

*to Lt. Col. W. M. Austin*

*from J. V. Hairland*

*11/17/44*

**Report to Congress  
On Operations of the  
Foreign Economic Administration**

**September 25, 1944**

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*On Operations of the*  
**Foreign Economic Administration**

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*September 25, 1944*

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## CONTENTS

Chapter	Page
Administrator's Letter of Transmittal.....	5
I. Wartime Foreign Economic Operations.....	7
II. Economic Warfare.....	11
III. Procurement and Development of Strategic Commodities.....	18
IV. Lend-Lease.....	26
V. Export Controls.....	35
VI. Liberated Areas.....	41
Appendix	
I. Export Control Act.....	47
II. Lend-Lease Act.....	48
III. Executive Order Providing for the Unifying of Foreign Economic Affairs.....	52
IV. Executive Order Establishing Foreign Economic Adminis- tration.....	54
V. Executive Order Relating to Foreign Food Procurement and Development.....	56
VI. Executive Order Relating to Surplus War Property.....	58
VII. Funds Made Available by Congress for Activities Now Conducted by the Foreign Economic Administration.....	60



## LETTER OF TRANSMITTAL

TO THE CONGRESS OF THE UNITED STATES OF AMERICA:

Under the authority vested in me by the Executive Order of September 25, 1943, and pursuant to the direction of the President, I am submitting herewith a report on the first year of operations of the Foreign Economic Administration for the period from September 25, 1943, to September 25, 1944.

LEO T. CROWLEY,  
*Foreign Economic Administrator.*

WASHINGTON, D. C., *September 25, 1944.*



## CHAPTER I

### WARTIME FOREIGN ECONOMIC OPERATIONS

With the creation of the Foreign Economic Administration one year ago—September 25, 1943—almost all of this Government's economic warfare, foreign supply and procurement, and other wartime foreign economic operations were consolidated into a single agency.

The fundamental purpose of all these operations has been to strengthen the military effort of the United States and the other United Nations, to weaken our enemies, and thus to hasten final victory. In fulfilling this responsibility, in conformity with the foreign policy of the United States, the Foreign Economic Administration has worked in close collaboration with the armed services, the State Department, other United States Government agencies, representatives of allied governments, and American war industry and agriculture.

#### **F. E. A. Responsibilities**

Through economic warfare operations the Foreign Economic Administration has analyzed information obtained direct from inside the enemy's lines which has helped our Air Forces in planning and carrying out the strategic bombing offensives that have smashed German and Japanese aircraft factories, oil refineries, and other plants, railroads, shipyards, and supply centers. At the same time measures have been taken to keep strategic materials from being smuggled or traded into the hands of the enemy.

Through our foreign procurement and development operations vital strategic materials have been secured from mines and forests and farms all over the free world to enable the United States to manufacture enough weapons and other war supplies to give our forces and the forces of our allies the overwhelming superiority over the enemy that is now hastening final victory.



## **FUNCTIONS OF FOREIGN ECONOMIC ADMINISTRATION**

### **EXPORT ACTIVITIES**

Programming and shipping of lend-lease supplies.  
Commercial export assistance and war-time control.  
Furnishing needed civilian supplies for relief  
and rehabilitation.  
Export coordination operations.

### **IMPORT ACTIVITIES**

Government development, procurement and im-  
portation of strategic materials, commodities and  
foodstuffs from abroad.  
Imports under reverse lend-lease.

### **ECONOMIC WARFARE**

Economic warfare intelligence and analysis, in-  
cluding work on bombing objectives and blockade  
measures.

Preclusive purchase operations abroad to keep  
the enemy from getting strategic materials, such  
as tungsten and chrome.

### **OTHER ACTIVITIES**

Coordination and supervision of the lend-lease  
program and of all U.S. foreign economic operations.  
Disposal of surplus property abroad.

*FOREIGN ECONOMIC ADMINISTRATION*

CHART 1

Through lend-lease and export controls our allies have been supplied with the quantities of weapons and other supplies they needed to supplement their own resources for use in the fight against the common enemy. Through reverse lend-lease our allies in turn have supplied our fighting men abroad with everything they had available that we needed. Friendly, non-belligerent countries have been supplied from the United States with the minimum quantities of consumer and industrial goods required to enable them in turn to supply other commodities essential for allied war production.

The work done by the Foreign Economic Administration in connection with the liberation of enemy-occupied areas affects not only the immediate security of our forces during the final offensives now under way; it also affects the security of our country after final victory is won. The Foreign Economic Administration assists in determining basic needs and in buying essential civilian supplies in the United States which the armed services provide during the period of military operations as an essential part of those operations. The Foreign Economic Administration also procures many essential civilian supplies both for the paying governments of the liberated countries and for the United Nations Relief and Rehabilitation Administration. United States supplies for the latter are obtained from the contribution to U. N. R. R. A. made by Congress for that purpose. These supplies are to be used after the military period, in order that liberated countries unable to purchase such supplies may be given assistance in helping themselves to restore their economies, so that they can join with us on a fully self-supporting basis as soon as possible in the task of building a secure peace.

Through these supply programs United States production has been used to strengthen the war effort of our allies and their production has been used to strengthen our own war effort. Efforts have been made to utilize every economic weapon to back up our fighting men in the United Nations drive to win complete victory over the Germans and the Japanese at the earliest possible moment. Each of these programs has supplemented the other and all have been interlocked as a combined operation on the economic front—just as the United States and allied armed forces on land and sea and in the air have waged their offensives as combined operations on the battle front.

Because the United Nations have fought this war as full partners in a joint enterprise they are now close to final victory over Germany. The strategy and battle plans for the final offensives against Japan are being completed and approved. These offensives, too, will be waged on a combined United Nations basis.

### **Outlook After Victory in Europe**

In the period which will follow the defeat of Germany and precede the defeat of Japan, the programs of the Foreign Economic Administration will be adjusted in line with these basic policies:

1. Victory over Japan comes first and everything that can be done through economic warfare, foreign procurement, lend-lease, export control, and liberated-areas programs to help win that victory at the earliest possible moment and at the least cost in the lives of our own and allied fighting men will be continued.

2. Within the limits of this overriding consideration, Foreign Economic Administration programs will be adjusted in such a way as to contribute most to laying the basis for a high level of international trade carried on to the fullest possible extent by private industry and private business. This is, in turn, essential to the achievement after the war in this country and in other countries of full employment, which will be one of the basic foundation stones of a secure and workable peace.

These adjustments will mean relaxation of many export controls and cut-backs in the foreign procurement of strategic materials. Economic warfare will be focused on the war against Japan. Lend-lease will be continued to the extent necessary to win final victory over Japan at the earliest possible moment on a fully combined basis with our allies. The Foreign Economic Administration responsibilities for liberated areas in connection with both the military and United Nations Relief and Rehabilitation Administration programs will increase, as will its responsibilities for the disposal of surplus property abroad. It may be possible to sell many of these surpluses to foreign countries so that the despoiled and devastated countries abroad can get back on their feet more quickly and engage in expanded trade with the United States on a self-supporting and mutually profitable basis. Finally, the Foreign Economic Administration will continue working with the State and War Departments on the studies, based on F. E. A.'s information and experience in wartime economic analysis, as to what steps should be taken from the economic standpoint to control effectively Germany's future capacity to make war.

## CHAPTER II

### ECONOMIC WARFARE

The economic warfare operations of the Foreign Economic Administration have seriously undermined the enemy's economic ability to wage war. These operations have been carried out in two stages. First, information has been gathered and analyzed about the aircraft plants, the oil refineries, and every other important phase of the German and Japanese war economy, so that we could precisely point out the enemy's economic strengths and weaknesses. Then this information has been put to use in two major ways. It has been used by the armed services in determining allied strategic bombing objectives and in guiding sabotage operations. It has also been used to guide the blockade and preclusive buying operations by which shipments of those supplies most needed by the enemy from the outside world have been cut down or eliminated.

In all of these operations the Foreign Economic Administration works closely with War and Navy Departments, the Office of Strategic Services, the State Department, and the military intelligence and economic warfare agencies of our other allies.

#### **Economic Intelligence and Analysis**

The strategic bombing offensives, which have been waged against Germany with such tremendous effect and are now being carried forward against the Japanese homeland as well as its conquered territories, have depended for guidance upon a closely interwoven process of economic intelligence and analysis in which an expert staff in the Foreign Economic Administration has played an important but anonymous role side by side with the intelligence services of the armed forces and with the corresponding agencies of the British Government and our other allies. Every available source of information has been tapped: the files of American offices of German and Japanese firms; the records and experiences of American engineers

and other business and professional men who have worked in foreign lands, and of refugees and foreign travelers; pieces of captured enemy equipment; crews of captured blockade runners, and intelligence from secret agents inside the enemy lines.

About 30,000 confidential documents on the enemy's economy and war production have been coming into the Foreign Economic Administration every week to be sorted, pieced together, and analyzed. New techniques have been developed during the past two years by which remarkably exact conclusions on the enemy's economic strengths and weaknesses can be drawn from bits and pieces of apparently unrelated and often seemingly insignificant evidence. These new techniques must necessarily remain secret.

The Foreign Economic Administration does not, of course, select the targets for the strategic bombing forces. Those are purely military decisions. But, working with United States and British military and naval intelligence, the Foreign Economic Administration has been able to point out the most vulnerable spots from the point of view of the enemy's economic ability to carry on the war. Here are a few examples:

### **Strategic Bombing of Germany**

1. Months before the dams at the Mohne and Sorpe Reservoirs, and the Eder Dam were smashed by a daring R. A. F. raid on May 17, 1943, economic warfare analysts had calculated how much harm this operation would do to German war production in the area and even in what week of the year the wrecking of the dams would cause the most destructive floods and the loss of electric power would be most severely felt.
2. Because the Germans had miscalculated the length of the war they permitted railroad equipment to deteriorate while expanding arms production. They ran so short of locomotives that it became necessary to assign top priorities to building more of them. Economic intelligence and analysis on this situation was laid before the military. Immediately a concentrated air offensive was launched against the railroads. Trains were bombed and locomotives shot up and destroyed. This offensive, aimed straight at an enemy weakness, forced the Germans to divert more and more materials and men from tank and submarine production and they have never been able to recover from these and subsequent blows at their transport equipment.
3. The strategic bombing offensives of the past year have been guided by economic intelligence and analysis. The Foreign Economic Administration learned, for example, which were the key factories producing aircraft parts and engines for the hard-pressed Luftwaffe. This information was turned over to the air forces and these

factories were heavily bombed. The Foreign Economic Administration also learned that the Germans were short of ball bearings, especially of certain types essential for aircraft engines, and it knew where were the key factories in German production. The raids on Schweinfurt and other ball-bearing-production centers, as well as preclusive operations in Sweden to buy up Swedish ball bearings and thereby keep them from the Germans was the result, in part, of these studies.

4. After Germany failed to reach and exploit the major oil fields of the Caucasus in the fall of 1942 she was forced to fall back on synthetic oil production and the output of the Ploesti oil fields and refineries in Rumania for almost all her oil. Economic analysis showed that systematic bombing of the synthetic plants and of the Ploesti refineries would soon have a serious effect on Germany's ability to fuel and lubricate the Luftwaffe, her mechanized ground forces, and her war industries. Ploesti and many of the key synthetic oil plants and crude refineries were out of effective range until the capture of air bases in Italy and the development of long-range fighters and of shuttle-bombing between Italy, Russia, and Britain. Last winter and spring and this summer, however, the concentrated bombing offensive on Ploesti refineries, the synthetic plants, and other refineries cut German production of fuels by much more than 50 percent. Now that Ploesti has been captured, bombing of the synthetic plants under German control is having an even greater effect. The Germans are rapidly running out of the oil they need to carry on their desperate defensive struggle against the advancing allied armies.

These are a few examples of the close relationship between our economic warfare and military operations which will soon bring us final victory over the Germans.

### **Strategic Bombing of Japan**

Systematic bombing of Japan has only recently begun, but as far back as April 1942 the Doolittle raid on Tokyo had definite strategic objectives. In picking those objectives the Army used information on Japanese production centers put together by economic warfare analysts.

With the establishment of the U. S. Army's 20th Air Force and of the B-29 Superfortress bomber bases in the Asiatic theater, our Air Force is now able to put to good use all the economic intelligence information that has been painstakingly gathered, analyzed, and constantly rechecked over the past two and a half years. The targets already hit on the Japanese home island of Kyushu, at Anshan in Manchuria and in North China and Korea were picked on the basis of that information. The economic intelligence work behind those operations is already being speeded up and developed in anticipation of the rapidly widening scope of our bombing offensive against Japan.

### **Economic Warfare Measures**

The same economic intelligence and analysis used in planning allied strategic bombing offensives has also been used in carrying out other economic warfare measures against the enemy. These are essentially blockade and related measures. They include such weapons as the "blacklist," tight controls over exports to neutrals, counter-smuggling measures, war-trade agreements with neutrals, and preclusive buying of strategic supplies in neutral countries. All of these operations are aimed at preventing the enemy, so far as possible, from obtaining supplies he urgently needs from outside the areas under his military control. These measures have been directed principally against Germany since Japan has been unable to make effective use of blockade evasion measures.

The "blacklist," officially known as The Proclaimed List of Certain Blocked Nationals, is a list of persons and firms, principally in neutral countries, that have been found to be cooperating with the enemy. The list was established and is maintained by the State Department and no export licenses are issued by the Foreign Economic Administration to anybody on this list or on a similar British list, or to anyone who is suspected of acting for persons on the lists. The "blacklist" has been kept current by an endless series of checks in which economic intelligence and analysis and export controls play an important part.

The maneuvers by which the Germans have sought to evade the blockade are many and have usually been carefully masked. For example, a neutral European country was found to be importing huge quantities of manicuring preparations. A check showed that one month's imports would have been sufficient for several years' normal consumption in that country. Then it was found that the manicuring preparations contained nitrocellulose and other materials that the Germans could convert to war production. Through export controls and blacklisting the supply was immediately cut off. In another case an American exporting firm received a rush order for needles of a type which previously had not been popular in South America. Investigation uncovered the fact that a bombing raid on Germany had destroyed a factory making this type of needle and that the Germans were seeking to replace their losses by using a neutral agent as a blind.

The Germans have been caught many times in the act of smuggling goods through the blockade on neutral vessels, especially platinum and industrial diamonds. These are the most difficult to detect, because they can be so easily concealed. The Germans became particularly active in smuggling after Allied control of the seas put an end to surface vessels running the blockade between Germany and Japan with valuable strategic commodities.

In many cases the Germans have resorted to the substitution of contraband goods for shipments which had been duly cleared through the Anglo-American navicert system, under which a neutral shipper certifies that his cargo has been cleared through the blockade.

### **War Trade Agreements and Preclusive Buying**

War Trade Agreements and preclusive buying—buying to prevent vital supplies from getting into the hands of our enemies—have been the principal weapons used to reduce and if possible eliminate the sale to Germany of raw materials and manufactured goods produced by European neutrals. In return for permission to obtain through the allied blockade essential supplies carefully limited to the needs of their own people, the neutrals have been bound by these agreements to prohibit reexport to Germany of any of these supplies, or commodities similar in nature, and to prohibit or reduce their exports to Germany of critical materials which they produce. War Trade Agreements have been used in our dealings with Sweden, Spain, Portugal and Switzerland. They have been negotiated by the State Department and the Foreign Economic Administration in cooperation with the British.

The effectiveness of these agreements, combined with preclusive purchases, has varied with the shifting relative strength of the Allies and the Axis, but the net effect has been to draw always tighter and tighter the noose of economic strangulation around the Nazi war potential.

### **Battle For Tungsten and Chrome**

Preclusive buying operations have been conducted jointly with the British in Spain, Portugal, and Turkey to supplement the War Trade Agreements. For the United States these operations have been under the direction of the Foreign Economic Administration, using the U. S. Commercial Company as the buying agency.

The most important campaign on the war trade agreement-preclusive buying front has been the battle of the ferro-alloys. These have been Germany's greatest weakness from the supply standpoint, for a very large proportion of the alloys which are essential to the making of armament steels came from outside Germany's borders. Some alloys Germany obtained by conquest or from satellites, but for two of the most important—tungsten and chrome—she was dependent on the neutrals. Virtually all of her tungsten came from Spain and Portugal, and her highest quality chrome came from Turkey. Germany had to have the tungsten for armor-piercing ammunition and high-speed cutting tools; the chrome for armor plate and aircraft engines.



In Turkey the Germans were able to secure virtually no chrome ore from 1940 until the beginning of 1943, while we and the British secured 600,000 tons. Then the Turks signed the Clodius Agreement with Germany which entitled the Nazis to buy 90,000 tons in 1943 and 90,000 tons in 1944. However, due to preclusive buying and other allied activities in Turkey, the Germans were actually able to obtain only 47,000 tons in 1943, and in the spring of 1944 Turkey was persuaded to cut off all chrome shipments to Germany.

In Spain and Portugal the allied War Trade Agreements and preclusive buying combined to cut sharply the amount of tungsten Germany obtained. Finally this spring both countries stopped virtually all further shipments after an embargo on petroleum shipments to Spain had been enforced for several months.

Before that happened the competition for the Iberian tungsten ores between Axis and Allied purchasing agents and secret operatives had been carried on bitterly with no holds barred for over two years. We were not always successful in individual cases, but the end result was that the German shortage of tungsten had already begun to have serious effects both on German war production and on the battlefields before Spain and Portugal finally acted.

By the end of 1943 intelligence from occupied Europe reported that inferior carbon-steel cutting-machine tools were replacing the far more efficient tools tipped with tungsten carbide in factories turning out equipment for the German war machine. More recently analyses of captured enemy equipment have revealed that the Germans have been forced to use high-velocity artillery shells without tungsten carbide cores. This means reducing the efficiency of such famous enemy weapons as the 88-mm. gun which the Germans have been using against our men in the campaigns in France and Italy. Thus preclusive buying, which is now over because allied military successes have made it no longer necessary, is still paying off on the battlefields.

### **Frozen Nazis**

Preclusive buying has been used to buy up many other war supplies. Sometimes it has been directed at items which would not at first glance appear particularly important, yet the results have had a direct effect on the fighting. Wool rags are an example. We and the British worked desperately hard at and virtually succeeded in cornering the market in Spain, Turkey, and Portugal on woolen rags, other woolen goods, and mohair. The reason for these purchases is to be found on the Russian front. There the German Army went through three terrible winters, in each of which they suffered tens of thousands of casualties caused by the cold alone, besides severe military defeats. One reason, and an important one, was that the Germans were unable

to obtain enough wool and woolen goods to make winter overcoats, heavy socks and other warm clothing for their soldiers. That wool was in the hands of United States agents instead of on the backs of German soldiers.

### **Nazi Ballbearing Shortage**

War Trade Agreements, preclusive buying, and other methods of economic warfare are interlocking and cumulative in their effect on the enemy. For example, Germany's weakness in ball-bearing production has been attacked from all angles. The raids on Schweinfurt and other ball-bearing factories inside of Germany were accompanied by the conclusion of a new trade agreement with Sweden last fall in accordance with which Sweden agreed to cut its ball-bearing shipments to Germany to less than 50 percent of what they had been the year before. Then, late this spring the United States and Britain succeeded in buying up most of the remaining Swedish output that would otherwise have gone to Germany during the succeeding months of the summer and fall. At the same time, measures were taken resulting in sharp reductions in the shipments of ball bearings to Germany from Switzerland.

### **After the War Against Germany**

Now that we are in the concluding phases of the fighting in Europe, the Foreign Economic Administration's economic warfare activities are being directed more and more against Japan. At the same time the Foreign Economic Administration is using its economic intelligence and analysis experience in the German phase of the war as the basis for new studies on what should be done after the surrender of Germany to destroy its power and capacity to make war in the future. This information is being made available to the military authorities, the State Department, and such other United States and allied agencies as will participate in taking measures to see to it that Germany does not again menace the peace of succeeding generations.

## CHAPTER III

### PROCUREMENT AND DEVELOPMENT OF STRATEGIC COMMODITIES

The phenomenal success of America's war industry in turning out the great quantities of guns, munitions, planes, tanks, ships and other vital war materials needed to overcome the Axis has been due to many factors, one of the most important of which has been the ability of our war industry to get strategic and critical raw materials.

Although the United States is richly endowed with natural resources, many of the critical raw materials essential to the success of our war program are produced in insufficient quantities, or not at all, in this country. According to the War Production Board, 48 of the 136 raw materials listed as strategic and critical at the outset of the war were virtually unprocurable within the United States.

#### **Imports of Critical Materials**

This country has had to import for its war industries, for example, all of its tin ore; all of its corundum for grinding optical lenses used in range finders and bomb sights; all of its nickel, which imparts hardness, toughness, and strength to steel for weapons; quartz crystals for the oscillator plates required in military radios; industrial diamonds, without which the efficiency of many industrial cutting tools would be many times reduced; tantalite, source of a rare metal required for vacuum tubes; balsa wood for fast flying Mosquito bombers and for the Navy's life rafts; mahogany for naval and military aircraft and for PT boats, the 70-mile-an-hour miniature destroyers which spearheaded the invasion of Europe; loofa sponges, indispensable for filters in marine engines; and natural rubber.

However, the contribution of imports to the war effort has been of vital importance not only in these and other commodities in which the United States is completely deficient, but also in those which we produce in appreciable and often in tremendous quantities at home.

We are the largest producer of copper in the world. Before the war only negligible amounts of copper were imported into this country for consumption. Yet copper is so basic a need for the production of munitions that about a fifth of United States wartime consumption has been supplied by imports. A considerable portion of these imports were obtained in Latin America as a direct result of expanded production under the stimulus of the Foreign Economic Administration foreign procurement program.

The significance of this contribution from abroad is suggested by the fact that direct United States ammunition production alone consumed more than one-half as much copper as was imported during 1941-43.

Of great importance have been the imports of lead, which serves as an alloy in many types of mechanized equipment, and zinc used with copper to make brass for shell cases. In fact there is hardly an important mineral produced in the United States, except coal and iron, which has not had to be supplemented by essential importation during the present war.

We have had to obtain overseas large quantities of mica, indispensable for the manufacture of communication units for ships, planes, tanks, and infantry groups. Our huge wartime requirements far exceeded the capacity of our own domestic as well as Indian production. Production therefore was stepped up sharply in Brazil and procurement was undertaken also in Mexico, Peru, Madagascar and elsewhere.

Naval and merchant ships must have quantities of rope, and most of the fiber for cordage manufacture has to be imported. Castor oil for lubrication in Flying Fortress and fighter-plane engines; molasses for the alcohol used in making synthetic rubber and explosives; rotenone, to increase agricultural production by cutting down animal and plant pests; red squill needed to kill food-destroying rodents in warehouses and ships; block talc for insulators for radio and detection equipment; kapok for life preservers, and hog bristles for paint brushes—important quantities of all these and other products have had to be obtained in foreign areas.

It has been the job of the Foreign Economic Administration and its predecessor agencies to see that the United States obtained these materials in time, in sufficient amounts, and in the most efficient way possible. Even with world markets remaining open to importers, this would have been a tremendous task. But free access to many world resources no longer existed.

### **Loss of Strategic Resources**

Japanese successes in the Far East cut us off from the major and, in some cases, the only sources of certain vital raw materials. When

the Philippines fell, we lost our only source of Manila fiber, from which all marine cordage was made, as well as an important source of chrome ore. With the fall of Malaya and the East Indies, access to 90 percent of the world's natural rubber and 95 percent of its supply of quinine was lost, as well as 75 percent of its tin production.

The subsequent closing of the Burma Road not only eliminated the most important means of getting war supplies into China, but simultaneously squeezed down to a thin trickle carried by air our needed imports of tungsten, bristles and tin.

Submarine warfare added a further blow by whittling away the shipping available for servicing the supply lines which still remained open and by sinking many valuable cargoes en route.

German victories also cut off raw material resources from the United Nations. For example, the U. S. S. R. had been the world's largest producer of manganese. Early in 1942 the Germans occupied the most important of the Russian manganese fields at Nikopol, which they held until last spring. Similarly, the German victories deprived the Allies of important sources of nickel and iron ore in the Scandinavian countries, and of smelting and refining facilities in the Lowlands.

Finally, many areas still open were for some time threatened with invasion. India, the principal source of high-grade mica, burlap, and shellac, and our largest remaining source of manganese, was in grave danger in 1942. Australia, a large producer of zinc, lead, and wool, was threatened. Egypt, an important source of the special long-staple cotton used in parachutes, stood in jeopardy until the late fall of 1942.

Fortunately, however, the enemy, long poised at Dakar in West Africa and hoping for developments favorable to him which might make invasion of Latin America possible, was driven out of North and West Africa, thereby ending not only the menace to Latin America but also to the rest of Africa. And United Nations forces prevented him from overrunning India, Australia, and Free China.

### **F. E. A. Commodity Programs**

In spite of all difficulties the United States has been able to obtain, under the Foreign Economic Administration development and procurement programs, enough of the commodities which the War Production Board has required from abroad to maintain sharply increasing war production.

In order to obtain sufficient quantities of many commodities from these areas, production of raw materials from existing sources had to be increased and new sources discovered and developed. Funds loaned by the Export-Import Bank, one of the corporate agencies of

the Foreign Economic Administration, have facilitated production in several countries of such resources.

Foreign Economic Administration missions have explored for tantalite in the Belgian Congo, Nigeria, and Brazil. Production of tantalite has doubled in the last two years.

Measures have also been undertaken to step up the output of critically needed vegetable fats and oils for airplane lubricants and other wartime purposes. Pursuant to the responsibilities assigned to the Foreign Economic Administration in the Executive Order of October 6, 1943, the agency stepped up procurement abroad of essential foodstuffs needed for deficit areas.

Virtually our entire supply of cinchona bark—the source of natural quinine, has had to be procured from the wild jungles and mountainsides of Latin America by Foreign Economic Administration missions. Because it was unprofitable to strip these widely scattered trees, the commercial development of quinine in the Western Hemisphere had been virtually abandoned for sixty years. Nevertheless, enough quinine has been secured from these areas since the outbreak of war for many millions of antimalarial treatments. How important this is to our armed forces may be judged by the fact that early in the war on some fronts malaria caused more casualties than all other factors combined, including enemy action.

The extremely difficult job of procuring rubber from the vast reaches of the Amazon River Basin has been carried on by the Rubber Development Corporation, now under the direction of the Foreign Economic Administration.

The Foreign Economic Administration was able to meet tremendously increased Army and Navy requirements for quartz crystals for use in electronic equipment for the armed forces, through development and procurement efforts carried on by mining engineers, inspectors, and purchasing agents in Brazil. Almost overnight after Pearl Harbor, Army and Navy requirements jumped from 31,000 pounds a year to 2,000,000 pounds. This goal has been met.

Not only has it been necessary in many areas to build new roads, hack new trails through jungles, and repair railroads in order to get out strategic materials, but it has also been necessary for the Foreign Economic Administration to initiate programs for air transport of some of the more important commodities. In the case of China, all strategic commodities have had to be flown "over the hump" to India. Over 58,000,000 pounds of strategic materials were flown to India from China in 1943 and the first six months of 1944 and over 10,300,000 pounds of strategic materials were brought into the United States directly by air transport in the same period. The Foreign Economic

Administration is responsible for handling all nonmilitary cargo carried by United States commercial and military planes operating abroad.

On the Pacific islands the Foreign Economic Administration, at the request of the United States Navy, has carried out a successful program for provision of fresh foods to our armed forces stationed there. Vegetable gardens have been planted on Guadalcanal and many other islands close behind the fighting fronts and large quantities of fresh corn, squash, cucumbers, tomatoes, and other crops have been produced for our armed forces. It is estimated that this year more than 50,000,000 pounds of produce will be grown on the islands, having a value of several million dollars, and contributing substantially to the saving of shipping space. Servicemen on these islands get fresh fish as well as fresh vegetables, thanks to the provision of special fishing kits and boats under this Navy-Foreign Economic Administration program.

Last year approximately \$800,000,000 worth of foreign strategic materials were bought with Government funds under Foreign Economic Administration direction, exclusive of those purchased preclusively to keep them from the Axis. Commodities were bought by the U. S. Commercial Company, one of the corporate agencies of the Foreign Economic Administration, for importation under War Production Board or War Food Administration directives and were allocated and sold to war industries or for other war purposes in large part through the facilities of the Reconstruction Finance Corporation and the Commodity Credit Corporation. The facilities and services of private importers were utilized at some stage of practically all Foreign Economic Administration procurement operations.

Under the over-all Foreign Economic Administration program, private importers also purchased with their own funds large quantities of these and other essential raw materials. The Government, where necessary, assisted them in assuming some of the war risks—in carrying increased insurance rates, or providing loans or technical assistance or equipment which has helped to make their operations possible.

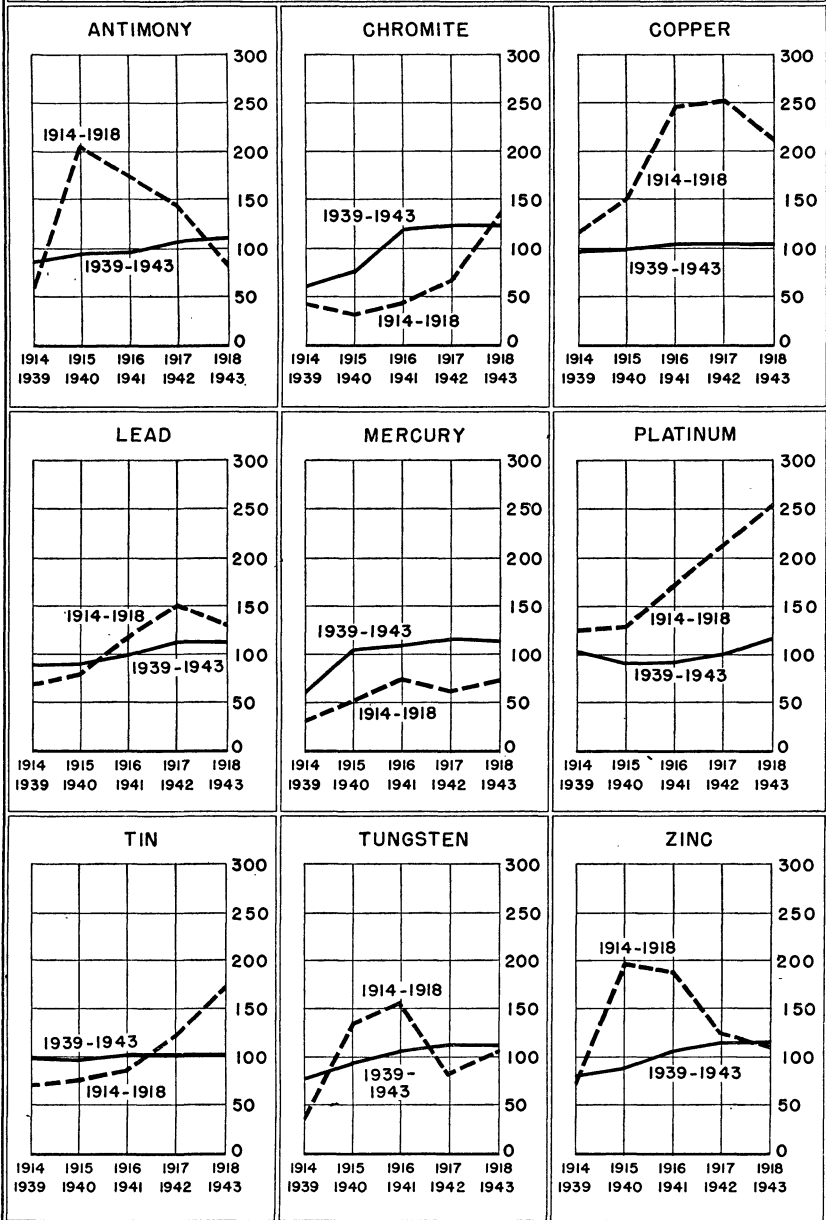
### **Prices Held Down**

In the last war, when the Government did not provide the assistance and the market stabilizing influence made available in this war, prices of many vital commodities rose far higher than they have in this war.

### **Raw Materials from the British Empire**

Under arrangements made with the British in accordance with the agreements announced last November, strategic raw materials and commodities governmentally procured in the United Kingdom and the British colonies are now provided to us as reverse lend-lease, without

**METAL PRICES IN TWO WAR PERIODS**  
 1939-1943 AVERAGES = 100



FOREIGN ECONOMIC ADMINISTRATION

CHART 2



payment by us. These supplies include crude rubber and tea from Ceylon, cocoa, palm kernels and palm oil, rope fibers, chrome, and asbestos from British Africa, copra from the British islands of the Pacific, and many other commodities needed for the United States war effort. In addition, we are also receiving mica, burlap, jute, and other strategic commodities on reverse lend-lease terms from India.

### **Government Purchases**

The policy followed in foreign procurement has been to have the United States Government engage in actual procurement only where the required amounts of strategic commodities could not be brought in effectively through ordinary commercial channels.

Purchases have been made with Government funds generally when wartime needs for strategic commodities were urgent or unpredictable or the military deadline for delivery stringent; when it was difficult or impossible for private importers to buy materials in a country where there was inflation and to bring them in and sell them under the Office of Price Administration ceilings; where shipping and insurance rates were up; where the output of submarginal mines and high cost plantations was needed; where new aggregations of labor had to be recruited and housed; where it was necessary to pay high prices to keep strategic materials in neutral countries out of Axis hands; where it was necessary to build insurance stock piles both in this country and in foreign ports; and where problems arising out of the liberation of Axis-dominated areas created situations which private trade could not meet.

Even in Government purchases, however, it has been Foreign Economic Administration policy to encourage the greatest possible participation by private businessmen so that their facilities, skill, and experience would be used to the utmost.

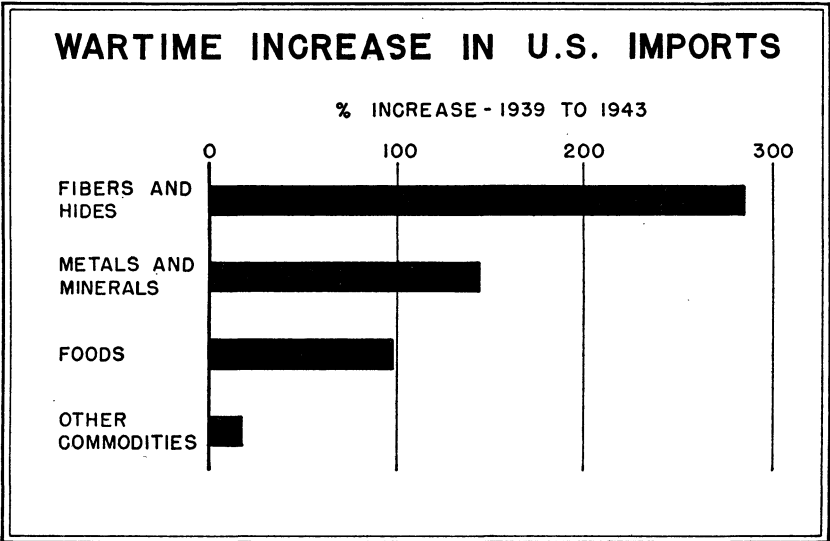
### **Imports Up**

United States imports of all commodities for consumption have risen from \$2,318,000,000 in 1939 to \$3,377,000,000 in 1943 and have continued to rise in 1944. Of the 1943 figure, an estimated \$2,349,000,000 consisted of imports which were exclusively for private account—a figure greater than total imports in 1939, when almost 35 percent of our imports were from areas since cut off by the enemy.

### **V-E Cut-back**

The War Production Board has announced that after the defeat of Germany it will be possible to cut back our war production substantially. This will make possible cut-backs in the foreign procure-

ment program for strategic and critical materials, although many will still be needed for the continuing war against Japan. The adjustment to this reduced procurement program will be made in such a way as to prevent unnecessary financial losses to American taxpayers, to best preserve our foreign relations and to strengthen the foundations for a higher level of international trade after the war.



FOREIGN ECONOMIC ADMINISTRATION

CHART 3

## CHAPTER IV

### LEND-LEASE

Economic warfare operations, by weakening the enemy's economic ability to carry on the war, have saved the lives of United States fighting men. Foreign procurement of the strategic materials we had to have in order to produce enough weapons to give our forces overwhelming superiority over the enemy has also saved American lives. And lend-lease, which has enabled our allies to hit our common enemies harder blows than would otherwise have been possible, has likewise saved the lives of our own and of allied fighting men.

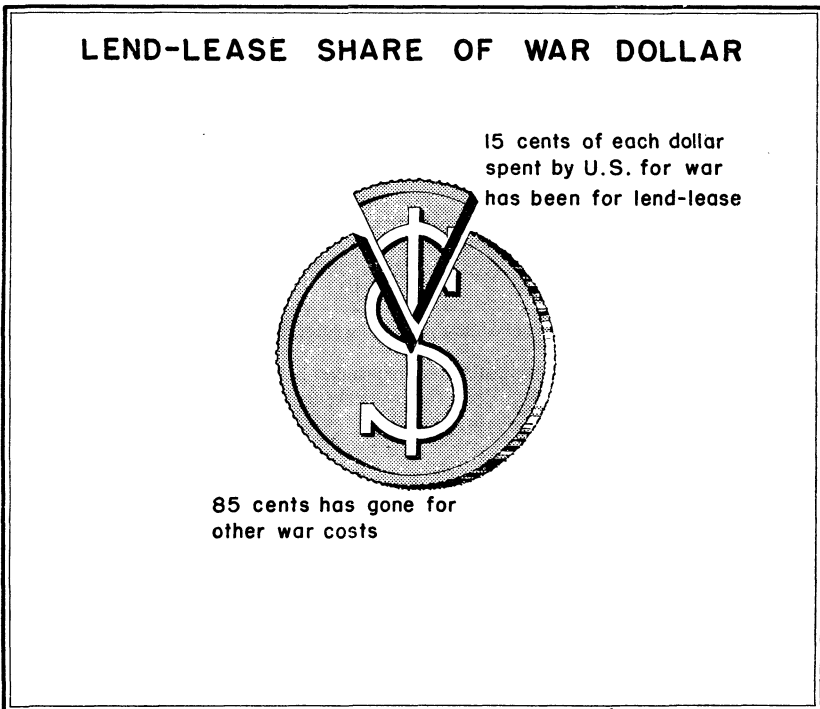
#### **For the Benefit of the United States**

The legal title of the Lend-Lease Act is: "An Act to Promote the Defense of the United States", and that is the purpose which lend-lease has been serving. The program which effectuates this objective is a combined operation of many United States Government departments for which the Foreign Economic Administration exercises over-all responsibility. Military equipment for lend-lease is supplied by the War and Navy Departments. Foodstuffs, industrial materials and equipment and other nonmilitary lend-lease goods are supplied by the Foreign Economic Administration, with the aid of the Treasury Department and the War Food Administration in domestic procurement and with the aid of the War Shipping Administration in arranging for transportation.

Before Pearl Harbor lend-lease promoted the defense of the United States by helping the nations already fighting the Axis to hold the line thus giving us time to increase our war production and train our armed forces before we were attacked by the aggressors, who already gravely threatened our own security and our future as free people. When the attack came we were far better prepared than we would otherwise have been and, instead of having to fight alone, we had strong partners whose fighting power had been sustained with the help of lend-lease.

Since Pearl Harbor lend-lease has been the principal supply instrument which has made it possible for the United Nations to fight successfully a real and effective war of coalition. The manpower and productive resources of the United Nations have been combined in such a way as to generate the maximum combined offensive power against the enemy, regardless of the nationality of the men on the firing lines or the national origin of the weapons they have used. Each nation has contributed in proportion to its resources and to the shifting requirements of the war. The United States, which has the greatest productive resources, which has been far from the fighting fronts, and which has never been bombed, has been called upon to contribute most in production. Our principal fighting allies, who have been invaded or bombed, or both, have been called upon to give more in lives and have suffered more in destruction.

Eighty-five percent of all that the United States has spent toward winning this war has been for supplies and services used by our own forces and here at home in the defense of the United States and the winning of the war. Fifteen percent has been spent for lend-lease



FOREIGN ECONOMIC ADMINISTRATION

CHART 4

supplies and services used by our allies toward winning the same war, and, therefore, used equally in the interests of our own defense.

This 15 percent represents the total figure for lend-lease aid between March 11, 1941, when the Lend-Lease Act was passed, and August 1, 1944: \$29,660,000,000 of lend-lease transfers and services and \$730,000,000 worth of lend-lease equipment consigned to United States commanding generals and assigned in the field for the use of allied forces.

#### TOTAL LEND-LEASE AID, MARCH 1941 THROUGH JULY 1944

Category	Amount	Percent of total
<b>Goods transferred:</b>		
Munitions (including ships) .....	\$15, 569, 121, 000	52. 5
Industrial materials and products.....	6, 540, 726, 000	22. 1
Agricultural products.....	4, 016, 908, 000	13. 5
<b>Total transfers.....</b>	<b>26, 126, 755, 000</b>	<b>88. 1</b>
<b>Services rendered:</b>		
Servicing and repair of ships, etc.....	538, 069, 000	1. 8
Rental of ships, ferrying of aircraft, etc..	2, 275, 493, 000	7. 7
Production facilities in United States....	621, 824, 000	2. 1
Miscellaneous expenses.....	98, 315, 000	. 3
<b>Total services.....</b>	<b>3, 533, 701, 000</b>	<b>11. 9</b>
<b>Total lend-lease aid.....</b>	<b>29, 660, 456, 000</b>	<b>100. 0</b>
Consignments to commanding generals*.....	658, 298, 000	-----
Field transfers**.....	69, 000, 000	-----

\*Goods consigned to United States commanding generals for subsequent transfer in the field to lend-lease countries.

\*\*Transfers of military supplies by United States commanders in the field from U. S. Army stocks to lend-lease countries, to Apr. 30, 1944.

TABLE 1

Over 98 percent of these lend-lease war supplies and services have been provided to our major fighting partners—the British Empire, the Soviet Union, and China, and to the forces of France and the other countries long occupied by the Nazis which bravely carried on the fight from exile and are now fighting effectively in the allied armies of liberation.

#### Lend-Lease Aid to Latin America

Less than 1 percent of our lend-lease aid has gone to the republics of Latin America. Only military aid and supplies for military, naval and related purposes have been furnished to these countries

under lend-lease. This aid, although so small in dollars that it represents considerably less than what the United States spends in a single day toward winning the war, has nevertheless had vitally important results. With the aid of the military supplies provided under lend-lease and the full cooperation in joint defense measures of all our neighbor republics except Argentina, the security of the Panama Canal and of the entire southern half of the Western Hemisphere has been made infinitely stronger than it has ever been before.

We have also been able to purchase from the Latin-American republics through the full cooperation of their governments the greatly increased quantities of strategic materials that were needed to enable American industry to meet our war production goals. Without these materials we could never have produced the tremendous numbers of planes, tanks, guns, ships, and other war equipment that are now being used so effectively by our own fighting men and the fighting men of our allies to smash the Germans and the Japanese.

### **Planes, Tanks and Supplies**

Some 31,000 planes, 26,900 tanks, and 637,600 other military motor vehicles, besides vast quantities of other war materials, have been sent to the forces of our allies under lend-lease through June 1944. Yet only 15 percent of all the munitions produced in the United States has been lend-leased. We have kept 82 percent for our own forces and 3 percent has been sold to our allies for cash.

Similarly the war production equipment and supplies sent to our allies have represented on the average an even smaller percentage of our total output. And the food sent under lend-lease—almost all of it to the British for their soldiers and war workers and to the Soviet Union in order to sustain the rations of the Red Army—has accounted for less than 10 percent of our total food supply.

### **British and Russian Production**

The British, the Russians, and our other fighting allies have carried on the war principally with supplies and equipment that they themselves produced. The British, for example, had turned out in their own factories from the beginning of the war to the first of this year 90,000 planes, 83,000 tanks and other armored vehicles, and 1,000,000 trucks. They themselves manufactured over three quarters of all the planes provided for the R. A. F. and the Royal Navy in 1943. The factories of the Soviet Union have in general provided an even greater percentage of the equipment used by the Soviet armies.

### **Lend-Lease Trucks and Food**

What lend-lease has done is to fill critical deficiencies in the production and equipment of our allies. For example, half of the highway-

borne supplies for the advancing Soviet armies in the great offensives this spring and summer on the eastern front were carried in American lend-lease trucks. And the 10 percent of Britain's food supply that has come from the United States has made it possible to maintain the British food rations, at a level well below ours, but still sufficient for fighting strength. Without lend-lease, the British might not have had enough food to carry on.

### Lend-Lease on the Battle Fronts

The damage to our enemies which our allies have been able to do with the lend-lease supplies we have sent them is the major benefit which the United States receives under the Lend-Lease Act. Lend-lease is not and never has been either a loan of money or a charity. Lend-lease aid is provided "to promote the defense of the United States" and for no other purpose. The battles our allies have been and will be able to win with the help of lend-lease, the millions of Germans and Japanese our men won't have to face because our allies have killed or captured them—these—and victory—are priceless contributions to the security of our own country.

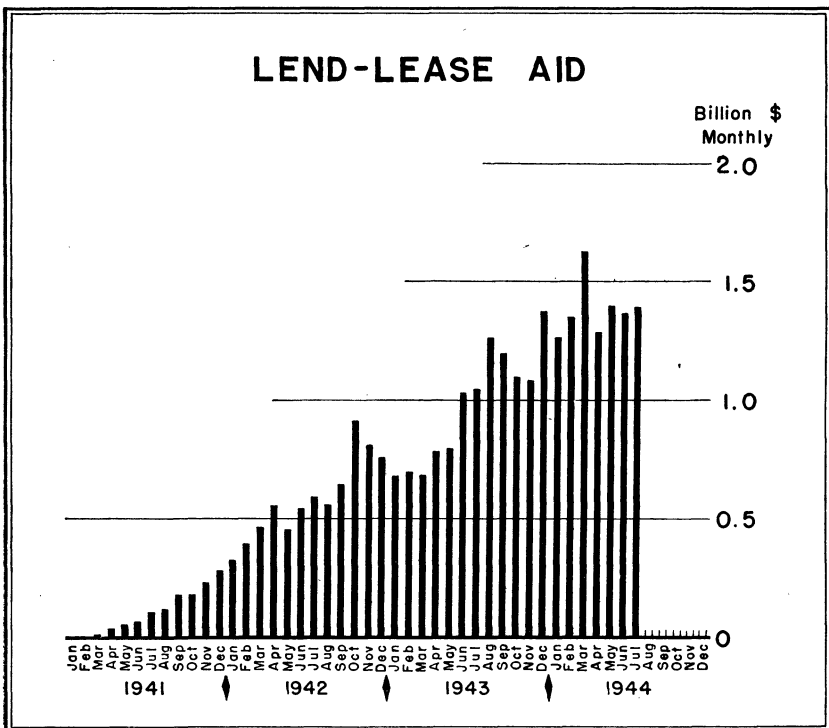


CHART 6

### Reverse Lend-Lease

We have received in addition, however, over \$3,000,000,000 worth of supplies and services for our forces and merchant marine overseas as reverse lend-lease aid, without payment by us. Most of this aid has been provided by the British Commonwealth. Neither the Soviet Union nor China, both invaded and ravaged by great forces of the enemy, have been in a position to give us reverse lend-lease aid in any volume, nor has the occasion for such aid arisen.

The aid provided to us by the British has included such items as 2,250 airplanes and gliders for the United States Army Air Forces; transport on British ships of several hundred thousand United States troops in the first quarter of 1944 alone; substantial repairs to United States warships at Royal Navy dockyards in the Mediterranean, the United Kingdom and elsewhere; hundreds of millions of dollars worth of construction and supplies for United States Air Force and Army bases and camps in the United Kingdom, together with nearly 1,000 blocks of apartments, hotels, offices, and estates requisitioned for our military personnel; locally produced fruits, vegetables, and other foods, including fresh eggs, although British civilians themselves get only an average of 2 fresh eggs a month. We have also received from the British thousands of other categories of equipment, supplies, and services as reverse lend-lease.

Australia and New Zealand have provided as reverse lend-lease over 95 percent of all the food used by our forces in the Pacific areas under General MacArthur's command, besides furnishing our forces with many other supplies and services without payment by us. In recent months their reverse lend-lease aid to us has been running at a higher monthly rate than our shipments of lend-lease supplies to them.

#### REVERSE LEND-LEASE AID

[Furnished to United States Forces and Merchant Shipping Overseas]

	Jan. 1-Apr. 1, 1944	Cumulative to Apr. 1, 1944
United Kingdom.....	\$370, 760, 000	\$1, 934, 400, 000
Australia.....	95, 258, 000	457, 623, 000
New Zealand.....	17, 482, 000	109, 368, 000
Total.....	*483, 500, 000	*2, 501, 391, 000

\*Figures for Jan. 1-Apr. 1, 1944, are preliminary.

NOTE: The above table does not include the amount of aid furnished by India, the U. S. S. R., and China. The total amount of reverse lend-lease aid received to June 30, 1944 was in excess of \$3,000,000,000.

TABLE 2



# LOCATION OF F.E.A. OVERSEAS STAFFS

SEPTEMBER 12, 1944

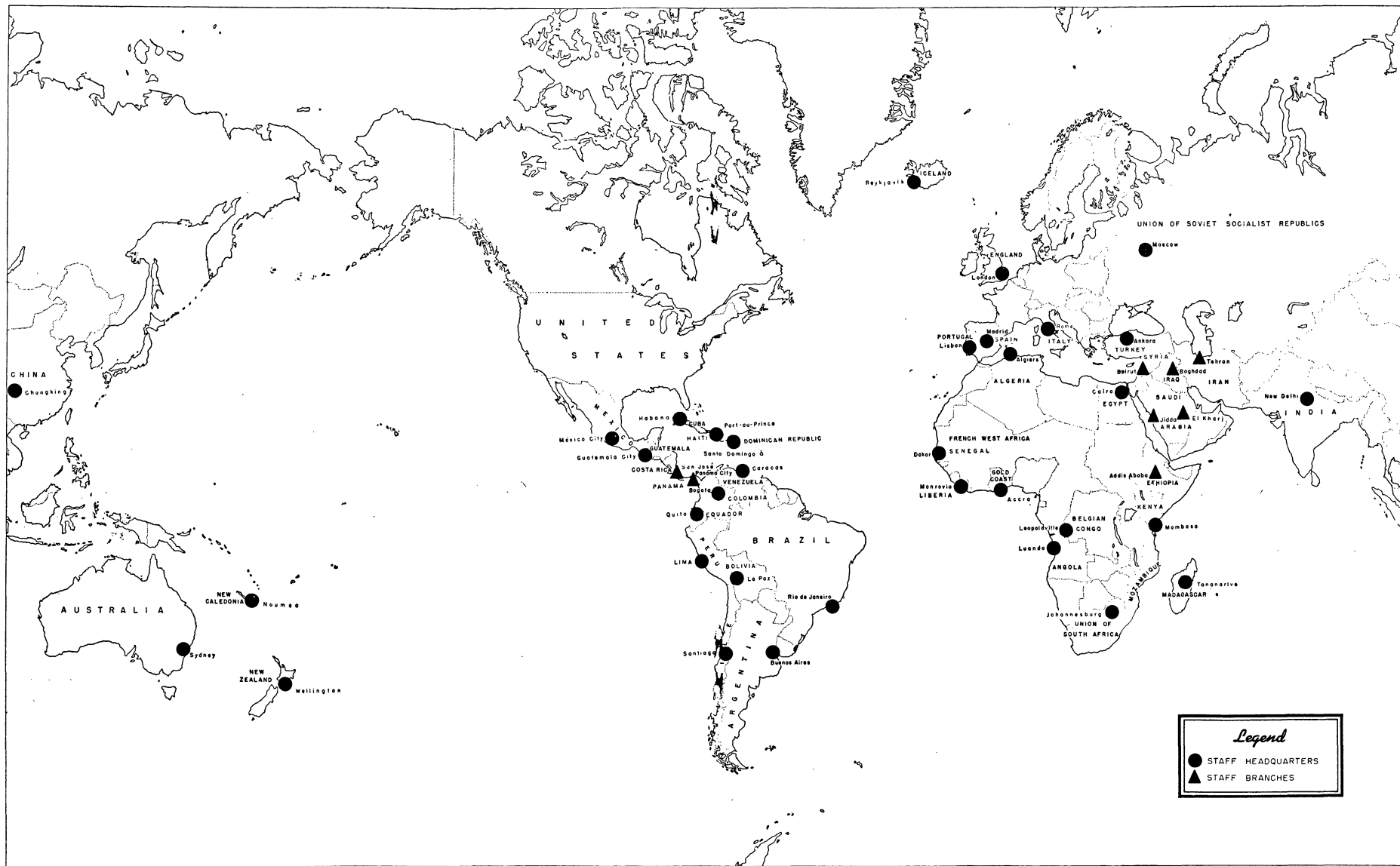


CHART 5

The Soviet Union has also provided us with reverse lend-lease aid in connection with our shuttle-bombing bases.

Although not technically reverse lend-lease, the bases from which our B-29 Super Fortresses bomb Japan were built by 400,000 Chinese laborers, almost literally with their bare hands.

We have, in addition, received from the British a great deal of vital aid that does not appear in the dollar figures of reverse lend-lease at all. The British were at war for over two years before we were attacked. They have placed freely at our disposal blueprints for engines, bomb-sights, radar and submarine devices, training films, and other data resulting from their longer battle experience. We might have spent years and many thousands of lives in amassing this information. We received it without payment, and even without any dollar valuation being put upon it, as reverse lend-lease.

### **Lend-Lease and Final Victory**

After the final defeat of Germany has been accomplished and made secure, the lend-lease program will continue for the war against Japan. Through lend-lease we have advanced greatly the winning of complete victory over Germany and have thus saved the lives of many tens of thousands of American boys as well as the lives of allied fighting men and civilians.

By fighting this war together with our allies as a United Nations war we have transformed the threat of disaster to the prospect of early victory. By continuing to fight as United Nations until the end, we shall make certain of winning the kind of victory that will lay the basis for a lasting peace.

## CHAPTER V

### EXPORT CONTROLS

Six days after the Nazis struck at the Low Countries and France, the President on May 16, 1940, asked Congress for two special appropriations for expansion of the Army and Navy. The United States emergency war supply program is generally dated from the time these appropriations, amounting to more than \$2,500,000,000, were made available in June.

Shortly thereafter, on July 2, 1940, Congress enacted a statute entitled "An Act to Expedite the Strengthening of the National Defense" which authorized the President to prohibit or curtail exports not in the interests of the national defense of the United States. That was the beginning of wartime export controls.

#### **Purpose of Controls**

From the beginning export controls have been used for one purpose only, to strengthen the defense of the United States and—after we were attacked—to bring about the defeat of our enemies at the earliest possible moment.

Through these controls supplies from the United States have been prevented from reaching our enemies; what was needed for the United States' own war effort and civilian requirements has been conserved at home; and commercial exports have been channeled in line with strategic priorities to our fighting allies and to other friendly nations producing supplies for our war production.

To accomplish these objectives, export control procedures have been established to ensure that our critical supplies flowed to the right places at the right time and did not go to the wrong places. The essential requirements of the countries to be supplied were analyzed, estimated and programmed against the background of over-all export requirements and total United States supplies. Then exports were licensed in accordance with established control policies.

### Expansion of Controls

During four years of operation, the scope and the methods of export control have changed to meet varying war requirements. Beginning with a proclamation on July 2, 1940, listing some 40 commodities to be placed under export control, the number of such commodities continued to grow until, on December 22, 1941, export control was extended to cover all articles and materials, except exports to Canada, since Canadian and United States war production was treated as a single, integrated whole. By 1943 some 2,500 commodities and commodity groups were under direct export control. These commodities have been handled by approximately 16,000 United States business firms dealing in exports and have been consigned to thousands of individuals and firms in more than 140 different foreign countries. The Foreign Economic Administration receives several thousand applications for export licenses every day and the annual volume has ranged between 1,500,000 and 2,000,000 applications.

### Programming

In order to formulate accurately the essential requirements of friendly countries, Foreign Economic Administration missions in the field check and evaluate the needs and assist in the preparation of the requirements programs. In Washington the proposed requirements of each country or area are reviewed as to consistency with export policy, the end uses to which the commodities will be put, the United States supply situation, and the relative urgency of need of the various importing countries from the point of view of winning the war.

When the requirements programs have received final Foreign Economic Administration approval they are then submitted to the War Production Board (or the War Food Administration in the case of food products). Foreign Economic Administration representatives sit on the various divisional requirements committees of the War Production Board and War Food Administration with representatives of the armed services and other Government agencies responsible for war production and civilian needs.

Similar screening and allocations procedures apply in the case of lend-lease exports, except that military and naval equipment is lend-leased through the Munitions Assignments Board. All lend-lease aid is provided to carry out the strategic directives of the Combined Chiefs of Staff.

### Types of Licensing

Wartime control of commercial exports is exercised through a variety of licenses. In its most common form, an exporter must file an application for an *individual license* which includes such information

about a proposed shipment as country of destination, consignee, quantity and value of shipment, and description of what use is to be made of the article in question. The application is checked against the Proclaimed List and is reviewed for conformity with the export program established for the country and commodity involved. On the basis of the review, a license may be approved, denied, or modified.

The *general license*, in effect, provides general authority to export without obtaining a specific license. This type of license is limited by and large (1) to commodities in relatively easy supply, e. g., cement, and (2) to destinations in allied nations.

A *blanket license* is a kind of multiple individual license which authorizes an exporter to ship the same commodity to a number of consignees and purchasers in the same country. Its use has been limited to a selected list of commodities and to trade only with the American republics.

The *project license* authorizes the exportation of all articles and commodities required for maintenance, repair and operating supplies for approved foreign enterprises, such as mining companies whose production of strategic metals is destined for our war production program. It also authorizes exportation of such supplies needed for construction or installation by foreign enterprises which are contributing directly to our war production program.

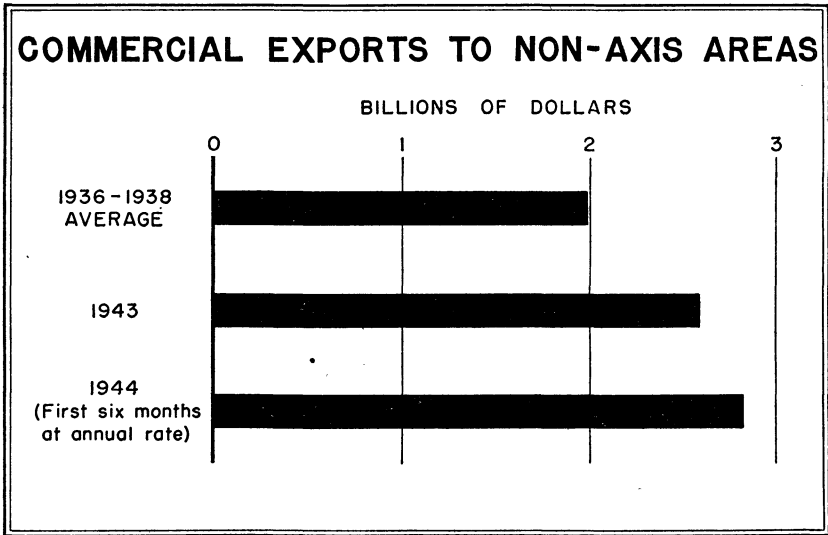
### **Trade Relations Staff**

To ensure that necessary war controls over exports entail the minimum dislocation of normal export business, a Trade Relations Staff is set up within Foreign Economic Administration to act as liaison with business firms dealing in exports and imports. This staff has created a mechanism for systematic consultation with the commercial export trade—including an Export Advisory Committee, composed of outstanding exporters and 20 industry advisory committees and groups. In addition to the Trade Relations Staff, an Exporters Service Section works directly with individual exporters on their specific day-to-day problems.

### **Increase in U. S. Exports**

It is noteworthy that the operations of export control under a policy of rationing short supplies equitably among consumers and among producers and exporters has had the effect of preserving business opportunities which would otherwise have been substantially impaired by the inevitable dislocations of war.

In spite of war demands, wartime controls on our production of consumer goods, shipping shortages, and other handicaps, the dollar volume of our commercial export trade (exclusive of lend-lease) with those



FOREIGN ECONOMIC ADMINISTRATION

CHART 7

areas that Axis conquests left open to us has actually increased since the war began. In 1943 the value of commercial exports from the United States of civilian-type goods financed by commercial arrangements was \$2,235,000,000, compared with the pre-war 1936-38 average to non-Axis-controlled areas of \$1,900,000,000. This is a remarkable record and is in sharp contrast to the experience of the United Kingdom, for example, whose commercial exports have declined more than 50 percent in value and 70 percent in volume since the beginning of the war.

By making compliance with the maximum export prices established by the Office of Price Administration a prerequisite for obtaining an export license, the Foreign Economic Administration has not only aided in the control of inflation by countries which are heavily dependent on imports from the United States, but has thereby helped to minimize the costs of United States procurement in those very areas.

Commercial exports from the United States in the first six months of 1944 were by value at an annual rate higher than the pre-war average of exports to all areas, including those areas since cut off by the Axis, and the rate has been rising steadily for over a year. Including lend-lease, total United States exports in the first six months of 1944 were at an annual rate of over \$14,400,000,000, nearly three times the highest peacetime level.

## Lend-Lease Introduces U. S. Products

While a major part of lend-lease exports has consisted of military equipment, lend-lease has also introduced to countries all over the world thousands of other American products—from trucks and machine tools to packaged foods—in a volume and variety never approached before. After the war the people of many countries will want to continue to obtain these and similar products from us by buying them.

## Latin American Trade

Our commercial exports to Latin America, except Argentina, have increased by more than 50 percent over pre-war levels. These exports have fulfilled the undertaking made by the United States at the Rio de Janeiro Conference of Foreign Ministers in January 1942 to make available the minimum essential civilian imports needed by these countries to enable them to play their full part in hemisphere defense, in the provision of strategic materials for our war production, and in other effective measures against the Axis.

### U. S. TRADE WITH LATIN AMERICA\*

[Millions of dollars]

	1936-38 average	1941	1942	1943	1944**
Exports.....	489	902	683	721	929
Imports.....	535	981	977	1,310	1,646

\*The 20 Latin American republics.

\*\*First 6 months at annual rate.

TABLE 3

## U. S. and World Trade

The United States has been able to mobilize its resources for the war to such an extent that we have not only become the principal arsenal of democracy, but also the world's foremost exporter of commercial goods.

It has always been the policy of the Foreign Economic Administration to encourage private foreign trade so far as possible in accordance with the primary objective of winning the war as quickly as possible. A greatly expanded United States foreign trade after the war will be essential to the maintenance of high production levels and full employment in this country.

### Controls Relaxed

As we have approached closer to complete victory over Germany, successive relaxations of export controls have been instituted.

As the shipping shortage has eased, the Foreign Economic Administration has progressively rolled back since the first of the year the decentralization procedure governing exports to the other American republics. Decentralization was instituted originally because the shortage of shipping to carry our exports to Latin America was so stringent that it was only fair to give the countries of importation a voice in deciding which of many essential supplies they needed most urgently. This was done through a system of requiring import recommendations from the countries concerned for most commodities before export licenses could be issued. This requirement has now been abolished except for a relatively few categories.

Similarly the program license procedure governing exports of most supplies not on general license to the British Empire, the Soviet Union, the Middle East, and French, Belgian, and Dutch possessions, will be discontinued October 1. After that date it will no longer be necessary for exporters to file release certificates with foreign purchasing missions for exports to these areas. Instead, exporters will apply for export licenses to the Foreign Economic Administration on the standard application form and it will be necessary only for them to obtain the regular individual export licenses from the Foreign Economic Administration.

Among other steps that have also been taken this year to encourage private trade are the restoration to normal trade channels of most civilian textile, drug, and pharmaceutical exports to the Middle East, and similar action in the case of most goods exported to the French West Indies.

After the defeat of Germany a still greater relaxation of controls over exports to allied countries will be possible. This relaxation will be in line with the relaxation of the War Production Board controls over strategic commodities. Its extent will be governed primarily by the paramount needs of the continuing war against Japan. Availability of shipping may also be a limiting factor and some controls may also be necessary to conserve supplies needed for domestic production in the face of heavy export demands for essential civilian supplies to repair the devastation and destruction abroad.



## CHAPTER VI

### LIBERATED AREAS

The smashing United Nations offensives which have broken through Nazi defenses in Europe and will soon totally destroy Nazi power, have been made possible because of the steady flow direct to the fighting fronts of enormous quantities of war matériel—of tanks, guns, planes, gasoline, and other supplies.

Also essential to the success of our offensives has been the provision by the Army of basic minimum civilian supplies to the devastated and plundered areas being freed from Axis domination. This program is an integral part of our military operations.

Food, clothing, fuel, medicines, and repair materials for transportation lines, power plants, and other utilities are urgently required in order to prevent epidemics and starvation in the liberated areas behind our lines, and to enable the liberated peoples to support our military forces in the prosecution of the war.

It is the responsibility of the Foreign Economic Administration to supply those civilian commodities which the Army requests it to obtain. These have included some of the civilian supplies already provided in Italy and in France by United States forces. In these instances the receiving countries pay for such supplies in accordance with their ability to do so.

#### **Nazi Destruction**

The liberating allied armies have found in both Italy and France widespread devastation and suffering. Similar conditions will confront us in other countries as they are liberated.

During four years of occupation, the Germans did serious damage to France's industry and agriculture, and to her people. There has been much additional destruction and disruption of the French economy in the battles that have been fought on French soil since our landings in Normandy.

In Italy the Germans have deliberately destroyed economic resources at every opportunity. Five thousand German troops were employed for several weeks to wreck the public utilities and industries of Naples. In the area north of Rome they destroyed over 90 per cent of the electric power facilities as they retreated and also destroyed highways, railroads, bridges, and communication systems as well as factories, water facilities, stocks of civilian goods and public buildings. Added to this has been destruction caused by military operations. As a result, in many areas of Italy there has been a serious shortage of vital necessities such as food, clothing, and medical supplies, and almost insurmountable distribution problems.

### **Aid to Italy**

Both the United States and the United Kingdom armed forces have been furnishing civilian supplies behind the lines in Italy in an effort to meet at least the most urgent of these needs. By the middle of July over \$100,000,000 of supplies for civilian consumption, including fuel, had been sent into Italy under this program. About four-fifths of this amount had been provided by the United States, including most of the food. The British Commonwealth has provided almost all of the coal, much of the agricultural, and a great many miscellaneous supplies, and is now supplying much of the wheat. These supplies have helped to keep life going in Italy, but much additional assistance will be necessary.

### **Combined Civil Affairs Committee**

Basic policies for the administration of the areas liberated by the United States and British armies during the military period are determined by the Combined Civil Affairs Committee of the Combined Chiefs of Staff. This committee has called upon the Foreign Economic Administration and its predecessor agencies for information and recommendations with regard to the various economic problems arising in areas occupied by the United Nations.

Among other specific tasks assigned the Foreign Economic Administration has been the preparation, frequently in collaboration with the Office of Strategic Services, of Civil Affairs Guides for the use of military authorities in liberated areas. In addition to this work, the Foreign Economic Administration is also called upon by the Army for special reports in relation to current operating problems.

As the allied armies move forward and liberated areas cease to be zones of military operations, the job of emergency relief and rehabilitation will be turned over by the military authorities to the United Nations Relief and Rehabilitation Administration and to the respective governing authorities of the areas concerned.

### U. N. R. R. A.

The Foreign Economic Administration procures supplies in this country for the United Nations Relief and Rehabilitation Administration, administers the United States appropriation to U. N. R. R. A., and works with paying governments to help them secure United States supplies.

The United Nations Relief and Rehabilitation Administration, established nearly a year ago, is a cooperative undertaking of 44 nations to provide the distressed peoples of the liberated areas with the emergency assistance that is essential to enable them to help themselves. Entirely aside from reasons of humanity, the sooner that liberated areas get back on their own feet, the sooner we will have a sound foundation for the peace and the sooner trade with these areas not only can be restored, but expanded beyond pre-war levels.

The industry and agriculture of the liberated countries will themselves furnish by far the greater part of the supplies the peoples of these countries will need. It is estimated that between 90 and 95 percent of all supplies used in liberated Europe will be produced in Europe itself.

The total amount that the contributing members are to make available to the United Nations Relief and Rehabilitation Administration is about \$2,000,000,000. The United States contribution is limited to \$1,350,000,000. Of this amount Congress has appropriated \$450,000,000 and authorized the transfer from lend-lease funds of \$350,000,000 worth of additional supplies, services or funds to be spent by U. N. R. R. A. with the approval of the Joint Chiefs of Staff.

In the case of non-enemy countries without sufficient financial resources, the United Nations Relief and Rehabilitation Administration will finance import purchases of civilian supplies. The countries of eastern Europe—Poland, Czechoslovakia, Yugoslavia, and Greece—will probably need assistance of this kind. However, over 90 percent of the commodities procured for them, it is expected, will be sold for local currency instead of distributed as direct relief.

The United Nations Relief and Rehabilitation Administration will not establish any organization for the direct distribution of relief except in the most destitute areas where local governmental authorities do not exist or where they cannot provide administrative assistance in the distribution and allocation of goods. In general the United Nations Relief and Rehabilitation Administration will turn over the supplies which it provides to local governing authorities for distribution through ordinary channels of commerce.

The liberated nations of occupied Europe will not be poor relations. They do not desire charity. They have made it clear that they wish so far as they possibly can to take care of their own needs.

To the extent that any of the liberated nations have goods and production facilities, they will use those goods and facilities for their own needs, and for the needs of their neighbors.

To the extent that they have funds, they will purchase the supplies they need. It is considered probable that the countries of western Europe can afford to and will pay in dollars, gold or on credit terms for most of their imported relief supplies. In fact, probably more than half of all post-military civilian supplies sent to Europe from the United States will be paid for.

A liberated country with enough money to buy what it wants is under an obligation to clear through the United Nations Relief and Rehabilitation Administration and the Combined Boards, so that a fair distribution of short supplies can be assured.

#### **F. E. A. and U. N. R. R. A.**

The Foreign Economic Administration, by virtue of its responsibility for our lend-lease and foreign procurement programs, and its control over export trade, is able to coordinate the procurement and disposal of supplies for the United Nations Relief and Rehabilitation Administration and for the purchasing governments with all other demands from overseas for our goods, and to recommend adjustments of the United Nations Relief and Rehabilitation Administration's programs in accordance with the limitations of United States production and supply.

Advance procurement for the United Nations Relief and Rehabilitation Administration of available relief goods has been undertaken so that reserve stocks can be accumulated which will be needed in some areas in the near future.

In addition there are civilian-type supplies stocked for lend-lease or Army needs that can be transferred to the use of the United Nations Relief and Rehabilitation Administration when military needs in the European theater decline.

Insofar as the United Nations Relief and Rehabilitation Administration, or the governments of the liberated countries, call upon the United States Government for supplies, the Foreign Economic Administration will obtain them either from lend-lease, Army, or other Government stocks, if they are available, or by placing requisitions through the Procurement Division of the Treasury Department, or through the War Food Administration.

If the Combined Food Board indicates that the United States is the most appropriate source of supply for a particular item of food which the United Nations Relief and Rehabilitation Administration

wishes to procure, the latter will request the Foreign Economic Administration to purchase this item. The Foreign Economic Administration will in turn arrange for its procurement through the War Food Administration, charging the United Nations Relief and Rehabilitation Administration appropriation for the purchase.

If, for example, the United Nations Relief and Rehabilitation Administration requests from the United States so many thousand pounds of clothing for the people of Greece, the Foreign Economic Administration may be able to furnish the clothes out of reclaimed Army or other stocks.

### **Problems of Displaced Persons.**

One of the most terrible and tragic situations which will face the United Nations Relief and Rehabilitation Administration in Europe—and later in China—will be the many millions of homeless and displaced persons. They include those whom the Nazis have transported into Germany to work under slave labor conditions, political and religious exiles and all those who have been driven from their homes by military operations.

The greatest migrations of modern times will be involved in the return of these peoples to the homes from which they have fled or been driven. The task of organizing these migrations on an orderly basis is gigantic. Clothing and temporary shelter must be provided. Already the United Nations Relief and Rehabilitation Administration is operating refugee camps in North Africa and the Middle East. Similar camps in other areas will doubtless have to be established.

Most of the supplies for these camps come from the United States, and it is the Foreign Economic Administration which purchases and turns over to the United Nations Relief and Rehabilitation Administration the items needed.

The United Nations Relief and Rehabilitation Administration's displaced persons and health services will, it is expected, be utilized by virtually all liberated countries—both those which will buy their own relief supplies and those which will receive their relief supplies from United Nations Relief and Rehabilitation Administration.

It is generally agreed that the United Nations must continue to work together not only in winning complete military victory but in making that victory secure. As our enemies are driven from the countries they have invaded and oppressed, it is necessary that the peoples freed from their tyranny not be abandoned by the United Nations to face starvation, disease, and ruin. It is imperative that the liberated peoples be helped to the point where they have the strength to help themselves and join us as self-supporting nations in laying the groundwork for a secure peace in which the economic prosperity of ourselves and all nations may be advanced.

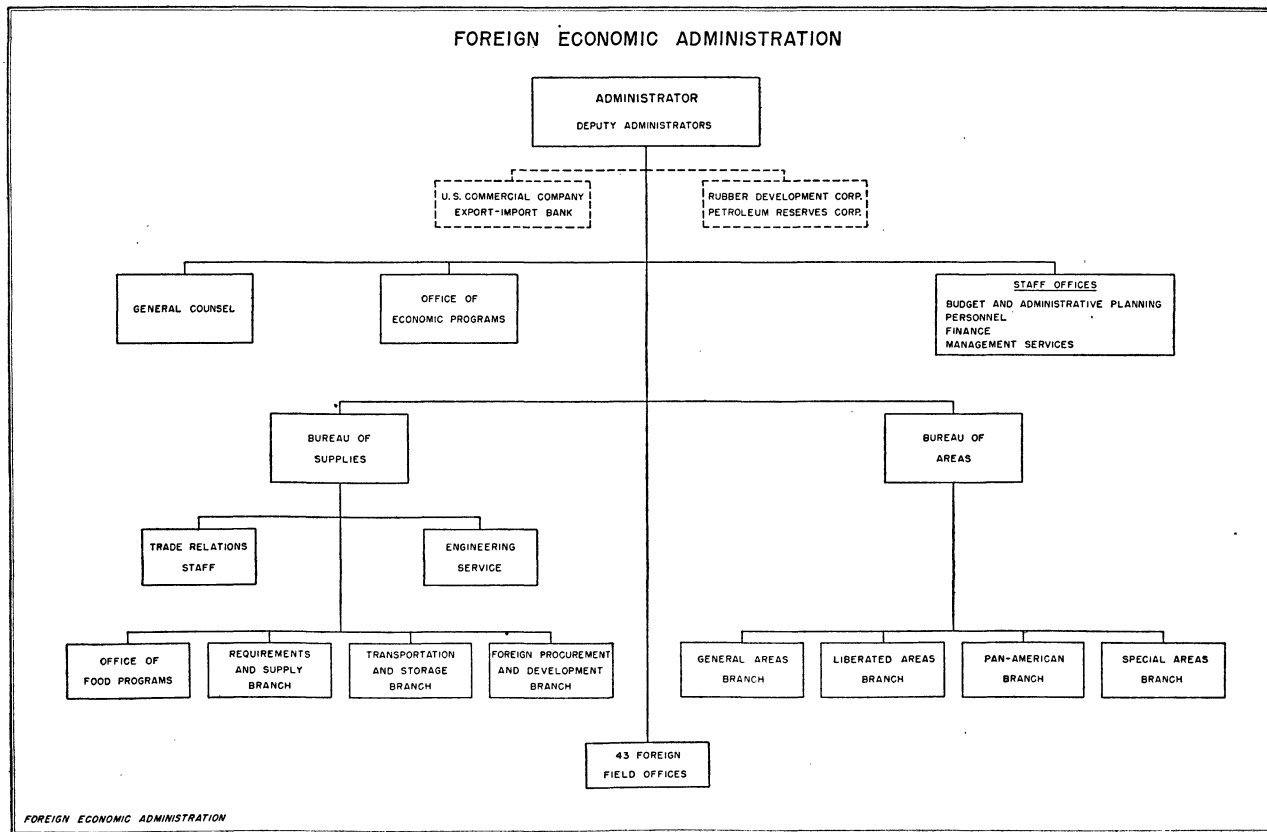


CHART 8

# APPENDICES

## APPENDIX I

### EXPORT CONTROL ACT

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 6 of the Act of July 2, 1940 (54 Stat. 714), is hereby amended to read as follows:

“SEC. 6. (a) The President is hereby authorized to prohibit or curtail the exportation of any articles, technical data, materials, or supplies, except under such rules and regulations as he shall prescribe.

“(b) Unless the President shall otherwise direct, the functions and duties of the President under this section shall be performed by the Board of Economic Warfare.

“(c) In case of the violation of any provision of any proclamation, rule, or regulation issued hereunder, such violator or violators, upon conviction, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than two years, or by both such fine and imprisonment.

“(d) The authority granted by this section shall terminate on June 30, 1944, or upon any prior date which the Congress by concurrent resolution, or the President, may designate; except that as to offenses committed, or rights or liabilities incurred prior to such date, the provisions of this section and such rules, regulations, and proclamations shall be treated as remaining in effect for the purpose of sustaining any suit, action, or prosecution with respect to such right, liability, or offense.”

Approved, June 30, 1942.

(This law has been extended to June 30, 1945, by Public Law 397, 78th Congress, approved July 1, 1944.)

APPENDIX II  
**LEND-LEASE 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."*

**Section 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.

**Section 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.

#### Section 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 articles 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 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.

**Section 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, 1948.

**Section 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 owner and holders of such patents.

**Section 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.

### Section 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.

### Section 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 non-combatant purposes enumerated in this Act.

### Section 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.

☆ ☆ ☆

On March 11, 1943, after affirmative votes of 407-6 in the House of Representatives and 82-0 in the Senate the President signed the Act extending the Lend-Lease Act until July 1, 1944.

On April 19, 1944, by vote of 344-21, the House of Representatives voted to extend the Lend-Lease Act until July 1, 1945, with the following amendment to Section 3 (b) of the Act as follows (new matter in italics):

"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: *Provided, however, That nothing in this paragraph shall be construed to authorize the President in any final settlement to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.*"

On May 8, 1944, by vote of 63-1, the Senate also voted to extend the Act, with the same amendment as that adopted by the House except for deletion of the words "in any final settlement." On May 12 the House concurred in this change made by the Senate. On May 17 the President signed the Act.

## APPENDIX III

### EXECUTIVE ORDER PROVIDING FOR THE UNIFYING OF FOREIGN ECONOMIC AFFAIRS

By virtue of the authority vested in me by the Constitution and the Statutes of the United States, particularly by the First War Powers Act, 1941, as President of the United States and as Commander in Chief of the Army and Navy, and in order to provide for the more effective unification of the agencies concerned with foreign economic affairs, it is hereby ordered as follows:

1. The Board of Economic Warfare, existing pursuant to paragraph 2 of Executive Order No. 8839, July 30, 1941, as amended by Executive Order No. 8982, December 17, 1941, is terminated. There is established in the Office for Emergency Management an Office of Economic Warfare, at the head of which shall be a Director, appointed by the President, who shall exercise the functions, powers, and duties of the Board of Economic Warfare. The Director shall receive such salary, travel, subsistence, or other allowances as the President may determine.

There are transferred to the Office of Economic Warfare for use in connection with the exercise and performance of its functions, powers, and duties so much of the unexpended balances, appropriations, allocations, and other funds now available for, as well as all personnel, property, and records heretofore used in the administration of the functions, powers, and duties of, the Board of Economic Warfare.

No part of any funds appropriated or made available under Public 139, approved July 12, 1943, shall be used, directly or indirectly, after August 15, 1943, by the Office of Economic Warfare for the procurement of services, supplies, or equipment outside the United States except for the purpose of executing general economic programs or policies formally approved in writing by a majority of the War Mobilization Committee and such writing has been filed with the Secretary of State prior to any such expenditure.

2. The United States Commercial Company, the Rubber Development Corporation, the Petroleum Reserve Corporation, and the Export-Import Bank of Washington and their functions, powers, and duties, together with the functions, powers, and duties of the Reconstruction Finance Corporation and of the Secretary of Commerce with respect to them, are transferred to the Office of Economic Warfare. All personnel, property, records, funds (including all unexpended balances of appropriations, allocations, or other funds now available), contracts, assets, liabilities, and capital stock of these corporations, together with so much of the personnel, records, and property of the Reconstruction Finance Corporation used in the administration of these corporations as the Director of the Bureau of the Budget shall determine, are transferred with these corporations to the

Office of Economic Warfare for use in connection with the exercise and performance of its functions, powers, and duties. The Director of the Office of Economic Warfare may reconstitute the boards of directors of these corporations and take such other action as he deems necessary in respect of them to carry out the purposes of this Order.

3. (a) Until such time as the Congress shall provide other means of financing, the Secretary of Commerce and the Reconstruction Finance Corporation are authorized and directed to supply necessary funds to the corporations transferred to the Office of Economic Warfare by this Order through loans, using for this purpose all the borrowing powers and unobligated funds of the Reconstruction Finance Corporation. Such funds shall be supplied at such times and in such amounts and in such manner and upon such terms and conditions as the Director of War Mobilization, on the request of the Director of the Office of Economic Warfare, may from time to time determine. The disbursement of the funds so supplied shall be under the exclusive direction of the Director of the Office of Economic Warfare, except as otherwise provided in this Order.

(b) The functions, powers, and duties and outstanding contracts and obligations relating to activities and transactions in or pertaining to foreign countries, now vested in, or in the name of, any corporation created and organized under Section 5 (d) of the Reconstruction Finance Corporation Act, or of any other corporation organized by the Reconstruction Finance Corporation, shall, unless the Director of War Mobilization otherwise determines, be transferred to the corporation or corporations designated by the Director of the Office of Economic Warfare, and the charter and bylaws of the corporations affected by such transfers, so far as necessary, shall be amended accordingly. Following such transfers, no corporations created and organized by the Reconstruction Finance Corporation, other than those transferred to the Office of Economic Warfare by this Order, shall exercise any of its powers and functions in regard to any activity or transaction in or pertaining to any foreign country except as ordered by the Director of War Mobilization. The Secretary of Commerce, the Reconstruction Finance Corporation, and any corporation organized by it, shall execute and deliver all instruments which may be deemed necessary by the Director of War Mobilization to carry out the provisions of this Order.

4. The functions of the Office of War Mobilization shall include the authority to arrange for the unification and coordination of the activities of the Federal Government relating to foreign supply, foreign procurement, and other foreign economic affairs in conformity with the foreign policy of the United States as defined by the Secretary of State. In providing for such unification the Office of War Mobilization may utilize the facilities of other departments and agencies, including the machinery for the coordination of foreign economic affairs established in the Department of State.

5. All prior Executive orders and directives in so far as they are in conflict herewith are amended accordingly.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 15, 1943.*

[Executive Order 9361]

## APPENDIX IV

### EXECUTIVE ORDER ESTABLISHING FOREIGN ECONOMIC ADMINISTRATION

By virtue of the authority vested in me by the Constitution and the statutes of the United States, as President of the United States and Commander in Chief of the Army and Navy, and in order to unify and consolidate governmental activities relating to foreign economic affairs, it is hereby ordered as follows:

1. There is established in the Office for Emergency Management of the Executive Office of the President the Foreign Economic Administration (hereinafter referred to as the Administration), at the head of which shall be an Administrator.

2. The Office of Lend-Lease Administration, the Office of Foreign Relief and Rehabilitation Operations, the Office of Economic Warfare (together with the corporations, agencies, and functions transferred thereto by Executive Order No. 9361 of July 15, 1943), the Office of Foreign Economic Coordination (except such functions and personnel thereof as the Director of the Budget shall determine are not concerned with foreign economic operations) and their respective functions, powers, and duties are transferred to and consolidated in the Administration.

3. The Administrator may establish such offices, bureaus, or divisions in the Administration as may be necessary to carry out the provisions of this order, and may assign to them such of the functions and duties of the offices, agencies, and corporations consolidated by this order as he may deem desirable in the interest of efficient administration.

4. The powers and functions of the Administration shall be exercised in conformity with the foreign policy of the United States as defined by the Secretary of State. As soon as military operations permit, the Administration shall assume responsibility for and control of all activities of the United States Government in liberated areas with respect to supplying the requirements of and procuring materials in such areas.

5. All the personnel, property, records, funds (including all unexpended balances of appropriations, allocations, or other funds now available), contracts, assets, liabilities, and capital stock (including shares of stock) of the offices, agencies, and corporations consolidated by paragraph 2 of this order are transferred to the Administration for use in connection with the exercise and performance of its functions, powers, and duties. In the case of capital stock (including shares of stock), the transfer shall be to such agency, corporation, office, officer, or person as the Administrator shall designate. The Administrator is authorized to employ such personnel as may be necessary in the performance of the functions of the Administration and in order to carry out the purposes of this order.

6. No part of any funds appropriated or made available under Public Law 139, approved July 12, 1943, shall hereafter be used directly or indirectly by the Administrator for the procurement of services, supplies, or equipment outside the United States except for the purpose of executing general economic programs or policies, formally approved by a majority of the War Mobilization Committee in writing filed with the Secretary of State prior to any such expenditure.

7. All prior Executive Orders insofar as they are in conflict herewith are amended accordingly. This order shall take effect upon the taking of office by the Administrator, except that the agencies and offices consolidated by paragraph 2 hereof shall continue to exercise their respective functions pending any contrary determination by the Administrator.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *September 25, 1943.*

[Executive Order 9380]

## APPENDIX V

### EXECUTIVE ORDER RELATING TO FOREIGN FOOD PROCUREMENT AND DEVELOPMENT

By virtue of the authority vested in me by the Constitution and the statutes of the United States, as President of the United States and Commander in Chief of the Army and Navy, and in order further to unify and consolidate governmental activities relating to foreign economic affairs, it is hereby ordered as follows:

1. The functions of the War Food Administration and the Commodity Credit Corporation with respect to the procurement and development of food, food machinery, and other food facilities, in foreign countries, are transferred to and consolidated in the Foreign Economic Administration to be administered in accordance with the provisions of Executive Order No. 9380 of September 25, 1943.

2. The personnel, records, property, funds, contracts, assets, and liabilities of the Commodity Credit Corporation, determined by the Director of the Bureau of the Budget to be primarily concerned with the functions transferred to the Foreign Economic Administration by this order, shall be transferred, on such date or dates as the Director of the Bureau of the Budget shall determine, to the Foreign Economic Administration or to such subdivisions or corporations thereof as the Administrator of the Foreign Economic Administration shall designate.

3. Except as otherwise provided in this order, the procurement of food, food machinery, and other food facilities in foreign countries, by the Foreign Economic Administration, shall be performed consistently with directives issued to such Administration by the War Food Administrator with respect to food for human or animal consumption and by the War Food Administrator and the Chairman of the War Production Board jointly with respect to food for industrial uses. The War Food Administrator, or the War Food Administrator and the Chairman of the War Production Board jointly, as the case may be, may (1) set forth in such directives the quantities, specifications, priorities, and times and places of delivery relating to such procurement, and (2) append to such directives suggestions as to sources and prices relating to such procurement. The Administrator of the Foreign Economic Administration may from time to time advise the War Food Administrator, the Chairman of the War Production Board, and the Director of War Mobilization as to circumstances affecting procurement under such directives and as to steps which the Administrator of the Foreign Economic Administration deems will promote effective procurement by the Foreign Economic Administration of food, food machinery, and other food



facilities in foreign countries for the purposes of the War Food Administration or the War Production Board.

4. (a) Nothing in this order shall authorize the War Food Administrator or the Chairman of the War Production Board to issue directives to the Foreign Economic Administration with respect to (1) the procurement and development of food, food machinery, and other food facilities in foreign countries for use in foreign countries, and (2) the preclusive procurement of foreign food, food machinery, and other food facilities vital to the enemy either for military or civilian needs.

(b) The provisions of this order shall not affect the existing authority of the War Food Administrator or of the War Production Board with respect to priorities and allocations, or to define general policies, subject to the authority of the Office of War Mobilization under paragraph 4 of Executive Order No. 9361 of July 15, 1943, with respect to the procurement and development of food, food machinery, and other food facilities in foreign countries for use in foreign countries.

5. As used in this order, (1) the word "food" shall have the meaning set forth in paragraph 10 of Executive Order No. 9280 of December 15, 1942, exclusive of sugar produced in the Caribbean area, and (2) the words "foreign countries" shall be deemed to exclude the Dominion of Canada.

6. All prior Executive orders and directives insofar as they are in conflict herewith are amended accordingly. This order shall take effect immediately except that the War Food Administration and the Commodity Credit Corporation shall continue to exercise their respective functions transferred under paragraph 1 of this order until such date or dates as the Administrator of the Foreign Economic Administration shall determine.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *October 6, 1943.*

[Executive Order 9385]

## APPENDIX VI

### EXECUTIVE ORDER RELATING TO SURPLUS WAR PROPERTY

By virtue of the authority vested in me by the Constitution and Statutes of the United States, particularly the First War Powers Act, 1941, as President of the United States, and as Commander in Chief of the Army and Navy, it is hereby ordered as follows:

1. There is hereby established in the Office of War Mobilization, the Surplus War Property Administration (hereinafter referred to as the "Administration"), the powers and functions of which, subject to the general supervision of the Director of War Mobilization, shall be exercised by a Surplus War Property Administrator (hereinafter referred to as the "Administrator"), to be appointed by the Director of War Mobilization.

2. With the assistance of a Surplus War Property Policy Board, composed of a representative from each of the following: State Department, Treasury Department, War Department, Navy Department, Justice Department, Reconstruction Finance Corporation, Smaller War Plants Corporation, United States Maritime Commission, War Production Board, Bureau of the Budget, War Food Administration, Federal Works Agency, Civil Aeronautics Board and the Foreign Economic Administration, it shall be the function of the Administration, to the full extent that such matters are provided for or permitted by law:

(A) To have general supervision and direction of the handling and disposition of surplus war property.

(B) To have general supervision and direction of the transfer of any surplus war property in the possession of any Government agency to any other Government agency whenever in the judgment of the Administration such transfer is appropriate.

(C) Unless otherwise directed by the Director of War Mobilization, to assign, so far as it is deemed feasible by the Administration, surplus war property for disposition, as follows: Consumer goods to the procurement division of the Department of the Treasury; capital and producers' goods, including plants, equipment, materials, scrap and other industrial property, to a subsidiary of the Reconstruction Finance Corporation, created pursuant to Section 5D (3) of the Reconstruction Finance Act, as amended; ships and maritime property to the United States Maritime Commission; and food to the War Food Administration; provided that surplus war property to be disposed of outside the United States, unless otherwise directed by the Director of War Mobilization, shall be assigned, so far as it is deemed feasible by the Administration, to the Foreign Economic Administration.

3. All functions, powers, and duties relating to the transfer or disposition of surplus war property, heretofore conferred by law on any Government agency may, to the extent necessary to carry out the provisions of this order, be exercised also by the Administration.

4. The Administrator may prescribe regulations and issue directions necessary to effectuate the purposes of this order; and no Government agency shall transfer or dispose of surplus war property in contravention thereof. Each Government agency shall submit such information and reports with respect to surplus war property and in such form and at such times as the Administrator shall direct. When requested by the Administration, a Government agency shall execute such documents for the transfer of title or for any other purpose or take such steps as the Administration shall determine to be necessary or proper to transfer or dispose of surplus war property or otherwise to carry out the provisions of this order.

5. The Administrator may perform the functions and exercise the powers, authority, and discretion conferred on the Administration by this order by such officials and such agencies and in such manner as the Administrator, subject to the provisions of this order, may determine. In carrying out the purposes of this order, the Administration may utilize the services of any other Government agency. The Administration, within the limit of funds which may be made available, may employ necessary personnel and make provisions for supplies, facilities, and services necessary to discharge the responsibilities of the Administration.

6. As used in this order:

(A) "Government agency" means any executive department, independent establishment, agency, commission, board, bureau, division, administration, office, service, independent regulatory commission or board, and any Government-owned or Government-controlled corporation.

(B) "Surplus war property" means any property, real or personal, including but not limited to plants, facilities, equipment, machines, accessories, parts, assemblies, products, commodities, materials, and supplies in the possession of or controlled by any Government agency whether new or used, in use or in storage, which are in excess of the needs of such agency or are not required for the performance of the duties and functions of such agency and which are determined, subject to the authority of the Office of War Mobilization, to be surplus by such agency.

All prior executive orders, insofar as they are in conflict herewith, are amended accordingly.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 19, 1944.*

[Executive Order 9425]

## APPENDIX VII

### FUNDS MADE AVAILABLE BY CONGRESS FOR ACTIVITIES NOW CONDUCTED BY THE FOREIGN ECONOMIC ADMINISTRATION

#### I. Lend-Lease Appropriations to the President.

First Lend-Lease Appropriation.....	\$7, 000, 000, 000
Second Lend-Lease Appropriation.....	5, 985, 000, 000
Third Lend-Lease Appropriation.....	5, 425, 000, 000
Fourth Lend-Lease Appropriation.....	6, 273, 629, 000
Fifth Lend-Lease Appropriation.....	3, 538, 869, 000
Total .....	
	28, 222, 498, 000

#### II. Lend-Lease Transfers Authorized From Other Appropriations.

Direct appropriations have been made to the War and Navy Departments and to the Maritime Commission for the procurement of items which are in the main common to the uses of our own armed forces and those of our allies. These items when produced can be used, in other words, by our own armed forces or those of our allies in the manner in which they can be most effective in defeating our common enemies. It is not until they are ready for distribution that they are allocated by the military experts in accordance with the strategic needs. The Appropriation Acts in question authorize transfers to our allies up to stated amounts under the Lend-Lease Act. That does not mean that transfers up to the stated amounts have to or will necessarily be made. All that it means is that there is sufficient flexibility for the military experts to assign the supplies where they will do the most good in winning the war.

##### War Department:

Third Supplemental, 1942.....	\$2, 000, 000, 000
Fourth Supplemental, 1942.....	4, 000, 000, 000
Fifth Supplemental, 1942.....	11, 250, 000, 000
Sixth Supplemental, 1942.....	2, 220, 000, 000
Military Appropriation Act, 1943.....	12, 700, 000, 000
Navy Department—Second Supplemental, 1943.....	3, 000, 000, 000
Departments other than War—Third Supplemental, 1942.....	800, 000, 000

Total .....

35, 970, 000, 000

NOTE.—In addition to the foregoing, Congress has with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission without any numerical limitation as to the dollar value or the number of such ships which may be so leased. (See, for example, Public Law 1, 78th Congress, approved February 19, 1943, and Public Law 11, 78th Congress, approved March 18, 1943.)

#### III. United Nations Relief and Rehabilitation Administration.

Direct Appropriation.....	\$450, 000, 000
Transfers authorized of supplies, services or funds from lend-lease appropriations.....	350, 000, 000

#### IV. Administrative Expenses of Foreign Economic Administration.

For Fiscal Year 1944-45.....	\$19, 750, 000
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