

ARMY TALKS



How Lend-Lease Works



Restricted

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EUROPEAN THEATER OF OPERATIONS, UNITED STATES ARMY

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ARMY TALKS :—The PURPOSE of ARMY TALKS is to help American officers and enlisted personnel become better-informed men and women and therefore better soldiers.

ARMY TALKS are designed to stimulate discussion and thought, and, by their very nature, thus may often be controversial in content. They are not to promote or to propagandize any particular causes, beliefs or theories. Rather, they draw upon all suitable sources for fact and comment, in the American tradition, with each individual retaining his American right and heritage so far as his own opinion is concerned.

THEREFORE, the statements and opinions expressed herein are not necessarily verified by, nor do they necessarily reflect the opinions of, the United States Army.

THE SOURCE OF MATERIAL must therefore be made clear at each discussion. All written material appearing in this publication has been written and edited by uniformed members of the Army and/or Navy, except where it is stated that a civilian or other outside source is being quoted.

Introduction

ANYTHING in print, other than mathematics, is bound to be partly opinion. No matter how factual a pamphlet may be, the mere marshalling of the facts in a certain order may make them seem to prove some favorite thesis. The reader should be on his guard against such indirect suggestion. He should not let himself be influenced without knowing what is happening to him.

A good motto for our ARMY TALKS would be: "Always look a gift horse in the mouth." Accept no opinion on faith. Check every statement against the facts; but be sure they are real facts, not rumors, not enemy lies, not political prejudices.

The present pamphlet contains an unusually high percentage of pure fact, of statements which are mathematically accurate. The pamphlet was prepared by the American Lend-Lease organization in London. Every figure, every percentage, can be accepted as authoritative. Yet the pamphlet, like all human expressions, must mirror to some extent its authors' hopes, and fears, and ideas about the past and the future. It is the reader's responsibility to separate the figures, which are certainly true, from the opinions, which each man must judge for himself.

There is no subject more controversial in its implications, or more interesting, than Lend-Lease. When the British were fighting Napoleon, more than a century ago, they gave away arms and munitions to anyone on the Continent of Europe who would join in the fight. There was no thought of being paid back, except in victory. And when British armies went onto the Continent to fight Napoleon, they paid their own way even in the countries of their allies.

This might be called the direct subsidy system for fighting a war. Lend-Lease, on the other hand, introduces the idea of a common pool. Every nation contributes all it can to the pool, in blood, in work, in goods, in bravery. Every nation hopes to receive from the pool the victory which will save it from slavery.

Financial accounting may become difficult under these conditions. We are all safer, we all may expect a shorter war and a more certain victory, because of the millions of Russians who have been killed. They may be considered a part of Russia's contribution to the common pool. It is not easy to put a cash value on the innumerable dead.

Again, if we make a bomb in America and deliver it to the British at the port of Boston, Mass., the British may be considered not to be the consumers of that bomb. The Germans are the consumers. We made the bomb for the Germans, not for the British. The British are helping us to deliver our goods to their destination. If we had enough ships and planes, we would deliver them ourselves. Yet the British don't charge us freight across the Atlantic, and air-mail postage from England to Germany, because they consider delivering the bomb is part of their contribution to the common pool.

Should we feel that the British "owe" us for such a bomb? Or are the Germans, the ultimate consumers, the people who "owe" us? If so, they can only pay us in surrender, not in cash.

Such questions arise the minute we think seriously about Lend-Lease. The answers are not easy; and we may not reach agreement; but the questions at least deserve debate.

The British War Office and Ministry of Information and the United States Office of War Information have checked on the accuracy of the facts presented in this booklet. All of the facts have appeared in official Government publications, available to the public, with one exception.

The percentage of RAF 'planes of United States origin was made available by the Royal Air Force with permission for publication.

WHEN his compatriots were not sticking together in the face of common peril as well as he thought they should, Benjamin Franklin, one of the shrewdest of Americans, is reported to have remarked, "If we don't hang together, we shall certainly hang separately." Lend-Lease is a present-day economic adaptation of this venerable American idea.

Originally Lend-Lease was solely an American program designed to preserve the security and peace of the United States by making it possible for the United States to help friendly neighbors defeat the Axis by sending them material assistance. Now Lend-Lease is designed as a United Nations weapon—used not only by the United States but by Britain, Canada, Australia, New Zealand, India, Fighting France and other United Nations as a mechanism for distributing their various resources for war-making between the United Nations in such a way as to bring them to bear against the common enemy with the maximum force. While the main idea of Lend-Lease is very simple, it has many aspects which are not generally understood, and its story is a tale worth telling.

What is Lend-Lease and how does it work?

Who receives Lend-Lease and what do they get?

What part of United States production goes to other nations under Lend-Lease?

What portion of other nations' requirements is met by the United States under Lend-Lease?

Do other nations have mutual aid schemes similar to Lend-Lease and what do they cover?

What will be the final settlement between the nations for Lend-Lease aid given and received?

These are the questions about the operation of the Lend-Lease agreements between the United Nations that the following pages will attempt to answer.

ARMY TALKS

EUROPEAN THEATER OF OPERATIONS

HOW LEND-LEASE WORKS

THE Lend-Lease Act was passed on March 11, 1941, nine months before the Japs attacked the United States at Pearl Harbor. France had fallen, Belgium and Holland had been overrun, though they were carrying on the struggle with their forces overseas. It had become apparent to most people in the United States, and to Congress, that the success of those still fighting against the Axis was essential to the security and defense of the United States.

They needed all possible material assistance. At that time Britain and the other members of the British Commonwealth were buying enormous quantities of materials from the United States, and had invested huge sums from dwindling dollar resources in the construction and expansion of factories and other production facilities in the United States.

\$5,000,000,000 In Orders

These orders, large as they were (exports had amounted to about \$5,000,000,000 by the time of Pearl Harbor), were not enough, and the British did not have enough dollars to place any more orders. Congress recognized that more weapons and supplies were needed to defeat the Axis, and that it was clearly in the American interest that the flow of such material to the battle front should not be interrupted or prevented by a lack of dollar exchange. Therefore, Congress passed the law known as the Lend-Lease Act.

Its statutory title is "An Act to Promote the Defense of the United States," and it authorizes the President, "in the interest of national defense," "to sell, transfer title to, exchange, lease, lend, or otherwise dispose of" defense articles to the government of any country whose defense he deems "vital to the defense of the United States." Defense articles and defense information are defined to

include all types of goods and services necessary for the waging of total war. The Act provides that "the terms and conditions under which any such foreign government receives any aid . . . 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."

A Defense Program

The Lend-Lease program of providing goods and services to nations resisting the Axis aggressors was undertaken for the defense of and in the interests of the people of the United States. That this is the conviction of the people is shown by the fact that many times since the original appropriation Congress, after full hearings and detailed reports on what has been done under Lend-Lease, has granted further large sums of money to carry it on, each time by large majorities. Finally, when the Act itself expired by its terms on June 30, 1943, only little more than three months ago, it was extended for another year by the unanimous vote of the Senate, and by a vote of 407 to 6 in the House of Representatives.

On the first anniversary of the Act, with the United States at war, the President said . . .

"One year ago, in passing the Lend-Lease Act, the American people dedicated their material resources to the defeat of the Axis. We then knew that to strengthen those who were fighting the Axis was to strengthen the United States. We recognized then the lesson that has since been hammered home to us by Axis treachery and Axis arms—that the rulers of Germany and Japan would never stop until they were thrown from power or America was forced to its knees.

"Now that we have had to dedicate our manpower as well as our material resources to the defeat of the Axis, the American people know the wisdom of the step they took one year ago today. Had not the nations fighting aggression been strengthened and sustained—their armed forces with weapons, their factories with materials, their people with food—our presently grave position might indeed be desperate. But for the continued resistance of these steadfast people—the full force of the enemy might now be battering at our own ports and gateways.

"Lend-Lease has given us experience with which to fight the aggressor. Lend-Lease has expanded our productive capacity for the building of guns and tanks and planes and ships. The weapons we made and shipped have been tested in actual combat on a dozen battlefields, teaching lessons of untold value.

"Lend-Lease is now a prime mechanism through which the United Nations are pooling their entire resources. Under the Lend-Lease Act, we send our arms and materials to the places where they can best be used in the battle against the Axis."

Combined Boards

The way that Lend-Lease fits into the machinery of the United Nations' battle against the Axis is this: Combined Boards made up of British, American and Canadian representatives sit in Washington and London. Among these boards are the Combined Chiefs of Staff, the Combined Munitions Assignment Board, the Combined Raw Materials Board, the Combined Food Board, the Combined Shipping Adjustment Board and the Combined Production and Resources Board.

Their job is to study the resources of man-power, munitions, raw materials, facilities, shipping and food available from all sources and decide how these resources can best be used to carry out the major strategic plan of the war. They determine where raw materials can best be used to manufacture needed munitions and other war supplies and the places from which munitions can be supplied to the various fronts most economically in terms of ships, man-power and productive facilities.

They may decide, for example, that a certain portion of United States tank production could best be used in Russia; that steel and food from the United

States should go to Britain, and that British-made ammunition should go to the U.S. Army Air Force in Britain.

The actions of the Combined Boards take the form of recommendations to the Governments concerned. For example, the final decision on the disposition of U.S. supplies rests with the appropriate American authorities, who check carefully to make sure that any supplies exported from the United States are, in fact, urgently needed for war purposes in the area to which they are going, and that there is no other or more economical source of supply. A careful control is also maintained to assure that countries which receive American supplies on Lend-Lease do not re-export them to other countries expect in rare cases where the exigencies of the war make such action necessary.

Who Gets Lend-Lease Aid?

Thus Lend-Lease and reverse Lend-Lease are the mechanisms which enable transfers of supplies among the United Nations to take place strictly on the basis of the most efficient use of supply, shipping and military resources rather than on considerations of finance and foreign exchange. The terms of settlement are postponed for later decision.

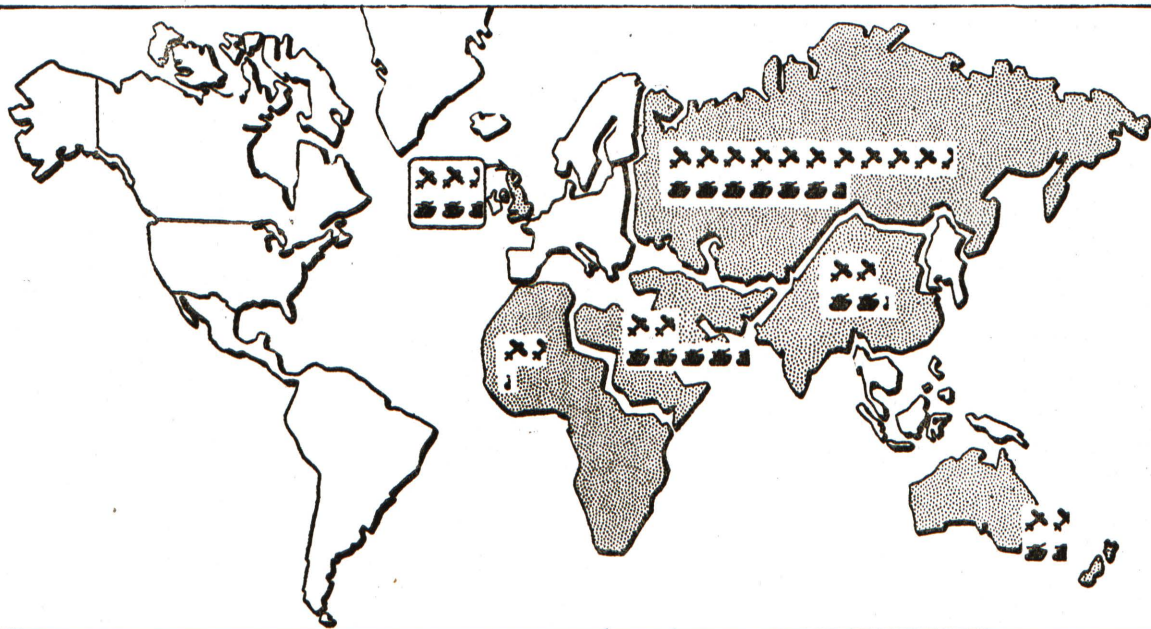
The principal recipients of Lend-Lease aid from the United States are Great Britain and the members of the British Commonwealth, the Soviet Union, and China. In all, 46 countries have been declared eligible to receive Lend-Lease aid, although many of these, such as the South American republics, pay cash in whole or in part for the aid which they receive.

The total amount of Lend-Lease aid through August 31, 1943, was \$15,235,000,000. About half this was munitions, about 20 percent industrial products, about 15 percent food and other agricultural products. The remaining 15 percent was expended for shipping, ship repairs, and other services, and the construction of plant facilities in the United States for the production of Lend-Lease goods.

Up to March 31, 1943, 46 percent of the total Lend-Lease aid from the beginning had gone to the United Kingdom; 19 percent to Russia; 16 percent to Africa and the Middle East; 14 percent to China, India, Australia, and New Zealand; and 5 percent to other areas. The proportion of Lend-Lease aid going to Russia in recent months is

WHERE LEND-LEASE PLANES AND TANKS HAVE GONE

EACH SYMBOL REPRESENTS PLANES OR TANKS VALUED AT \$25,000,000



The plane figures do not include the value of certain lend-leased planes which were flight delivered.

much higher. In the first quarter of 1943, for example, 30 percent of all Lend-Lease shipments went to Russia.

Of the Lend-Lease exports to the United Kingdom about 39 percent were munitions, about 27 percent industrial materials for war production, and about 34 percent foodstuffs. For Russia, about 57 percent of Lend-Lease exports have been munitions, and we have sent more munitions to Russia under Lend-Lease than to any other country.

Food represents about 25 percent of Lend-Lease exports to Russia.

Lend-Lease shipments to China and India have been approximately 70 percent munitions. Lend-Lease shipments to Australia and New Zealand have been about 61 percent munitions. The latter countries have also been provided with agricultural machinery such as canning and de-hydrating plants, in order to expand food production so that these countries can supply an even greater share of the requirements of United Nations armed forces in the Pacific.

\$15,235,000,000 is a lot of money. So much, in fact, that it is sometimes hard to realize that the munitions, food and supplies which the United States has sent abroad as Lend-Lease constitute a relatively small part of its total war cost—about 12 percent.

Lend-Lease exports of munitions in the year ending June 30, 1943, were about 15 percent of U.S. total munitions' production. For planes and tanks the percentage was higher—17 percent for bombers, 25 percent for fighters, 22 percent for light tanks, and 36 percent for medium tanks.

6 Percent of Total

Lend-Lease exports of food were about six percent of United States total food supply in 1942, and it is estimated that they will be about 11 percent of supply in 1943. Lend-Lease exports during the first six months of 1943 of the food items which were shortest in the United States, such as beef and butter, were very small indeed. Exports of beef were only one percent of United States supply, and exports of butter were only seven-tenths of one percent of United States production.

Lend-Lease exports of raw materials and industrial equipment have been well under 10 percent of United States production.

A recent poll by the Office of War

Information, dated August 17, showed that a great many Americans considerably overestimate the part which Lend-Lease aid plays in the war effort of the other countries. For example, 35 percent of the people questioned thought the United States was supplying about half the Russian military equipment; an additional 30 percent thought we were supplying between one fourth and one half, and 44 percent thought that the RAF was using primarily American-made planes.

Lend-Lease aid from the United States to other countries has, however, been confined to supplying critical deficiencies in their requirements. The Soviet and British fighting forces are principally equipped from the output of their own factories. Great Britain is an arsenal of the first magnitude; Canada, India, and Australia are important war production centres. The Soviet Union's war production is enormous, in spite of the temporary loss of one of its chief industrial areas to the Germans.

Production Gets Started

The British Commonwealth had been at war one and a half years before the United States through the Lend-Lease machinery started to produce war materials on a large scale for the use of other countries. It was another nine months before Pearl Harbor and before the full weight of United States resources was thrown into the battle of production to supply the Allied war effort. The British were still producing a greater weight of combat aircraft than the United States in the early months of 1942, and nearly as much army munitions.

But British munitions production is still no slouch. It is enormous for a country of 47 million people. It is also rather efficient, since the British munitions production has increased 300 percent at a time when imports into Great Britain have decreased by 50 percent. Britain has supplied by far the greater part of the equipment required for its own armed forces. The Royal Air Force flies planes mainly of British manufacture, only about 22 percent of its operational aircraft in all theaters being of United States origin. A substantial quantity of these were bought for cash on contracts placed before Lend-Lease began to operate. Britain has supplied quantities of munitions of war to the Russian armies, and last but not least, it is now supplying the United

States forces in Great Britain with a wide variety of military supplies.

Lend-Lease supplies sent to Russia, though significant, can only be a fraction of the vast flood of military equipment which the Red Army has hurled against the Germans in the defense of Leningrad, Moscow and Stalingrad, and in the powerful offensives of this year. Lend-Lease food shipments to Russia, though large, are only a small portion of what is needed to sustain the Red Army.

Lend-Lease food supplies to Great Britain meet a considerable proportion of her critical need for proteins and are essential to maintain her war effort at maximum efficiency. But in quantity they represent only about 10 percent of Great Britain's total food supply, strictly rationed and reduced as it is.

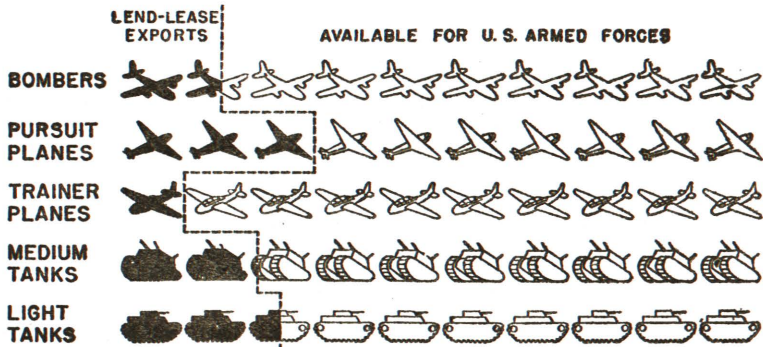
The same OWI poll which has been mentioned before showed that although 83 percent of the people questioned had heard of Lend-Lease, only 25 percent of them had ever heard of Reverse Lend-Lease. Yet Lend-Lease has never been a one-way street. From the very beginning nations to which the United States has been sending Lend-Lease aid have been reciprocating. Millions of tons of shipping space and hundreds of millions of dollars have already been saved in this

way. For example, during the last war the War Department alone spent two billion dollars in Great Britain and France for supplies, equipment and services for the United States troops. In this war, except for a relatively few items, all of the supplies and services that are available on the spot are provided to our forces as Reverse Lend-Lease.

United Kingdom: Reciprocal aid for our forces in Great Britain often begins before they leave United States ports, for many United States troops and United States Army supplies bound for Great Britain are carried in British transports and are conveyed a large part of the way by the British Navy. When they arrive in Great Britain and move about in it on the British railways, the British Government pays the bills. The cost of official mail, telephone, telegraph, light, water, heat, public utility services, office space, stationery and other necessary supplies are furnished without dollar payment on our part.

The American Army directly employs many British civilians, but the British Government pays most of their wages. Airfields at which our bomber and fighter commands are stationed have been either turned over to the United States or specially built for us by the British as reciprocal aid. Hospitals sufficient to

LEND-LEASE EXPORTS OF PLANES AND TANKS IN RELATION TO PRODUCTION FIRST QUARTER OF 1943



EACH SYMBOL REPRESENTS 10% OF JANUARY-MARCH PRODUCTION

accommodate many thousands of beds have been provided for our forces. For a long time two-thirds of the total British Army and civil labor force available in Great Britain for military construction was engaged in building barracks, airfields, hospitals, roads and other facilities for United States forces. Maintenance costs of airfields alone runs into tens of millions of dollars, and these are paid by the British. The total cost to the British Treasury of new construction for United States forces is estimated to be more than half a billion dollars.

What Britain Provides

When an American ship in port anywhere in the British Empire needs repairs, fuel or stores, these items are furnished by the British or Commonwealth Government without payment.

Buildings in which American Red Cross clubs are housed, as well as the equipment in them, have been provided by the British. Chocolate, brushes, shoes, socks and other items which American soldiers buy in their PX's come to the United States Army from the British as reciprocal aid. The American Army sells these supplies to the American soldier for cash and returns the proceeds to the Treasury.

The expense of printing *The Stars and Stripes*, *Yank* and this booklet is met by the British Government.

Most American arms and military equipment in Great Britain are American made, but the British have provided us with a large number of Spitfires, and many guns, and, in addition, with large quantities of ammunition, bombs, anti-tank mines and miscellaneous military equipment, including blankets, underwear and socks. Bread, potatoes, tea, chocolate, sugar and jam which the American forces eat are in large part provided as reciprocal aid from British sources. Fields have been set aside specially to grow sweet corn for American troops, although sweet corn is not normally consumed in England.

In the fourteen months from June 1, 1942, to July 31, 1943, the United States sent to American forces here about 3,657,000 ship-tons of supplies and equipment. In the same period the British provided the United States Army as Reverse Lend-Lease about 1,919,000 ship-tons of supplies and equipment and over three million tons of construction materials.

Australia and New Zealand: Australia's aid to the United States began at Bataan a year ago, when she sent shiploads of food to the beleaguered American forces. Some of it got through and helped sustain our resistance. The major part of the food rations of our armed forces in Australia is received as reciprocal aid. In fact, Australians are preparing to ration meat in order to supply food to our forces and to the United Kingdom.

Barracks and airfields, trucks and vehicles, are being furnished by Australia as reciprocal aid.

New Zealanders are cutting into their food supplies in order to provide the United States Army forces stationed there. Their labor and construction resources have been severely strained in order to build facilities for our forces. Last August, after a severe earthquake had hit Wellington (when it was wintertime there) the damage was left unrepaired and rubble remained in the streets for weeks because the New Zealand Government declined to release workers employed on construction projects for United States forces.

The modern Lend-Lease idea, which was born in Washington on March 11, 1941, with the passage of the Lend-Lease Act, is not confined in its operation to Lend-Lease and Reverse Lend-Lease between the United States and Lend-Lease countries. Aid by others of the United Nations to their allies on Lend-Lease terms is now a major part of the combined war effort.

Britain Aids Russia

Great Britain is providing military supplies on Lend-Lease terms to Russia, Turkey, China, and other countries, as well as reciprocal aid to us. Canada has a mutual aid program under which she is supplying Great Britain, some of the other Dominions, Russia and China with substantial quantities of war supplies. Reciprocal Lend-Lease by Australia, New Zealand and India has already been mentioned.

Since the population and resources of the United States are far greater than those of any of our allies we have undoubtedly contributed a larger total amount of war supplies to the common pool than any other nation. Other countries, however, are doing their part in supplying on Lend-Lease terms war materials to support the war effort.

Britain's Reverse Lend-Lease aid to the United States has already been

described. The amount of her aid to other Allies on Lend-Lease terms is also substantial. For example, as of the beginning of 1943, Great Britain had sent Russia about 2,000 planes and 2,600 tanks, as compared with about 2,600 planes and 3,200 tanks sent to Russia by the United States.

Canada's Part

Canada, whose total population is not as great as that of the New York City Metropolitan Area, has made Great Britain an outright gift of one billion dollars, and has embarked on a mutual aid program, open to other nations as well, of a further billion dollars.

Out of a total war budget of 562 million Australian pounds last year, Australia (population about seven million) spent 59 million pounds, or 10.3 per cent. as Reverse Lend-Lease for U.S. forces. The Commonwealth Treasury estimates that out of a total war budget of 570 million pounds for the current year, about 100 million pounds, or 17.5 per cent. of the total, will be spent for Reverse Lend-Lease to the United States. Total Lend-Lease aid by the United States to all Lend-Lease nations constitutes an estimated 12 per cent. of its total war costs.

New Zealand (population 1,650,000, about the same as Los Angeles) estimates

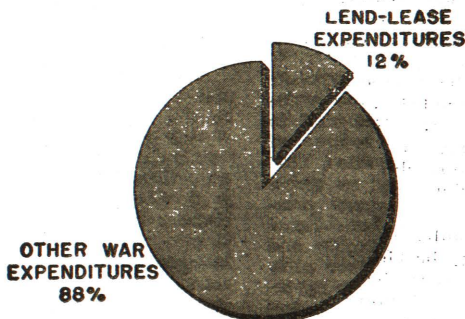
the cost of its Reverse Lend-Lease to United States forces at \$31,825,000 up to the end of February, 1943, and at \$65,000,000 for the fiscal year ending March 31, 1944.

Thus, the United States and the other United Nations have carried out the basic principle embodied in the Lend-Lease idea; that this is one war—which can be won only by all the United Nations together, combining their resources in such a way as to meet the enemy with the maximum force at the chosen time and place.

Weapons Are Pooled

British ships are carrying U.S. Lend-Lease munitions through Arctic waters to Murmansk, armed with Oerlikon guns which came from the United States to the British under Lend-Lease. U.S. crews chased subs off the United States coast in corvettes provided by the British. When the Russians stormed Smolensk some of the tanks they used may have come to them from Britain on Lend-Lease. U.S. Thunderbolts strafe the airfields of northern France, firing ammunition from British factories given the USAAF on Reverse Lend-Lease. When bombs drop from USAAF or RAF bombers to obliterate Hamburg, they, or the metal they are made of, may have come either from United States or British factories. The

LEND-LEASE EXPENDITURES AND TOTAL WAR COST TO DATE



aluminium from which those same bombers were made may have come from Canada to Britain as a gift. The guts of the matter is that those guns and ships and bombs and steel and tanks and planes were made by the United States and Britain and Canada and Russia to beat the Axis and to preserve for the United Nations the type of world they want to live in.

The landing of the American and British forces at Salerno, and the Russian victories at Smolensk and Kharkov, are the culmination of a joint effort for which all three countries have provided what they could, whether ships, ammunition, planes or manpower.

This is not just idle talk or an empty ideal. It is the reality of our war. It is in fact a joint war. From the strategic and tactical military planning stage down to the supply of small arms and ammunition to the fighting troops in the front line the Allies have increasingly merged their armies, navies and air forces and their shipping, manpower and productive resources to attain their single desire—victory.

How Will It End?

Lend-Lease aid has been provided to the United Nations by the United States and by the United Nations to the United States without any present financial consideration. The Lend-Lease Act provides that the benefits which are to be received by the United States in return for Lend-Lease shall be such as the President shall deem satisfactory, and certain general principles governing the ultimate settlement between the United Nations have already been agreed upon and embodied in formal agreements with Great Britain, Russia and China.

These basic Lend-Lease agreements place the problem of the peacetime settlement on a basis which is designed to restore and sustain a large volume of production and trade among nations. This trade must be solidly founded on stable exchange relationships and liberal principles of commerce. The Lend-Lease settlement will rest on a specific and detailed program for achieving these ends, which are, as Article VII of the agreements with Great Britain, China and Russia point out, "the material foundations of the liberty and welfare of all peoples."

Cooperative action among the United Nations is contemplated to fulfill this program for economic progress, in the

many spheres where action is needed. It is expected that plans will soon develop for a series of agreements and recommendations for legislation in the fields of commercial policy, of money and finance, and of international investment and reconstruction.

Final determination of the Lend-Lease accounts is postponed until "the extent of defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests" of the signatory nations, and which "will promote the establishment and maintenance of world peace." Article VII of each of the basic agreements, however, pledges that "the terms and conditions" of the final determination of the benefits to be provided the United States in return for aid furnished under the act "shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations."

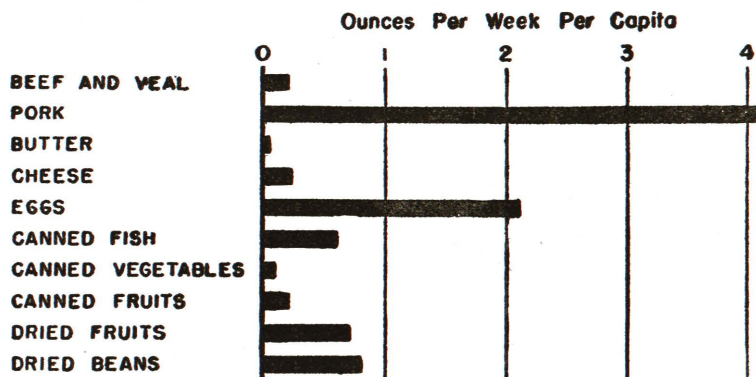
Almost everyone would agree that a Lend-Lease settlement which fulfills this principle will be sound from the economic point of view. But there is another aspect of such a settlement which many people feel will have a greater merit. It will represent the most fair way to distribute the financial costs of war among the United Nations. As was said in the Fifth report on Lend-Lease sent to Congress by the President:

"The real costs of the war cannot be measured, nor compared, nor paid for in terms of money. They must and are being met in blood and toil. But the financial costs of the war can and should be met in such a way which will serve the needs of lasting peace and mutual economic well being.

"All the United Nations are seeking maximum conversion to war production, in the light of their special resources. If each country devotes roughly the same fraction of its national production to the war, then the financial burden of war is distributed equally among the United Nations in accordance with their ability to pay. And although the nations richest in resources are able to make larger contributions, the claim of war against each is relatively the same. Such a distribution of the financial costs of war means that no nation will grow rich from the war effort of its allies. The money costs of the war will fall according to the rule of equality in sacrifice, as in effort."

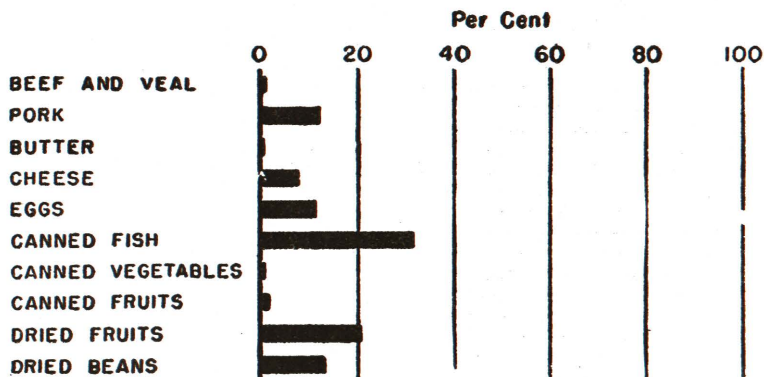
AMOUNT OF FOOD EXPORTED UNDER LEND-LEASE PER CAPITA OF U.S. POPULATION

JANUARY - JUNE 1943



LEND-LEASE FOOD EXPORTS IN PER CENT OF SUPPLY

JANUARY - JUNE 1943



Preparation

Reasons for the Topic: How often do you hear the phrases "Lend-Lease," "Reverse Lend-Lease," "Lend-Lease in Reverse," and "Reciprocal Aid"? What do they mean? Can you give a definition of Lend-Lease? How does Lend-Lease work? Is it something we should know about? Is Lend-Lease a one-way proposition by which the United States provides her Allies with the munitions, food, clothing, and credits which they need to prosecute the War? Or do we get value received in goods and services? Or should we look at Lend-Lease from a quite different point of view? Unless you are very exceptional, you really don't know all the answers. Indeed, no one knows all the answers yet. But it is time that we all should know some of the facts about Lend-Lease; first, because the enemy is using our ignorance to confuse our thinking in the attempt to divide us; second, because of its significance in its actual working in the strategy of the United Nations. Its greatest significance, however, is in its portent of the future—as one practical example of the principles and organization necessary for post-war collaboration.

Preparation for Discussion: It is suggested that you read this issue of ARMY TALKS through rapidly to get an overview of its content as the first step in preparation. Next, study the pamphlet carefully, making pencil notes in the margins or underlining words, phrases, or figures which you may later wish to use as sign posts for the organization of your initial talk to the men. The third step is to make a brief outline of the three or four main points which you choose to stress, under which you may jot down the subordinate points, or supporting facts you wish to present. The topical questions in the text constitute a possible outline, but it is not wise to attempt to cover all of them.

Choose carefully the topics you wish to emphasize and subordinate, or omit the others, unless they come up naturally in the discussion. Perhaps the most important point to stress at the outset is the fact that Lend-Lease is a "give and take" in goods and services among the United Nations in relation to resources and needs. This fact should be supported by examples and figures. Since we are all in the United Kingdom, examples of what the British are providing us and what we are providing the British, will bring the discussion down to the everyday experience of the group. This may be tied into "The War on the Supply Lines" which was the title of ARMY TALKS for October 6, 1943.

If your discussion of this topic is to be divided into two or more periods, it is suggested that you discuss first what Lend-Lease is; second, how it works, giving specific examples; third, what the United States receives from other nations; and, fourth, what the United States is contributing to our Allies.

This is not an easy topic to present. In the first instance, it is a highly controversial topic. In the second instance, final decisions on the accounting and questions of payment are left until after the War. It is very important that the discussion leader take an objective, factual, and straightforward attitude toward the topic, then let the chips fall where they will. There is much ignorance and confusion in the minds of most of us on this topic. It is the primary purpose of this issue of ARMY TALKS to help us become better informed and more intelligent about this very important bit of allied strategy in winning the war.

If this purpose is measurably achieved, we have thereby enhanced our chances of winning the peace. The post-hostilities period preceding and following the peace treaty will require a lot of straight thinking. We had better be doing some of it now.

It is probable that the old question of the unpaid war debts of the last war will be raised. If so, the discussion might well be turned to why they were not paid in cash. Could they have been paid in cash? What price do we think should be put on victory or defeat in this war? Is there any more effective way than Lend-Lease to pool the resources of the United Nations for total war? Let's not pull any punches! But let's stick to facts where we have them, and always label our opinions as such!

The Authors and Sources of Information: This issue of ARMY TALKS has been prepared by members of the staff of the Mission for Economic Affairs as a basis of discussion by American Troops in Great Britain. The activities of the Mission include representation of the Lend-Lease Administration in Great Britain.

QUESTIONS FOR THE DISCUSSION

How Does Lend-Lease Affect GIs in ETO ? What do we get from the British ? Why ? This question presents an excellent opportunity to test the knowledge of the group of the source of much of the food, clothing, equipment, munitions, housing, and services supplied the U.S. Army in ETO by the British. A few minutes spent in enumerating such items will help in the understanding of Lend-Lease. For example, the paper used for ARMY TALKS was obtained from the British. Many questions of allotments of paper, priorities in shipping, and priorities in man-power were involved in the final approval of this venture in the U.S. Army. Why ?

What Relation Does Lend-Lease Have to The War on the Supply Lines ? It is agreed policy to obtain everything possible in the United Kingdom. The United States Army Procurement Officers must first attempt to obtain goods and services in the United Kingdom before making requisitions on the United States. Why ?

Why Has China Received Less Lend-Lease Material than Britain ? Russia ? This is an excellent opportunity to relate this topic to "The War in the Supply Lines" and "Problems of the Pacific."

Should the United States Expect Payment in Kind or in Cash for Lend-Lease Materials ? This is a very knotty question. But it should not be dodged. We shall have to answer it after the war ! The introduction gives some food for thought on this question.

What are the Implications of Lend-Lease in War-Time for Post-War Collaboration for Peace ? Lend-Lease is a method of pooling resources in relation to ability and need in order to win the war. Is there something to be learned from it about possible ways of pooling resources in maintaining peace ? What about Reconstruction ? Raw Materials ? Trade ? Tariffs ? International Credits ? International Police Force ?

It is suggested that discussion leaders make frequent reference to Vol. I, No. 1 of ARMY TALKS "Handbook for Discussion Leaders." There is a technique of conducting discussions. You can learn to do it well. This mission is so important that nothing less than your best is tolerable.

This is really what we are fighting for—the free and open discussion of all our problems. This is our way of life. If we don't know what our way of life is, or care enough to find out, we will have lost this war already.

The enemy knows what he is fighting for, and knows it well. Do we know what his way of life is ? This will be the subject of a forthcoming issue of ARMY TALKS. One of the chief factors in the strategy of the enemy is to confuse us and set us against our allies by trickery, insinuation of bad faith, and outright lies.

Remember to make your initial talk brief and provocative, and to draw out your men during the discussion period. Get them to talk to each other, not to you. You must guide the discussion period but you should not dominate it.

If you have missed previous issues of ARMY TALKS borrow them from one of your fellow officers. Requests for additional copies of future issues should be made to your local Special Service Officer.

QUESTIONS FOR THE DISTRICT

The following questions are to be answered by the District in the report to be made to the Board of Directors at the next meeting of the Board of Directors.

1. What has been the result of the work done during the year in the various departments of the District?

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