper, of which 24 were lost, a total that reflects both the aircraft's forward and exposed role in intelligence, surveillance, and strike missions and its status as an attritable, uncrewed platform whose loss the Air Force is willing to risk. Uncrewed aircraft accounted for 25 of the 42 airframes, a fact that considerably softens the human dimension of the materiel loss while doing nothing to reduce its financial weight.[10]

Figure 1. United States aircraft lost or damaged in the initial campaign, by type.



Source: Congressional Research Service, IN12692, 13 May 2026.

The losses among crewed aircraft are individually more costly and more revealing. Seven KC-135 Stratotanker refuelling aircraft were lost or damaged, a category of support aircraft essential to sustaining operations at the distances the campaign required, and the loss of which included the crash over Iraq that killed six American personnel.[11] Four F-15E Strike Eagles

[9] 'U.S. Aircraft Combat Losses in Operation Epic Fury: Considerations for Congress', legislation, https://www.congress.gov/crs-product/IN12692.
[10] 'U.S. Aircraft Combat Losses in Operation Epic Fury'.
[11] "200 US Troops Wounded Since Iran War Started: CENTCOM," The Hill, via Associated Press, June 2026, reporting six service members killed in the crash of a KC-135 refuelling aircraft over western Iraq.

were lost, three of them, strikingly, to friendly fire from Kuwaiti air defences during the confusion of the opening Iranian barrages, a loss confirmed by CENTCOM and illustrative of the coordination hazards inherent in a multinational air-defence environment under attack.[12] A single F-35A Lightning II was damaged, and the tally further included an A-10 Warthog, an E-3 Sentry airborne warning and control aircraft, two MC-130J special operations aircraft, an HH-60W combat search-and-rescue helicopter, and an MQ-4C Triton surveillance drone.[13]

Table 2 presents the same losses organised by category, distinguishing crewed from uncrewed platforms and combat from support roles. The unit-replacement cost of these airframes is considerable: an F-15E is valued at roughly $100 million, an MQ-9 Reaper at approximately $30 million, and the specialised support and command aircraft at figures of the same order.[14] The aggregate replacement cost of the 42 airframes runs well into the billions of dollars and forms one of the six cost categories in the CSIS estimate examined in the next section.

[12] "US-Israel Attacks on Iran: Death Toll and Injuries," Al Jazeera, March 2026, https://www.aljazeera.com/news/2026/3/1/us-israel-attacks-on-iran-death-toll-and-injuries-live-tracker, reporting CENTCOM confirmation that three F-15E aircraft were downed by Kuwaiti air defences in friendly fire.

[13] Congressional Research Service, "United States Aircraft Losses in Operation Epic Fury," Report IN12692, 13 May 2026.

[14] Congressional Research Service, "United States Aircraft Losses in Operation Epic Fury," Report IN12692, 13 May 2026, with unit-cost estimates drawn from Department of Defense procurement data.

Table 2. United States aircraft losses by category.

Category	Aircraft	Number	Role
Uncrewed	MQ-9 Reaper	24	Intelligence, surveillance, strike
Uncrewed	MQ-4C Triton	1	Maritime surveillance
Crewed combat	F-15E Strike Eagle	4	Strike (3 lost to friendly fire)
Crewed combat	F-35A Lightning II	1	Strike (damaged)
Crewed combat	A-10 Warthog	1	Close air support
Support	KC-135 Stratotanker	7	Aerial refuelling
Support	MC-130J Commando II	2	Special operations
Command	E-3 Sentry	1	Airborne early warning
Rescue	HH-60W	1	Combat search and rescue
Total		**42**	25 uncrewed, 17 crewed

Source: Congressional Research Service, 13 May 2026.

Beyond aircraft, materiel costs extend to naval assets and, most heavily, to munitions. The US committed three carrier strike groups, built around the USS Abraham Lincoln, USS Gerald R. Ford, and USS George H. W. Bush, to the campaign, together with destroyers and submarines that launched Tomahawk cruise missiles against Iranian ground targets.[15] The munitions bill was the single largest component of the war's direct cost. The opening campaign expended over 1,000 Tomahawk cruise missiles at approximately $2 million each, hundreds of Joint Air-to-Surface Standoff Missiles, and thousands of precision-guided bombs, while the air-defence effort consumed Standard Missile interceptors valued at up to $36 million apiece.[16] The CSIS judged that this expenditure, though large, did not threaten to exhaust American inventories, but it warned that the diversion of high-demand munitions to the Iran campaign created risks in other theatres, notably Ukraine and the western Pacific, and that production in the 2026 fiscal year would not fully replace what had been used.[17] The resumption of the war directly

[15] United States Naval Institute, "USNI News Fleet and Marine Tracker," March 2026, recording the deployment of the USS Abraham Lincoln, USS Gerald R. Ford, and USS George H. W. Bush carrier strike groups.

[16] "What Did the Iran War Cost?," Center for Strategic and International Studies analysis as reported June 2026, on Tomahawk and standoff-missile expenditure. See also, Mark F. Cancian, "Iran War Cost Estimate Update: $11.3 Billion at Day 6, $16.5 Billion at Day 12," Center for Strategic and International Studies, 7 May 2026, https://www.csis.org/analysis/iran-war-cost-estimate-update-113-billion-day-6-165-billion-day-12.

[17] Mark F. Cancian, "Iran War Cost Estimate Update: $11.3 Billion at Day 6, $16.5 Billion at Day 12," Center for Strategic and International Studies, 7 May 2026, https://www.csis.org/analysis/iran-war-cost-estimate-update-113-billion-day-6-165-billion-day-12.

compounds this concern, since every additional week of strikes draws down inventories that were already being replenished more slowly than they were being consumed.

The Reconstruction Bill

To the cost of aircraft, ships, and munitions must be added the cost of repairing the fixed installations from which the war is fought and which have been struck repeatedly throughout it. The CSIS treated damage to bases as one of the six categories in its cost estimate and assessed the combined cost of equipment losses and base damage in the early campaign at approximately $1.7 billion.[18] That figure is a floor, not a total. It reflects an early stage of a war that has since resumed, and it predates the renewed Iranian barrages of July, which again brought ballistic missiles and drones against United States facilities in Kuwait and Bahrain.[19] The installations concerned, the Al Udeid Air Base in Qatar, the naval facilities in Bahrain, and American positions in Kuwait, Saudi Arabia, and Iraq, have absorbed repeated strikes, and the cost of restoring them to full operational condition mounts with each additional exchange. Even if the war were to end today, the United States would face a reconstruction bill running well into the billions of dollars to repair the physical damage its Gulf posture has sustained.

The significance of this bill lies less in its headline figure than in how it must be paid and in what it displaces. There is no separate fund for reconstruction. The cost of rebuilding damaged bases is folded into the same supplemental appropriations that the administration is already struggling to move through Congress, adding to munitions replenishment, operational costs, and equipment replacement that the $87.6 billion request and the larger reported ceilings already encompass.[20] Reconstruction, therefore, does not create a new fiscal problem so much as it deepens the existing one, increasing the sum that must be extracted from an increasingly reluctant legislature.

[18] Mark F. Cancian, "Iran War Cost Estimate Update: $11.3 Billion at Day 6, $16.5 Billion at Day 12," Center for Strategic and International Studies, 7 May 2026, https://www.csis.org/analysis/iran-war-cost-estimate-update-113-billion-day-6-165-billion-day-12, assessing the combined cost of equipment losses and base damage at approximately $1.7 billion in the early campaign; base damage is one of the six cost categories in the CSIS estimate.

[19] "Iran War Casualties and Base Attacks, June to July 2026," Council on Foreign Relations Global Conflict Tracker, accessed July 2026, https://www.cfr.org/global-conflict-tracker/conflict/confrontation-between-united-states-and-iran.

[20] United States Office of Management and Budget, supplemental appropriations request submitted to Congress, 24 June 2026, as reported in "Iran War Supplemental Request," Wall Street Journal, 25 June 2026. See also, Statement of Representative Betty McCollum, "Congresswoman McCollum Reiterates Strong Opposition to War in Iran," United States House of Representatives, 25 March 2026, https://mccollum.house.gov/media/statements-record/congresswoman-mccollum-reiterates-strong-opposition-war-iran, citing a reported administration request approaching $200 billion in supplemental funding.

Two further considerations sharpen the point. The first is that money does not buy immediate restoration. The specialised munitions and interceptors expended in the war, and in defending the bases now requiring repair, take years to manufacture, so that even fully funded, the rebuilding of stocks and readiness lags well behind the appropriation of the funds.[21] The second is that reconstruction competes directly with other strategic priorities. Every Patriot battery, every interceptor, and every dollar of engineering and construction capacity directed to restoring Gulf installations is one not available for the western Pacific, where the same scarce resources would be central to the defence of Taiwan.[22] The reconstruction bill is thus not merely an additional line in the war's accounts. It is a further instance of the war's central fiscal characteristic: that its costs compound, that they must be met from funds Congress is unwilling to provide, and that they are drawn from a pool of resources for which more consequential contingencies also compete.

4. The Direct Financial Cost

The direct financial cost of the war to the United States Treasury is both large and, in an important sense, deliberately obscured, because neither the DoD budget for the 2026 fiscal year nor the president's budget proposal for the 2027 fiscal year included any provision for war costs.[23] The war has therefore been fought, from the outset, on money that Congress did not appropriate for it, a circumstance that lies at the heart of the fiscal confrontation examined in Section 7.

The most authoritative estimate of the direct cost of the initial campaign comes from the CSIS, which assessed the additional expenditure incurred by the DoD because of the war at between $34 and $42 billion.[24] This figure represents the difference between the department's budget without the war and its budget with the war, and comprises six categories: deployment and redeployment of forces, munitions, the higher operational tempo, equipment losses, damage to

[21] Mark F. Cancian, "Iran War Cost Estimate Update: $11.3 Billion at Day 6, $16.5 Billion at Day 12," Center for Strategic and International Studies, 7 May 2026, https://www.csis.org/analysis/iran-war-cost-estimate-update-113-billion-day-6-165-billion-day-12.

[22] Cancian, "Iran War Cost Estimate Update," Center for Strategic and International Studies, 7 May 2026, warning that the diversion of high-demand munitions to the Iran campaign created risks in other theatres, including the western Pacific.

[23] Cancian and Park, "The War May Be Ending. What Did Epic Fury Cost?," noting that neither the FY 2026 Department of Defense budget nor the president's FY 2027 budget proposal included war costs.

[24] Mark F. Cancian and Chris H. Park, "The War May Be Ending. What Did Epic Fury Cost?," Center for Strategic and International Studies, 25 June 2026, https://www.csis.org/analysis/war-may-be-ending-what-did-epic-fury-cost.

bases, and higher fuel prices.[25] It is a considered institutional estimate, and this report treats it as the best available measure of the first phase's direct military cost.

The trajectory of the reported figures over the course of the war is itself revealing and is presented in *Figure 2*. In the opening days, the Pentagon briefed Congress that the first six days had cost approximately $11.3 billion, a figure the department itself described as incomplete.[26] By the 12th day, independent analysis at the CSIS had calculated a cost of roughly $16.5 billion, including combat losses and damage to bases.[27] These early figures imply a burn rate on the order of $1.5 to $2 billion per day at the height of operations, a rate corroborated by the National Priorities Project and other analysts through bottom-up estimates of the daily operating costs of carrier strike groups, bomber sorties, and the wider deployment.[28]

The composition of this daily burn rate is instructive because it reveals how the modern American way of war converts time directly into money. The two carrier strike groups committed to the opening campaign cost, according to independent estimates, on the order of $13–$18 million per day simply to keep at sea before a single aircraft is launched or a single weapon is expended.[29] Each B-2 Spirit sortie flown from Whiteman Air Force Base in Missouri to Iran and back, a round trip of more than 30 hours, costs between $130,000 and $150,000 per flight hour to operate, so that the flight costs of a single bomber mission run to several million dollars before the cost of its ordnance is counted.[30] The munitions themselves were more expensive still: each Tomahawk cruise missile cost approximately $2 million, and the opening campaign expended these by the hundred, while the GBU-57 Massive Ordnance Penetrators used against hardened underground nuclear sites cost some $3.5 million apiece.[31] Against these figures, the cost asymmetry of the air-defence effort is striking. The US and its partners

[25] Mark F. Cancian and Chris H. Park, "The War May Be Ending. What Did Epic Fury Cost?" Center for Strategic and International Studies, 25 June 2026, https://www.csis.org/analysis/war-may-be-ending-what-did-epic-fury-cost.

[26] United States Department of Defense briefing to Congress, first-phase cost figure of approximately $11.3 billion for the first six days, as reported in Cancian, "Iran War Cost Estimate Update," CSIS, 7 May 2026.

[27] Cancian, "Iran War Cost Estimate Update: $11.3 Billion at Day 6, $16.5 Billion at Day 12," Center for Strategic and International Studies, 7 May 2026.

[28] National Priorities Project, "Fact Sheet: How Much Is the War in Iran Costing Taxpayers?," Institute for Policy Studies, March 2026, https://www.nationalpriorities.org/analysis/2026/factsheet-how-much-war-iran-costing-taxpayers/.

[29] "What Trump's War With Iran Has Already Cost Taxpayers," Forbes, 10 March 2026, https://www.forbes.com/sites/alisondurkee/2026/03/10/why-trumps-war-with-iran-is-costing-nearly-1-billion-a-day-at-least/ citing Center for a New American Security and Bloomberg estimates of carrier-strike-group operating costs.

[30] "What Trump's War with Iran Has Already Cost Taxpayers," Forbes, 10 March 2026, citing New York Times reporting that B-2 bombers cost between $130,000 and $150,000 per flight hour to operate.

[31] Mark F. Cancian, "Iran War Cost Estimate Update," Center for Strategic and International Studies, 7 May 2026, https://www.csis.org/analysis/iran-war-cost-estimate-update-113-billion-day-6-165-billion-day-12, on Tomahawk and GBU-57 unit costs and volumes.

expended Patriot and Standard Missile interceptors costing between $4 and $36 million each to shoot down Iranian drones that cost, in some cases, as little as $20,000 to build, an exchange ratio that is unsustainable over a long war and that has already prompted concern about the depletion of interceptor stocks.[32]

The composition of that daily burn rate is instructive because it shows how quickly the costs of a high-intensity air campaign accumulate. The US committed two carrier strike groups, later reinforced to three, to the operation, and the cost of merely keeping those groups on station, before a single aircraft is launched or a single missile fired, runs to millions of dollars a day for each; independent estimates placed the daily operating cost of a single modern carrier at figures ranging from $6.5 million to more than $11 million.[33] The air campaign rapidly compounded the bill. Analysts tracking the operation counted thousands of combat sorties flown since 28 February, with per-sortie operating costs ranging from roughly $50,000 for a single F/A-18 mission to over $100,000 for a B-2 Spirit bomber sortie, the latter flying round-trip sorties of 30 hours or more from Whiteman Air Force Base in Missouri at an operating cost of between $130,000 and $150,000 per flight hour.[34]

The munitions expended in the campaign form the single largest and most consequential category of direct cost, and they are examined more fully in Section 3. It is enough to note here that the opening campaign expended over a thousand Tomahawk cruise missiles at approximately $2 million each, hundreds of Joint Air-to-Surface Standoff Missiles at roughly $1.5 million each, and a large number of precision-guided bombs and air-defence interceptors, the most expensive of which, the Standard Missile family, cost up to $36 million apiece.[35] The cost asymmetry of the air-defence effort deserves particular emphasis: interceptors costing

[32] "US-Iran War: Interceptor Costs and the Munitions Problem," Center for Strategic and International Studies analysis, 2026, on the cost asymmetry between American interceptors and Iranian drones and the resulting concern over interceptor stocks.

[33] "What Trump's War With Iran Has Already Cost Taxpayers," Forbes, 10 March 2026, https://www.forbes.com/sites/alisondurkee/2026/03/10/why-trumps-war-with-iran-is-costing-nearly-1-billion-a-day-at-least/ citing Center for a New American Security and Bloomberg estimates of carrier-strike-group operating costs.

[34] "What Trump's War With Iran Has Already Cost Taxpayers," Forbes, 10 March 2026, citing New York Times reporting that B-2 bombers cost between $130,000 and $150,000 per flight hour to operate. See also, Mark F. Cancian, "Iran War Cost Estimate Update," Center for Strategic and International Studies, 7 May 2026, https://www.csis.org/analysis/iran-war-cost-estimate-update-113-billion-day-6-165-billion-day-12 on Tomahawk and GBU-57 unit costs and volumes.

[35] "US-Iran War: Interceptor Costs and the Munitions Problem," Center for Strategic and International Studies analysis, 2026, on the cost asymmetry between American interceptors and Iranian drones and the resulting concern over interceptor stocks. See also, Mark F. Cancian, "Iran War Cost Estimate Update: $11.3 Billion at Day 6, $16.5 Billion at Day 12," Center for Strategic and International Studies, 7 May 2026, https://www.csis.org/analysis/iran-war-cost-estimate-update-113-billion-day-6-165-billion-day-12.

millions of dollars have been expended against Iranian drones costing tens of thousands, a ratio that is sustainable in a short campaign but ruinous in a long one.[36]

The figures that have most alarmed Congress, however, are not the estimates of what the war has cost but the sums the administration has sought to fund it. On 24 June 2026, the Office of Management and Budget submitted a supplemental spending request of $87.6 billion, the first formal supplement of the war.[37] Of this, $67 billion was for the DoD, including $21 billion for munitions replenishment, $17.3 billion for operational costs, and further sums for drones, readiness, and classified programmes, with the balance directed to farm aid, energy security, and other purposes.[38] This request, it should be noted, was more than double the direct cost of the combat operations it was ostensibly meant to cover, a gap that reflects both the replenishment of stocks drawn down before and during the war and the bundling of unrelated priorities into a must-pass vehicle. Beyond the formal supplement, members of Congress and the administration's critics have cited reported figures approaching $200 billion for the war and its associated bills, a ceiling that, whatever its precise composition, indicates the scale of the fiscal demand the war is now generating.[39]

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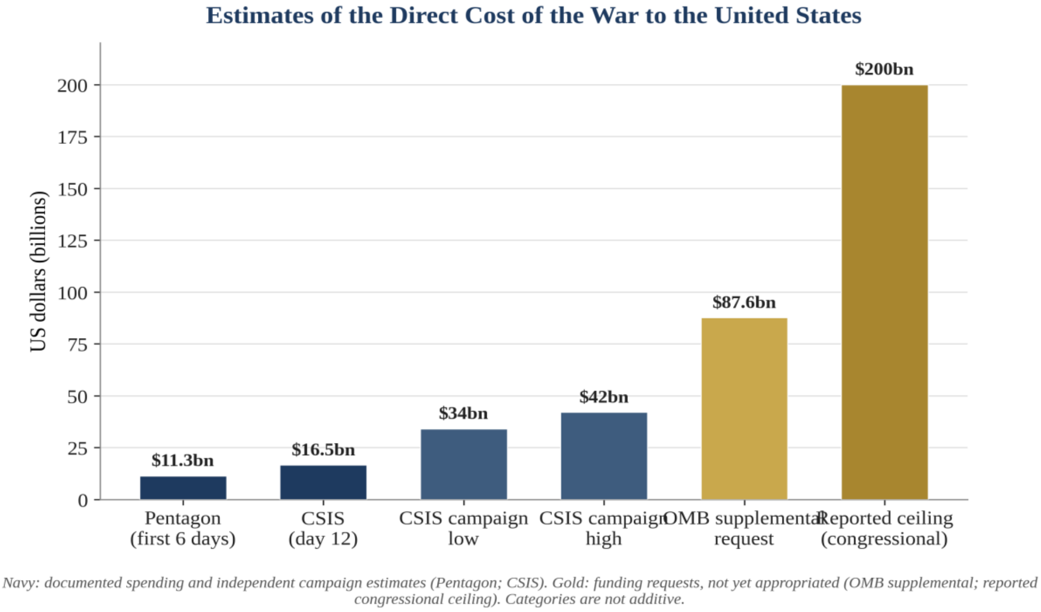
[36] "US Iran War Cost," interceptor cost-asymmetry analysis drawing on CSIS and Department of Defense procurement data, 2026; the disparity between multi-million-dollar interceptors and low-cost drones is a recurring theme in independent assessments of the campaign.

[37] United States Office of Management and Budget, supplemental appropriations request submitted to Congress, 24 June 2026, as reported in "Iran War Supplemental Request," Wall Street Journal, 25 June 2026.

[38] United States Office of Management and Budget, supplemental appropriations request submitted to Congress, 24 June 2026, as reported in "Iran War Supplemental Request," Wall Street Journal, 25 June 2026.

[39] Statement of Representative Betty McCollum, "Congresswoman McCollum Reiterates Strong Opposition to War in Iran," United States House of Representatives, 25 March 2026, https://mccollum.house.gov/media/statements-record/congresswoman-mccollum-reiterates-strong-opposition-war-iran, citing a reported administration request approaching $200 billion in supplemental funding.

Figure 2. Estimates of the direct cost of the war to the United States.



Sources: Pentagon; CSIS; OMB. Navy bars are documented spending and independent campaign estimates; gold bars are funding requests not yet appropriated. Categories are not additive.

It is essential to read *Figure 2* correctly, and the report is explicit on this point. The navy bars represent documented spending or considered independent estimates of what the war has cost. The gold bars represent funding requests, which are political demands upon Congress rather than accounts of money spent, and which have not been appropriated. The categories are not additive: the $200 billion figure is not the $87 billion supplement plus the $40 billion campaign cost but rather a separate, larger reported ceiling that encompasses the war and other bills. What the figure demonstrates is not a single agreed total but a trajectory in which each successive institutional and political estimate has exceeded the last and in which the sums now in contention are an order of magnitude larger than the "days not weeks" framing with which the war began. To set that trajectory in historical perspective, analysts have observed that the Iran campaign, at its peak daily burn rate, ranks among the most expensive daily military operations the US has undertaken since the opening of the Iraq War in 2003, a comparison that is sobering given that the Iran war was presented to the public as a limited and short operation rather than a sustained campaign.[40]

[40] "The True Cost of War: Operation Epic Fury," daily-cost comparison with the Iraq War and earlier conflicts, drawing on Congressional Research Service and Congressional Budget Office historical data; rankings are indicative and adjusted for inflation.

5. The Energy Shock and the Global Economy

The direct military cost of the war, large as it is, has been dwarfed by its economic cost, and the principal transmission mechanism has been the Strait of Hormuz. The strait, a narrow chokepoint at the mouth of the Persian Gulf, carries roughly a fifth of the world's oil and a comparable share of its liquefied natural gas.[41] Iran's closure of the strait in the opening days of the war and its intermittent control of passage thereafter removed the single most important artery of global energy trade from reliable operation, at a moment when the market had no slack to absorb the loss. The International Energy Agency(IEA) described the disruption in the starkest terms available to it, characterising the closure as among the most serious energy security threats in the history of the modern market.[42]

The effect on oil prices was immediate and severe. Brent crude, which had traded a little under seventy dollars a barrel before the war, rose through the opening days and reached a first-phase peak above 110 dollars a barrel as the scale of the Hormuz disruption became clear.[43] *Figure 3* traces this path. The price remained elevated through the spring, imposing a continuous tax on every oil-importing economy, before falling back toward pre-war levels in June when the Islamabad Memorandum reopened the strait and restored the expectation of normal passage.[44] This decline was the single most important economic benefit of the June settlement, and its reversal is the single most important economic consequence of the war's resumption.

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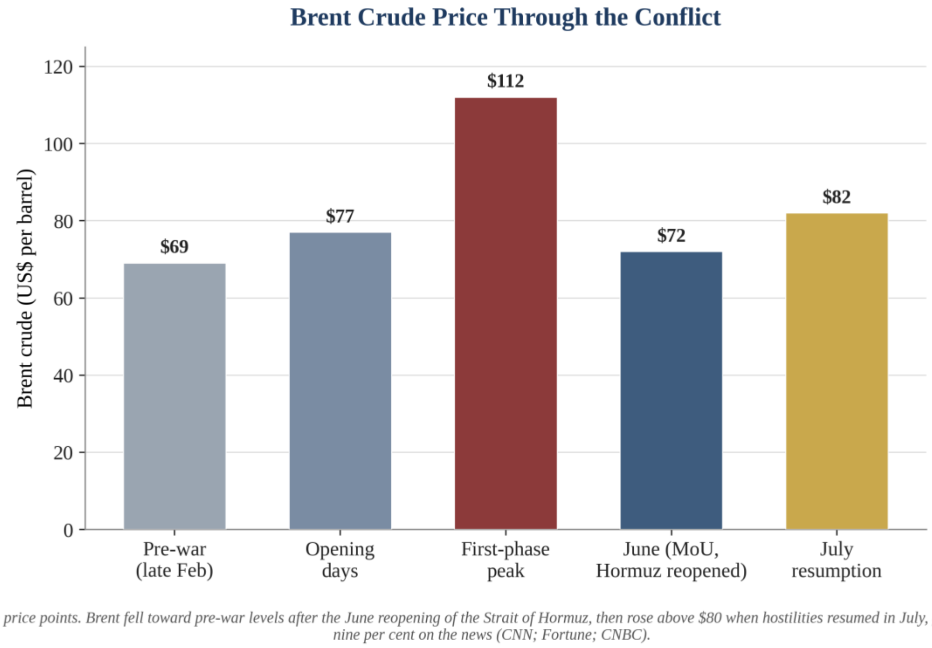
[41] Congressional Research Service, "The Strait of Hormuz and Global Energy Security," and World Economic Forum analysis of Hormuz throughput, 2026.

[42] International Energy Agency assessment of the 2026 Strait of Hormuz disruption, as reported in contemporaneous coverage, characterising the closure as among the gravest energy-security threats in the history of the modern market.

[43] "How the Iran War Affected Global Oil Prices," Reuters, April 2026; and Congressional Research Service, "Oil Markets and the 2026 Iran Conflict," Report R45281. See also, "Iran War (2026): Cost and Analysis," and contemporaneous Reuters and CNBC market reporting on the first-phase Brent crude peak.

[44] "Inflation Fell in June as Iran War Eased. Now, It Might Roar Back," Christian Science Monitor, 15 July 2026, https://www.csmonitor.com/Business/2026/0715/inflation-iran-war-oil-hormuz.

Figure 3. Brent crude price during the conflict.



Sources: CNN; Fortune; CNBC. Prices fell toward pre-war levels after the June reopening of the Strait of Hormuz, then rose again on the July resumption.

When hostilities resumed in July, the energy shock resumed with them. The renewed exchange of strikes, the reimposition of the US naval blockade, and a fresh halt to shipping through the strait sent oil prices climbing once more; Brent returned above $80 a barrel, and on the news of the resumption, global oil prices surged by more than nine per cent in a single session.[45] President Trump's suggestion that the US would levy a 20 per cent toll for escorting ships through the strait, a proposal his own Secretary of State had earlier dismissed as unworkable, added a further element of uncertainty to a market already unsettled by the return to war.[46]

The significance of the energy shock for the US is twofold. First, although the US is a net energy exporter and is therefore less directly exposed than energy-importing allies in Europe and Asia, oil is a globally priced commodity, and a Hormuz-driven spike raises the price Americans pay at the pump regardless of where the oil is produced. This is a point the administration's own political predicament illustrates vividly: a president who campaigned on cutting energy bills and reviving American energy dominance has instead presided over a war-

[45] "US Resumes Strikes While Iran Says It Struck Two Tankers in Strait of Hormuz," CNN, 13 July 2026, https://www.cnn.com/2026/07/13/world/live-news/iran-war-trump. See also, "US Resumes Strikes While Iran Says It Struck Two Tankers in Strait of Hormuz," CNN, 13 July 2026, reporting a single-session rise in global oil prices of more than nine per cent.

[46] "US Resumes Strikes While Iran Says It Struck Two Tankers," CNN, 13 July 2026, reporting the president's proposal of a 20 per cent toll for safe passage through the strait and Secretary of State Rubio's earlier characterisation of tolls as unworkable.

driven spike in the price of the single most politically visible commodity in the American economy. Second, and more consequential, the energy shock is the principal channel through which the war has entered the American domestic economy, driving the inflation examined in the following section. The economic cost of the Hormuz disruption, as one analysis observed, dwarfs the direct military expenditure of the war, and it is a cost that the resumption of hostilities has now re-imposed.[47]

A further dimension of the war's cost, invisible in the headline dollar figures but strategically consequential, is the opportunity cost imposed on the US in other theatres. The CSIS warned that the diversion of high-demand munitions to the Iran campaign created risks elsewhere, and reporting indicated that the expenditure of more than 1,000 Tomahawk missiles and a large volume of air-defence interceptors had raised concern about readiness for a potential contingency in the western Pacific, where the same classes of weapon would be central to the defence of Taiwan.[48] A war fought to constrain Iran, in other words, has drawn down precisely the stocks on which deterrence of a far more capable adversary depends, and it has done so at a moment when American munitions production cannot keep pace with expenditure. This is a cost that does not appear in any supplemental request, but it is real and grows with every week the war continues.

It is worth setting the war's daily cost in historical perspective. At its opening intensity, the campaign against Iran ranked among the most expensive daily military operations the US has mounted in the modern era, exceeding the peak daily cost of the Iraq War and approaching, in some estimates, the exceptional daily expenditure of the 1991 Gulf War, though over a shorter and less intense opening than that conflict's ground campaign.[49] The significance of this comparison is not the precise ranking but the trajectory: a war presented as a limited and affordable operation has, by the measure of its own daily cost, placed itself in the company of the largest American wars of the past four decades.

[47] "Iran War (2026): Cost, Casualties and Analysis," WarCosts, July 2026, on the economic cost of the Hormuz disruption relative to direct military expenditure; figure treated as indicative.

[48] Cancian, "Iran War Cost Estimate Update," Center for Strategic and International Studies, 7 May 2026, warning that the diversion of high-demand munitions to the Iran campaign created risks in other theatres, including the western Pacific.

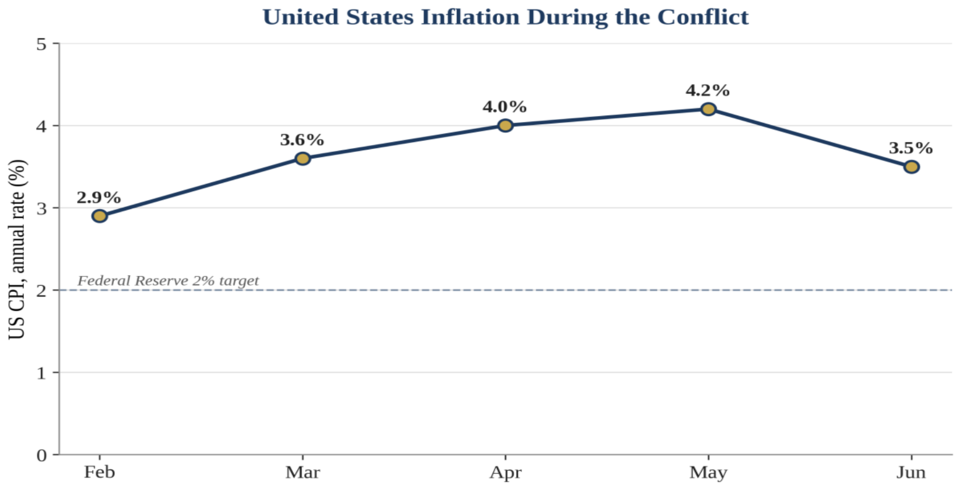
[49] "The True Cost of War: Operation Epic Fury," historical cost comparison drawing on Congressional Research Service and Congressional Budget Office data for the Iraq, Afghanistan, and 1991 Gulf conflicts; daily-cost rankings are indicative and adjusted for inflation.

6. The Domestic Economic Cost

The energy shock transmitted through the Strait of Hormuz has translated, inside the US, into the most politically dangerous of economic conditions: rising prices for goods that voters purchase most visibly and most frequently. The war arrived at a moment when American inflation was already elevated, and the Federal Reserve was still working to return it to its two per cent target, and the energy shock reversed the progress that had been made.

The path of consumer price inflation through the conflict is traced in *Figure 4*. Annual consumer price inflation, which stood below three per cent before the war, rose steadily as the energy shock propagated through the economy, reaching a three-year high of four point two per cent in May 2026.[50] The Federal Reserve's preferred measure, the personal consumption expenditures index, told the same story, rising from two point eight per cent in February to three point eight per cent by April under the pressure of the Hormuz-driven energy spike.[51] In June, as the Islamabad Memorandum reopened the strait and energy prices fell sharply, inflation eased to three point five per cent, with the great majority of the decline attributable to a fall in energy prices of more than five per cent in a single month.[52] This easing offered a glimpse of the economic dividend that peace would deliver.

Figure 4. United States consumer price inflation during the conflict.



Annual CPI rose to a three-year high of 4.2 per cent in May 2026, then eased to 3.5 per cent in June as energy prices fell during the truce, before the July resumption renewed upward pressure (US Bureau of Labor Statistics).

Source: US Bureau of Labour Statistics. Inflation reached a three-year high of 4.2 per cent in May 2026 before easing in June as the truce lowered energy prices.

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[50] United States Bureau of Labor Statistics, Consumer Price Index summary, May 2026, released June 2026.

[51] "High Oil Prices Could Cost Republicans Congress in 2026," market analysis, 13 June 2026, citing a rise in annual PCE inflation from 2.8 per cent in February to 3.8 per cent by April.

[52] "Inflation Falls in June on a Temporary Dip in Oil Prices," US News and World Report, 14 July 2026, https://www.usnews.com/news/national-news/articles/2026-07-14/inflation-falls-in-june-on-a-temporary-dip-in-oil-prices; and Christian Science Monitor, 15 July 2026.

The war's resumption has placed that dividend in jeopardy. As oil prices climbed again in July, analysts warned that the June disinflation would prove temporary and that, even after the war-related energy spike unwound, the underlying pace of inflation had drifted upward toward three per cent.[53] The consequences extend beyond the price of petrol. The renewed inflationary pressure has complicated the position of the Federal Reserve under its new chairman, Kevin Warsh, who told Congress in July that the central bank remained committed to its two per cent goal even as Middle Eastern tensions drove oil above $80 a barrel.[54] A cut in interest rates, which the administration had sought and which lower inflation would have permitted, has been placed out of reach; the Federal Reserve has held rates and revised its inflation forecast upward, citing the Iran war energy shock explicitly.[55] The effect has propagated into the wider cost of borrowing: the yield on the 10-year Treasury note, the benchmark for mortgages, car loans, and credit-card debt, rose above four and a half per cent as oil prices climbed and the president declared the ceasefire over.[56]

The burden of these developments falls unevenly, and it falls most heavily on constituencies of particular political sensitivity. American farmers, among the administration's most loyal supporters, have faced the compounding pressures of weaker export demand and rising diesel prices, squeezing margins at a critical moment.[57] Households already wearied by years of elevated prices have little appetite for a further surge in the cost of living, and the most visible categories of inflation, petrol above all, carry the greatest political weight.[58] The war, in short, has re-created precisely the inflationary conditions that the administration was elected to eliminate, and it has done so through a mechanism, the price of energy, that is both highly visible to voters and directly attributable to the president's own decision to prosecute the war.

The mechanism by which the energy shock becomes a general inflation deserves to be stated plainly, because it explains why the cost of the war reaches every American household rather than only those who purchase petrol. Energy is an input to almost everything else in a modern

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[53] "Inflation Falls in June on a Temporary Dip in Oil Prices," US News and World Report, 14 July 2026, citing analysis that underlying inflation had drifted up toward 3 per cent.

[54] "Fed Chairman Warsh Vows to Solve Inflation," US News and World Report, 14 July 2026, https://www.usnews.com/news/national-news/articles/2026-07-14/fed-chairman-warsh-vows-to-solve-inflation.

[55] "US-Iran War: Oil Price Rises Signal Another Headache for Warsh and the Fed," Fortune, 13 July 2026, https://fortune.com/2026/07/13/oil-price-rises-inflation-expectations-warsh-fed-goldman/; and Federal Reserve monetary-policy statements citing the Iran war energy shock.

[56] "10-Year Treasury Yield Climbs to 4.57% as Jumping Oil Prices Reignite Inflation Fears," CNBC, 8 July 2026, https://www.cnbc.com/2026/07/08/treasury-yields-trump-iran-ceasefire.html.

[57] "High Oil Prices Could Cost Republicans Congress in 2026," 13 June 2026, on the pressure of rising diesel prices and weaker export demand on American farmers.

[58] "Inflation Falls in June on a Temporary Dip in Oil Prices," US News and World Report, 14 July 2026, on the political salience of visible inflation categories such as petrol.

economy. When the price of oil rises, so does the cost of transporting goods, of manufacturing that depends on petrochemical feedstocks, of fertiliser and therefore of food, and of the diesel on which agriculture and freight alike depend. The Hormuz-driven spike in crude thus propagated outward from the petrol pump into the broader price level, which is why the personal consumption expenditures measure that the Federal Reserve watches most closely rose a full percentage point, from two point eight to three point eight per cent, over the two months in which the strait was most disrupted.[59] The easing of June, when the strait reopened, and energy prices fell more than five per cent in a single month, demonstrated the same mechanism in reverse, and its speed underlined how directly the war's course is transmitted into the cost of living.[60]

The consequences for economic growth compound those for prices. Higher energy costs act as a tax on consumption, leaving households less to spend on everything else, while the higher interest rates that the inflation compels raise the cost of every mortgage, car loan, and business investment. Data released during the conflict showed that the American economy had been slowing even before the war began, and that rising energy prices posed a clear risk of tipping a decelerating expansion toward stagnation.[61] The war, therefore, threatens the American economy through two channels at once: it raises prices, which erodes real incomes, and it raises the cost of borrowing, which restrains the investment and consumption on which growth depends. A short, quickly ended war would have allowed both pressures to subside, as the June truce briefly showed. A prolonged war holds them in place.

7. The Fiscal and Political Confrontation

The costs assessed in the preceding sections converged, in the summer of 2026, into a direct confrontation between the executive and the legislature over the funding and the constitutional basis of the war. This confrontation is itself a cost of the war, in that it consumes political capital, strains the governing coalition, and casts doubt on the administration's ability to sustain the operation it has begun.

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[59] "High Oil Prices Could Cost Republicans Congress in 2026," market analysis, 13 June 2026, citing a rise in annual PCE inflation from 2.8 per cent in February to 3.8 per cent by April.

[60] "Inflation Falls in June on a Temporary Dip in Oil Prices," US News and World Report, 14 July 2026, https://www.usnews.com/news/national-news/articles/2026-07-14/inflation-falls-in-june-on-a-temporary-dip-in-oil-prices and Christian Science Monitor, 15 July 2026.

[61] "Cracks Emerged in a Resilient US Economy Before War in Iran Sent Oil Prices Rocketing," Associated Press economic reporting, 2026, on signs of slowing growth before the war and the risk posed by rising energy prices.

The fiscal dimension of the confrontation arises from the circumstance noted above: the war has been fought on unappropriated money, and the administration must now return to Congress to fund it retrospectively and prospectively. The $87.6 billion supplemental submitted in June and the larger sums reported to be under consideration require congressional votes that are no longer assured.[62] As one analysis observed at the height of the first phase, the money that was supposed to fund a war of days now required a vote that might not pass, and congressional resistance to the supplemental was real.[63] The resistance has both a partisan and a fiscally conservative character: opponents object to the scale of spending, to the bundling of unrelated priorities into the supplemental, and to the open-ended commitment that continued funding implies.

The structure of the supplemental request has itself become a source of friction. The $87.6 billion package submitted in June bundled the $67 billion sought for the DoD together with more than eleven billion dollars in farm aid, funds for an Ebola response, energy-security money, and construction spending, a composition that critics read as an attempt to attach unrelated and politically attractive items to a war-funding vehicle that might not otherwise pass on its own merits.[64] That the Pentagon's leadership had, in the weeks before, told lawmakers privately that the department needed some $80 billion to cover the war and other bills only sharpened the impression of an operation whose costs had outrun both its budget and its authorisation.[65] The result is that each successive tranche of funding must be extracted from a legislature that is increasingly disinclined to provide it, and that the war's continuation depends, month by month, on votes that its own cost has made harder to win.

The strain is not confined to the opposition. A president who campaigned against foreign wars and against inflation now asks members of his own party to vote for the funding of a widening war whose most visible domestic consequence is exactly the inflation they were elected to reduce, and to do so in the months before an election in which fuel prices and the cost of living

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[62] United States Office of Management and Budget, supplemental appropriations request submitted to Congress, 24 June 2026, as reported in "Iran War Supplemental Request," Wall Street Journal, 25 June 2026. See also, Statement of Representative Betty McCollum, "Congresswoman McCollum Reiterates Strong Opposition to War in Iran," United States House of Representatives, 25 March 2026, https://mccollum.house.gov/media/statements-record/congresswoman-mccollum-reiterates-strong-opposition-war-iran, citing a reported administration request approaching $200 billion in supplemental funding.

[63] "US-Iran Ceasefire and the Supplemental Fight," contemporaneous congressional reporting, June 2026, on resistance to the war supplemental.

[64] United States Office of Management and Budget, supplemental appropriations request submitted to Congress, 24 June 2026, as reported in "Iran War Supplemental Request," Wall Street Journal, 25 June 2026.

[65] "Pentagon Needs $80 Billion to Cover Iran War Costs," Wall Street Journal, 18 to 19 June 2026, reporting Deputy Defense Secretary Stephen Feinberg's statements to lawmakers.

are likely to weigh heavily.[66] The war has thus opened a fault line within the governing coalition itself, between the imperatives of prosecuting the conflict and the electoral interests of those who must fund it. This internal tension is among the least quantifiable of the war's costs, but it is among the most consequential, because it bears directly on the capacity of the US to sustain the operation at all.

The constitutional dimension is older and sharper. From the earliest days of the war, members of Congress challenged the legality of the president's decision to order strikes on Iran without congressional authorisation. In March, Representative Betty McCollum placed on the record her opposition to what she described as an unlawful and unconstitutional decision to enter the nation into war without any imminent threat and lacking the necessary congressional authorisation, and she drew attention to the administration's failure to account for the rapidly rising costs of what she characterised as a war of choice.[67] These objections, grounded in the war-powers provisions of the Constitution, have gained force as the war's cost has risen and as its promised swift conclusion has given way to open-ended hostilities.

The political context that gives this confrontation its edge is the approach of the 2026 midterm elections. The war's economic consequences, inflation, high petrol prices, and rising borrowing costs bear directly on the issues that most move voters, and they do so to the disadvantage of the governing party.[68] A president who campaigned on ending inflation and avoiding foreign wars now presides over both a resurgence of inflation and a widening war, and the visibility of petrol prices, in particular, translates the war's economic cost into an immediate political liability.[69] The administration's evident desire to bring the unpopular and inflationary war to a close, even as it simultaneously prosecutes it, reflects the bind in which the accumulating costs have placed it.[70] The fiscal and political confrontation is thus not a side effect of the war's cost but one of its principal forms: the war has become expensive enough and unpopular enough that funding and sustaining it now requires the expenditure of political capital the administration can ill afford.

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[66] "High Oil Prices Could Cost Republicans Congress in 2026," 13 June 2026.

[67] "Congresswoman McCollum Reiterates Strong Opposition to War in Iran," United States House of Representatives, 25 March 2026, https://mccollum.house.gov/media/statements-record/congresswoman-mccollum-reiterates-strong-opposition-war-iran.

[68] "High Oil Prices Could Cost Republicans Congress in 2026," 13 June 2026.

[69] "Inflation Falls in June on a Temporary Dip in Oil Prices," US News and World Report, 14 July 2026.

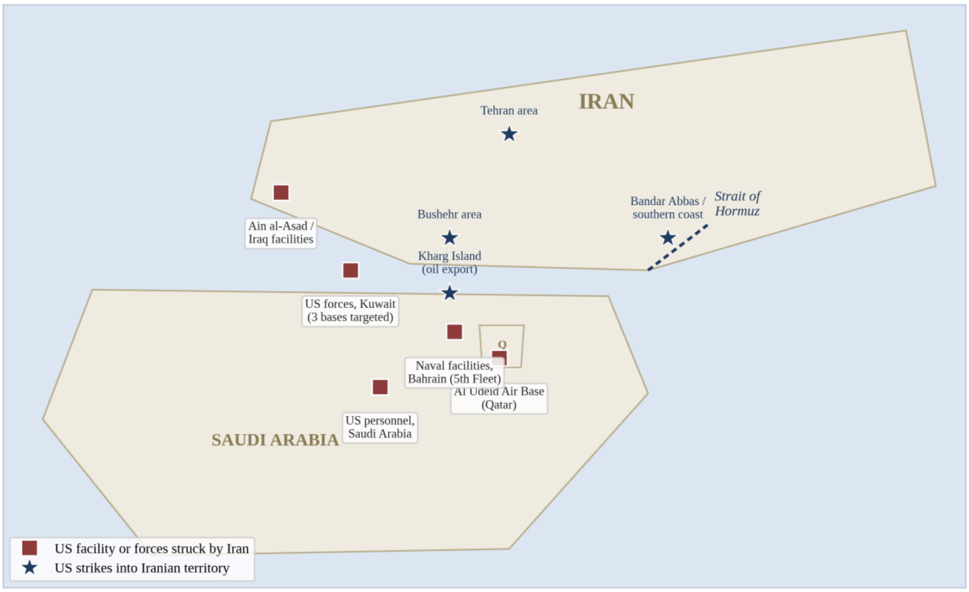
[70] "Inflation Fell in June as Iran War Eased. Now, It Might Roar Back," Christian Science Monitor, 15 July 2026, on the administration's desire to end an unpopular and inflationary war.

8. The Geography of the Cost

The costs assessed in this report are distributed across a wide theatre, and their geography is itself a source of vulnerability for the United States. *Figure 5* presents a schematic map of the conflict, indicating the principal locations where United States forces and facilities have been struck by Iran and where the United States has struck into Iranian territory.

Figure 5. Geography of the conflict: US facilities struck, and US strikes into Iran

Geography of the Conflict: US Facilities Struck and US Strikes into Iran



Schematic representation, not to scale, indicating the principal locations of Iranian strikes on United States forces and facilities across the Gulf, and of United States strikes into Iran. Positions are approximate (CENTCOM; CNN; Al Jazeera).

Sources: CENTCOM; CNN; Al Jazeera. United States facilities were struck, and the United States struck Iran. Schematic, not to scale.

The map illustrates a structural feature of the American position that bears directly on the cost of a prolonged war. The US prosecutes the war from a network of large, fixed installations distributed across the Gulf states: the Al Udeid Air Base in Qatar, the largest American air base outside the continental United States; the naval facilities in Bahrain that host the Fifth Fleet; and forces stationed in Kuwait, Saudi Arabia, and Iraq. Each of these installations is within range of Iran's missile and drone forces, and each has been targeted. The three American deaths of the war's second day occurred in Kuwait, and the reopened hostilities of July again brought Iranian drones and ballistic missiles against American bases in Kuwait and Bahrain.[71] The

[71] "Three US Troops Killed in War With Iran: CENTCOM," Al-Monitor, 2 March 2026, https://www.al-monitor.com/originals/2026/03/three-us-troops-killed-war-iran-centcom. See also, "Iran War Casualties and Base Attacks, June to July 2026," Council on Foreign Relations Global Conflict Tracker, accessed July 2026, https://www.cfr.org/global-conflict-tracker/conflict/confrontation-between-united-states-and-iran.

American strikes into Iran, by contrast, have concentrated on the southern coast, the area around Bushehr, the oil-export infrastructure at Kharg Island, and targets near Tehran.[72]

The strategic implication is that the US cannot prosecute this war without exposing its forward-deployed forces to continuous risk, and it cannot easily reduce that exposure without abandoning the bases from which the war is fought. This is a structural cost of the American posture in the region, and it is one that a prolonged war steadily magnifies: every additional month of hostilities is a month in which fixed and known American installations remain within reach of an adversary whose principal military response to American air power has been precisely to strike those installations.

9. Scenarios: The Cost of Continuation

The preceding sections have assessed the documented cost of the war to the US. This section turns to the future, and it does so with explicit caution. What follows is not a forecast. It is a set of illustrative scenarios, constructed to show how the documented costs already described would behave under different assumptions about the war's duration and intensity. The figures are indicative, derived from the first-phase data by straightforward extension, and they are offered to illuminate the structure of the risk rather than to predict a particular outcome. They should be read as scenarios, not projections.

The central variable is duration. The first phase of the war, from late February to mid-June, lasted roughly one hundred and eight days and produced the documented costs set out above: a direct military cost estimated at $34 to $42 billion, 13 American dead, 42 aircraft lost, a peak in oil prices above $110, and a peak in inflation of four point two per cent.[73] These figures provide the empirical basis for reasoning about continuation.

[72] "US Resumes Strikes While Iran Says It Struck Two Tankers in Strait of Hormuz," CNN, 13 July 2026, https://www.cnn.com/2026/07/13/world/live-news/iran-war-trump. See also, "US-Iran Ceasefire Crumbles as Fresh Strikes Rock Middle East," CNN, 9 July 2026, https://www.cnn.com/2026/07/09/world/live-news/iran-war-trump on United States strikes near Bushehr and other Iranian targets.

[73] Mark F. Cancian and Chris H. Park, "The War May Be Ending. What Did Epic Fury Cost?," Center for Strategic and International Studies, 25 June 2026, https://www.csis.org/analysis/war-may-be-ending-what-did-epic-fury-cost. See also,"At Least Three US Service Members Killed During Iran Operation: CENTCOM," Al Jazeera, 1 March 2026, https://www.aljazeera.com/news/2026/3/1/at-least-three-us-service-members-killed-during-iran-operation-centcom; United States Central Command casualty updates, March to July 2026. See also, Congressional Research Service, "United States Aircraft Losses in Operation Epic Fury," Report IN12692, 13 May 2026. See also, "How the Iran War Affected Global Oil Prices," Reuters, April 2026; and Congressional Research Service, "Oil Markets and the 2026 Iran Conflict," Report R45281. See also, United States Bureau of Labor Statistics, Consumer Price Index summary, May 2026, released June 2026.

To make the risk structure concrete, it is useful to extend the documented first-phase figures arithmetically, while reiterating that the results are illustrative scenarios rather than forecasts. The first phase incurred a direct military cost of roughly $34 to $42 billion over about 108 days, averaging about $350-$400 million per day over the entire period, though the opening days ran far higher, at $1.5-$2 billion per day. On that basis, a contained continuation at, say, half the first-phase average would add on the order of $15–20 billion for 100 days of conflict. A continuation at the full first-phase average would add US$35–40 billion per 100 days, and a return to the opening-days intensity would add well over $100 billion per 100 days, which is the trajectory that carries the war toward the $200 billion ceiling already reported.[74] These are deliberately simple extrapolations, and they omit the compounding economic costs, but they show the essential point: the direct military cost of the war scales more or less linearly with its duration and intensity, and there is no point on that line at which continuation becomes cheap.

A contained continuation, in which the war persists at a lower intensity than the opening campaign, with intermittent strikes rather than sustained bombardment, would extend the direct military cost at a reduced daily rate while keeping the energy market in a state of chronic disturbance. Even at a fraction of the first-phase burn rate, a war continuing for several more months would add tens of billions of dollars to the direct military cost, keep oil prices elevated above pre-war levels, and sustain the inflationary pressure that has already reversed the Federal Reserve's progress toward its target. In this scenario, the war does not break the American economy, but it steadily erodes fiscal capacity, entrenches inflation above target, and keeps interest rates higher than they would otherwise be, with cumulative consequences for growth, borrowing costs, and household welfare.

A renewed escalation, in which the war returns to the intensity of the opening campaign, would reproduce the first-phase costs on a recurring basis. A return to the $1.5-2 billion-per-day burns rate of the opening days, sustained over months, would drive the direct military cost toward and beyond the $200 billion ceiling already reported.[75] A renewed closure of the Strait of Hormuz, of the kind that drove Brent above $110 in the first phase, would return oil to those

[74] Statement of Representative Betty McCollum, "Congresswoman McCollum Reiterates Strong Opposition to War in Iran," United States House of Representatives, 25 March 2026, https://mccollum.house.gov/media/statements-record/congresswoman-mccollum-reiterates-strong-opposition-war-iran, citing a reported administration request approaching $200 billion in supplemental funding.

[75] Statement of Representative Betty McCollum, "Congresswoman McCollum Reiterates Strong Opposition to War in Iran," United States House of Representatives, 25 March 2026, https://mccollum.house.gov/media/statements-record/congresswoman-mccollum-reiterates-strong-opposition-war-iran, citing a reported administration request approaching $200 billion in supplemental funding.

levels and push American inflation back toward, and potentially beyond, its May peak. In this scenario, the economic consequences become genuinely severe: sustained high inflation, a Federal Reserve forced to hold or raise interest rates into a slowing economy, rising unemployment as higher borrowing costs bite, and a fiscal position strained simultaneously by war spending and by the automatic costs of a weakening economy.

A prolonged war of attrition, combining features of both, is the scenario that most threatens the US, not through any single catastrophic event but through the accumulation of costs across every dimension this report has assessed. The danger to the US in this scenario is not military defeat, which remains improbable given the disparity of forces, but a slower and more corrosive form of exhaustion: the depletion of munitions inventories that production cannot replace, the diversion of resources from other strategic theatres such as the western Pacific, the entrenchment of inflation and high interest rates, the accumulation of debt to fund a war that Congress never authorised, and the erosion of the domestic political consensus on which any sustained military operation ultimately rests. It is in this sense, and not in the sense of battlefield collapse, that a prolonged war carries the risk of serious and lasting damage to the American economy and to American power.

The common thread across all three scenarios is that continuation is expensive in ways the war's architects did not acknowledge, and that the costs compound. Each additional month adds to the direct military bill, sustains the energy shock, prolongs the inflationary pressure, deepens the fiscal hole, and further strains the political consensus. The June settlement, whatever its flaws, briefly capped these costs; its collapse has uncapped them.

10. Conclusion

The war against Iran has cost the US more than its architects acknowledged, and the collapse of the Islamabad Memorandum has removed the ceiling that the June settlement briefly placed upon those costs. This report has assessed the cost across four dimensions and found, in each case, a burden heavier than the war's initial framing implied and now rising once more. In all, thirteen American service members have been killed and more than two hundred wounded, with the exposure of forward-deployed forces renewed by the resumption of hostilities. In materiel, 42 aircraft were lost in the opening campaign alone, alongside a munitions expenditure that has begun to strain inventories and to draw resources from other strategic theatres. In monetary terms, the direct military cost of the first phase, estimated at $34 to $42 billion, has been overtaken by supplemental funding requests approaching, by some accounts, $200 billion. In the economy, the closure of the Strait of Hormuz drove oil prices above $110 a barrel and American inflation to a three-year high, reversing the Federal Reserve's progress and imposing a visible and politically potent burden on American households.

The war's resumption in July 2026 has reopened each of these channels. Strikes have resumed, the naval blockade has been reimposed, American bases have again been targeted, oil has climbed back above $80 dollars a barrel, and the disinflation that the June truce briefly delivered has been placed in jeopardy. The scenarios examined in this report suggest that continuation, in any of its plausible forms, will compound these costs rather than contain them.

The strategic conclusion is that the principal danger a prolonged war poses to the US is not military but economic and political. The US will not be defeated on the battlefield by Iran. But a war sustained indefinitely, on unappropriated money, against a persistent inflationary shock, and in the face of a sceptical Congress and a wearied electorate, threatens the slower exhaustion of the fiscal, economic, and political resources on which American power ultimately depends. The cost of the war, properly assessed, is not only the sum of what has been spent and lost. It is the accumulating strain on the foundations of American strength, and it is a cost that, on present trends, will continue to rise for as long as the war continues.

This assessment was prepared by London Dialogue based on institutional and primary sources available as of mid-July 2026. All cost figures are in United States dollars and are drawn from the Congressional Budget Office, the Congressional Research Service, the Center for Strategic and International Studies, the Office of Management and Budget, United States Central Command, the United States Bureau of Labour Statistics, and contemporaneous reporting by established news organisations. Forward-looking scenarios are illustrative and are not forecasts. Figures represent the best available public estimates at the time of writing and are subject to revision as the conflict develops.

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