

The Cost of War

THE \$87.5 BILLION supplemental war budget Congress approved for the fiscal year that started Oct. 1, 2003, will be controlled mostly by classified operations, the Defense and State departments and the Coalition Provisional Authority in Iraq. Following an \$80 billion appropriation for fiscal 2003, President Bush had requested \$87 billion for fiscal 2004. Though the request remained largely unchanged, a House-Senate conference tacked on another \$500 million to help fight Southern California wildfires.

More than 11% of the prior amount was spent in the U.S. on homeland security and relief for airlines. Nearly all of the latest request, however, is for military operations and relief-and-reconstruction projects in Iraq and Afghanistan--highlighting the difficulty the U.S. has had since principal fighting ended in Iraq.

--Jennifer Sterling

Sources: Defense Department, Dow Jones Newswires, Office of Management and Budget, WSJ Research, House Appropriations

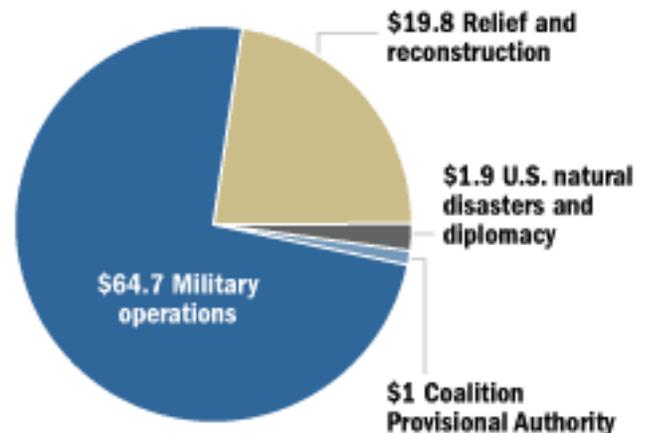
Military Costs

More than half of the military costs--\$35.2 billion--go toward what in some quarters is known as "operation tempo." That is, what is needed to sustain ground operations and keep planes in the air and ships afloat. Troop-operation costs in Iraq averaged near \$4.5 billion a month in July and August, with the Army and Air Force accounting for the lion's share. The Army receives the vast proportion of total military funds due to personnel costs.

Maintenance, for all services, is a major issue, as well. "The harsh desert environment and conditions of war cause significantly more damage and corrosion to equipment than the usual peacetime, training activities," the White House request explains.

WAR-SPENDING SUPPLEMENTAL REQUEST BY USE

In billions



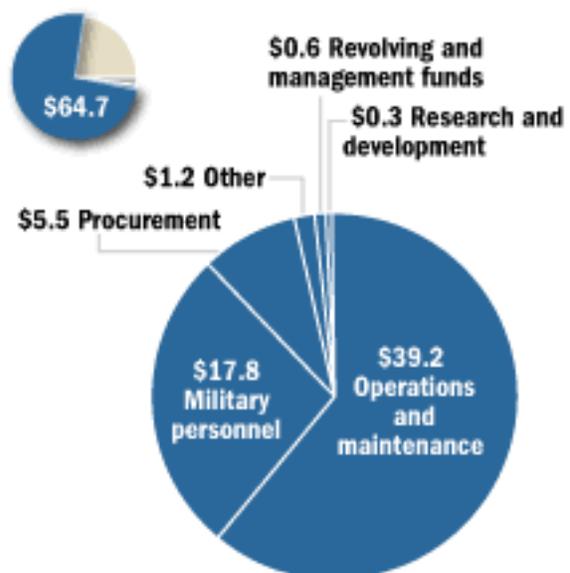
Total: \$87.5 billion for fiscal 2004

Figures don't total due to rounding

Source: House Appropriations Committee

MILITARY FUNDS BY CATEGORY

In billions



Total: \$64.7 billion for military operations

Figures don't total due to rounding

Source: House Appropriations Committee

Relief and Reconstruction

The \$19.8 billion for relief and reconstruction in Iraq and Afghanistan would mostly be controlled by the State Department and the Coalition Provisional Authority, the U.S.-led organization running Iraq. And that total represents at most 40% of the \$50 billion to \$75 billion that is actually needed, the CPA has said. U.S. officials are hoping the remainder will come from foreign countries and international institutions. International donors pledged around \$13 billion at a conference in late October. But that figure still falls short of the estimated amount needed to rebuild Iraq.

Most of the latest request would go to what could be lumped together as infrastructure rebuilding. A much smaller amount--\$353 million--is designated for private-sector development, including on-the-job training, assistance to refugees and the development of human-rights and civilian programs.

For Afghanistan, \$1.2 billion is set aside for infrastructure improvements, women's programs and economic development, among other projects.

What's Ahead

The Senate-House conference agreed to back Mr. Bush's full spending request but shifted the use of some funds. One significant change was allotting \$18.4 billion for Iraq reconstruction, cutting \$1.8 billion from the president's request and reallocating those funds for aid to Liberia, Jordan and Sudan. Mr. Bush beat back an attempt to make some of the Iraq funding in the form of a loan.

The White House's request came as public support was slumping for the U.S. occupation in Iraq. Critics had contended that the \$21.4 billion relief-and-reconstruction funds originally requested by Mr. Bush would mark a massive increase; Congress early in 2003 set aside \$2.4 billion for Iraqi reconstruction projects that was meant to last through 2004. The White House also faced criticism about its investment focuses in Iraq rather than the U.S.

But the White House explained it was in U.S. interests to get Iraq back on its feet. "It is vital that we succeed in Iraq," Mr. Bush said. "A free Iraq will make America more secure. A free Iraq will change the dynamics of the Middle East, which will be important for peace." The president also said domestic funding hasn't suffered. The president also said domestic funding hasn't suffered, noting, for example, that his administration's funding increases for education have been the largest "in a long time."

