

# THE LITERARY DIGEST

April 23, 1921

## THE UNITED STATES: THE HEAVIEST INVESTOR IN THE WAR

**W**HILE the United States may have suffered the least direct damage from the war, its net loss in money is greater than that of any other participant, according to figures submitted to the United States Senate recently by Senator Spencer, of Missouri. The point is that the United States receives practically nothing in recompense from Germany, whereas Great Britain and France, for instance, receive large sums. Our net loss is \$41,873,948,225, which is \$670,000,000 more than the net loss of any other nation. While the net losses are the largest, those of Japan are about the smallest, totaling about \$232,000,000. Senator Spencer's assertions were based on an account prepared by Fred A. Dolph, and some of Mr. Dolph's figures and conclusions are published in the current *Annalist*. Here is the table showing the comparative war-costs as affected by the German indemnity, the divisions of the indemnity being based on Professor Keynes's figures:

<i>Nation</i>	<i>Gross Cost</i>	<i>Credit Indemnity</i>	<i>Final Loss</i>
U. S. . . . .	\$44,173,948,225	\$2,300,000,000	\$41,873,948,225
Gt. Britain..	51,052,634,000	9,850,000,000	41,202,634,000
France. . . . .	54,272,915,000	16,000,000,000	38,272,915,000
Italy . . . . .	18,680,847,000	3,500,000,000	15,180,847,000
Belgium. . . . .	8,174,731,000	5,700,000,000	2,474,731,000
China. . . . .	565,376,000	100,000,000	465,376,000
Japan. . . . .	481,818,000	250,000,000	231,818,000
Total. . . . .	\$177,402,269,225	\$37,700,000,000	\$139,702,269,225

Mr. Dolph comments on this table as follows:

The Treaty provided that Germany should pay and Germany engaged to pay only three general items of indemnity:

1. Repay Belgium for all foreign loans made by it to prosecute the war, including all fines and taxes imposed by Germany upon Belgian citizens during occupation.
2. All damages to persons and property of civilians.
3. Pension and dependency claims, capitalized on the basis of the French rates.

Ninety-five per cent. of all moneys spent by the United States was for items not coming under any of those three heads. All of the money spent for cost of operation of the War and Navy departments, relief-work contributions, and economic assistance of whatever character is a dead loss. We are only to be reimbursed for a little lost shipping and for pensions and dependency claims, at the French rate, which is considerably less than our own; so that no doubt half or two-thirds of our pension and dependency claims will be a dead loss.

The Treaty fixt at the time what was then supposed to be the maximum indemnity that Germany was to pay on account of the three items. She was to give up certain territories in Europe, which were then and there divided and given to Belgium, France, and other countries. The United States, of course, did not ask for or get any of that indemnity. Then she was required to make certain deliveries of coal to Belgium, France, and Italy; of chemicals to France, and live stock to



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both France and Belgium. The overseas possessions in Africa and the Pacific islands, some 847,000 square miles, were to be held for the joint account of all Allies.

Seven hundred thousand dollars in cash was to be raised with which to pay off Belgium's foreign debt, and Germany was to issue some \$25,000,000,000 of bonds, with varying maturities, that were to be delivered to the Reparations Commission, to be by it allotted.

With reference to the overseas possessions of Germany in Africa and the Pacific islands, it was naturally expected that, in view of the fact that France and other European countries had taken the European territories, the overseas possessions would go to England, minus a few islands in the Pacific to the United States. It was never for a minute supposed that Japan would be allotted any of those islands, because she had received her share in Shantung, which seemed to be ample in view of her insignificant participation in the war.

The United States had holdings in the Samoan Islands, and we might expect England to turn Germany's interest in those islands over to America, or at least divide; but not so. The islands north of the equator lie in a string in the path between Hawaii and the Philippines, and it was thought that those islands would be conceded to the United States, but that was not to be. They were given to Japan, whose financial participation in the world-war turns out to be \$30,000,000 against our \$30,000,000,000, or about one-tenth of 1 per cent. of the participation of the United States.

It was never intended that the United States should participate in any manner in the German indemnity, so that whatever it is, large or small, the amount will have no effect upon the final figures representing the net loss.

Mr. Dolph tabulates the war-expenses of the United States as follows:

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<b>Paid out:</b>	
Military cost, as per Secretary Houston....	\$24,010,000,000
Extra cost government functions under war-conditions, as per Secretary of the Treasury.....	4,500,000,000
Civilian damages, lost shipping, and pensions to be paid.....	2,300,000,000
Red-Cross contributions.....	978,512,225
Other contributions estimated at one-half Red-Cross amount.....	490,000,000
Congressional European relief.....	100,000,000
Credit extended by Grain Corporation.....	60,375,000
Credit given by War Department.....	50,000,000
Credit given by Shipping Board.....	3,580,000
Credit given by American nationals to European nationals, as per bulletin of Bankers Trust Company.....	1,921,481,000
Government loans to European nations, including unpaid interest.....	9,760,000,000
<b>Total</b> .....	<b>\$44,173,948,225</b>

**Credit:**

Received an amount of German shipping not known, but it is expected that the amount, together with other receipts, will reach the sum of \$2,300,000,000; the amount of the civilian loss, pensions, etc.

Great Britain's total war-cost—\$51,052,634,000—is reached by adding to the increased indebtedness of \$39,902,634,000, the \$1,300,000,000 of abnormal taxation and \$9,850,000,000. French borrowings and war-taxations come to \$38,272,925,000, and with \$16,000,000,000 for civilian damages and pensions total \$54,272,915,000. Against this France can credit the wealth of Alsace-Lorraine, coal, chemicals, and live stock from Germany, and \$15,000,000,000



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of German bonds. Similarly, Belgium, with \$3,174,731,000 of war-taxes and borrowings and five billions more in damages and pensions, can credit herself with a small piece of German territory; coal and live stock from Germany; cash or first lien bonds to pay off \$700,000,000 in foreign loans; and an allotment of \$4,000,000,000 in German reparations bonds. Japan paid out \$231,818,000 and is out \$250,000,000 more for damages and pensions, a total of \$481,818,000. She can set over against this 1,040 square miles of Pacific islands, Shantung with its 308 miles of railroad and its forty mines, and all the German cables belonging to both. Italy's war-taxes and borrowings amount to \$15,180,847,000; damages and pensions bring the total to \$18,680,847,000. Italy can balance against this 85,500,000 tons of coal, 12,000 square miles of Austrian territory, and an allotment of \$3,000,000,000 of bonds. China's war-expenses, by deducting prewar national debts, are shown to be \$465,376,000; \$100,000,000 of civilian damages and pensions bring up the total to \$565,376,000. On the credit side are the cancelation of the Boxer indemnity, \$97,875,000; and German property in China, \$2,125,000.

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