Center for American Progress

FACT SHEET

Costs of Iran War

Trump administration's war in Iran has cost at least $1,200 per household. With no end in sight, American families are paying a price.

By: Ryan Mulholland, Courtney Federico, and Allison McManus August 20, 2026

State of play

Six months into what he claimed would be a swift military operation, President Donald Trump's war of choice in Iran has become a quagmire. Despite having signed a 60-day ceasefire agreement in mid-June, the war only escalated in recent weeks: the United States and Iran have continued to launch strikes and the Iranian-aligned Houthi forces have opened a new front with deadly attacks on shipping vessels in the Bab-el Mandeb Strait. The war continues to impose severe costs on American households, the U.S. military, the global economy, Middle East partners and civilians in the region, and America's reputation in the world. Iran continues to retain control over the Strait of Hormuz, promising elevated energy prices for months to come. As the June ceasefire agreement has expired, the Trump administration has failed to make progress on any durable ceasefire agreement, in large part because the war has been a resounding disaster for the United States, giving Iran the upper hand in negotiations.

The Trump administration's obfuscation of expenditures, battlefield assessments, casualty counts, and other updates on the war makes estimating a precise total of the costs impossible. Acknowledging these constraints, the information below represents CAP's best effort to assess the full toll of President Trump's war in Iran on the United States and American interests.

Accounting for costs due to war spending and higher prices for groceries, energy, and other related increases, the war has cost at least $1,200 per household, according to economist Mark Zandi. And, as long as the Trump administration continues its war of choice, American families will continue to bear the costs.

Costs of the Iran war

Defense costs

- Eighteen American service members have been killed and at least another 624 have been wounded in the war as of August 4. The Pentagon has failed to provide regular updates on casualties, and it has not attributed casualties after the mid-June ceasefire agreement to the war.

- The Pentagon has neither provided adequate estimates of the costs of operations to date nor has provided enough clarity and detail around the nature of operations to allow for precise independent accounting. In a July briefing to the Senate Appropriations Committee, Secretary of Defense Pete Hegseth estimated the cost of the war to be $37.5 billion. Reliable, independent estimates from the Center for Strategic and International Studies placed the total costs at between $34 billion and $42 billion as of June 23, accounting for the costs of personnel deployments, munitions, equipment loss and damage, fuel, security, and other costs. Other estimates, which assume a broader range of costs and higher burn rate for munitions, suggest the cost of Operation Epic Fury could have reached over $100 billion.

- The Trump administration has sought additional funding to continue the war. On July 22, the House of Representatives voted 216-214, on mostly party lines, to advance a budget resolution that would include an additional $73 billion in funding for the Iran war.

Domestic economic costs

- Prices for fuel remain higher than before the Trump administration's attacks on Iran. As of August 19, Americans had paid $87 billion in extra costs for gas and diesel since the Iran war began, according to the Brown University Iran War Energy Cost Tracker. That amounts to more than $660 per household in higher costs.

- According to Mark Zandi, the chief economist at Moody's Analytics, as of late July, the costs of the war across military spending, higher interest rates, and higher costs for gas, groceries, and other transportation amounted to more than $1,200 per household. Gas and diesel prices are about 37 percent and 45 percent higher, respectively, than before the war. The national average price for regular gasoline was $4.09 per gallon as of August 19, compared with $2.98 on February 27, according to AAA.

- As of August 19, 13 states (Wyoming, Montana, Illinois, Utah, Colorado, Arizona, Idaho, Oregon, Nevada, Alaska, Washington, Hawaii, and California) had regular gas prices above $4.30 per gallon. The states with the highest percentage increases (45 percent or more) relative to prices before the war were Missouri, Wisconsin, Nebraska, New Mexico, Ohio, Minnesota, South Dakota, Idaho, Kansas, North Dakota, Colorado, Oklahoma, Montana, Iowa, Utah, and Wyoming.

TABLE 1

The war in Iran is increasing costs for fuels

Prices of select commodities as of August 19, compared with prewar levels

Indicator	February 27, 2026 (before the war started)	August 19, 2026	% increase
West Texas Intermediate crude oil (WTI) *per barrel*	$67.02	$84.29	25.77
Brent crude oil *per barrel*	$72.87	$91.47	25.52
Dutch Title Transfer Facility natural gas (TTF) *per megawatt hour (MWh)*	€31.98	€63.35	98.09*
Gasoline *per gallon*	$2.98	$4.09	37.25
Diesel *per gallon*	$3.76	$5.50	46.28
Jet fuel *per gallon*	$2.50	$3.90	56.00*
Heating oil *per gallon*	$2.60	$4.44	70.77

* As of August 2018

Note: August 19 prices were collected before markets closed. Prices for gasoline and diesel reflect U.S. averages, while jet fuel is the average for Chicago, Houston, Los Angeles, and New York. The August 18 prices for natural gas and jet fuel represent the latest data available.

Sources: Oil Price, “Oil Price Charts” (last accessed August 2026); TradingView, “Dutch TTF Natural Gas Calendar Month Futures” (last accessed August 2026); AAA, “National Average Gas Prices” (last accessed August 2026); Airlines for America, “Daily Jet Fuel Spot Prices” (last accessed August 2026); Trading Economics, “Heating Oil” (last accessed August 2026).

- With oil prices increasing in response to rising tensions, gas prices are going up and unlikely to come down anytime soon. Even back in April, Secretary of Energy Chris Wright said that gas falling back below $3 “might not happen until next year.”

- The annual inflation rate remains above the Federal Reserve’s target. According to data from the Labor Department, consumer prices increased 3.4 percent in July from a year ago, a full percentage point more than the annual rate of inflation (2.4 percent) before Trump began his war with Iran.

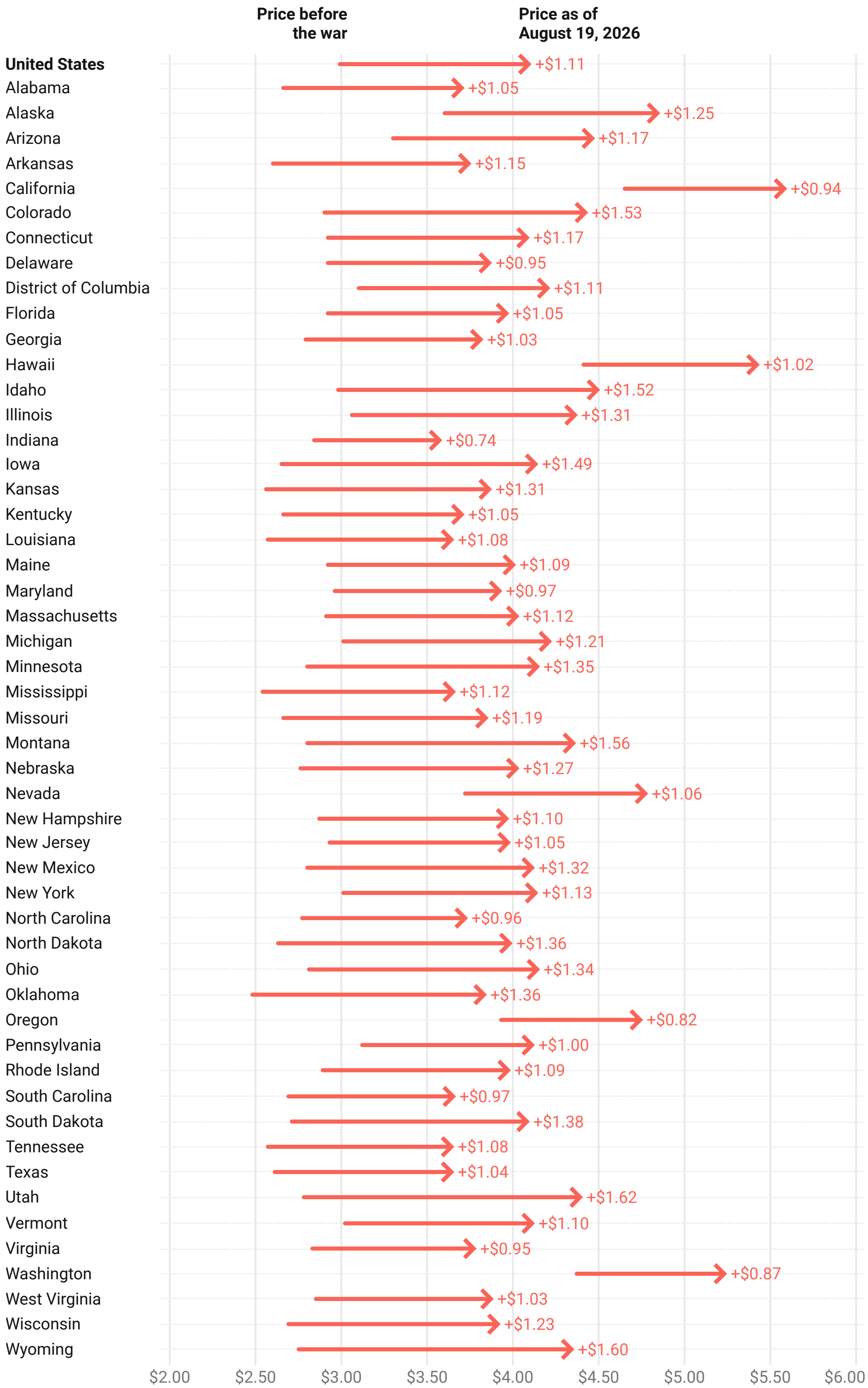
- Food prices also increased 0.1 percent in July, the fourth consecutive monthly rise. Fruit and vegetable prices have risen 5.1 percent year over year, in part driven by an increase in energy and transportation costs, following disruption to oil and gas supplies in the Middle East.

- The 30-year Treasury yield jumped to 5.32 percent on August 18, the highest cost of borrowing for the U.S. government in nearly two decades as Trump’s war with Iran showed little sign of a resolution and investors feared persistent inflation. The rise in borrowing costs threatens to increase mortgage rates and credit card rates for Americans, since long-term bond yields help set interest payments for various consumer loans.

FIGURE 1

State-by-state increases in gas prices since Trump's war on Iran

Gasoline prices have risen sharply since before the war, costing drivers across the United States. Below is a state-by-state breakdown of how gas has increased by state.



Source: AAA, "State Gas Price Averages" (last accessed August 2026).

- Due to higher interest rates, households will spend an estimated additional $4.6 billion, nonfinancial businesses will spend $12.7 billion, and the government will pay $30.8 billion more this year.

Geopolitical costs

- China has successfully exploited the conflict to recast itself as a responsible international actor—contrasting itself favorably with the Trump administration's unilateralism and militarism—and strengthened its negotiating position with the United States.

- The Trump administration's suspension of oil sanctions on Russia in an attempt to stabilize the oil market has resulted in an economic boon for Russia, which earned an additional $2.3 billion in May alone.

- The redeployment of critical U.S. military assets, especially missile defense batteries in South Korea, and consumption of munitions needed by Ukraine have weakened allied security and raised questions about U.S. reliability.

- Iran's ability to survive the combined U.S.-Israeli effort to overthrow the regime has emboldened Tehran, weakening U.S. deterrence and encouraging Iran to adhere to maximalist positions on control of the Strait of Hormuz and its nuclear program.

- The Trump administration's conduct during the Iran war—with strikes on civilians and civilian infrastructure (such as the one that killed 156 people including 120 schoolchildren, in Minab), and rhetoric verging on calls for war crimes—has eroded the professionalism and legitimacy critical to American military power, a serious reputational loss.

- The U.S. failure to neutralize Iran's threat to Gulf partners has both reduced American influence over key international players and negatively impacted their economic growth at a time when the region faces massive capital needs, such as for reconstruction and stabilization in Gaza, Lebanon, and other locations.

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