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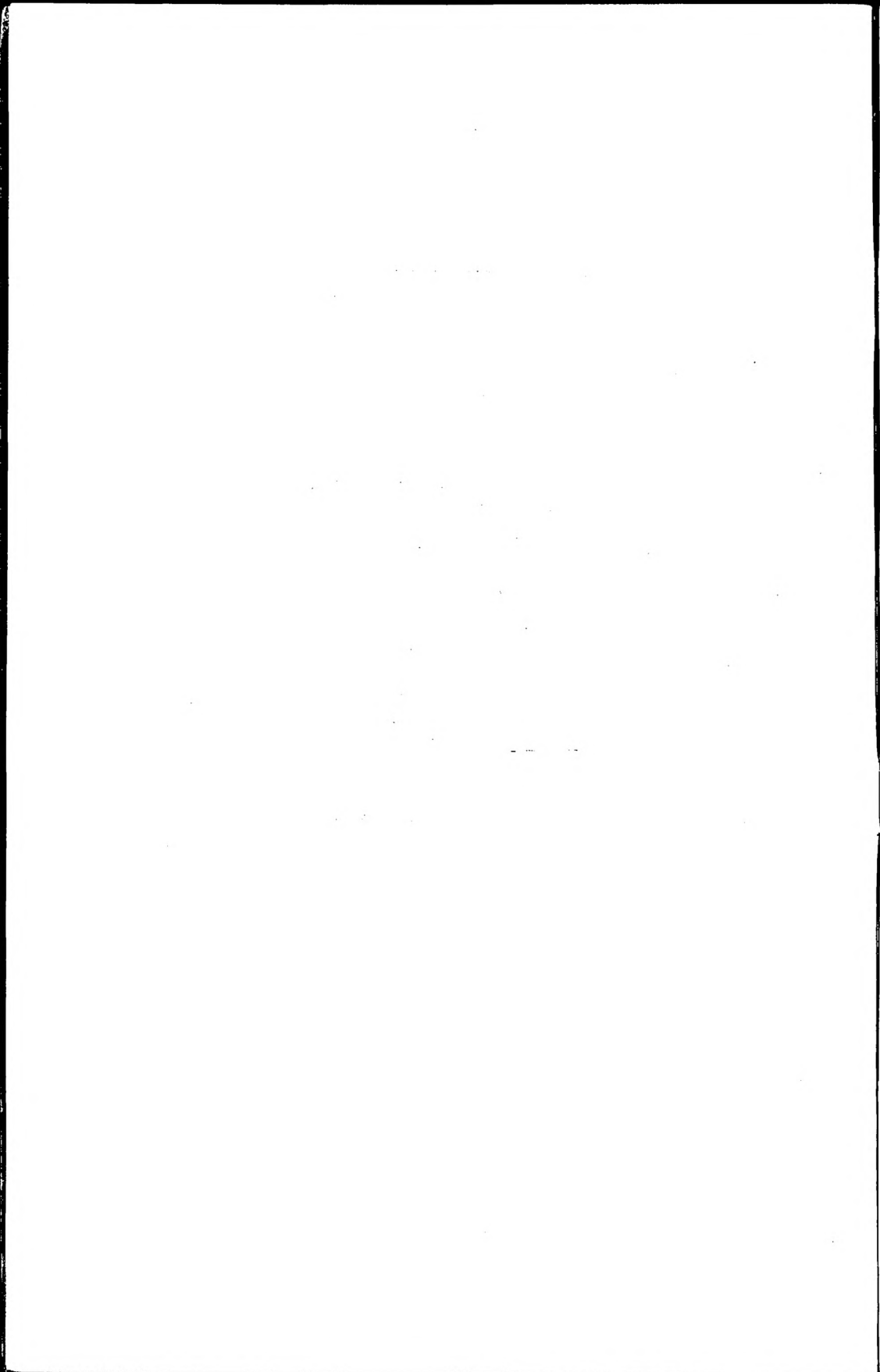
FIRST REPORT
UNDER
THE ACT OF MARCH 11, 1941
(Lend-Lease Act)

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LETTER
FROM
THE PRESIDENT
TRANSMITTING
REPORT



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1941



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 $4\frac{1}{4}$ 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 $2\frac{3}{4}$ 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.

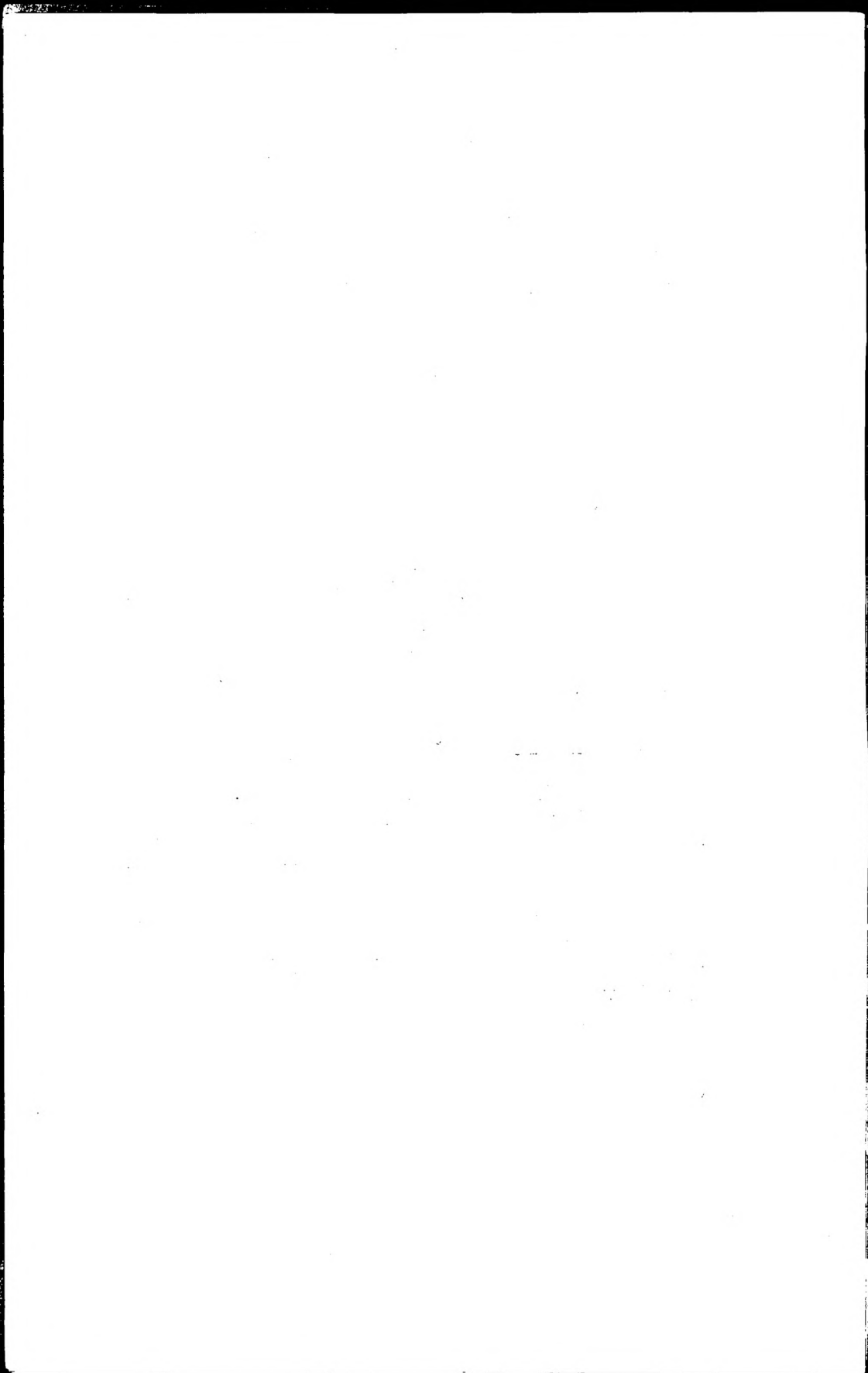
With our natural resources, our productive capacity, and the genius of our people for mass production, we will help Britain to outstrip the axis powers in munitions of war, and we will see to it that these munitions get to the places where they can be effectively used to weaken and defeat the aggressors.

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.

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, 1941.²

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.

² 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

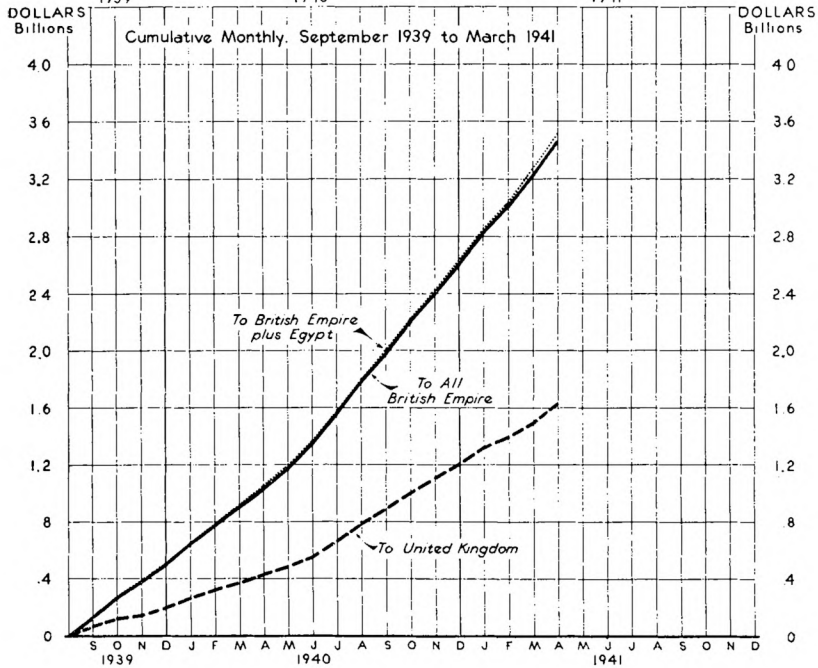
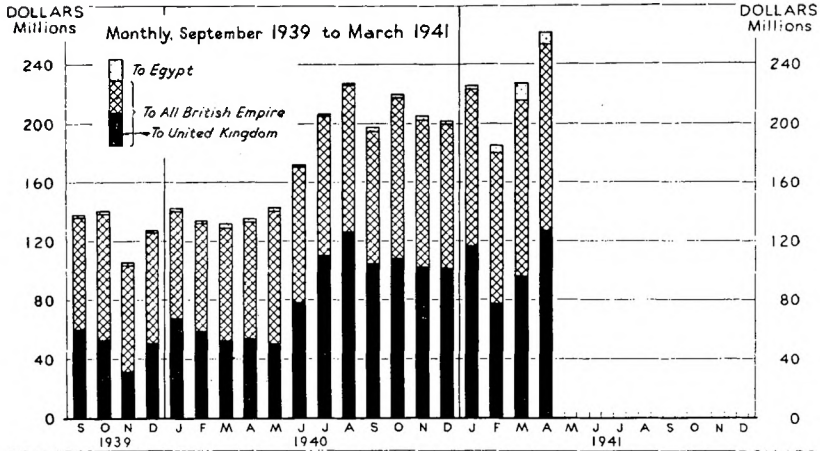
OPERATIONS

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

<i>Department or agency</i>	<i>Allocations</i>
War -----	\$2, 890, 620, 953. 00
Navy -----	589, 839, 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 am- munition.....	4,432,194.00

Subtotal.....	330,260,344.00
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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
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Unclassified ordnance allocations.....	31,734,808.00
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Total.....	880,176,863.00
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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
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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
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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
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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
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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
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Unclassified vehicle allocations.....	16,486,800.00
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Total.....	318,502,800.00
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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
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Equipage.....	4,560,140.00
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Unclassified vessel allocations.....	4,645,200.00
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Total.....	551,414,140.00
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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.....	<u>1,250,000.00</u>
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Petroleum and coal products.....	2,898,400.00
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Miscellaneous and unclassified equipment and materials.....	76,230,380.50
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Total.....	<u>280,314,697.50</u>
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Testing, reconditioning, etc., of defense articles:

Servicing of defense articles:

Vessels.....	26,856,000.00
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Stores, etc.....	13,918,880.00
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Subtotal.....	<u>40,774,880.00</u>
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Unclassified services.....	7,611,000.00
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Total.....	<u>48,385,880.00</u>
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Services and expenses.....	3,042,605.00
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Administrative expenses.....	445,574.00
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Grand total.....	<u>4,277,412,879.50</u>
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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

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.

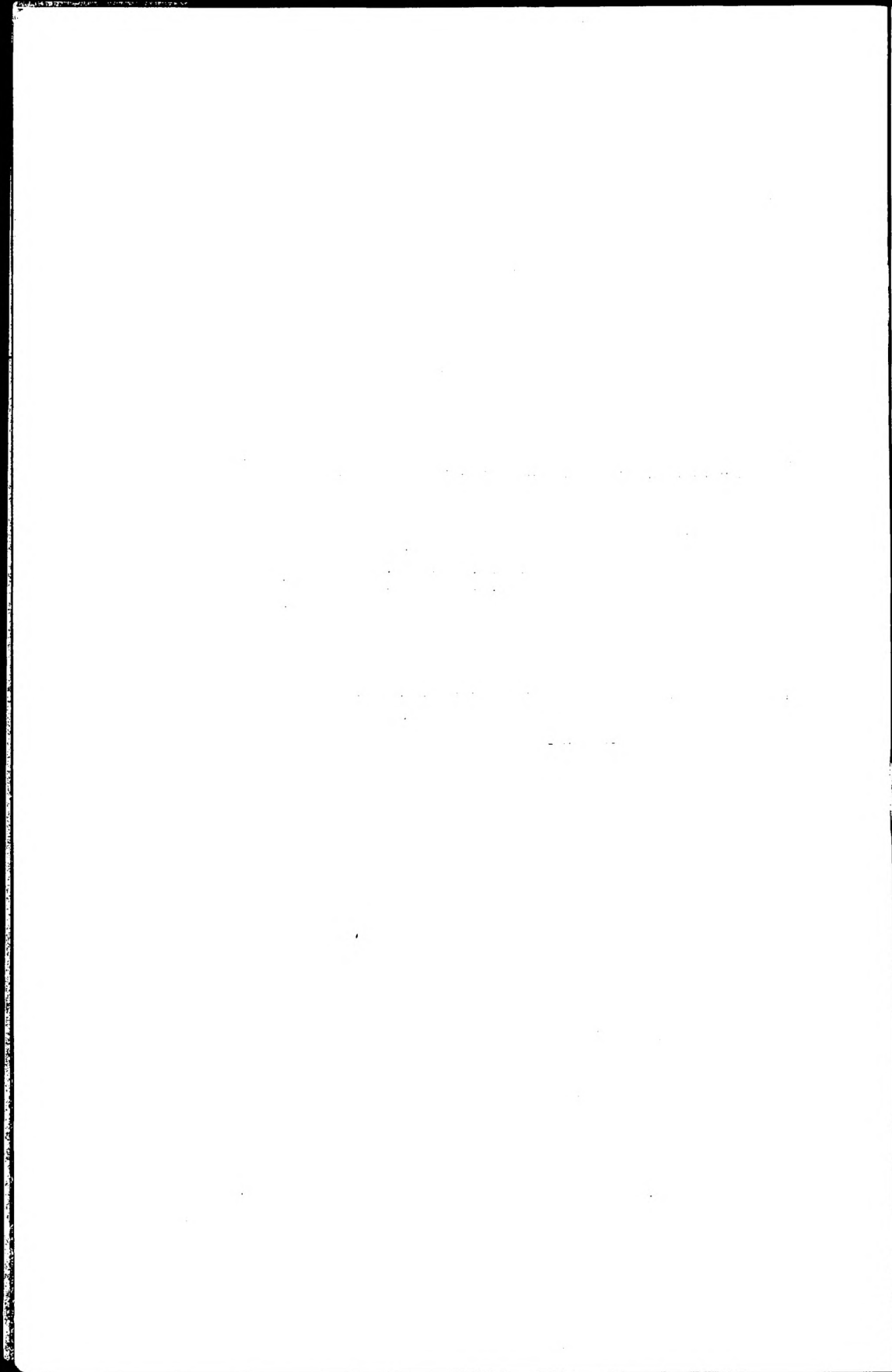
If a specific item to be supplied can be released from stock or diverted from contracts placed with appropriations made prior to March 11, 1941, the Division of Defense Aid Reports secures a Presidential directive authorizing the agency in question to transfer the defense articles to the foreign government. 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 semi-monthly 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



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 conveying 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 information 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 <small>(NOT TO BE FILLED IN BY REQUISITIONER)</small> <input type="checkbox"/> WAR <input type="checkbox"/> NAVY <input type="checkbox"/> OPM <input type="checkbox"/> AGRICULTURE <input type="checkbox"/> MARITIME COMM. <input type="checkbox"/> STATE <input type="checkbox"/> TREASURY	FORM 1 REQUISITION FOR DEFENSE ARTICLES <small>(UNDER THE ACT OF MARCH 11, 1941)</small>	NO. _____ DATE _____ REQUISITIONER _____
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 _____ C. USE _____ <small>U.S., BRITISH, OTHER ARMY, NAVY, AIR, COMMERCIAL</small>		
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. PNR NO. _____ D. CONTRACT NO. _____		
4. DELIVERY DESIRED (BY CHECK [✓] OR, IF POSSIBLE, BY QUANTITATIVE BREAKDOWN) 1941 <input type="checkbox"/> 2ND QUARTER <input type="checkbox"/> 3RD QUARTER <input type="checkbox"/> 4TH QUARTER 1942 <input type="checkbox"/> 1ST QUARTER <input type="checkbox"/> 2ND QUARTER <input type="checkbox"/> 3RD QUARTER <input type="checkbox"/> 4TH QUARTER		
5. REMARKS (JUSTIFICATION OF REQUEST, URGENCY, GENERAL INFORMATION, ETC.): <div style="text-align: right; margin-right: 20px;"> (SIGNED) _____ (TITLE) _____ </div>		
GOVERNMENT OF THE UNITED STATES		

FORM 1a (CONTINUATION SHEET)

REQUISITION FOR DEFENSE ARTICLES
(UNDER THE ACT OF MARCH 11, 1941)

NO. _____

DATE _____

SECTION	ADDITIONAL INFORMATION

GOVERNMENT OF THE UNITED STATES

<p>ROUTING (NOT TO BE FILLED IN BY REQUISITIONER)</p> <p><input type="checkbox"/> WAR <input type="checkbox"/> NAVY <input type="checkbox"/> OPM <input type="checkbox"/> AGRICULTURE <input type="checkbox"/> MARITIME COMM. <input type="checkbox"/> STATE <input type="checkbox"/> TREASURY</p>	<p>FORM 1b - AMENDMENT</p> <p>REQUISITION FOR DEFENSE ARTICLES (UNDER THE ACT OF MARCH 11, 1941)</p>	<p>_____ NO.</p> <p>_____ DATE</p> <p>_____ REQUISITIONER</p>
SECTION	DESCRIBE FULLY NATURE OF AMENDMENT DESIRED; STATE WHETHER SUBSTITUTION, ADDITION, CANCELLATION, ETC.	
	<p style="text-align: right;">(SIGNED) _____</p> <p style="text-align: right;">(TITLE) _____</p> <p style="text-align: center;">GOVERNMENT OF THE UNITED STATES</p>	

Agencies Consulted

- War
- Navy
- OPM
- Agriculture
- Maritime Comm.
- State
- Treasury
-

Form LLA 8

**Recommendation on Requisition for
Defense Articles**
(Under the Act of March 11, 1941)

Number of detail sheets attached:

.....
(Requisition number)

.....
(Requisitioner)

.....
(Agency reporting)

1. It is recommended that the following goods and/or services listed on the requisition be supplied in the quantity indicated below from the sources shown on the detail sheets attached:

<i>Quantity</i>	<i>Description</i>	<i>Estimated Value</i>	<i>Detail Sheet No.</i>
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(Form LLA 3—Continued)

2a. It is recommended that the following items on the requisition not be supplied:

<i>Quantity</i>	<i>Description</i>
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2b. Reason for nonsupply of requisitioned items:

3. Allocation of funds is requested in the amount of \$..... to cover new order(s) to be placed under this requisition for which funds have not yet been allocated by the President. It is suggested that this allocation be made from funds appropriated under Section, entitled of the Defense Aid Supplemental Appropriation Act, 1941.

4. Authorization (is) (is not) requested to transfer material and/or services procured to fill this requisition to the Government of

(Approved)	(Signed)
(Title)	(Title)
(Dept.)	(Dept.)
(Date)	(Date)

Government of the United States

DETAIL SHEET FOR FORM LLA 3

Detail Sheet No. _____ Req. No. _____

(Quantity) _____ (Description) _____

SOURCE	QUANTITY	DELIVERY SCHEDULE (CALENDAR QUARTERS)												REMARKS VALUE				
		1941				1942												
		3d Quarter	4th Quarter	1st Quarter	2d Quarter	3d Quarter	4th Quarter	1st Quarter	2d Quarter	3d Quarter	4th Quarter	1st Quarter	2d Quarter					
1. From stock on hand procured from appropriations made prior to March 11, 1941.....																		
2. From orders placed under appropriations made prior to March 11, 1941.....																		
Supplier _____																		
Contract No. _____																		
Supplier _____																		
Contract No. _____																		
3. From new orders to be placed.....																		
4. TOTALS.....																		

1 (a) Reimbursement (will) (will not) be requested to cover procurement from Source 1 (stock on hand). Approximate amount _____

2 (c) Reimbursement (will) (will not) be requested to cover procurement from Source 2. Approximate amount _____

3 (a) Funds to cover procurement from Source 3 (have) (have not) been allocated by the President. Allocation letter number _____ dated _____

J.L.A-3 (6)

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