PSF Lend Lease

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File Subject File

PSF: Lend Lease
File
Personal

House Resolution 1776
Senate Resolution 275

OPINION
OF
QUINCY WRIGHT

Professor of International Law
University of Chicago

THE lend-lease bill (H.R. 1776) approved by the House of Representatives on February 8 and now pending in the Senate has been criticized as being a "war" bill, a "dictator" bill and a violation of international law.

The term "war" bill was apparently applied, not because of anything in the bill itself, but because of inferences as to its purpose which were drawn from various public addresses of the President.

Some commentators referred to "the ominous omission" of the phrase "short of war" in the President's recent statements about aid to the allies.

The President has under the Constitution very wide powers. He is vested with the executive power of the government. He is the commander in chief of the army and navy in time of peace and war. He is the sole official authority to communicate with foreign governments.

The Supreme court has said with reference to these powers: "In this vast external realm, with its important, complicated, delicate and manifold problems, the President alone has the power to speak or listen as a representative of the nation" (U.S. vs. Curtiss-Wright corporation, 299 U.S. 304, 1936).

"If a war be made by invasion of a foreign nation, the President is not only authorized

but bound to resist force by force" (The Prize Cases, 2 Black, 635, 638, 1862). The powers of Congress extend to all legislation essential to the prosecution of war "except such as interfere with the command of forces and the conduct of campaigns. That power and duty belongs to the President as commander in chief" (Ex parte Milligan, 4 Wall. 2, 1866).

A federal district court said, with respect to the bombardment of Greytown, Nicaragua, one of the numerous cases in which the President had used military force abroad in time of peace to protect American nationals: "As respects the interposition of the executive abroad, for the protection of the lives or property of the citizen, the duty must, of necessity, rest in the discretion of the President" (Durand vs. Hollins, 4 Blatch. 451, 454, 1854).

The President exercises these powers by directing the movements of the army and navy for the defense of American citizens and territory, and by communicating with foreign governments through the Department of State.

It is clear that he might exercise the powers in such a way as to lead another country to make war upon the United States. These powers, however, are granted by the constitution, and cannot be encroached upon by Congress.

The President is of course cognizant of congressional attitudes and of public opinion when-

ever he uses them. It may have been feared by opponents of the bill that congressional endorsement of its policy might induce the President to exercise some of these constitutional powers in a way to involve the country in war.

Such a fear is not justified because the policy of the bill is not war but aid to the allies. The bill does not add to the war powers of the President. It gives no power to declare war, to commit acts of war or to send naval forces into war zones.

It is clear that the authority to "sell, transfer, exchange, lease, lend or otherwise dispose of any defense article" to a foreign government refers to material and not to men with material.

Naval vessels might be transferred to Great Britain, and Britain might then send the vessels into the war zone as it did in the case of the fifty destroyers. They would, however, be under the British flag and manned by British seamen. The House of Representatives made this interpretation explicit.

The act in its original form in no way modified the legislation prohibiting merchant vessels from sailing in war zones. The House also made this explicit.

Either with or without the House amendments the act in no way adds to the President's powers in regard to the conduct of the mili-

tary forces or the conduct of foreign relations.

Nor does the act give the President any power to control or regulate the behavior of individuals, to limit freedom of the press or to modify rights of property.

Why, then, has it been called a "dictatorship" bill? Its most important clause "authorizes to be appropriated from time to time out of any money in the treasury not otherwise appropriated such amounts as may be necessary to carry out the provisions and accomplish the purposes of this act."

These purposes are to manufacture or procure from factories and shipyards defense articles for foreign governments. There is no power given to use methods other than contract and purchase from private concerns or ordering from arsenals or navy yards.

The bill does not give the President any new powers to commandeer private industries. It is primarily a spending bill.

The bill also authorizes the transfer to other governments of defense materials now owned by the United States. The Attorney General held in the case of the destroyers that the power thus to dispose of army and navy material belongs to the President as commander in chief.

Not only were such powers exercised by the President on this occasion but after the armistice in 1918 the President authorized General

Harbord to dispose of large quantities of war material in France. (See Harbord, The American Army in France, Boston, 1936, p. 536.)

The House of Representatives placed a limit of $1,300,000,000 upon the value of existing material or material already appropriated for, which might be transferred to a foreign government.

New contracts can be made for larger amounts, but, according to a House amendment, not after June 30, 1943.

Furthermore an amendment authorized Congress to terminate all these powers at any time by "concurrent resolution." A concurrent resolution means a resolution passed by a majority of both houses and not submitted to the President. Such resolutions have been used for matters of interest only to the houses of Congress, not for legislation.

Inasmuch as the Constitution requires that "every order, resolution or vote to which the concurrence of the Senate and the House of Representatives may be necessary (except on a question of adjournment) shall be presented to the President" for his possible veto (Art. 1, sec. 7, cl. 3) this seems to be an unconstitutional effort to deprive the President of his veto. He would be within his rights in ignoring such a "concurrent resolution."

The House added further safeguards requiring the President to consult with the army chief of staff and the navy chief of operations before disposing of army or navy material, and to report to Congress on operations under the act at least every 90 days "except such information as he deems incompatible with the public interest to disclose."

Apart from appropriations, the only legal changes of importance which would be made if the bill is passed are those permitting outfitting and reconditioning in American ports of war ships of other governments and permitting discrimination in favor of "any country whose defense the President deems vital to the defense of the United States."

These provisions modify sections of the neutrality acts which have been in the statute books since 1794. These acts required impartial treatment of all belligerents and forbade the outfitting of belligerent war vessels in American ports.

One of the Hague Conventions of 1907 required such conduct by neutrals, but this convention is not applicable in the present hostilities because some of the belligerents are not parties. These rules have been considered established by customary international law but only for the benefit of lawful belligerents.

It has been recognized that a state which resorts to hostilities in violation of an explicit obligation is not a lawful belligerent entitled to the benefits of the normal law of neutrality.

According to the Budapest Articles of Interpretation of the Pact of Paris, which while not official have been accepted by many international jurists and by some governments, a party to that treaty "may without thereby committing a breach of the Pact or of any rule of international law decline to observe toward a state violating the Pact the duties prescribed by international law, apart from the Pact, for a neutral in relation to a belligerent." (International Law Association Report, 1934, p. 67.)

A large proportion of the states of the world have recognized that Germany and her allies, all parties to the Pact of Paris, have violated that treaty by their invasions, consequently the United States is free, under international law, to take such discriminatory measures as it sees fit.

The legal situation might be clarified by requiring that a country to which aid shall be given shall not only be a country whose defense is vital to the defense of the United States but also shall be a country which is defending itself against another government which is engaged in war or hostilities in violation of a treaty to which the United States is a party.

In the writer's opinion the bill is not a war bill, nor a dictatorship bill, nor a breach of international law. It is a bill to stimulate production of defense articles in the United States and to send such articles to Great Britain, Greece, China and any other country whose defense is vital to the defense of the United States.

PSF: Lend Lease

January 9, 1941
2 p.m.

A BILL

To further promote the defense of the United States, and for other purposes.

Changes suggested by Senator Barkley and Mr. Beaman were incorporated in this draft.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to promote the Defense of the United States."

Sec. 2. As used in this Act --

(a) The term "defense article" means:

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any other commodity or article for defense.

Such term "defense article" includes any article described in this subsection: Manufactured or procured pursuant to section 3; or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Sec. 3(a). Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government:

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer, exchange, lease, lend, or otherwise dispose of, to any such government any defense article.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order any defense article for any such government.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the

United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

Sec. 4. All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Sec. 5. The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 1090), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

Sec. 6(a). There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the

defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year.

Sec. 7. The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

Sec. 8. The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Sec. 9. The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

1-29-41

Page 3, line 2, before the period, insert a comma and the following:

but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy

Page 3, after line 18, insert the following:

(e) Neither the President nor the head of any department or agency shall, after June 30, 1943, exercise any of the powers conferred by or pursuant to subsection (a), except to carry out a contract or agreement with such a government made before July 1, 1943.

1-27-41

Page 3, after line 18, insert the following:

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

Page 4, line 3, before the word "The" insert "(a)"

Page 4, after line 11, insert the following:

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems it not compatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

77TH CONGRESS
1ST SESSION

H. R. 1776

IN THE HOUSE OF REPRESENTATIVES

JANUARY 10, 1941

Mr. McCORMACK introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States".

SEC. 2. As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, proc-

1 essing, repair, servicing, or operation of any article
2 described in this subsection;
3 (3) Any component material or part of or equip-
4 ment for any article described in this subsection;
5 (4) Any other commodity or article for defense.
6 Such term "defense article" includes any article described
7 in this subsection: Manufactured or procured pursuant to
8 to section 3, or to which the United States or any foreign
9 government has or hereafter acquires title, possession, or
10 control.
11 (b) The term "defense information" means any plan,
12 specification, design, prototype, or information pertaining to
13 any defense article.
14 SEC. 3. (a) Notwithstanding the provisions of any
15 other law, the President may, from time to time, when he
16 deems it in the interest of national defense, authorize the
17 Secretary of War, the Secretary of the Navy, or the head
18 of any other department or agency of the Government—
19 (1) To manufacture in arsenals, factories, and ship-
20 yards under their jurisdiction, or otherwise procure, any
21 defense article for the government of any country whose
22 defense the President deems vital to the defense of the
23 United States.
24 (2) To sell, transfer, exchange, lease, lend, or

otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after such consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy as the President may prescribe.

(3) To test, inspect, prove, repair, outfit, reconditioning, or otherwise to place in good working order any defense article for any such government.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) Neither the President nor the head of any department or agency shall after June 30, 1943, exercise any of the powers conferred by or pursuant to subsection (a), except to carry out a contract or agreement with such a government made before July 1, 1943.

SEC. 4. All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise,

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

1 or permit its use by anyone not an officer, employee, or
2 agent of such foreign government.

3 SEC. 5. (a) The Secretary of War, the Secretary of the
4 Navy, or the head of any other department or agency of
5 the Government involved shall, when any such defense arti-
6 cle or defense information is exported immediately inform
7 the department or agency designated by the President to
8 administer section 6 of the Act of July 2, 1940 (54 Stat.
9 714), of the quantities, character, value, terms of disposi-
10 tion, and destination of the article and information so
11 exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems it not compatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

12 SEC. 6. (a) There is hereby authorized to be appro-
13 priated from time to time, out of any money in the Treasury
14 not otherwise appropriated, such amounts as may be neces-
15 sary to carry out the provisions and accomplish the purposes
16 of this Act.

17 (b) All money and all property which is converted
18 into money received under section 3 from any government
19 shall, with the approval of the Director of the Budget,
20 revert to the respective appropriation or appropriations out
21 of which funds were expended with respect to the defense
22 article or defense information for which such consideration
23 is received, and shall be available for expenditure for the
24 purpose for which such expended funds were appropriated

1 by law, during the fiscal year in which such funds are
2 received and the ensuing fiscal year.

3 SEC. 7. The Secretary of War, the Secretary of the
4 Navy, and the head of the department or agency shall in all
5 contracts or agreements for the disposition of any defense
6 article or defense information fully protect the rights of all
7 citizens of the United States who have patent rights in and
8 to any such article or information which is hereby authorized
9 to be disposed of and the payments collected for royalties on
10 such patents shall be paid to the owners and holders of such
11 patents.

12 SEC. 8. The Secretaries of War and of the Navy are
13 hereby authorized to purchase or otherwise acquire arms,
14 ammunition, and implements of war produced within the
15 jurisdiction of any country to which section 3 is applicable,
16 whenever the President deems such purchase or acquisition
17 to be necessary in the interests of the defense of the United
18 States.

19 SEC. 9. The President may, from time to time, promul-
20 gate such rules and regulations as may be necessary and
21 proper to carry out any of the provisions of this Act; and he
22 may exercise any power or authority conferred on him by
23 this Act through such department, agency, or officer as he
24 shall direct.

77TH CONGRESS
1ST SESSION

H. R. 1776

A BILL

Further to promote the defense of the United States, and for other purposes.

By Mr. McCORMACK

JANUARY 10, 1941
Referred to the Committee on Foreign Affairs

PSF: Hyannis 3 Lend-Lease

DEPARTMENT OF STATE

THE SECRETARY

January 17, 1941.

Lend Lease

MEMORANDUM FOR THE PRESIDENT

The Chester Davis suggestions are herewith returned with two of his three suggested amendments agreed to and written into the accompanying bill on pages 2 and 3. I doubt whether No. 3 can be made a part of this bill without apparent contradictions of purpose and policy and throwing the whole matter into an outside bargaining proposition.

We could, of course, in our discussions with Great Britain and other countries in connection with the furnishing of military supplies, take up on the side and collaterally the question of selling them given amounts of agricultural commodities.

CH

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

January 16, 1941.

The President,
The White House.

Dear Mr. President:

It is not clear whether or not the "Lend-Lease" Bill recently introduced in Congress covers agricultural commodities. I respectfully suggest that the definition of "defense article" in Section 2 be amended so as clearly to cover food and fiber which might be excluded under the present wording.

In addition, it would greatly aid American farmers if foreign governments that receive aid under the Lend-Lease plan would undertake to import agricultural commodities from the United States in amounts which approximate their normal proportion of agricultural imports. Provision for such an undertaking might be made by an added subsection relating to agricultural commodities inserted in Section 4 of the Bill.

The war not only has curtailed our exports but is causing foreign governments to turn to other countries for supplies of farm commodities normally obtained from the United States. This is establishing new trade connections and production facilities with the likelihood that resulting changes in consumer tastes will make such changes permanent. Any permanent loss of foreign markets will necessitate further difficult and costly adjustment for our agriculture.

These changes may be specifically illustrated by the purchases of the United Kingdom. In more normal times our exports of agricultural commodities amounted to approximately $200,000,000 per year. This amount has been greatly reduced and in July we were informed such exports would not exceed $85,000,000 per year. Actually, exports have been at a rate less than this amount and fewer purchases are being made of our great surpluses of cotton, tobacco, lard, grain and dried fruit.

Attached is a draft of amendments which will accomplish the objectives stated. I should like to have your permission to discuss the proposed amendments with two or three among the many friends in Congress who are interested in salvaging part of our vanishing foreign markets for farm exports.

Respectfully submitted,

Chester C. Davis

Chester C. Davis.

Enclosure

Proposed Amendments to H. R. 1776

Amend the first sentence of subsection (a) (4) of section 2 to read:

"Any other commodity or article for defense, including agricultural commodities."

Delete section 4 and substitute in lieu thereof the following:

"Sec. 4. All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain the undertakings of the foreign government:

(a) That it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or (except for agricultural commodities) permit its use by anyone not an officer, employee or agent of such foreign government;

(b) That, in addition to agricultural commodities made available under the contracts or agreements, it will import from the United States agricultural commodities in an aggregate quantity which bears the same proportion to the total agricultural commodities imported by the foreign country as the imports from the United States during the period 1934 to 1938, inclusive, bear to the total imports of agricultural commodities by the foreign country during such period, or such lesser amounts as may be approved by the President.

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

January 16, 1941.

The President,
The White House.

Dear Mr. President:

The step recommended in the attached formal letter would help meet a problem that is seriously worrying American farmers. I hope you will feel that you can give it the green light.

Respectfully submitted,

Chester C. Davis

Chester C. Davis.

Enclosure.

1/14/41
U.S.D.A.

UNITED KINGDOM IMPORTS OF AGRICULTURAL COMMODITIES
By Years - 1930 to Date

Year	Total Imports From All Countries in Million Pounds Sterling	Imports from United States in Million Pounds Sterling	Per Cent
1930	580	72	12.4
1931	480	50	10.4
1932	445	47	10.6
1933	420	47	11.2
1934	414	47	11.4
1935	426	51	12.0
1936	485	50	10.3
1937	540	53	9.8
1938	520	62	11.9
1939	520	44	8.5
1940 (estimate)	550	38	6.9

The rate of imports from the United States since July 1, 1940, is such that it is anticipated imports during 1941 will not exceed 20 to 22 million pounds Sterling.

77TH CONGRESS
1ST SESSION

H. R. 1776

IN THE HOUSE OF REPRESENTATIVES

JANUARY 10, 1941

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SEC. 2. As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, proc-

essing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any other commodity, including agricultural commodities, or article for defense. Such term "defense article" includes any article described in this subsection: Manufactured or procured pursuant to to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

SEC. 3. (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer, exchange, lease, lend, or

otherwise dispose of, to any such government any defense article.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order any defense article for any such government.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

SEC. 4. All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that, except as to agricultural commodities, it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise,

1 or permit its use by anyone not an officer, employee, or
2 agent of such foreign government.

3 SEC. 5. The Secretary of War, the Secretary of the
4 Navy, or the head of any other department or agency of
5 the Government involved shall, when any such defense arti-
6 cle or defense information is exported immediately inform
7 the department or agency designated by the President to
8 administer section 6 of the Act of July 2, 1940 (54 Stat.
9 714), of the quantities, character, value, terms of disposi-
10 tion, and destination of the article and information so
11 exported.

12 SEC. 6. (a) There is hereby authorized to be appro-
13 priated from time to time, out of any money in the Treasury
14 not otherwise appropriated, such amounts as may be neces-
15 sary to carry out the provisions and accomplish the purposes
16 of this Act.

17 (b) All money and all property which is converted
18 into money received under section 3 from any government
19 shall, with the approval of the Director of the Budget,
20 revert to the respective appropriation or appropriations out
21 of which funds were expended with respect to the defense
22 article or defense information for which such consideration
23 is received, and shall be available for expenditure for the
24 purpose for which such expended funds were appropriated

1 by law, during the fiscal year in which such funds are
2 received and the ensuing fiscal year.

3 SEC. 7. The Secretary of War, the Secretary of the
4 Navy, and the head of the department or agency shall in all
5 contracts or agreements for the disposition of any defense
6 article or defense information fully protect the rights of all
7 citizens of the United States who have patent rights in and
8 to any such article or information which is hereby authorized
9 to be disposed of and the payments collected for royalties on
10 such patents shall be paid to the owners and holders of such
11 patents.

12 SEC. 8. The Secretaries of War and of the Navy are
13 hereby authorized to purchase or otherwise acquire arms,
14 ammunition, and implements of war produced within the
15 jurisdiction of any country to which section 3 is applicable,
16 whenever the President deems such purchase or acquisition
17 to be necessary in the interests of the defense of the United
18 States.

19 SEC. 9. The President may, from time to time, promul-
20 gate such rules and regulations as may be necessary and
21 proper to carry out any of the provisions of this Act; and he
22 may exercise any power or authority conferred on him by
23 this Act through such department, agency, or officer as he
24 shall direct.

77TH CONGRESS
1ST SESSION

H. R. 1776

A BILL

Further to promote the defense of the United States, and for other purposes.

By Mr. McCORMACK

JANUARY 10, 1941

Referred to the Committee on Foreign Affairs

Published in
Pearl Harbor
Hearings

PSF

PART 20 PAGES 4275-
4280

PSF Lend Lease

PSF: Lend Lease Folder

Jan 22d 1941

Subject: F16

Y P Confi

"WOODLEY"
3000 CATHEDRAL AVENUE
WASHINGTON, D.C.

Dear Mr. President

Here is the Somber paper of which I spoke. While the composition and final suggestions and conclusions are entirely mine, both Marshall and Stark have read the paper and approved the factual statements as sound. A first draft of it was also read and approved by Knox.

Faithfully yours

H. L. S.

Jan.22/41

Confidential

RESUME OF SITUATION RELATIVE TO BILL 1776

I.

The immediate situation abroad.

1. The ocean supply situation of the British Isles has not been solved. It will probably grow worse during the spring and summer. New supply of ships either from here or Britain cannot relieve it for at least another ten months. Britain's American supply of munitions is constantly imperiled and her minimum food supply may be reached in a very few months. The strain on Britain for convoys is bearing harder and harder on her naval power elsewhere.

2. Britain's air situation is probably being slightly improved but she has yet no defense against a constant wearing attrition in the shape of sporadic bombardment which is diminishing her industrial capacity and straining her morale.

On the other hand, Germany undoubtedly has a large reserve of air power which she can draw upon for a heavy blow in support of an invasion. She is evidently planning such an attack possibly in the near future and probably by next summer.

3. While Britain has temporarily saved Egypt and the Canal and is probably knocking Italy out of her African possessions, she has not air control over the Central Mediterranean and her communications through the Mediterranean are likely to be interrupted by the German reenforcement of Italy. Germany is evidently reenforcing Italy and may be also planning to stop the Greek success. If she decides not to invade the British Isles, it is possible that she may move south into Egypt and Spain in furtherance of a plan to starve England, destroy her morale, and lower her prestige.

4. Japan is still pressing slowly down towards an attack on the Netherlands in which she would in all probability be successful as against the Dutch and British forces there.

II.

immediate

The situation in the United States.

1. The comparative power of our fleet has recently been presented by Secretary Knox. In case of loss of the British fleet, it would be far inferior to the combined German, Italian and Japanese fleets. The main fleet is still in the Pacific.

2. The Panama Canal is subject to the hazard of sabotage and air attacks either by a surprise approach from the sea or after land bases have been seized in the Western Hemisphere.

3. In case of the fall of Great Britain and elimination of its fleet, our Atlantic fleet supported by protective land and air garrisons would be confronted with the difficult task of simultaneously guarding against:

a. The establishment of air bases in South America through Fifth Column assistance.

b. Surprise air raids upon the populous cities of our eastern seaboard or upon the Panama Canal from ships operating in the Atlantic.

c. The establishment of an airplane base in Newfoundland or Labrador.

4. In any event the defense against a and c above would have to be supported by expeditionary forces of land troops.

5. In the case of the establishment of an air base in either Newfoundland or Labrador, air attacks would be possible upon American cities on the eastern seaboard as far south as Wilmington, N.C., and as far west as Detroit, and Columbus, Ohio.

6. In case of the establishment of hostile bases north of Dutch Guiana, similar attacks by Heinkel bombers could be made upon the Panama Canal.

7. Our attache reports that Germany will probably have 1200 such bombers equal to or better than our B-17 by next September. We shall have nothing comparable to such a force by that time.

8. Our Protective Mobilization Forces will not be trained or fully armed until March 1942. Prior to November 1941 we would have much difficulty in providing the essential expeditionary forces for the defense of Newfoundland, the Caribbean area, northeastern Brazil and the support of South American Republics without dangerously stripping our continental defense of materiel.

9. Our recently acquired British naval and air bases will not be fully equipped or armed until the summer of 1942.

10. Without reenforcements the permanent garrison in Newfoundland would be entirely insufficient to defend northern Newfoundland from a foreign attack, and the establishment of an air base there. Similarly the permanent garrisons in the Caribbean area will require heavy reenforcements in order to render them secure against a major attack.

11. If Japan simultaneously became an enemy, the hazards involved in reenforcing the Atlantic fleet from the main Pacific fleet would be much increased.

12. So long as the Panama Canal remained open, transfers to the Atlantic could be made which in all probability would meet the various dangers in the Atlantic which are enumerated above, while still leaving American interests in the Pacific sufficiently secure.

We must be prepared, however, against the possibility that the Canal may be blocked by a surprise operation for a period of a month or more, completely changing our defensive situation in the Atlantic until the arrival of the main fleet in those waters.

III.

The ultimate situation

In case of the loss of the British fleet accompanied by hostile action against us by all three Axis powers, while our immediate defensive position might be thus rendered temporarily secure by transfer of the main fleet to the Atlantic, this would probably not be true of our ultimate position. Not only would the aggregate present naval strength of the three Axis powers far exceed the present naval strength of this country, but those powers would be left in control of such superior facilities for shipbuilding as to make it probable that they could become and remain indefinitely a menace to this hemisphere -- able to effect permanent hostile

lodgments upon its continents. Certainly we would have no ground for expecting either of those powers to develop a naval policy as compatible with our interests as has been shown by the British Empire during the past 125 years.

IV.

1. The above described immediate dangers to the United States arising from a defeat of Great Britain and a loss of the British fleet during the coming spring or summer cannot be entirely eliminated by anything which it is possible for us to do in respect to selling munitions to Britain between now and next September.

2. Whatever benefit Britain would derive during that period from the passage of Bill 1776 would be mainly in the increased morale which such passage would undoubtedly give to the British people. The enactment of the Bill would undoubtedly somewhat expedite the furnishing to her of American munitions owing to the centralization of purchasing and the flexibility of operations which it permits. But the immediate material advantages would, in my opinion, be far from sufficient to greatly increase her defensive power. For example, our production of the items of planes, guns (including aircraft guns, tank and anti-tank guns), and ammunition, will not be greatly increased until 1942.

3. By far the chief material benefit to be derived by Britain from the passage of that Bill will not come until 1942. By that time she will derive immense benefit from the law, and that benefit will continue through the period necessary for her recuperation after the war is over in case she wins a victory.

The present shortage of Britain's supply of American exchange which has resulted at present in all further orders for the purchase of munitions in this country being forbidden by the President will be remedied by the Bill's passage. No really important munitions, however, which may then be ordered could possibly be finished and delivered until after the coming 1941 emergency.

V.

Conclusions.

The prompt passage of Bill 1776 offers probably the last possible opportunity of, to any extent, contributing more fully to the defense of this country by aid to Britain which is short of military action. That extent is mainly limited to the increase of British morale which would be effected. In materiel the assistance rendered by this Bill during the coming six months would be insignificant. And when a people are suffering from such strain and shortage of supplies, including food, as will soon be the case with the British people, preservation of morale is difficult. I therefore think that the President should consider whether the American government has not reached the time when it must realize that the policy it has thus far followed of limiting its aid to measures which are short of military action will not probably secure a British victory. It is my belief that consideration should be given to measures which will at the same time secure the life line of British supplies across the Atlantic and relieve their convoy duty units of her fleet which are sorely needed elsewhere.

PSF: Lend Lease Folder

File Personal

THE SECRETARY OF THE TREASURY
WASHINGTON

February 13, 1941

My dear Mr. President:

At 9 o'clock this morning, the Secretaries of War, Navy and Agriculture, plus the Director of the Budget, Messrs. Bell, Young, Foley and Cox of my office, met to discuss the drafting of an appropriation Bill to be presented after the passage of the Lend-Lease Bill.

We made considerable progress and I asked Harold Smith to act as Chairman of a Sub-Committee to bring back a report. We are meeting again at my house Saturday morning at 9 o'clock.

I impressed upon everyone the necessity for secrecy.

Yours sincerely,

H Morgenthau Jr.

The President,
The White House.

PSF: Lend Lease Folder

WAR DEPARTMENT
WASHINGTON

February 13, 1941.

Dear Mr. President:

I have been trying to anticipate the passage of the Lease-Lend Bill by clarifying our ideas as to the principles of the resulting organization which will be necessary to carry it into effect. In this effort I have had the cooperation of the Secretary of the Navy and both the Chief of Staff and the Chief of Naval Operations.

After we had drafted our views, I showed the paper to Secretary Morgenthau who seemed to think favorably of it. I have also sent a copy to Secretary Hull and received word indirectly through one of his assistants that he thought favorably of it. Their Departments, as you will see from the enclosed draft, will have vital functions to perform in regard to the carrying out of the law.

I send you herewith our draft of principles. As you will see, we have stated our views in the shape of principles and have not attempted to draft any form of order to put them into effect. I hope that this paper may be of assistance to you in considering this matter.

Respectfully yours,

Henry L. Stimson

Secretary of War.

The President,
The White House.

LEND-LEASE ORGANIZATION

1. The War and Navy Departments feel that there are certain fundamental principles which must be adopted in connection with the passage of the lend-lease bill if our existing rearmament program, together with the requirements of the other countries whose defense is of concern to us, is to be concluded expeditiously.

These are:

First: Subject to the necessary completion of outstanding British orders and the placing of so-called emergency pick-up orders by the British Purchasing Commission, all orders for munitions, American and foreign, so far as practicable, should be placed through existing War and Navy Department procurement agencies acting in collaboration with the OPM.

Second: Subject to the limitations stated in the above paragraph, future foreign requirements for munitions shall be merged as promptly as possible with our program of equipment and thereafter the Office of Production Management and the War and Navy procurement agencies acting in their respective spheres shall do the planning and ordering necessary to meet the over-all production program thus determined upon.

Third: As the determination of the countries whose defense is of concern to us and the amount and character

of the munitions which may be ordered for them are matters primarily related to the foreign and defense policy of the United States, all requirements for such foreign munitions should in the first instance be examined by a board consisting of the Secretary of State, the Secretary of War and the Secretary of the Navy, to which board should be added the Secretary of the Treasury as the Cabinet member responsible for the fiscal and economic policies of the country.

Fourth: While recognition of the statement of needs of a given country may be made at the outset in determining the over-all program, such recognition, in view of the changing political and strategic conditions, cannot be finally determinative of the distribution of the munitions. Accordingly, the same board should be charged with the final recommendations to the President as to the quantity and types of weapons which may be exported as well as the recommendations concerning the countries to which such exports shall be made.

Fifth: The members of the board may designate representatives who may act for them at meetings of the board and the board shall have available to it the Chief of Staff, the Chief of Naval Operations and the Director of the Office of Production Management and their respective staffs as well as British staff and production representatives

for consultation and advice. The board shall also have an executive secretary and staff to conduct the administrative duties of the board. As by far the larger part of the supplies will be military rather than naval, the secretary should be an army officer of high rank, experienced in procurement and production matters. For this position, the War Department recommends that the executive secretary be Major General James H. Burns, now the Chief Executive Officer to the Under Secretary of War.

Sixth: As questions as to the consideration to be received for the transfer of supplies to foreign governments also involve foreign policy as well as strategic fiscal and economic considerations, it is suggested that the same board be authorized to deal with such questions as well but in some cases it is probable that the heads of other departments will have to be included ad hoc as their interests may appear.

Seventh: To the extent that foreign governments request this country to supply them with raw materials or other articles not primarily related to the manufacture of munitions, it is suggested that the board, after giving such requests consideration and approval, and subject to the approval of the President, should request appropriate departments of the Government, such as Treasury, Agriculture, R.F.C., Maritime Commission, etc., to procure such materials or articles acting in close collaboration with the Office of Production Management.

PSF: Lend Lease

Date: Feb. 17, 1941
PLAN OF OPERATION
LEND-LEASE BILL

APPROPRIATIONS TO CARRY OUT H.R. 1776

It is recommended that the following method be used to obtain the appropriations to carry out H.R. 1776:

I. The War and Navy Departments should request funds for their own and foreign future needs for military and naval equipment.

II. A separate request should be made for a lump sum to the President for allocation to the appropriate agencies to take care of:

(a) Procurement of merchant ships, agricultural products, strategic and critical materials, etc.

(b) Unanticipated needs including those of War and Navy.

I.

A major part of the foreign need is of a military and naval character of the same general categories as are provided in existing appropriations for War and Navy

and thus provision to meet the foreign need simply requires expansion of those appropriations. To afford some flexibility provision should be made for a percentage of interchangeability between appropriations within each department. The planning and production of planes, ships, guns and other articles would be melded and a separation could be given to the Appropriations Committees of the approximate dollar amount of the equipment for United States and foreign needs in justification of the request for appropriations. The allocation of equipment need be made only at the time of disposition. We could thus retain for use equipment which had become more essential to our own defense than to that of a foreign country because such a country had been defeated, or for other reasons.

By augmenting Army and Navy appropriations in the foregoing manner, the amount of the lump sum appropriation requested would be proportionately less. This would be more in keeping with the present method of securing funds for military and naval purposes and might be less subject to criticism than a request for one over-all lump sum.

II.

The lump sum would be desirable to cover the articles for which the need is not clearly known at this time and to provide for their procurement through those agencies best equipped to do the job. The lump sum will also be useful to meet sudden expansions of needs for military and naval equipment beyond those provided under the additional appropriations for those purposes and any percentage of interchangeability which it may be feasible to secure. It might also be required to take care of our own or foreign needs resulting from some major disaster.

PSF: Lend-Lease Folder

TELEGRAM

The White House
Washington

February 17, 1941.

Hon. Winston Churchill

We must implement Lend-Lease Bill at once with very large appropriations which must result in very substantial increases in taxes here. There is no adequate understanding in this country relative to the increases in taxes in England due to the war and the fact that Britain is making real financial sacrifices. You will understand that this attitude is not that of our Government but represents a lack of understanding on the part of the general public. Is it possible for you to arrange in some appropriate manner for a statement to be made in England at an early date indicating the great increase in your tax levies and any other financial sacrifices which the British people are making because of the war

HOPKINS

PSF: Lend Lease Folder

THE SECRETARY OF THE TREASURY
WASHINGTON

February 20, 1941

My dear Mr. President:

When I lunched with you on February 10th, I submitted a memorandum, photostatic copy of which you will find attached to this letter.

You approved the form which the Appropriation measure would take when we met with you on February 17th.

I am now submitting to you, for your consideration, a proposed Executive Order to make effective the Lend-Lease Bill. I have not shown this to anybody as I was not sure whether you wanted me to do this or not. If you would like me to clear this with the various individuals concerned, I will be glad to do so. However, I will do nothing further until I hear from you.

Yours sincerely,

Henry

The President,

The White House.

Feb 10th 1941

THE SECRETARY OF THE TREASURY
WASHINGTON

MEMORANDUM

TO: The President

FROM: Secretary Morgenthau

SUBJECT: Action To Be Taken Pending the Enactment of H.R. 1776.

Consideration should probably be given, as soon as possible, to the three following problems, so that no delay will result in carrying out the Lend-Lease Bill, if and as soon as it is passed:

(1) Having the regulations ready for signature the day you sign H.R. 1776;

(2) Having the requests for appropriations ready to go to Congress the day the bill is signed; and

(3) Having ready for disposition the defense articles which the Army and Navy have on hand, and which they can reasonably spare to meet the urgent needs of Britain, China and Greece.

(1)

Regulations

(a) Do you want the regulations ready for your signature the day you sign the bill?

(b) Should War, Navy and Treasury start at once to prepare such regulations?

THIS DOCUMENT IS THE BEST AVAILABLE. EVERY TECHNICAL EFFORT HAS BEEN TAKEN TO INSURE LEGIBILITY.

(2)

Appropriations

(a) Should the Secretaries of War, Navy and Treasury get together informally now to frame the policy upon which the appropriation requests shall be made?

(b) After such policy is framed and approved by you, should the Secretaries of War, Navy and Treasury consult with the Director of the Budget and proceed to prepare the requests so that they can be passed upon by Budget and sent up to Congress immediately after H.R. 1776 is signed by you?

(3)

Disposition of Army and Navy Materiel on Hand

(a) Should the Secretaries of War, Navy and Treasury get together informally, as soon as possible, to determine: (1) As of today, or within the next two months, what are Britain's, China's and Greece's most pressing needs; and (2) In relationship to these needs, what defense articles do the Army and Navy now have on hand that they could reasonably transfer?

H. Morgenthau Jr.

EXECUTIVE ORDER

- - - - -

Providing for An All-Inclusive Defense Policy Board, the Administration and the Rules and Regulations to Carry Out the Act of March , 1941, "An Act to Promote the Defense of the United States."

By virtue of the authority vested in me by section 9 of the Act of March , 1941 (Public No. , 77th Cong.), by the Constitution of the United States and otherwise, it is hereby ordered as follows:

I.

The All-Inclusive Defense Policy Board

1. There is hereby established an All-Inclusive Defense Policy Board (hereinafter referred to as the Board). It shall consist of the Secretary of War, the Secretary of the Navy, the Secretary of State, and the Secretary of the Treasury. The Board shall elect a chairman from one of its five permanent members. From time to time, the Board can, when problems arise concerning a particular department or agency, add as a temporary member the head of such department or agency.

2. From time to time, the Board shall formulate the policy and make recommendations to the President on:

a) The foreign countries which should receive material aid because their defense is vital to ours.

b) The method or methods for best ascertaining the needs of such foreign countries for material aid.

c) The nature and extent to which such aid is intended to be given to such foreign countries.

d) The plant expansion, procurement and other operations which are necessary, in the interests of our own defense, effectively to supply our own direct defense needs and the defense needs of such foreign countries in the requisite time.

e) The appropriations which should be requested to manufacture, procure and repair defense articles and otherwise to carry out the purposes of the Act of March , 1941.

f) The method or methods of handling the allocation of appropriations which may be made to the President to carry out the purposes of the Act.

g) The results of the Board's determinations, after consultation with the Chief of Staff of the Army, the Chief of Naval Operations of the Navy, or both, of what existing defense articles and defense information of the Government can and should be transferred, in the interests of our own defense, to those foreign nations whose defense is determined to be vital to ours.

h) The method or methods to be used in evaluating existing defense articles or defense information disposed of to any such foreign government.

i) The allocation or distribution which should be made of newly produced defense articles as between the United States and each foreign country whose defense is determined to be vital to our defense.

j) The kind and extent of testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise putting into good working order, of defense articles which it would be in the interests of our defense to do for such foreign countries.

k) The kind of defense information which can and should be communicated to any such foreign country in the interests of our defense.

l) The conditions under which any foreign country can transfer to anyone else any defense article or information disposed of to it under the Act.

m) The terms and conditions upon which material aid should be supplied to such foreign countries, and the benefit or benefits which the United States should receive for the supplying of such aid.

n) The information of the operations under the Act of March , 1941, which it would be in the public interest to report to the Congress.

o) The method or methods for protecting the rights of citizens of the United States in defense articles or defense information disposed of to any such foreign country.

p) The circumstances under which and when it would be necessary in the interests of our national defense to purchase or otherwise acquire arms, ammunition and implements of war from a foreign country whose defense is determined to be vital to our defense.

q) The revisions which the Board deems necessary or desirable in this Executive Order.

r) The amendments to the Act of March , 1941, or the additional legislation, which the Board deems necessary or desirable more effectively to supply material aid to such foreign governments in the interests of our own defense.

s) The other basic matters necessary or desirable to effectuate the purposes of the Act of March , 1941.

3. Each member of the Board may assign from the staff of the department or agency of which he is the head the kind and number of persons which he deems it necessary adequately to assist him in his capacity as a member of the Board.

4. The Board is empowered to employ the kind and number of persons which it considers necessary to assist it efficiently to execute the duties and responsibilities imposed on it by this Order.

5. Each member of the Board may designate, from the department or agency of which he is the head, an alternate to act for him on the Board when he deems it desirable to do so.

6. The Board is empowered to consult with and receive the advice of the Chief of Staff of the Army, the Chief of Naval Operations of the Navy, and, with the consent of the head of the department or agency concerned, any other officer or employee of the Government, whose advice the Board deems desirable to carry out its functions under this Order.

II.

Administration

1. The chief administrative officer of the Board (hereinafter called the Secretary) shall be a person appointed by the President, with the advice of the Board, and may be a person detailed from any of the departments or agencies of the Government.

2. In accordance with the policies formulated by the Board, the Secretary shall:

a) Receive the requests of the foreign countries for assistance or act as the liaison between the Board and the department or agency of the Government designated by the Board to receive the foreign request or requests.

b) Collaborate with or act as the liaison for the representatives of the department or agency concerned and the representatives of the foreign country concerned in standardizing specifications for defense articles, and in disposing of the other administrative problems involved.

c) After consultation with the department or agency concerned, present to the Board, with his recommendations the requests of the foreign countries for material aid.

d) Determine the value of any defense article or defense information disposed of to any such foreign country and execute a valuation certificate therefor.

e) Keep records of the dollar value of existing defense articles disposed of and check the observance of the limitation in the Act on the value of existing defense articles disposed of under the Act.

f) Prepare the necessary agreements with the foreign country concerned, clear them with the departments or agencies concerned and sign them on behalf of the Government.

g) File with the Department of the Treasury all agreements and all collateral or security that is received under the Act.

h) Receive the necessary information from the department or agency concerned and prepare the reports under the Act required to be submitted to the Congress and the Administrator of Export Control.

i) Prepare and keep all of the records required under the Act or necessary to show clearly all of the operations under the Act.

j) Act as a central clearing house of information about the administration of the Act.

k) Perform such other administrative duties which may be necessary to carry out the purposes of the Act or which the Board deems desirable to assign to him to carry out the Act.

III.

General

1. When a request is sent by the Secretary to any department or agency, as a source of supply, such department or agency will state with its recommendation:

a) The extent to and the manner in which the requested aid should be granted.

b) What defense articles are immediately available for transfer to foreign countries whose defense is vital to ours.

c) What defense articles are on order and will be available in the future.

d) What defense articles will require additional contracts and against which appropriation or appropriations they can or should be placed.

e) What additional plant, machinery, tools or facilities are necessary adequately to meet the request of the foreign country for aid in the requisite time.

f) What factors should be considered in arriving at the value of such defense articles.

g) Any other information or data requested and deemed by the Secretary necessary or desirable to execute his duties.

2. The Secretary of War, the Secretary of the Navy, or the head of the department or agency concerned will execute the contracts for manufacturing, procuring, acquiring or repairing of defense articles, and the contracts necessary to carry out the other purposes of the Act, except the contracts with the foreign country receiving the material aid, and will handle and clear them in the manner now provided by statute, executive orders and regulations.

3. Delivery of the defense articles in accordance with the terms of the agreement with the foreign country shall be effected by the supplying department or agency which shall immediately upon such delivery notify the Secretary and the Administrator of Export Control of the quantities, character, value, terms of disposition and destination of the defense articles or defense information so delivered.

4. In those cases where the supplying of the material aid is to be financed by allocations from appropriations, requests for such allocations shall be routed through the Secretary to the Bureau of the Budget for approval.

5. The Department of the Treasury shall be the custodian of all agreements executed under the Act and of any collateral or security received from such foreign countries.

6. The Department of the Treasury will determine how and when property, collateral or security received from any foreign country shall be liquidated or otherwise handled best to protect the interests of the United States.

OK
FDR

THE WHITE HOUSE
WASHINGTON

DRAFT OF LETTER TO GO TO THE FOLLOWING:

THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF WAR
THE SECRETARY OF THE NAVY

Dear _____;

I want to get ready for the administering of the Lend-Lease Bill at once so that upon the day I sign the Bill I can also take a number of important actions in relation to it.

I plan to be away from Washington for about ten days after the Bill is signed, and during that period I would like to have other proposals adequately canvassed so that I may take the second series of steps immediately upon my return.

I propose to administer the Bill through the assistance of an Advisory Committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of War and the Secretary of the Navy.

I am going to ask Harry Hopkins to act as Secretary of this Committee during the next few months. I do this because of his intimate acquaintance with the needs of Britain and his understanding of governmental relationships here.

I wish you would assign one of the members of your Department to work with Hopkins in developing the ~~pxm~~ details of the proposals which your Committee will consider from time to time.

I am anxious to hold the first meeting

with this Advisory Committee at once and I will arrange a time either Wednesday or Thursday of this week.

PSF: [illegible]
Sub. File

~~CONFIDENTIAL~~

February 25, 1941.

My dear Mr. Secretary:-

I want to get ready for the administering of the Lend-Lease Bill at once so that upon the day I sign the bill I can also take a number of important actions in relation to it.

My plans are to be away from Washington for about ten days after the bill is signed, and during that period I would like to have other proposals adequately canvassed so that I may take the series of steps immediately upon my return.

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Will you be good enough to assign one of the members of your Department

to work with Hopkins in developing the details of the proposals which your Committee will consider from time to time?

I am anxious to hold the first meeting with this Advisory Committee at once, and I will arrange a time either Wednesday or Thursday of this week.

Always sincerely,

The Honorable
The Secretary of War,
Washington, D. C.

CONFIDENTIAL

February 25, 1941.

Dear Mr. Secretary:-

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The Honorable
The Secretary of State,
Washington, D. C.

CONFIDENTIAL

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Always sincerely,

The Honorable
The Secretary of the Navy,
Washington, D. C.

CONFIDENTIAL

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I am anxious to hold the first meeting with this Advisory Committee at once, and I will arrange a time either Wednesday or Thursday of this week.

Always sincerely,

The Honorable
The Secretary of the Treasury,
Washington, D. C.

This may interest you.

The Secretary of the Treasury

PSF: Lend Lease folder 3-41

Chron file

File personal

March 14, 1941.

EVOLUTION OF THE MINORITY

Enactment of the Lend-Lease law has transformed, but has by no means ended, the opposition to it. During the progress of the debate over the bill, this opposition was heterogeneous in character: it embraced many who favored aid to Britain, yet disliked this particular method of granting it; some who were merely timorous; a few who saw political expediency in recording their resistance to an inevitable current of events which may have tragic consequences.

But these moderate elements no longer participate in the active opposition. Their point of view was expressed by Senator Vandenberg who remarked that "ninety out of ninety-five members of the Senate voted for aid to England" and by Senator Wiley who said of the bill "we must all accept it as the law of the land." The Minority Leader of the House echoed these sentiments by voting for the Senate version of H. R. 1776. Newspaper editorials commenting on the bill's passage beseech a closing of the ranks and speak piously of national unity.

This very anxiety for national unity eloquently discloses the absence of it, bespeaking a grave uneasiness now on the part of these moderate members of the minority over the fury of the prejudices which they helped to arouse. The fight against effective aid to Britain will certainly continue. Henceforth, however, it will be in the hands of the strong-stomached, full-fledged isolationists, the fanatic fringe.

Senator Wheeler has already made it plain that he intends to continue his crusade for "peace." The America First Committee, which now boasts 650 chapters and 500,000 members, goes right on recruiting with the evident intention of mobilizing public opinion against the settled foreign policy of the United States. The Chicago Tribune has declared its determination to "save the Republic." The Daily Worker, Social Justice, The Tablet, William Dudley Pelley's Liberator and Senator Robert R. Reynolds' Vindicator have all donned the robes of peace, clasped American flags to their bosoms and promised to preserve America from the international bankers. John L. Lewis is reported to be ready to lead the left wing of Labor into a national political alliance of crackpots.

It is necessary to understand the character of this opposition to appreciate the menace it presents. It has achieved now a certain degree of homogeneity - with distinct fascist implications. Most of the leaders bear one or more of the hallmarks of fascism: opposition to labor, anti-Semitism, rampant nationalism and resistance to all organized community efforts to improve social circumstances.

Even the "respectable" supporters -- the men who chipped in the funds to finance the America First movement -- bear a curious resemblance to the industrialist group which financed Hitler's rise to power in Germany. Notable among the major contributors are such names as Ernest T. Weir of National Steel, and Max Babb of Allis-Chalmers, notorious for their anti-unionism. If their association with John Lewis and the Communist Party seems incongruous, it is no more so than it was in the election campaign of last November, nor than the cooperation of the National Socialists, Communists and reactionaries which produced the end of the German Republic. The fanatics of the right and the left are not at opposite ends of a straight line; they are merely the tail ends of a loop and have now joined hands to complete the circle.

Freed from the restraining influence of the moderates who accompanied them in the fight against H. R. 1776, this coalition can now be expected to engage in more violent tactics. Senator Burton K. Wheeler, in his radio address of March 3, gave a startling foretaste of the recklessness of which he is capable. He pictured the "international bankers joining with their friends the Royal Refugees, and with the Sassoons of the Orient -- and with the Rothchilds and the Warburgs of Europe...." This was conscious use of anti-Semitism as a political instrument. More of the same sort of thing can be looked for in the future. For the tactics of the isolationists, plainly, are to play upon prejudice and to exploit emotion.

The danger of these tactics lies only partially in the impediments they may place in the way of effective aid to Britain. They may succeed in frightening Americans, to some extent, away from forthright action. They have already managed to dilute enthusiasm for dealing generously with the British. Their aim is to obscure the genuine issues and undermine public confidence in the purposes of the Administration.

But a far greater danger lies in the domestic bitterness which they may evoke. By dealing in so loose a fashion with

deep-seated mass emotions, they unleash internal discord and distrust which can have disastrous consequences in a future all too likely to make a vital test of American unity and morale.

The ideas which the bitter-end isolationists are propagating can be combatted only by denouncing them forthrightly for what they are -- the doctrines of Doctor Joseph Goebbels. They will be accorded public patience and credence only so long as the propagators are permitted to disguise themselves as apostles of peace. It will be better to expose and answer them now than to let them germinate and spread. A few swashing blows are in order.

The Secretary of the Treasury

PSF: Lend Lease folder 3-41

file

March 21, 1941

LEND-LEASE AFTERMATH: FIRST REACTIONS

OPTIMISM

Enactment of the Lend-Lease law has been generally appraised in editorials as a momentous national decision. Regardless of misgivings as to the consequences, the very making of the decision has evoked a patent sense of relief and a noteworthy resurgence of self-confidence. Defeatism, perhaps the offspring of doubt, has been spontaneously displaced by an enlivening sense of national purpose and direction.

The President gave impetus to this sense of direction by putting the law into operation instantly and by his prompt request for an appropriation of seven billion dollars. His radio speech of Saturday evening gave it dramatic expression. The ensuing editorial comment was overwhelming in applause -- much of it with a "Damn-the-torpedoes" tone which bespoke the general eagerness for action. Direction, for the moment at least, seemed more important to the commentators than destination.

The President boldly articulated popular hopes which for weeks had been submerged in apathy, uncertainty and even despair. He proclaimed that Democracy will win. And in the sudden ebullience which he engendered, the editorial writers have busily bolstered yearning with reason.

They found cause for cheer in the foreign reactions to the President's address. The disparagement of the President's promises by Axis spokesmen was interpreted as a kind of whistling in the dark, betokening essential weakness. The enthusiasm of the British reception was assumed to be the basis for heightened morale.

Even viewing the battlefronts, the editorial writers have at last been able to find causes for rejoicing. They hail the more ferocious British air raids over Germany. They take heart from the landing of British troops in Greece and predict that Turkey and Yugoslavia will stiffen their resistance to Axis pressure. Quite suddenly the aura of invincibility which it has been fashionable to spread about Hitler has been dissipated.

So, also, has the curious inferiority complex that Democracy cannot match Dictatorship in productive efficiency. The President's words, in a sense, flexed the industrial muscles of America and caused the editorial writers to rub their eyes in wonderment. They believe at last, not only that this nation possesses mighty

resources, but that under forceful leadership it will mobilize them and make them effective. What was labeled wishful thinking has become conviction. The United States has been transformed by the events of the past fortnight from an immovable object into an irresistable force.

NATIONAL UNITY

The bulk of the opposition to the Lend-Lease bill has, for the moment, accepted the decision on the issue and is prepared to move along, at least temporarily, with the majority with more or less good cheer. Notable among the last-minute converts are the Scripps-Howard papers and even, in some measure, the Paul Block, Hearst and Patterson chains. Only a handful of intemperate bitter-enders follow the lead of The Chicago Tribune in an insistence that the Lend-Lease law will produce the downfall of Democracy.

A strong semblance of national unity has been achieved in the sense that there now exists a higher degree of united public opinion than at any time since the inception of the war. But a militant minority is still working in opposition to the national purpose. It is not likely to be overscrupulous in its efforts to undermine popular confidence in the President's leadership.

LEND-LEASE COSTS

There was neither amazement nor dismay in editorial reaction to the seven billion dollar appropriation request. Many

commentators, indeed, assumed that this initial sum would constitute but a small portion of the total reckoning. Yet few of them conjured up the bugbears of inflation and financial collapse with which they were wont to greet past proposals of deficit financing for peacetime purposes.

BRITISH ASSETS

The confusion of editorial thinking has seldom been better revealed than in the reaction to the British sale of the American Viscose Corporation. Newspapers which had been clamoring for the liquidation of British holdings in this country were suddenly sobered by a concrete instance of what they demanded.

The disposal of this direct investment was widely applauded as evidence of Britain's willingness to go all-out in her own defense. It provided an answer to the querulous critics who have insisted that America was being swindled into paying for Britain's war. At the same time, however, it aroused fears for the financial future of the British and strengthened the sentiment for dealing with them generously. A number of editorials advance the thought that a wholly impoverished Britain is not likely to be a substantial customer for American goods when the war is over and may, indeed, become, through the necessity to barter, a dangerous competitor.

Paradoxically, the Treasury Department, but a short while ago accused of pampering the British and conniving to ease their financial problems, is now cast in the role of tight-fisted banker. The press and public are learning to be gentle.

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The Secretary of the Treasury

PSF: Lend Lease

THE WHITE HOUSE
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March 29, 1941.

LEND-LEASE TAKES HOLD

Revolt

The news of the revolt in Yugoslavia has had an electrifying effect on American thinking. It was hoped for, yet unexpected. Coming, as it did, when the hope for it had been virtually abandoned, it provided a dramatic vindication of the course in foreign policy which the President has set. Editorial commentators have accepted it as proof that there is a contagious quality about moral force.

Other factors than the Lend-Lease Law and the President's promise of aid to the Yugoslavs are acknowledged to have influenced the revolt; the example of the Greeks and the British pledge of assistance are recognized as potent causes. But there appears to be universal satisfaction here that the strength of the United States helped to forge the courage of a threatened people.

In their first enthusiasm over this sudden shift in the Balkans, the editorial writers have permitted themselves hopes -- perhaps unwarranted and naive -- that other victims of the Nazi war machine will also rise against aggression. But more significant than these hopes is the sense of identity, or community, with these victims which is now felt here.

The common reaction has been that the fear of consequences can no longer deter the American people in implementing the policy on which they have determined.

Definition

As zealously as ecclesiastical scholars searching Holy Writ, the editorial writers have been combing President Roosevelt's most recent radio address for subtle and secret meanings. Their attention during the past week has been centered on one abstract and two concrete implications.

A great many of them called the speech an outright declaration of war. An appalling quantity of newsprint has been consumed in explaining the curious and special nature of our belligerency. Placed end to end the news columns devoted to this academic inquiry would no doubt curl clear around the earth -- winding up precisely where they started. The commentators found themselves confronted with a highly irregular and unconventional state of affairs -- and could not help being slightly peevish at the inconvenience it occasioned them.

Their prevailing opinion appears to be that we are in the war, all right, but that the Germans have not yet been quite bright enough to realize it. A decided majority predict that so improper a situation cannot long continue and that, in time, old-fashioned belligerency in the shooting sense must ensue.

This assumption that we are already in the war plainly colors editorial thinking in regard to the concrete problems raised by our anti-Axis program: (1) the problem of delivering aid for Britain in the face of the German blockade; (2) the problem of producing aid for Britain in the face of industrial unrest here.

Convoys

Both news and editorial columns during the past week have been replete with speculation and discussion on methods of sending American materiel across the Atlantic. The news stories on the subject have emanated, for the most part, from "informed sources close to the White House" -- possibly from Steve Vasilakos, the Greek peanut-vender stationed on East Executive Avenue -- or they have been acknowledged "think-pieces." Tribute should be paid to the ingenuity of the authors.

Although these "inside stories" differ widely as to the specific measures to be adopted, they are more or less uniform in predicting that some form of convoying is to be adopted. A considerable percentage of the editorials discussing them also assume that now or later the United States will undertake convoy duty. The wish may be father to the thought in this assumption; but as to the wisdom of the course, most of the editorial writers are curiously noncommittal.

Editorials on convoys can be divided roughly into two classes; (1) those which state pontifically that we must see to it that our war materiel reaches the beleaguered British, but that convoys might cause shooting and shooting "comes awfully close to war"; (2) those which declare with equal sententiousness that the American people desire to remain at peace and have given the President no mandate for convoys, but that we must build a "bridge of ships" to Britain. Whether they start marching with the left foot or the right, they arrive at the same destination -- that convoying is inevitable. Comment on the subject of sending more of our destroyers overseas follows much the same pattern. The outstanding characteristic of all these editorials is prolixity, apparently a handmaiden of indecision.

Boomerang

The nub of the argument advanced by those opposing aid to Britain has been that it will involve us in the war. The argument has been interpreted so literally by some of the more impressionable commentators that they accept it already as an accomplished fact. But one is entitled to wonder if this thesis of the isolationists has not boomeranged against them.

For there is implicit in current comment the feeling that if this be war, its horrors have been overrated. Moreover, the very sense of inevitability which has been engendered has served to make Americans less fearful of the

involvement which may ensue from forceful action. The example of Yugoslavia in particular has made it unlikely that fear will any longer serve as an effective restraint upon American conduct.

The insistence in the American press that we are now, or soon will be, at war can scarcely have other than a disquieting effect if it is taken at all seriously by leaders of the Axis. The isolationists, by their overstatements, may have forged a valuable instrument for American diplomacy.

Labor

The applause which interrupted President Roosevelt's speech at the point when he warned against "unnecessary strikes" has been echoed and re-echoed by every conservative editorial page in the country. The newspapers are gleeful in anticipation of a federal crackdown on labor. Indeed, they are already caroling that all strikes are "unnecessary."

Public opinion as reflected in the Gallup Poll and in numerous letters to editors undoubtedly supports this editorial attitude. But public opinion is fashioned by headlines which have been designed to convey the view that all strikes are "unnecessary" and even treasonable. It might be recognized, in addition, that the Federal Government itself is in large measure responsible for the present popular feeling. For the Government awarded defense contracts to employers who had violated federal laws and against whom

labor resentment was intense. And it did so without requiring these employers to reform their labor policies. Thus, in the public eye, the practices against which labor is now protesting were given Governmental sanction.

The public has been fanned into a dangerously inflammatory state respecting organized labor. Nowhere else could a cooling-off period be instituted with more salutary effects.

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PSF: Lend Lease folder 1-41

THE WHITE HOUSE

WASHINGTON

April 14, 1941.

MEMORANDUM FOR THE PRESIDENT:

Re: Chinese under Lease Lend Act

Following a conference with Harry on Saturday, I got underway this morning. I have arranged for the tentative list of Chinese requirements, amounting to between $500 and $600 million, to be analyzed by the War Department, in consultation with technicians representing the Chinese Government. When I receive the War Department's provisional recommendations in a week or two on the program as a whole, I hope that you will discuss the broad problems of policy involved with me. I shall then be in a position to start the processing of the individual items which will later, upon recommendation of the Chief of Staff, come to you for approval.

If the matter comes up at your press conference to-morrow, therefore, I think you would be justified in saying that the machinery of aid to China under the Lease Lend Act has already been set in motion.

Lauchlin Currie

Lauchlin Currie

JUNE 11, 1941.

CONFIDENTIAL: To be held in STRICT CONFIDENCE and no portion, synopsis, or intimation to be published or given out until the READING of the President's Message transmitting this report has begun in the Senate or the House of Representatives. Extreme care must therefore be exercised to avoid premature publication.

STEPHEN EARLY,
Secretary to the President.

FIRST REPORT
UNDER THE ACT OF MARCH 11, 1941
(Lend-Lease Act)

LETTER

FROM

THE PRESIDENT

TRANSMITTING

REPORT

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1941

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LETTER OF TRANSMITTAL

To the Congress of the United States.

Section 5 (b) of Public Law No. 11, Seventy-seventh Congress, approved by me on March 11, 1941, provides in part as follows:

"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

In compliance with this provision, I am submitting this report.

We have supplied, and we will supply, planes, guns, ammunition, and other defense articles in ever increasing quantities to Britain, China, and other democracies resisting aggression.

Wars are not won by guns alone, but wars are not won without guns. We all know this full well now. Beginning with the outbreak of the war, the American public began to realize that it was in our own national interest and security to help Britain, China, and the other democratic nations.

Beginning with the outbreak of the war, British and French orders began to be placed. But dollars could not be immediately turned into airplanes and ships and guns and ammunition.

In those dark days when France was falling, it was clear that this Government, to carry out the will of the people, had to render aid over and above the matériel coming off the assembly line. This Government, therefore, made available all that it possibly could out of its surplus stocks of munitions. In June of 1940, the British Government received from our surplus stocks rifles, machine guns, field artillery, ammunition, and aircraft in a value of more than 43 million dollars. This was equipment that would have taken months and months to produce and which, with the exception of the aircraft, cost about 300 million dollars to produce during the World War period. Most of this matériel would not have been usable if we had kept it much longer. This equipment arrived in Britain after the retreat from Dunkirk, where the British had lost great quantities of guns and other military supplies. No one can appraise what effect the delivery of these supplies had upon the successful British resistance in the summer and fall of 1940 when they were fighting against such terrific odds.

Since June 1940, this Government has continued to supply war matériel from its surplus stocks, in addition to the matériel produced by private manufacturers. The 50 over-age destroyers which Britain received in exchange for the defense bases were a part of the aid supplied by the Government.

By the turn of the year 1941, the British commitments in this country for defense articles had reached the limit of their future dollar resources. Their striking power required the assurance that their munitions and equipment would steadily and certainly be augmented, not curtailed.

The will of our people, as expressed through the Congress, was to meet this problem, not only by the passage of the Lend-Lease Act, but by the appropriation of 7 billion dollars made on March 27th of this year to carry out this task.

In the ninety days since the Lend-Lease Act was passed, and in the seventy-four days since the funds were appropriated, we have started in motion the vast supply program which is essential to the defeat of the axis powers.

In these seventy-four days, more than 4¼ billion dollars out of the 7 billion dollars have been allocated to the War, Navy, Agriculture, and Treasury Departments and to the Maritime Commission to procure the aid authorized. Contracts have been let for long-range bombers, ships, tanks, and the other sinews of war that will be needed for the defense of the democracies. The balance of less than 2¾ billion is being rapidly allocated.

To be effective, the aid rendered by us must be many-sided. Ships are necessary to carry the munitions and the food. We are immediately making available to Britain 2 million gross tons of cargo ships and oil tankers.

But this is not enough. Adequate shipping for every day to come must be reasonably assured. Since the Appropriation Act was passed, 550 million dollars has been allocated for the construction of new ships under the Lend-Lease Act. Contracts have been let and the new ways required to build these ships are now nearing completion. Allied ships are being repaired by us. Allied ships are being equipped by us to protect them from mines, and are being armed by us to protect them as much as possible against raiders. Naval vessels of Britain are being repaired by us so that they can return quickly to their naval tasks.

The training program of seven thousand British pilots in our schools in this country is under way. Valuable information is being communicated, and other material assistance is being rendered in a mounting benefit to the democracies.

Millions of pounds of food are being and will be sent. Iron and steel, machine tools, and the other essentials to maintain and increase the production of war materials in Britain are being sent and received in larger quantities day by day.

Since September 1939, the war goods sent to Britain have risen steadily. The over-all total exports to the British Empire have greatly increased in 1941 over 1940. What is more important, the increase of those things which are necessary for fighting have increased far beyond our other exports. In the first five months of this year, we have sent more than twelve times as many airplanes to Britain as we did in the first five months of 1940. And as the rate of aircraft production increases, relatively more and more heavy bombers and medium bombers are being sent. At the same time, we have sent more than ten times as many aircraft engines in the first five months of 1941 as we did in the first five months of 1940. For the first four months of this year, the dollar value of explosives sent to the British Empire was about seventeen times as much as for the first four months of 1940. Ninety times as much in dollar value of firearms and ammunition was sent to Britain during the first four months of this year as for the first four months of 1940.

With our natural resources, our productive capacity, and the genius of our people for mass production, we will help Britain to outstrip the axis powers in munitions of war, and we will see to it that these munitions get to the places where they can be effectively used to weaken and defeat the aggressors.

In the report that follows, facts and figures are given to the extent advisable without disclosing military secrets to benefit the axis powers. These facts describe the past and portray the present status of our aid to those nations so gallantly fighting the aggressors. They do not present the most important fact of all—the strong will of our people to see to it that these forces of aggression shall not rule the world.

We have before us a constant purpose not of present safety alone but, equally, of future survival.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
June 10, 1941.

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FIRST REPORT UNDER THE ACT OF MARCH 11, 1941 (LEND-LEASE ACT)

CHAPTER I

SUMMARY OF LEND-LEASE LEGISLATION

1. THE LEND-LEASE ACT

Ninety days ago, the Congress enacted the Lend-Lease Act—the Act of March 11, 1941.[1]

The main object of this Act is to promote the defense of the United States by supplying material aid to those nations whose defense is vital to our defense. Unlike prior methods, it focuses directly on the aid to be rendered rather than upon the dollar sign ultimately to be translated into war material.

The material aid which can be rendered under the Act is of several kinds. Guns, tanks, planes and other defense articles in stock or procured from appropriations made prior to March 11, 1941, can be lend-leased or otherwise disposed of after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both, to the extent of $1,300,000,000. Defense information—plans, specifications or other information—relating to defense articles turned over can be communicated to those nations resisting the aggressors.

Plants can be erected or expanded, and defense articles can be manufactured or procured on behalf of such foreign nations when Congress authorizes it or appropriates the necessary funds. Ships and other defense articles can be repaired, tested, inspected or put into good working condition for those foreign nations whose defense is vital to ours when Congress provides the necessary funds or contract authorizations.

Protection of our national interest is specifically provided for in the Act by requiring any nation to which defense articles or defense information is transferred to obtain the consent of the President before turning them over to any other foreign nation or anyone not an agent, officer or employee of such government.

Protection and furtherance of our own defense is also assured by the Act by reason of the fact that this Government—particularly the

[1] A copy of the Act is contained in the Appendix.

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War and Navy Departments—controls and merges our own production and procurement program with that on behalf of those nations whose defense vitally affects ours. By a fused production and procurement program based on as high a degree of standardization of our own and foreign specifications as possible, we are in a position sooner to have a productive capacity that can outstrip our potential enemies. By reason of the fact that we retain control of the defense plants and of the defense articles until they are manufactured and ready for disposition, we also safeguard our defense. In the event that our own use of the defense articles procured under the Lend-Lease Act will further our national defense more than disposing of them to those countries whose defense is vital to ours, we can so use them.

2. THE DEFENSE AID APPROPRIATION ACT

Seventy-four days ago, the Congress enacted the Defense Aid Supplemental Appropriation Act—the Act of March 27, 1941.[3]

This Act appropriated $7,000,000,000 to carry out those provisions of the organic Lend-Lease Act which require additional Congressional authority or appropriations. In the main these funds were appropriated for: The construction or expansion of plant facilities to manufacture or repair, test, or prove defense articles on behalf of any foreign nation whose defense is vital to ours; the new procurement of guns, aircraft, tanks, vessels, food and other defense articles; and the services and expenses necessary to carry out the Lend-Lease Act.

The organic Lend-Lease Act empowers the President, when Congress appropriates the requisite funds, to execute these powers of plant construction, repairing and new procurement through the Secretary of War, the Secretary of the Navy or the head of any other department or agency concerned. The Appropriation Act contemplates that the President will allocate the necessary funds to those departments and agencies of the Government, such as the War, Navy and Agriculture Departments, the Maritime Commission and the Procurement Division of the Treasury Department, most experienced in procuring the particular defense articles desired.

Power is given to the President by the Appropriation Act to reimburse to the extent of $1,300,000,000 those departments and agencies which dispose under the Lend-Lease Act of defense articles procured from appropriations made prior to March 11, 1941.

Power is also given to the President to turn over to the War, Navy or any other department or agency of the United States Government any defense article procured out of the 7 billion dollar appropriation if he deems it in the interest of our defense to do so.

[3] A copy of this Act is contained in the Appendix.

3. LEND-LEASE PRIORITIES—THE VINSON BILL

The Lend-Lease Act provided for the placement of all orders for defense articles by the War and Navy Departments and such other departments and agencies of the United States Government as are designated by the President. The orders placed by the Army and Navy—by far the major part of the orders to be placed under the Lend-Lease Act—could doubtless have been given statutory priority over all deliveries for private account or for export under the Act of June 28, 1940 (Public No. 671—76th Congress).

To eliminate any doubt on this score and to enable regular defense and lend-lease orders of the other departments and agencies of the Government, such as the Maritime Commission, the Coast Guard, the Procurement Division of the Treasury Department, etc., to have statutory priority, the Congress enacted the Vinson Priorities Bill (Act of May 31, 1941, Public No. 89—77th Congress).[3] At the present time, therefore, all lend-lease orders can be given statutory priority.

[3] A copy of this Act is contained in the Appendix.

Chapter II

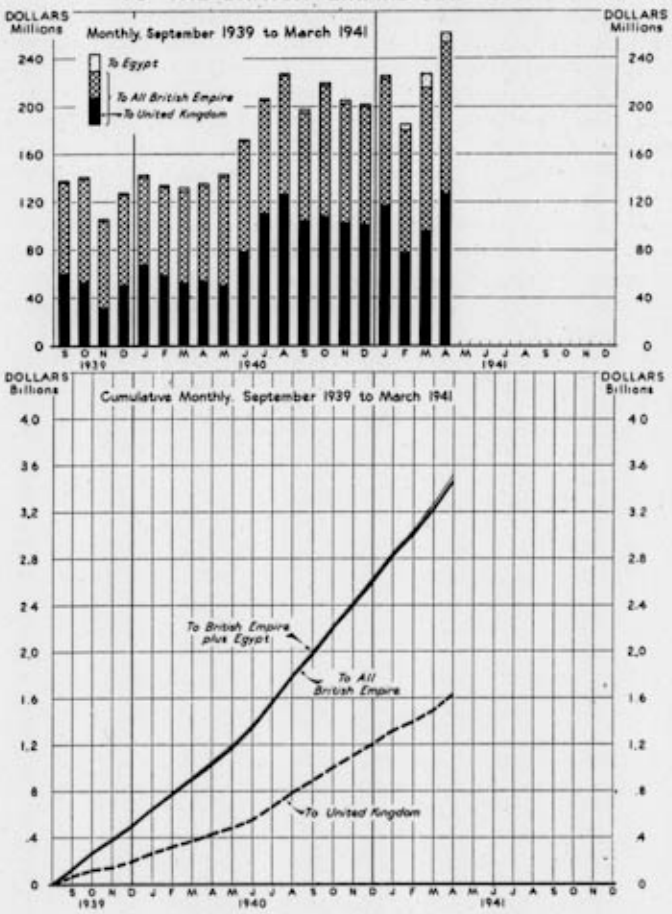
OPERATIONS

1. GENERAL

It should be noted that lend-lease orders placed now with deliveries coming in the future are the necessary complement to the British orders placed last year, the deliveries from which are the principal source of British exports. These current exports, however, must be maintained and increased by whatever defense articles can be released from Army and Navy stocks, as well as by the release of equipment from the production lines of tomorrow.

Since September of 1939 when the war started, the United States has played an ever increasingly active part in helping the United Kingdom and its allies to secure planes, guns, ammunition, and other implements of war. The total exports from the United States to the British Empire have steadily increased during this period. For instance, the total dollar value of all exports to the British Empire for the first quarter of 1941 was nearly two and one-half times the value for the first quarter of 1939 and over half again higher than the value for the same period of 1940. The following table reflects graphically the increase in United States exports to the British Empire, to the British Empire and Egypt, and to the United Kingdom.

UNITED STATES EXPORTS*
TO THE BRITISH EMPIRE AND EGYPT



*Including reexports

2. SUMMARY OF LEND-LEASE OPERATIONS

During the period from March 11 to May 31, 1941, inclusive, defense articles of all kinds amounting to a little over $75,000,000 have been transferred under the Lend-Lease Act. Of this total value, about $64,000,000 of defense articles, procured from appropriations made prior to March 11, 1941, and about $11,000,000 of defense articles, procured from appropriations under the Defense Aid Supplemental Appropriation Act, were transferred.

In connection with the dollar value of articles authorized for transfer, it should be emphasized that in all cases this value is an *estimated* value and may in many cases represent an approximate evaluation placed upon a specific article after depreciation, obsolescence, deterioration, etc., have been taken into account. A formal valuation procedure has been established to survey all transfers and determine true valuations.

Summary statements of defense articles transferred as of May 31, 1941 appear on the opposite page.

Defense articles transferred by departments under the Lend-Lease Act as of May 31, 1941

Department or agency	From appropriations made prior to March 11, 1941	From Defense Aid Supplemental Appropriation Act	Total
War	$34, 963, 187. 38	$421, 777. 55	$35, 384, 964. 93
Navy	7, 086, 246. 38	845. 39	7, 087, 091. 77
Maritime Commission	10, 492, 908. 01		10, 492, 908. 01
Treasury	11, 930, 400. 00	2, 308, 799. 49	14, 239, 199. 49
Agriculture		7, 998, 261. 67	7, 998, 261. 67
Total	$64, 472, 741. 77	$10, 729, 684. 10	$75, 202, 425. 87

Defense articles transferred under the Lend-Lease Act as of May 31, 1941

Classification	From appropriations made prior to March 11, 1941	From Defense Aid Supplemental Appropriation Act	Total
Ammunition for small arms and artillery, explosives, etc	$9, 760, 361. 08		$9, 760, 361. 08
Ordnance; arms and miscellaneous	20, 580, 109. 13		20, 580, 109. 13
Aircraft	2, 572, 570. 67	$1, 455, 726. 16	4, 028, 296. 83
Vehicles	3, 005, 807. 00	399, 911. 45	3, 405, 718. 45
Watercraft, etc	26, 155, 193. 89	27, 000. 00	26, 182, 193. 89
Clothing and medical supplies, etc	616, 000. 00		616, 000. 00
Signal and chemical equipment, etc	1, 782, 700. 00	21, 866. 10	1, 804, 566. 10
Agricultural products		7, 998, 261. 67	7, 998, 261. 67
Machinery, etc		242, 181. 28	242, 181. 28
Raw materials and metals		497, 806. 82	497, 806. 82
Miscellaneous		86, 930. 62	86, 930. 62
Total	64, 472, 741. 77	10, 729, 684. 10	75, 202, 425. 87

The Lend-Lease Act coupled with the Defense Aid Supplemental Appropriation Act of March 27th made possible the placement of orders on the basis of requirements submitted by those countries the defense of which the President deemed vital to the United States.[1]

As of May 31, 1941, over $4,200,000,000 equal to 60 per cent of the $7,000,000,000 appropriated by Congress for lend-lease orders have been allocated for specific purposes. Over 2,000 requisitions setting forth specific requirements have been received for the procurement of defense articles during the period March 11 to June 1, 1941. All requisitions have been carefully studied by those government departments or agencies best qualified to survey them, and allocations have been made by the President on the basis of such departmental or agency recommendations as were approved by the Division of Defense Aid Reports and the Director of the Bureau of the Budget.

In addition, allocations amounting to approximately $137,000,000 have been made for facilities necessary to back up the procurement program. The breakdown of the allocations made, by departments and by classifications, are summarized in the following tables:

Allocations by departments under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941

Department or agency	*Allocations*
War	$2,890,620,953.00
Navy	589,939,958.00
Maritime Commission	562,354,800.00
Treasury	180,085,863.50
Agriculture	54,886,305.00
Executive Office of the President	25,000.00
Office for Emergency Management	100,000.00
Total	4,277,412,879.50

[1] It should be noted in this connection that lend-lease orders, although based on the requirements of a foreign government, are actually United States Government orders and are treated the same as any other United States defense contract. Defense articles delivered from lend-lease contracts can only be transferred to the custody of a foreign government with the consent of the President.

Summary of allocations by appropriations under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941

Ordnance and ordnance stores	$880, 176, 863. 00
Aircraft and aeronautical material	1, 938, 823, 489. 00
Tanks and other vehicles	318, 502, 800. 00
Vessels and other watercraft	551, 414, 140. 00
Miscellaneous military equipment	119, 172, 013. 00
Facilities and equipment	137, 134, 818. 00
Agricultural, industrial, and other commodities	280, 314, 697. 50
Testing, reconditioning, etc., of defense articles	48, 385, 880. 00
Services and expenses	3, 042, 605. 00
Administrative expenses	445, 574. 00
Total	4, 277, 412, 879 .50

Statement of allocations by appropriation and purpose under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941

Ordnance and ordnance stores:	
Ammunition:	
Small-arms ammunition	$38, 359, 000. 00
Artillery ammunition	235, 139, 150. 00
Aircraft bombs and pyrotechnics	52, 330, 000. 00
Explosives, propellant powders, and miscellaneous ammunition	4, 432, 194. 00
Subtotal	330, 260, 344. 00
Ordnance material:	
Small arms and infantry weapons	81, 264, 000. 00
Artillery material	21, 348, 550. 00
Antiaircraft material	222, 063, 000. 00
Aircraft armament	164, 601, 250. 00
Miscellaneous fire control	5, 257, 911. 00
Torpedo equipment	647, 000. 00
Mine equipment	8, 000, 000. 00
Miscellaneous ordnance and ordnance stores	15, 000, 000. 00
Subtotal	518, 181, 711. 00
Unclassified ordnance allocations	31, 734, 808. 00
Total	880, 176, 863. 00
Aircraft and aeronautical material:	
Aircraft:	
Bombardment	1, 396, 063, 000. 00
Pursuit, interceptor, and fighter	232, 330, 000. 00
Transport, utility, and other	2, 640, 000. 00
Training	76, 800, 000. 00
Subtotal	1, 707, 833, 000. 00

Statement of allocations by appropriation and purpose under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941—Continued

Aircraft and aeronautical material—Continued.	
Aircraft engines, spare parts, and accessories:	
Spare engines and engine parts	$117, 625, 014. 00
Spare propellers and spare propeller parts	22, 060, 000. 00
Accessories and other parts	10, 000, 000. 00
Subtotal	149, 685, 014. 00
General aeronautical supplies and equipment	10, 231, 868. 00
Modernization and reconditioning of completed aircraft	25, 000, 000. 00
Unclassified aircraft allocations	46, 073, 607. 00
Total	1, 938, 823, 489. 00
Tanks and other vehicles:	
Ordnance vehicles:	
Tanks	138, 810, 000. 00
Other ordnance combat vehicles (except tanks)	80, 767, 000. 00
Miscellaneous ordnance automotive supplies	22, 397, 000. 00
Subtotal	241, 974, 000. 00
Other than ordnance vehicles:	
Trucks	46, 004, 000. 00
Automobiles	3, 710, 200. 00
Other automotive supplies	2, 055, 000. 00
Miscellaneous automotive supplies	8, 272, 800. 00
Subtotal	60, 042, 000. 00
Unclassified vehicle allocations	16, 486, 800. 00
Total	318, 502, 800. 00
Vessels and equipment for vessels:	
Watercraft:	
Combatant	12, 750, 000. 00
Naval auxiliary and small craft	29, 447, 000. 00
Merchant	500, 011, 800. 00
Subtotal	542, 208, 800. 00
Equipage	4, 560, 140. 00
Unclassified vessel allocations	4, 645, 200. 00
Total	551, 414, 140. 00

Statement of allocations by appropriation and purpose under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941—Continued

Miscellaneous military equipment, supplies, and material:	
Quartermaster equipment, supplies, and material:	
Clothing	$1,499,393.00
Equipage	4,686,804.00
Kitchen, mess, and field baking equipment	557,335.00
Fuel	5,164,000.00
Provisions	600,000.00
Miscellaneous quartermaster supplies	9,810,972.00
Subtotal	22,318,504.00
Signal equipment, supplies, and material	75,592,895.00
Chemical warfare equipment, supplies, and material	5,739,800.00
Engineer equipment, supplies, and material	9,752,394.00
Aircraft equipment, supplies, and material	1,668,420.00
Unclassified equipment	4,100,000.00
Total	119,172,013.00
Facilities and equipment for production, total	137,134,818.00
Agricultural, industrial, and other commodities:	
Agricultural products—Foodstuffs:	
Dairy products and eggs	31,658,000.00
Meat, fish, fowl	6,055,400.00
Fruits, vegetables, and nuts	5,960,000.00
Grain and cereal products	3,090,000.00
Lard, fats, and oils	3,577,000.00
Other foodstuffs not classified above	1,543,600.00
Subtotal	51,884,000.00
Agricultural products—Other than foodstuffs	3,000,000.00
Machinery, equipment, materials, and supplies:	
Agricultural implements	1,258,814.00
Road-building equipment, materials, and supplies	2,650,054.00
Electrical equipment, materials, and supplies	1,796,480.00
Fire-fighting equipment, materials, and supplies	770,000.00
Other	2,781,973.00
Subtotal	9,257,321.00
Metallic minerals:	
Iron and steel	95,314,000.00
Copper and brass	15,925,000.00
Zinc	20,907,500.00
Lead	936,000.00
Other metals and alloys	2,712,096.00
Subtotal	135,794,596.00

Statement of allocations by appropriation and purpose under the Defense Aid Supplemental Appropriation Act, 1941, as of May 31, 1941—Continued

Agricultural, industrial, and other commodities—Continued.	
Nonmetallic minerals:	
Nitrates	$500,000.00
Phosphates	750,000.00
Subtotal	1,250,000.00
Petroleum and coal products	2,898,400.00
Miscellaneous and unclassified equipment and materials	76,230,380.50
Total	280,314,697.50
Testing, reconditioning, etc., of defense articles:	
Servicing of defense articles:	
Vessels	26,856,000.00
Stores, etc	13,918,880.00
Subtotal	40,774,880.00
Unclassified services	7,611,000.00
Total	48,385,880.00
Services and expenses	3,042,605.00
Administrative expenses	445,574.00
Grand total	4,277,412,879.50

Chapter III

AGREEMENTS AND ASSURANCES

Section 4 of the Lend-Lease Act provides as follows:

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 7 of the Lend-Lease Act provides as follows:

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

Before any defense articles were transferred, the Ambassador or the duly accredited officer of the foreign government receiving the defense articles was required to make the necessary agreement and give the requisite assurances that his government would comply with Sections 4 and 7 of the Act of March 11, 1941. These agreements and assurances provide in substance that no defense article or defense information received by the foreign nation under the Lend-Lease Act will be turned over to anyone not an agent, officer or employee of such government without first obtaining the consent of the President. These agreements also provide that when called upon to do so by the United States they will take the requisite steps and make such payments as are necessary to protect the rights of American patent holders as provided in Section 7.

Section 3 (b) of the Lend-Lease Act provides as follows:

The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property or any other direct or indirect benefit which the President deems satisfactory.

Work has started on the agreements to fix the terms and conditions, under Section 3 (b), upon which the foreign governments receive the aid.

Chapter IV

ORGANIZATION AND PROCEDURE

On May 2, 1941, the President issued an Executive Order establishing the Division of Defense Aid Reports in the Office for Emergency Management of the Executive Office of the President.[1]

In accordance with this order, the President subsequently, on May 6th, designated by military order an Executive Officer of the Division of Defense Aid Reports to administer the functions described in the Executive Order.

It was specifically provided in the Order of May 2nd that the Division of Defense Aid Reports should provide a central channel for the clearance of transactions and reports; that it should coordinate the processing of requests for aid under the Lend-Lease Act; that it should maintain a system of reports and accounts, approved by the Bureau of the Budget; and that it should serve as a clearing house of information for agencies participating in the lend-lease program.

Although its formal organization was not established until May 2nd, approximately six weeks after the passage of the Lend-Lease Act, defense aid operations were carried on during that interim period by the group which had performed the administrative functions of the President's Liaison Committee for the coordination of foreign and domestic military purchases during the preceding twelve months.

Under the Lend-Lease Act, actual purchasing operations are conducted by the various governmental departments or agencies best qualified to do any specific procurement job. Actual procurement negotiations are carried on by each department operating in its own field in the same manner and in the same way as negotiations are carried out for any defense contract. Up to the present time, the War Department, the Navy Department, the Treasury Department, the Department of Agriculture, and the Maritime Commission have all participated directly as procurement agencies under the Lend-Lease Act. In addition, the Office of Production Management, the Department of Commerce, the Department of State, the Department of Justice, and the Department of Interior have all contributed to the defense aid program in an advisory capacity.

The Division of Defense Aid Reports serves as a channel for the processing of defense aid requests, as a control point for the coordination of such requests, and as a repository for the over-all records and accounts required by law. The work of the Division of Defense Aid

[1] Copy of this Executive Order is contained in the Appendix.

Reports falls normally into six categories—namely, processing of requirements, fiscal accounts, statistical operations, transportation coordination, liaison between governmental agencies and foreign governments, and legal problems. In addition, because of the complex problems which arise, it is becoming increasingly necessary to utilize the services of special analysts and attorneys to devote full time to studying the varied and complicated ramifications of the defense aid program.

The first step in the furnishing of defense aid to a foreign government must necessarily be the determination of specific requirements. In most instances, such a determination requires a series of conferences and negotiations between the military and technical representatives of the department or agency of the United States Government which is best qualified to deal with any specific purchasing program. To expedite this determination of requirements, the War Department, for instance, has instituted a Division of Defense Aid in the office of the Under Secretary of War. In addition, the War Department established Defense Aid Requirements Committees which included in their membership representatives of foreign governments receiving defense aid.[2] In the case of the other procuring agencies, similar steps have been taken to expedite the flow of defense aid and to maintain adequate records of defense aid transactions.

In order that the Division of Defense Aid Reports might adequately perform its functions, every foreign government desiring defense aid under the provisions of the Lend-Lease Act has been requested to submit to the Division formal signed requisitions for specific defense articles or defense services. These requests are prepared on standard requisition forms and submitted to the Division of Defense Aid Reports from which they are forwarded to the procuring agency of the United States Government best qualified to make a recommendation as to whether the specific item should be supplied.[3] When these requisitions are received by a procuring agency, they are studied from the point of view as to whether the items called for can be supplied from stock on hand, whether they can be diverted from existing contracts, or whether they will have to be ordered for future delivery. The recommendation of the Department with respect to every requisition is forwarded to the Division of Defense Aid Reports for further processing and approval.[4]

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[2] The detailed organization of War Department defense aid operations is contained in the Appendix.

[3] A standard requisition form is contained in the Appendix.

[4] A standard recommendation form is contained in the Appendix.

If a specific item to be supplied can be released from stock or diverted from contracts placed with appropriations made prior to March 11, 1941, the Division of Defense Aid Reports secures a Presidential directive authorizing the agency in question to transfer the defense articles to the foreign government. If the item recommended to be supplied involves the placement of a new order, it is the responsibility of the Division, if it approves, to secure an allocation of funds so that the procuring agency may actually place the contract. It should be noted, however, that an allocation of funds for the placement of a defense aid contract may not necessarily include the power to transfer the defense articles produced to the foreign government which filed the original requisition.

In order that proper accounting and fiscal reports may be compiled, a fiscal unit was established in the Division and a system for financial defense aid reports initiated, which has the approval of the President, the Secretary of the Treasury, the Comptroller-General and the Director of the Bureau of the Budget. These records reflect every angle of defense aid financial operations, expressed both in terms of dollars and in terms of quantities. Specific records cover the status of appropriations, the acquisition and disposition of defense articles, defense aid services, defense aid facilities, the consideration received from foreign governments, and the receipts for defense articles transferred to foreign governments. Complete financial and accounting reports are received from all the procuring agencies semimonthly and are used as one of the bases for compiling the operating reports of the Division.

In addition to the standard forms for requisitions and recommendations and in addition to the specified fiscal and accounting reports, individual case histories of requisitions are being compiled. These case histories provide a complete historical record of each specific item, and a controlling system for the coordination of requirements and programs, procurement between purchasing agencies, procurement between foreign governments, and for expediting action on recommendations, the placement of orders and the delivery of goods.

The great mass of detailed information contained in the various operating forms, in the case histories, and in the fiscal reports are summarized by an operations analysis unit. These statistical summaries are compiled on a current basis and are used for controlling internal operations and for providing complete information on defense aid operations.

APPENDIX

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THE LEND-LEASE ACT

[PUBLIC LAW 11—77TH CONGRESS]

[CHAPTER 11—1ST SESSION]

[H. R. 1776]

AN ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States".

SEC. 2. As used in this Act—

(a) The term " defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection: Manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

SEC. 3. (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this

paragraph, and procured from funds heretofore appropriated, shall not exceed $1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

SEC. 4. All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

SEC. 5. (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information

is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 6. (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

SEC. 7. The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

SEC. 8. The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

SEC. 9. The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

SEC. 10. Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

SEC. 11. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

Approved, March 11, 1941.

DEFENSE AID SUPPLEMENTAL APPROPRIATION ACT, 1941

[PUBLIC LAW 23—77TH CONGRESS]

[CHAPTER 30—1ST SESSION]

[H. R. 4050]

AN ACT

Making supplemental appropriations for the national defense to provide aid to the government of any country whose defense the President deems vital to the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That to enable the President, through such departments or agencies of the Government as he may designate, to carry out the provisions of An Act to Promote the Defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following sums for the following respective purposes, namely:

(a) For the procurement, by manufacture or otherwise, of defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, as follows:

(1) Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, $1,343,000,000.

(2) Aircraft and aeronautical material, including engines, spare parts, and accessories, $2,054,000,000.

(3) Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories, $362,000,000.

(4) Vessels, ships, boats, and other watercraft, and equipage, supplies, materials, spare parts, and accessories, $629,000,000.

(5) Miscellaneous military equipment, supplies, and materials, $260,000,000.

(6) Facilities and equipment, for the manufacture or production of defense articles, by construction or acquisition, including the acquisition of land, and the maintenance and operation of such facilities and equipment, $752,000,000.

(7) Agricultural, industrial, and other commodities and articles, $1,350,000,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, Including services and expenses in connection therewith, $200,000,000.

(c) Not to exceed 20 per centum of any of the foregoing eight appropriations may be transferred by the President to any other such appropriation, but no appropriation shall be increased by more than 30 per centum.

(d) For necessary services and expenses for carrying out the purposes of such Act not specified or included in the foregoing, $40,000,000.

(e) For administrative expenses, $10,000,000.

(f) In all, $7,000,000,000, to remain available until June 30, 1943.

SEC. 2. If any defense article procured from an appropriation made before March 11, 1941, is disposed of, under such Act of March 11, 1941, by any department or agency to the government of any country whose defense the President deemed vital to the defense of the United States, the President may transfer, from the appropriations made by this Act to the appropriate appropriation of such department or agency, an amount equivalent to the value (as computed for the purposes of the $1,300,000,000 limitation contained in section 3 (a) (2) of such Act of March 11, 1941) of the defense article so disposed of, but not to exceed in the aggregate $1,300,000,000.

SEC. 3. Any defense article procured from an appropriation made by this Act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

SEC. 4. No part of any appropriation contained in this Act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 5. This Act may be cited as the "Defense Aid Supplemental Appropriation Act, 1941".

Approved, March 27, 1941, 10:50 a. m., E. S. T.

VINSON PRIORITIES ACT

[PUBLIC LAW 89—77TH CONGRESS]

[CHAPTER 157—1ST SESSION]

[H. R. 4534]

AN ACT

To amend the Act approved June 28, 1940, entitled "An Act to expedite the national defense, and for other purposes", in order to extend the power to establish priorities and allocate material.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act approved June 28, 1940 (Public, Numbered 671, Seventy-sixth Congress), as amended, is amended by inserting "(1)" after "SEC. 2. (a)" and by adding at the end of subsection (a) thereof the following:

"(2) Deliveries of material to which priority may be assigned pursuant to paragraph (1) shall include, in addition to deliveries of material under contracts or orders of the Army or Navy, deliveries of material under—

"(A) contracts or orders for the Government of any country whose defense the President deems vital to the defense of the United States under the terms of the Act of March 11, 1941, entitled 'An Act to promote the defense of the United States';

"(B) contracts or orders which the President shall deem necessary or appropriate to promote the defense of the United States; and

"(C) subcontracts or suborders which the President shall deem necessary or appropriate to the fulfillment of any contract or order as specified in this section.

Deliveries under any contract or order specified in this section may be assigned priority over deliveries under any other contract or order. Whenever the President is satisfied that the fulfillment of requirements for the defense of the United States will result in a shortage in the supply of any material for defense or for private account or for export, the President may allocate such material in such manner and to such extent as he shall deem necessary or appropriate in the public interest and to promote the national defense. The President shall be entitled to obtain such information from, require such reports by, and make such inspection of the premises of, any person, firm, or corporation as may be necessary or appropriate, in his discretion, to the enforcement or administration of the provisions of this section. No person, firm, or corporation shall be held liable for damages or penalties for any default under any contract or order which shall result directly or indirectly from his compliance with any rule, regulation, or order issued under this section. The President may exercise any power, authority, or discretion conferred on him by this section, through such department, agency, or officer of the Government as he may direct and in conformity with any rules and regulations which he may prescribe."

Approved, May 31, 1941.

EXECUTIVE ORDER

ESTABLISHING THE DIVISION OF DEFENSE AID REPORTS IN THE OFFICE FOR EMERGENCY MANAGEMENT OF THE EXECUTIVE OFFICE OF THE PRESIDENT

By virtue of the authority vested in me by the Constitution and Statutes and by the Act of March 11, 1941, entitled "An Act to Promote the Defense of the United States" (hereafter referred to as the Act), in order to define further the functions and duties of the Office for Emergency Management of the Executive Office of the President in respect to the national emergency as declared by the President on September 8, 1939, and in order to provide for the effective administration of said Act in the interest of national defense, it is hereby ordered as follows:

1. There is established within the Office for Emergency Management of the Executive Office of the President the Division of Defense Aid Reports, at the head of which shall be an Executive Officer appointed by the President. The Executive Officer shall receive compensation at such rate as the President shall approve and, in addition, shall be entitled to actual and necessary transportation, subsistence, and other expenses incidental to the performance of his duties.

2. Subject to such policies and directions as the President may from time to time prescribe, the Division of Defense Aid Reports shall perform and discharge the following described duties and responsibilities:

a. Provide a central channel for the clearance of transactions and reports, and coordinate the processing or requests for aid under the Act.

b. Maintain such system of records and summary accounts to be approved by the Bureau of the Budget, as may be necessary for adequate administrative and financial control over operations under the Act and as will currently reflect the status of all such operations.

c. Prepare such reports as may be necessary to keep the President informed of progress under the Act; assist in the preparation of reports pursuant to Section 5b of the Act; and serve generally as a clearing house of information for agencies participating in the program.

d. Perform such other duties relating to defense aid activities as the President may from time to time prescribe.

3. Within the limitation of such funds as may be allocated for the Division of Defense Aid Reports by the President, the Executive Officer may employ necessary personnel and make provision for the necessary supplies, facilities, and services. In so far as practicable, the Division of Defense Aid Reports shall use such general business services and facilities as may be made available to it through the Office for Emergency Management or other agencies of the Government.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,
May 2, 1941.

MILITARY ORDER

By virtue of the authority vested in me as President of the United States and as Commander in Chief of the Army and Navy of the United States, I hereby designate Major General James H. Burns, of the United States Army, as Executive Officer of the Division of Defense Aid Reports in the Office for Emergency Management, to administer the functions described in the Executive Order establishing said Division, which functions are essentially of a military character, under the direction and supervision of the President as Commander in Chief of the Army and Navy of the United States.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,
May 6, 1941

WAR DEPARTMENT

THE ADJUTANT GENERAL'S OFFICE

WASHINGTON

AG 020.1 (3-29-41) M-M

APRIL 10, 1941.

Subject: Procedure Under the Lend-Lease Act.

To: The Chiefs of Arms and Services and the Divisions of the War Department General Staff.

The following letter from the Secretary of War is quoted for your information and guidance:

1. The Act of March 11, 1941 (Lend-Lease Act) imposes heavy responsibilities on the War Department which must be met with promptness and dispatch if the purposes of the Congress and the orders of the President are to be consummated. Strategic results affecting the defense of this country may depend upon the speed with which this Act is administered in the Department. I therefore desire to impress upon all concerned the necessity for prompt action in all matters relating to the Act.

2. Every effort has been made to set up the administration of this Act in the Department so as to apply to the lend-lease program the normal procedure of our procurement agencies. I am confident that our present organization, increased by the augmentation of such personnel as may be necessary, can fully meet the additional responsibilities to be imposed upon it. It appears necessary, however, to set up in the Office of the Under Secretary of War a division to be called the Defense Aid Division with duties as shown in Exhibit 1 herewith and I have, accordingly, directed that such an organization be created. This division will be concerned mainly with the coordination and acceleration of all phases of the lend-lease program within the Department. It is my desire that all papers pertaining to the program be handled in the "immediate action" category.

3. Attached hereto as Exhibit 2 is an outline of the routine which will, in general, be followed within the War Department. The desired budgetary procedure is shown in Exhibit 3.

4. To deal with questions of substance which we can foresee will arise under the Act, Defense Aid Committees, whose functions are set forth in Exhibit 4, will be organized. No new committee has been set up for aircraft inasmuch as the Joint Aircraft Committee, which has heretofore been in operation, is in a position to perform the functions prescribed for the Defense Aid Committees in Exhibits 3 and 4 and, subject to the principles and procedure outlined in such Exhibits, the War Department members of the Joint Aircraft Committee are hereby empowered, in addition to the powers heretofore exercised by them on the Joint Aircraft Committee, to perform with the British, or other representatives concerned, the functions of the Defense Aid Committees.

5. War Department agencies are authorized to issue necessary regulations, not inconsistent with the policies outlined herein, to administer their activities under the Act.

6. Close contacts between the personnel of the War Department and the accredited foreign representatives concerned with transactions under the Act shall be sought and encouraged at all times.

7. The organization herein provided for is solely designed to expedite, not to complicate, the work of the existing procurement agencies. It is always subject to change if in the light of experience it does not fulfill its function.

(S) HENRY L. STIMSON,
Secretary of War.

BY ORDER OF THE SECRETARY OF WAR:

J. A. ULIO,
Brigadier General,
Acting The Adjutant General.

[Exhibit 1]

April 8, 1941.

Office Order:

1. In order to coordinate the functioning of the War Department in its relation to the Act of March 11, 1941 (Public 11, 77th Congress), there is hereby created a division in the office of the Under Secretary of War to be known as the Defense Aid Division.

2. The duties of the Defense Aid Division will be as follows:

a. To maintain liaison on matters relating to the Act of March 11, 1941, with the following:

(1) Such agency or agencies as may be designated by the President to administer the Act.

(2) Other government agencies.

(3) Foreign governments.

(4) Arms and Services of the War Department and the War Department General Staff.

b. To coordinate requests for aid from foreign governments with interested agencies of the War Department.

c. To coordinate the procurement under appropriations provided to implement the Act, in collaboration with the Production Branch and the Purchase and Contracts Branch, Office of the Under Secretary of War; G-4 Division War Department General Staff; and the Office of Production Management.

d. To coordinate the distribution of the items to foreign governments, in collaboration with the G-4 Division, War Department General Staff.

e. To coordinate the activities authorized in Section 3 (a) (3) of the Act, in collaboration with the interested agencies of the War Department.

f. To supply foreign governments with defense information pertaining to defense articles, in collaboration with the G-2 Division of the War Department General Staff.

g. To report to the Administrator of Export Control the defense articles and defense information released to foreign governments.

h. To furnish information concerning the transactions of the War Department to the agency designated by the President for the preparation of the quarterly report required by the Act of March 11, 1941.

i. To coordinate importation of arms, ammunition, and implements of war.

j. To initiate requests for priorities for materials, equipment, and machine tools for foreign orders for military equipment and supplies through the Priorities Committee, Army and Navy Munitions Board, and the Priorities Administrator, Office of Production Management.

k. To clear preliminary negotiation reports for procurement of military equipment and supplies for foreign governments other than beneficiaries of the Act of March 11, 1941.

l. To prepare staff action for the approval of the Secretary of War, on all matters pertaining to the Act.

m. To clear items for export on the basis of military secrecy, in collaboration with the G-2 Division of the War Department General Staff.

n. To maintain the office of record for all transactions of the War Department under the Act of March 11, 1941.

o. To furnish such statistical unformation as may be required, in collaboration with the Statistics Branch, Office Under Secretary of War.

p. To participate in the functions of the Joint Advisory Board on American Republics.

q. To discharge such additional duties pertaining to the Act of March 11, 1941, as may be prescribed by the Under Secretary of War.

3. To provide personnel for the Defense Aid Division, I hereby transfer the commissioned and civilian personnel of the Army Section, Clearance Committee, Army and Navy Munitions Board, to the Defense Aid Division.

(S) Henry L. Stimson,
Secretary of War.

[Exhibit 2]

OUTLINE OF WAR DEPARTMENT PROCEDURE—LEND-LEASE ACT

War Department Action

1. Requests for assistance received from foreign governments whose defense is deemed vital to the defense of the United States under the terms of the Act, to be referred to the Secretary of War.
2. Referred to the Defense Aid Division, O. U. S. W., for recommendation.
3. Defense Aid Division informally to consult G–4 and, if advisable, other interested War Department agencies and prepare recommendation for signature of Chief of Staff. To obtain the basis for recommendation, Defense Aid Division to route requests through the appropriate Defense Aid Requirements Committee, calling for definite recommendations as to disposition of materiel or placement of orders.
4. Reply of Chief of Staff forwarded to Secretary of War for approval.
5. After approval, forwarded to White House.

White House Action

6. President issues directive to Secretary of War.

War Department Action

7. Directive turned over to Defense Aid Division for preparation of appropriate instructions to War Department agencies, and submittal to the Secretary of War, through Executive, O. U. S. W. and G–4, for signature, with copy of original action by Chief of Staff (paragraphs 4 and 5 above). Copies of directives will also be furnished to B. O. W. D.
8. War Department agencies concerned in executing approved action, including B. O. W. D., to maintain informal contacts with the Defense Aid Division during process of execution and render report to Defense Aid Division on completion.
9. Defense Aid Division to be office of record for Lend-Lease Act transactions and to prepare such reports as the President and/or the Secretary of War may prescribe.

[Exhibit 3]

OUTLINE OF BUDGETARY PROCEDURE UNDER LEND-LEASE ACT

War Department

Upon receipt of approved expenditure programs or requests for services in the Defense Aid Division of the Office of the Under Secretary of War, they will be transmitted to the Budget Officer of the War Department who will make application for allocations to the War Department of the necessary funds for the approved purposes.

Upon receipt of such allocations, the Budget Officer of the War Department will make apportionments to agencies within the War Department in accordance with the approved expenditure programs or requests for services, informing the Defense Aid Division of this action.

The existing accounting methods within the War Department will be utilized in accounting for Lend-Lease funds.

The preparation of expenditure programs and requests for services, as well as the administration of any funds set up for administrative expenses, will follow present procedure.

In case future appropriations are required for Lend-Lease purposes, the normal estimating cycle will be completed.

[Exhibit 4]

DEFENSE AID COMMITTEES

Requirements Committees

There will be created within the War Department committees to be known as the Defense Aid Requirements Committees.

The function of these Committees within the War Department will be the determination under the Defense Aid program of materiel requirements as to type, quantity and destination. In carrying out this function, the Committees will follow such policies as may be prescribed, from time to time, by the Chief of Staff, subject to such redetermination, if any, as may later be made by the President.

In performing their function, the Committees may be compelled to plan for the diversion of materiel to uses not contemplated at the time of the placing of the orders.

In dealing with this problem, the Committees may propose plans for somewhat distant objectives. However, recommendations for actual diversion should normally be made only sufficiently far in advance to permit arrangements to be made for the effective use of the diverted materiel at the completion of production.

The Committees will be organized for each of the following supply arms and services, i. e.,

Ordnance
Chemical
Signal
Engineer
Quartermaster

In order to provide continuity and unity of direction to these Committees, they will include a nucleus of personnel which will have membership on all the Committees. This nucleus will be composed of the following:

G-4 War Department, Chairman
Representative of the Under Secretary of War
Representative of the Clearance Committee of the Army and Navy Munitions Board, and
Representative of the Foreign Supply Service (in case of the British, the Chairman of the British Supply Council).

United States and foreign representatives of the arm or service concerned and of the user of the items under consideration shall be members of the respective Committees. In appropriate situations the Training Division or War Plans Division of the War Department General Staff will be represented. The Committee decisions will be signed by the senior representative of each concurring group. Minority views, if any, will be submitted by the senior member of any non-concurring group. These will be submitted to the Chief of Staff to assist him to consult with the President under the provisions of the Lend-Lease Act.

Facilities Committee

Under the Lend-Lease Act and pending War Department appropriations, there is approximately $1,300,000,000 provided for new facilities and a committee consisting of six general officers has been selected under the authority of the Under Secretary of War to control the facilities program. To consult with this Committee appropriate representatives of the British Supply Council will be appointed with opportunity to present their dissenting views, if any, on matters relating to the necessity for and priority of additional facilities being created, to the Under Secretary of War.

ROUTING (NOT TO BE FILLED IN BY REQUISITIONER)	FORM 1 **REQUISITION FOR DEFENSE ARTICLES** (UNDER THE ACT OF MARCH 11, 1941)	NO. DATE REQUISITIONER
☐ WAR ☐ NAVY ☐ OPM ☐ AGRICULTURE ☐ MARITIME COMM. ☐ STATE ☐ TREASURY ☐ _____		

1. WILL ORDERS PLACED BY THE UNITED STATES GOVERNMENT FOR THE MATERIAL REQUISITIONED HEREIN BE COVERED BY DIRECT CASH REIMBURSEMENT TO THE UNITED STATES GOVERNMENT? _____

2. ARTICLES (IF POSSIBLE, USE CONTINUATION SHEET(S) FOR DETAILED SPECIFICATIONS; OTHERWISE ATTACH ONE COMPLETE SET OF DRAWINGS AND SPECIFICATIONS TO EACH COPY OF FORM):

   A. QUANTITY AND DESCRIPTION (INCLUDE MARK, MODEL, OR OTHER IDENTIFYING DESIGNATION):

   B. SPECIFICATIONS _____ (U.S., BRITISH, OTHER) C. USE _____ (ARMY, NAVY, AIR, COMMERCIAL)

3. IF THE ARTICLES REQUISITIONED HEREIN ARE TO BE INSTALLED IN OR USED IN THE CONSTRUCTION OF SOME OTHER ARTICLE(S), NAME AND IDENTIFY THE BASIC ARTICLE(S), INDICATE NUMBER OF REQUISITION (FORM 1 OR 2) OR FNR NUMBER, OR BOTH, COVERING REQUEST FOR BASIC ARTICLE(S), AND INDICATE CONTRACT NUMBER IF CONTRACT HAS BEEN NEGOTIATED FOR BASIC ARTICLE(S).

   A. NAME AND IDENTIFICATION OF BASIC ARTICLE(S):

   B. REQUISITION NO. _____ C. FNR NO. _____ D. CONTRACT NO. _____

4. DELIVERY DESIRED (BY CHECK [✓] OR, IF POSSIBLE, BY QUANTITATIVE BREAKDOWN)

   1941 _____ 2ND QUARTER _____ 3RD QUARTER _____ 4TH QUARTER 1942 _____ 1ST QUARTER _____ 2ND QUARTER _____ 3RD QUARTER _____ 4TH QUARTER

5. REMARKS (JUSTIFICATION OF REQUEST, URGENCY, GENERAL INFORMATION, ETC.):

(SIGNED) _____

(TITLE) _____

GOVERNMENT OF THE UNITED STATES