



The Daily Dish

Counting the Costs of the Iran War

DOUGLAS HOLTZ-EAKIN | APRIL 30, 2026

The war in Iran will carry with it economic, political, and budgetary costs. Yesterday yielded important insights into all three areas. To start, *The Wall Street Journal* [reported](#):

President Trump has instructed aides to prepare for an extended blockade of Iran, U.S. officials said, targeting the regime's coffers in a high-risk bid to compel a nuclear capitulation Tehran has long refused.

In recent meetings, including a Monday discussion in the Situation Room, Trump opted to continue [squeezing Iran's economy](#) and oil exports by preventing shipping to and from its ports. He assessed that his other options—resume bombing or walk away from the conflict—carried more risk than maintaining the blockade, officials said.

The likelihood of an extended disruption of global oil, natural gas, and fertilizer markets raises the chances of more profound upward pressure on prices and greater headwinds to economic growth. The price of West Texas Intermediate crude oil, for example, jumped by over 7 percent - roughly \$7 - on the news. The prospect of growth slowing from its first quarter pace - news that will come out this morning at 8:30 - is sobering.

The possibility of stagflation reentering the nation's vocabulary would be bad news for the president and his party ahead of the midterm elections. Since the economic impacts are even higher outside the United States, a prolonged confrontation carries international political costs as well.

Finally, a House hearing provided the first real public report on the federal budget impact of the war. Bloomberg [reported](#):

The US has spent an estimated \$25 billion on the Iran war, the Pentagon's budget chief

told lawmakers on Wednesday, in the administration's most complete public estimate of the conflict's cost so far.

Acting Pentagon Comptroller Jules Hurst offered the figure during testimony alongside Defense Secretary Pete Hegseth before the House Armed Services Committee on Wednesday.

It is hard to guess what exactly is included in the \$25 billion, when the cost of replacing U.S. stockpiles of missiles and bombs, deployment of troops, and the ongoing naval blockade and armada are all in the mix. But for perspective, the \$416 million per day pace translates into \$152 billion a year. For comparison, the war in Afghanistan, which lasted 20 years, ran about \$115 billion per year, and the Iraq war cost between \$91—\$114 billion per year for its 8 years. Given the intervening inflation and development of more expensive armaments, \$152 billion seems like the lower bound.

The economic costs cannot be dodged but the administration will do some fast talking in order to minimize the political costs. And Eakinomics will bet you dollars to donuts that they will soon argue that the budget costs can be paid for out of the evidently magical tariff revenue.