

IV-3/11

PARIS CONFERENCE  
Paris, France

UNITED STATES DELEGATION

MEMORANDUM

Subject: War Costs Incurred and Damages Sustained by the United States in the Campaign to Defeat the Fascist Italian Government.

During the fiscal years of 1941 to 1946, the United States Government incurred about \$335 billion in war costs for purposes of defeating the Axis Powers and their satellites. That amount of \$335 billion in war costs actually incurred by the Federal Government of the United States is approximately equal to the prewar value of the national wealth of the United States. War costs as used in this context include primarily those expenditures incurred for the subsistence and maintenance of the personnel of the armed forces of the United States, the cost of producing armaments and other military equipment, and certain direct loans and advances made to increase the military strength of our allies. War costs as used here do not include interest on borrowed funds, pensions, and other expenses related in some way to budgetary war costs.

The magnitudes of the military effort of the United States are almost beyond comprehension. That military effort was directed toward many points of enemy military strength in the world. Accordingly, it is somewhat difficult to allocate on a precise basis the respective amounts of United States resources and armed strength used in the campaigns against Germany, Japan, Italy, and their satellites. We estimate, however, that on a very conservative basis from \$15 to \$20 billion in war costs was spent by the United States in the campaign to defeat the fascist Italian Government.

In addition to war costs of \$15 to \$20 billion which the United States incurred in the Italian campaign, the United States sustained property damages at the hands of the Italians. About \$100 million of United States property was damaged or lost as a result of Italian action. Military goods, such as cargoes consisting of armaments and munitions lost on the high seas, are of course not included in the total of \$100 million of United States property lost or damaged as a result of Italian action.

The United States Government is of course aware that war costs incurred by the Allies to defeat Italy, then one of the Axis powers, constitutes one of the most valid types of claims which could be entered for purposes of collecting reparations. If the resources

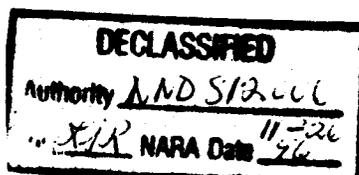
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and military strength of the United States and its Allies had not been directed against Italy and the other Axis powers in the volume needed to achieve victory, the claims for reparations entered by all claimant countries would be very theoretical indeed. However, the United States Government is prepared to waive its claim for reparations from Italy on the grounds that Italian capacity to pay reparations is insufficient to permit that country to deliver, without financial assistance from abroad, any substantial net amount of resources to other countries. That being the situation, the United States Government can see little advantage in distributing poverty around a little more evenly in Europe. Accordingly, the United States does not enter a claim for reparations from Italy.

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