The Real Cost of the War in Iran

by Megan Dobrodt and Jason Ross

May 2—Pentagon acting comptroller Jay Hurst told the U.S. Congress on April 29 that the war against Iran—at least the first 60 days of it—had cost the American people about $25 billion. While this enormous amount might be the price tag of the U.S. military operations overseas (though some insist it's at least double that), the actual cost for the globe is orders of magnitude greater.

The institutions actually estimating the full cost of the war have reached a different number. The IMF's April Regional Economic Outlook puts 2026 global GDP growth at 2.6% in its adverse scenario, compared to the historical trend of 3.7%, dropping to roughly 2% in its severe scenario. This implies $1.5–$2 trillion in lost global output for 2026 alone. Goldman Sachs estimates that a 60-day disruption of the Strait of Hormuz produces a 0.9% drag on global GDP and a 1.7% boost to global prices. The International Energy Agency has called it the largest energy supply shock in history; Goldman put the hit to Persian Gulf oil flows at 17.6 million barrels per day—18 times the loss from Russia's invasion of Ukraine.

Add the direct ledger: $40–$200 billion in U.S. and Israeli military expenditure (the Pentagon's official figure and the Center for Strategic and International Studies replacement-cost estimate), $400 billion to $1 trillion in physical damage across Iran, the Gulf States, and U.S. bases (UN Development Program estimates Arab GDP losses alone at $200 billion), and the cumulative cost across 2026–2027 runs to *roughly $4 trillion*—half the cumulative bill of the two-decade-long post-9/11 wars, in only 18 months.

But even this figure, likely an underestimate, still does not begin to capture the physical economic realities of the damage. The $4 trillion cost comes out to about $20.5 billion per country worldwide, larger than the GDP of roughly a quarter of the world's nations. This burden is, of course, not felt evenly. Take the added costs of energy with the closure of the Strait of Hormuz: While the added strain of gas and fertilizer shortages will certainly cause hardship in developed nations, in developing nations, it will mean the difference between life and death. Hundreds of thousands will be killed through cascading food and energy shocks in the immediate period ahead, and hundreds of millions will be pushed into hunger over the next two to three years.

And what of the effect on the world's relative potential population-density, the measure of true physical economic progress? What will be the effect on the power to raise the productive powers of labor per capita and per square kilometer, to thus support a growing human population at an increasing standard of living? The destruction of productive capital and the diversion of $4 trillion from development to destruction and the rebuilding of what once was could reduce the planet's mid-century potential population by something on the order of a half-billion to a billion. The war's most consequential casualties may be people who, had it never been started, would have been born into a more productive global economy and were not.

When one paints that picture, two interconnected issues come to the fore: First, this collapse of the global system into a depopulation mode is the very intention of the system of empire that the world has been suffering under for more than 500 years; second, nations of the world must wake up to the fact that certain measures might delay the collapse, but it cannot be stopped unless the entire policy of geopolitics and war is replaced with a new international security and development architecture which has the common aims of mankind as its *raison d'être*.

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