

018.2 LEND LEASE
MISCELLANEOUS

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U. S. Patents No. 1,370,424 -- 1,511,268 -- 1,544,818
British Patent No. 224,787

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LIST OF PAPERS

FILE NO. SWNCC 018.2 LEND LEASE, MISCELLANEOUS

| NO. | FROM | DATE | TO | SYNOPSIS |
|-----|---|--|---|--|
| 1 | Mr. Clayton | 3/23/45 | Mr. Forrestal | Letter re FEA handling of Lend-Lease. |
| 2 | Mr. Truman, Pres. | 7/6/45 | | Memo: Directive from the President of the U.S. re: future Policy of Lend-Lease for munitions of war and military and naval equipment. |
| 3 | Col. McCarthy | 7/10/45 | Sec. of State | Memo enclosing cy. JCS 771/11 re: Presidential Policy on Military Lend-Lease |
| 4 | Sec. of War | 7/2/45 | Sec. of State | Letter re: Reverse lend-lease Agreement with Republic of China. |
| 5 | TERMINAL | 7/29/45 | War Dept | Message re: Lend-Lease policy approved by the President. |
| 6 | Maj. Sommers | 7/26/45 | Mr. A. Paul | Letter re July and August loadings of Lend Lease civilian supplies for Belgium and Holland. |
| 7 | Col. McCarthy JCS | 9/19/45 9/17/45 | Mr. Hickerson, McCloy, Gates SWNCC | Memo re: Policy concerning settlement of Lend-Lease obligations. |
| 8 | Mr. Forrestal | 2/4/46 | Sec. of State | Letter re: Lend-Lease of 3741 U.S. vessel naval in hands of foreign governments. |
| 9 | Mr. Matthews Sec. Reid Mr. Matthews Gen. McFarland | 3/1/46 3/4/46 3/12/46 3/11/46 | Sec. of SWNCC JCS Sec of State SWNCC | Re: Proposed Lend-Lease Settlement Agreement with the United Kingdom. |
| 10 | Sec. of War | 3/6/46 | Mr. McCabe | Letter re: Settlement for Lend-Lease and Reciprocal Aid, Surplus war Property and Claims as between the U.S. and United Kingdom. |
| 11 | Sec. of Army | 22 Apr 48 | Sec. of State | Memo w/encls re: Determination of the End of the Emergency Referred to in the Master Lend-Lease Agreements. |
| 12 | Sec. of Army | 19 Jun 48 | Sec. of State | Ltr re: Determination of the End of the emergency referred to in Article V of the Master Lend-lease Agreements. No objection fm Army. Encls. Memo for the record; 8 Jun 48 ltr fm Sec. of State. |

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FOR THE RECORD:

By letter of 10 May 1948, Secretary of the Army in answering a Department of State letter indicated that the Department of the Army had no objection to the termination of the period of emergency referred to in Article V of the Master Lend-Lease Agreements. This approval was based on the premise that some financial agreement would be made for articles falling within this category. Mr. Truesdell and Mr. Matlock representing the Department of State objected to such a financial arrangement. Their objection was based on the fact that the settlement principles with the Soviet Government had already been determined and so far as items of a recapture nature are concerned the principle is that there will be no charge for these items, but the U. S. will retain its right of recapture and restrict retransfer of such items. These representatives contended that the Department of the Army was injecting a new settlement principle. These Department of State representatives requested a conference with the FMA Branch and the result of this conference is the basis of the Department of State letter of 8 June 1948. It appears in the Department of the Army letter of May 10 that the word "financial" was used inadvertently and it was intended to mean that some provision would be made preserving the right of this Government to recapture and restrict retransfer of articles falling in this category. Purpose of the attached letter is to advise the Secretary of State that Department of the Army interposes no objection to the Presidential memorandum terminating the period of emergency referred to in Article V of the Master Lend-Lease Settlement Agreements.

CONCURRENCES: Lt. Col. Muir, extension 3465, Plans and Operations
Colonel Hanley, extension 71039, Judge Advocate General

Date Written: 15 June 1948.

Author: Mr. C. W. Quinn/71047.

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DEPARTMENT OF STATE
WASHINGTON

In reply refer to
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June 8, 1948

My dear Mr. Secretary:

I have received your letter of May 10, 1948 which replied to my letter of April 16, 1948 requesting your comments on my memorandum to the President proposing the determination of the end of the emergency referred to in the Master Lend-Lease Agreements. I have noted that you have no objection to such a determination, with certain understandings expressed in your letter.

With regard to lend-lease settlement agreements to be concluded in the future, it is intended that the principles of recapture set forth in settlement agreements already concluded will continue to be applied. In existing settlement agreements it has been provided, with minor exceptions, that the United States Government does not intend generally to recapture lend-lease articles in military inventories but reserves the continuing right of recapture with respect to such articles. Restrictions upon re-transfer have also been included and these settlement agreements have ordinarily provided that no charge would be made for such military articles retained under these conditions by the holding governments.

The determination of the end of the emergency as proposed will have no effect upon the recapture provisions of lend-lease settlement agreements already concluded, including the Military Holdings Agreement of March 27, 1946 with the United Kingdom. Such a determination will have the effect only of providing a firm legal basis for recapture under Article V of the Master Lend-Lease Agreements with those governments with which settlement agreements have not yet been concluded. Such a firm legal basis is urgently desired in connection with demands upon the Soviet and other governments for the return of certain lend-lease articles which have previously been requested or may yet be requested before lend-lease settlement agreements have been concluded.

The Honorable
Kenneth C. Royall
Secretary of the Army.

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In light of the foregoing, early confirmation of your approval of the proposed determination of the end of the emergency referred to in the Master Lend-Lease Agreements would be appreciated.

Faithfully yours,

/s/ Robert A. Lovett

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Lend Lease
Miss Cross
Major Naylor/71047

22 APR 1948

The Honorable
The Secretary of State
Dear Mr. Secretary:

I wish to acknowledge receipt of your 16 April 1948 letter with inclosures.

This matter has been discussed only informally with representatives of my office prior to this time. I therefore appreciate this opportunity of formally expressing my views on the subject. A final reply can be anticipated by 30 April 1948.

Sincerely yours,

(Signed) KENNETH C. ROYALL

Kenneth C. Royall
Secretary of the Army

SANACC SECRETARIAT

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|------------------------|-------|-----------|
| State Member | ----- | |
| Army Member | WA | 4102/HSA |
| Navy Member | WA | 2461/EM |
| Air Force Member | WA | 2412/CID |
| Ass't State Member | WA | 74220/LFG |
| Ass't Army Member | WA | 71857/HFC |
| Ass't Navy Member | WA | 71047/MEN |
| Ass't Air Force Member | ----- | |
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FOR THE RECORD:

Early in March Mr. Truesdell (Eastern European Desk, Department of State) contacted Mr. Quinn, FMA Branch requesting clearance by phone of the problem set forth in the basic letter. State Dept. representative was requested to submit the problem to the Secretary of the Army by formal means. At the same time Mr. Truesdell said that he would transmit informally copy of the documents to Mr. Quinn. This was done, and the informal document has been retained in the FMA Branch. On one or two other occasions Mr. Truesdell advised that the basic letter was ready for the Secretary's signature. However, basic letter was not dispatched until 18 April 1948. It is understood that several meetings have been held regarding the problem. However, the Dept. of the Army has not been represented at any of these meetings. In fact, Dept. of the Navy was not represented at these meetings either. It is now understood Dept. of the Navy has given approval to the Secretary of State on this matter. All that now is left is Dept. of Army approval.

The 8 March 1948 memorandum from the Secretary of State to the President specifies that the Soviet Government although it has agreed to return 8 merchant vessels has not as yet agreed to the return of the Naval vessels and continues to prolong any Lend-Lease settlement negotiations. The intent of the State Dept. by means of this memorandum is to close the only possible technical loophole that may be the basis of the Soviet position regarding the return of Lend-Lease articles that have not been lost, destroyed, consumed, and so forth. It appears that the State Dept. will not exercise recapture rights in the sense of actually taking possession of certain articles, but that some sort of an agreement will be made with the Soviets in relation to those materials which are in this category.

The basic letter is to acknowledge to the State Dept. receipt of the problem, and it now becomes necessary for the Army to study the entire matter to discover what the results will be if the period of emergency is declared at an end.

FOLLOW-UP: Final answer to the entire problem is to be transmitted to the Secretary of State by 30 April 1948.

DATE WRITTEN: 22 April 48.

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DEPARTMENT OF STATE
WASHINGTON

In reply refer to
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April 16, 1948

Dear Mr. Secretary:

On March 5, 1948 the Secretary of State forwarded to the President a memorandum, copy of which is enclosed, proposing the determination of the end of the emergency referred to in the Master Lend-Lease Agreements. I am informed that action upon this proposal is being held in abeyance at the White House pending approval by you and the Secretary of the Navy. I am certain you agree with me that a decision on this question should be reached promptly.

Sincerely yours,

/s/ Robert A. Lovett

Enclosure:

Memorandum dated
March 5, 1948 to
the President

The Honorable
Kenneth C. Royall,
Secretary of the Army.

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MEMORANDUM FOR THE PRESIDENT

**Subject: Determination of the End of the
Emergency Referred to in the Master
Lend-Lease Agreements.**

I am enclosing herewith a proposed memorandum determining the end of the emergency referred to in the Master Lend-Lease Agreements and directing me to make determinations, under the authority delegated by you in Executive Order No. 9630 of September 27, 1945, of the defense articles which are of use to the United States, and, under such authority, to take measures to effect the return of such articles by the recipient lend-lease countries.

The lend-lease agreements with most of the governments of the lend-lease recipient countries other than the American Republics contain, in Article V, a provision under which the signatory governments have agreed to return to the United States "at the end of the present emergency as determined by the President" such defense articles as shall not have been destroyed, lost or consumed and as shall be determined by the President to be of use to the United States. The Soviet Government has been asked on several occasions

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occasions to return to the United States in accordance with Article V of the Soviet Lend-Lease Agreement certain lend-lease merchant and naval vessels which must be returned because of requirements of United States law or because of our own needs. Other governments, with which we have concluded lend-lease agreements containing similar undertakings to return, have complied with requests of this type without the formal determination of the end of the emergency. The Soviet Government, however, although it has recently agreed to the return of eight merchant vessels, has not as yet agreed to the return of the naval vessels and has taken, and may continue to take, the position that the matter of the return of lend-lease articles is subject to decision in the settlement negotiations. The settlement negotiations have moved at a very slow pace. A reply to our general settlement proposals of June 25 was received only on December 20 and, in spite of recent discussions, the Soviet position continues to differ widely from our proposals which follow generally the principles accepted in settlements with other countries.

A determination of the end of the emergency referred to in Article V of the various Lend-Lease Agreements is proposed in order to eliminate the only possible technical loophole that may be the basis of the Soviet position regarding the return of articles requested by us and may lend force to our position that settlement be made for all lend-lease articles returnable under Article V of the Master Agreement. Such a determination

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of the end of the emergency will affect only those countries with which there exist applicable Lend-lease Agreements and with which lend-lease settlements have not been concluded. It will not affect the obligations with respect to the return of silver, which are contained in separate agreements with various lend-lease countries.

There is also enclosed a copy of a letter dated February 6, 1948 which I have received from the Attorney General giving his view that the proposed memorandum terminating the emergency would not have any adverse effect upon existing legislation and approving the proposed memorandum with respect to form and legality.

Enclosures:

1. Proposed Memorandum Determining the end of the Emergency Referred to in the Master Lend-Lease Agreements.
2. From the Attorney General to the Secretary of State, February 6, 1948.

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PROPOSED MEMORANDUM FROM THE PRESIDENT TO THE SECRETARY OF STATE
DETERMINING THE END OF THE EMERGENCY REFERRED TO IN THE MASTER
LEND-LEASE AGREEMENTS.

The Master Lend-Lease Agreements between the United States and various Lend-lease countries concluded under the authority of the Act of March 11, 1941, contain provisions whereby these recipient countries have agreed to return to the United States "at the end of the present emergency as determined by the President" such defense articles as shall not have been destroyed, lost or consumed and as shall be determined by the President to be of use to the United States.

This will notify you that I have determined that the emergency relative to the Lend-lease program referred to in the quoted provisions of the Master Lend-Lease agreements have terminated. You are directed to make determinations, under the authority delegated to you in Executive Order No. 9630 of September 27, 1945, of the defense articles which are of use to the United States and, under such authority to take measures to effect the return of such articles by the recipient Lend-lease countries. This determination does not affect the obligations arising from separate agreements with various countries in connection with silver provided under the Act of March 11, 1941.

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OFFICE OF THE ATTORNEY GENERAL

WASHINGTON, D.C.

FEB 6 1948

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The Honorable

The Secretary of State

My dear Mr. Secretary:

I refer to the letter dated January 23, 1948, subscribed by the Acting Secretary of State, submitting for my views a draft of a proposed memorandum wherein the President would declare the termination of the emergency relative to the Lend-Lease program which is referred to in the Master Lend-Lease Agreements.

It is my view that the termination of the emergency relative to the Lend-Lease program which would be effected by approval by the President of the proposed memorandum would not have any adverse legal effect upon existing legislation. Particularly, it is my view that the memorandum would not affect the existence of the limited national emergency proclaimed by the President on September 8, 1939, the unlimited national emergency proclaimed by him on May 27, 1941, or any emergency other than the specific emergency relative to the Lend-Lease program which is referred to in the Master Lend-Lease Agreements.

The proposed memorandum has my approval with respect to form and legality.

I suggest that you transmit a copy of this letter to the President with the memorandum proposed for his signature.

With kind personal regards,

Sincerely yours,

/s/ Tom Clark

Attorney General

Enclosures

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In reply refer to
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April 16, 1948

Dear Mr. Secretary:

On March 5, 1948 the Secretary of State forwarded to the President a memorandum, copy of which is enclosed, proposing the determination of the end of the emergency referred to in the Master Lend-Lease Agreements. I am informed that action upon this proposal is being held in abeyance at the White House pending approval by you and the Secretary of the Navy. I am certain you agree with me that a decision on this question should be reached promptly.

Sincerely yours,

/s/ ROBERT A. LOVETT

Enclosure:

Memorandum dated
March 5, 1948 to
the President.

The Honorable
Kenneth C. Royall,
Secretary of the Army.

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SPLLA 008 LL (18 Sept 45)

(Written 20 February 1946)
(Rewritten 4 March 1946)

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Sept 7.*

Mr. Thomas B. McCabe,
Foreign Liquidation Commissioner,
Department of State,
Washington, D. C.

Dear Mr. McCabe:

Your letter of 8 February 1946 refers to two quoted paragraphs "c" and "d" of a Joint Statement announced 6 December 1945 dealing with "Settlement for Lend-Lease and Reciprocal Aid, Surplus War Property, and Claims" as between the United States and United Kingdom.

Paragraph "c" as quoted in your letter is consistent with informal conversations of last October in which the War Department stated that practical considerations made it undesirable and uneconomical for the War Department to utilize the materials of lend-lease origin recaptured from the overseas holdings of lend-lease nations.

As indicated in Mr. Stimson's letter of 18 September 1945 to Mr. Crowley, the War Department has restricted its activities connected with foreign held lend-lease materials to the aspects affecting U. S. military supply and security. On matters dealing with benefits and terms of settlements or other conditions of transfer or retention, the War Department continues to look for guidance to the Department of State as it formerly looked to the Foreign Economic Administration when the latter organization exercised this prerogative.

In view of the above, I consider it inappropriate for the War Department to comment on the conditions stated in paragraph "d" which you quoted, beyond the observation that nothing in the paragraph is objectionable to the War Department from a military viewpoint.

Sincerely yours,

MAR 8 - 46

MAR 11 1946



STATE WAR & NAVY COORDINATING COMMITTEE

SECRETARIAT, SWNCC

| SWNCC | |
|----------------------|-------|
| Colonel A. D. Reid | _____ |
| Commo. B. L. Austin | _____ |
| Mr. R. E. Cox | _____ |
| Colonel Schulgen | _____ |
| Comdr. Richardson | _____ |
| Mr. H. W. Moseley | _____ |
| Mr. J. P. Gardiner | _____ |
| Lt. Col. V. F. Field | _____ |
| Major H. W. Karbel | _____ |
| 1st Lt. T. W. Weiner | _____ |
| Ens. F. Whiteside | _____ |
| File 294 | _____ |

add

ROBERT P. PATTERSON

Secretary of War.



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DEPARTMENT OF STATE
OFFICE OF THE
FOREIGN LIQUIDATION COMMISSIONER
NEW WAR DEPARTMENT BUILDING
WASHINGTON 25, D.C.

8 February 1946

The Honorable
Robert P. Patterson
Secretary of War
Washington, D. C.

Dear Bob:

You will recall that during the course of our recent negotiations with the British I discussed orally with you the War Department's position with respect to the recapture of lend-lease articles held by the United Kingdom armed forces on V-J Day. It was your position after considering the matter that the War Department, while it in general did not intend to exercise a right to recapture such articles, felt that such a right should be retained in the agreement with the British. Accordingly paragraph 5 (c) and (d) of the Joint Statement by the United States and the United Kingdom announced December 6, 1945, entitled "Settlement for Lend-Lease and Reciprocal Aid, Surplus War Property, and Claims" was agreed to as follows:

- "(c) The United States reserves its right of recapture of any lend-lease articles held by United Kingdom armed forces, but the United States has indicated that it does not intend to exercise generally this right of recapture;
- "(d) Disposals for military use to forces other than the United Kingdom armed forces of lend-lease articles held by the United Kingdom armed forces at VJ Day, and disposals for civilian use other than in the United Kingdom and the colonial dependencies of such lend-lease articles, will be made only with the consent of the United States Government, and any net proceeds will be paid to the United States Government. The United Kingdom Government agrees that except to a very limited extent it will not release for civilian use in, or export from, the United Kingdom and the colonial dependencies lend-lease articles held by the United Kingdom armed forces."

A letter from you for our records confirming my understanding that the War Department approved and concurred in the agreement reached with the British on this point would be appreciated.

Sincerely yours,

/s/

THOMAS B. McCABE
Foreign Liquidation Commissioner

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SWN-3966
4 March 1946

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MEMORANDUM FOR THE SECRETARY, JOINT CHIEFS OF STAFF:

Subject: Proposed Lend-Lease Settlement Agreement
with the United Kingdom.

The enclosure, a memorandum by the Acting State
Member, State-War-Navy Coordinating Committee, is
forwarded for the comments of the Joint Chiefs of
Staff.

In view of the urgency attached to this matter by
the State Department, it is requested that this paper
be considered as a matter of high priority.

For the State-War-Navy Coordinating Committee:

A. B. REID,
Secretary

Enclosure

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ENCLOSURE

1 March 1946

Memorandum by the Acting State Member,
State-War-Navy Coordinating Committee

Paragraph 6 of the proposed lend lease settlement agreement with the United Kingdom covering articles held by United Kingdom and United States armed forces respectively is quoted below:

"6. Transfer by the recipient government of lend lease or reciprocal aid articles may be made to third governments (including Dominion Governments) for military use, whether by sale, loan or otherwise, only with the prior authority of the supplying government and on terms to be agreed between the supplying government and the third government in question, it being understood that such transfer will in all cases be made for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations. [Contingent forces serving under United Kingdom command may withdraw lend lease articles from United Kingdom military holdings upon their assuming a status independent of the United Kingdom Armed Forces subject to the prior authority of the Government of the United States (which authority shall be deemed to be covered by any approval by the Combined Chiefs of Staff of the assumption by contingent forces of a status independent of the United Kingdom Armed Forces)]. The terms of settlement for such articles shall be agreed between the Government of the United States and the Government making the withdrawal."

The latter portion of the paragraph enclosed in double brackets has been suggested for inclusion by the British side. The State Department has no objection to it. A part of this portion, however, included in single brackets places a responsibility on the Combined Chiefs of Staff.

The State Department desires to know urgently whether that provision is satisfactory to the United States Joint Chiefs of Staff. The urgency is occasioned by the fact that agreement has been reached on the balance of the paper and both sides desire to have the paper signed at the earliest possible moment.

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Enclosure (9)

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SWN-4008
12 March 1946

MEMORANDUM FOR THE SECRETARY OF STATE:

Subject: Proposed Lend-Lease Settlement Agreement
with the United Kingdom.

In response to a request contained in SWN-3965, dated 4 March 1946, the Joint Chiefs of Staff have replied as follows:

"As requested in a memorandum by the Acting State member of the State-War-Navy Coordinating Committee, dated 1 March 1946, the Joint Chiefs of Staff have considered that part of the suggested addition to paragraph 6 of the proposed lend-lease settlement agreement with the United Kingdom which places a responsibility upon the Combined Chiefs of Staff.

"The Joint Chiefs of Staff do not consider the provision which places responsibility on the Combined Chiefs of Staff for certain functions with regard to lend-lease settlement satisfactory for the following reasons:

- a. It would place authority for the final transfer of United States lend-lease property in a combined agency. This authority should be retained by the United States.
- b. It would involve the Joint Chiefs of Staff in the responsibility, on the United States side, for the disposal of United States property in foreign areas. This is contrary to the provisions of Executive Order 9830.
- c. It would base approval of the transfer of lend-lease property to a third government upon the unrelated action by the Combined Chiefs of Staff on the release of "contingent forces" from United Kingdom command.

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d. It would prevent the Joint Chiefs of Staff from agreeing to the release of "contingent forces" from the United Kingdom command without thereby also conveying approval of the transfer of lend-lease property to a third government.

g. The terms of the proposal are vague because of the lack of a definition of "contingent forces" and of a delineation of what lend-lease articles are to be withdrawn. The inclusion of this provision might therefore be a possible basis for misinterpretation and future controversy.

"Although the Joint Chiefs of Staff were queried only as to that part of the suggested addition pertaining to action by the Combined Chiefs of Staff, they note that the remainder of the addition is couched in such vague terms as to make it a possible source of misinterpretation and future controversy. There is no known definition of "contingent forces" nor is there apparent any limit to the quantity of lend-lease articles which may be withdrawn by such forces when they assume an independent status.

"In view of the above, the Joint Chiefs of Staff recommend that the addition to paragraph 6 of the proposed lend-lease settlement agreement, as proposed by the British side, be rejected by the Government of the United States."

For the State-War-Navy Coordinating Committee:

H. FREEMAN MATTHEWS,
Acting Chairman.

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THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

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SM-5222
11 March 1946

MEMORANDUM FOR THE STATE-WAR-NAVY COORDINATING COMMITTEE:

Subject: Proposed Lend-Lease Settlement Agreement
With the United Kingdom

As requested in a memorandum by the Acting State member of the State-War-Navy Coordinating Committee, dated 1 March 1946, the Joint Chiefs of Staff have considered that part of the suggested addition to paragraph 6 of the proposed lend-lease settlement agreement with the United Kingdom which places a responsibility upon the Combined Chiefs of Staff.

The Joint Chiefs of Staff do not consider the provision which places responsibility on the Combined Chiefs of Staff for certain functions with regard to lend-lease settlement satisfactory for the following reasons:

a. It would place authority for the final transfer of United States lend-lease property in a combined agency. This authority should be retained by the United States.

b. It would involve the Joint Chiefs of Staff in the responsibility, on the United States side, for the disposal of United States property in foreign areas. This is contrary to the provisions of Executive Order 9630.

c. It would base approval of the transfer of lend-lease property to a third government upon the unrelated action by the Combined Chiefs of Staff on the release of "contingent forces" from United Kingdom command.

d. It would prevent the Joint Chiefs of Staff from agreeing to the release of "contingent forces" from the United Kingdom command without thereby also conveying approval of the transfer of lend-lease property to a third government.

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e. The terms of the proposal are vague because of the lack of a definition of "contingent forces" and of a delineation of what lend-lease articles are to be withdrawn. The



STATE-WAR & NAVY COORDINATING
COMMITTEE

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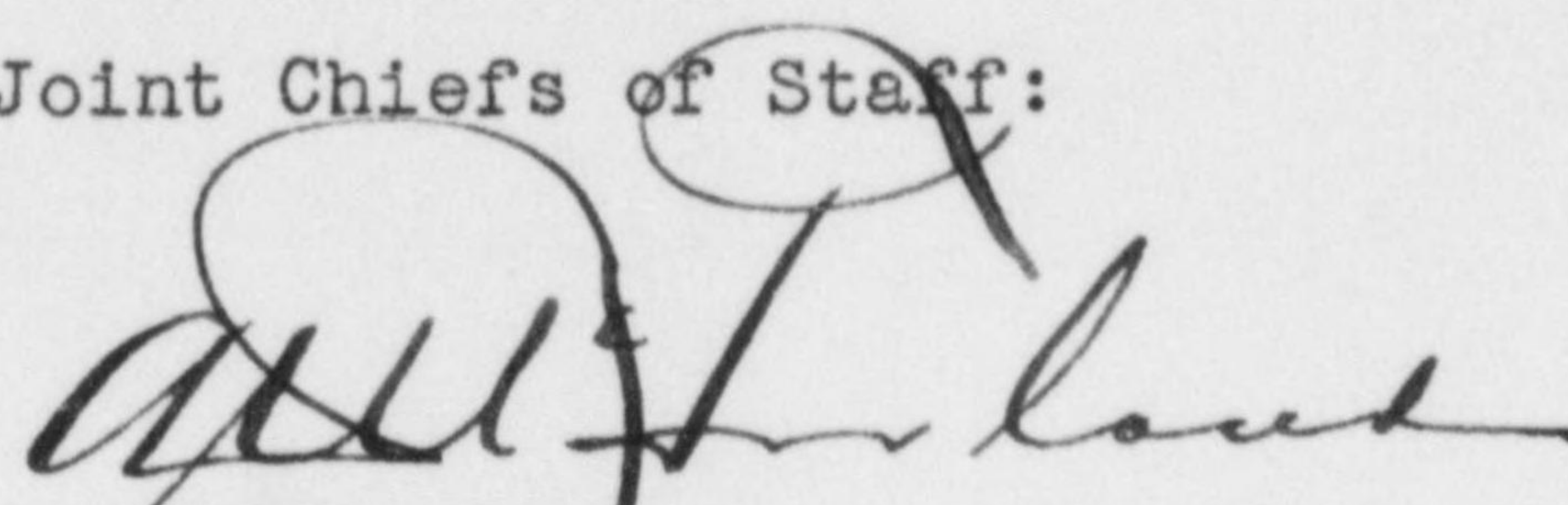
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inclusion of this provision might therefore be a possible basis for misinterpretation and future controversy.

Although the Joint Chiefs of Staff were queried only as to that part of the suggested addition pertaining to action by the Combined Chiefs of Staff, they note that the remainder of the addition is couched in such vague terms as to make it a possible source of misinterpretation and future controversy. There is no known definition of "contingent forces" nor is there apparent any limit to the quantity of lend-lease articles which may be withdrawn by such forces when they assume an independent status.

In view of the above, the Joint Chiefs of Staff recommend that the addition to paragraph 6 of the proposed lend-lease settlement agreement, as proposed by the British side, be rejected by the Government of the United States.

For the Joint Chiefs of Staff:



A. J. McFARLAND,
Brigadier General, U.S. Army,
Secretary.

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DEPARTMENT OF STATE
OFFICE
DIVISION OF EUROPEAN AFFAIRS

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March 1, 1946

Memorandum for the Secretary of SWNCC:

Paragraph 6 of the proposed lend lease settlement agreement with the United Kingdom covering articles held by United Kingdom and United States armed forces respectively is quoted below:

"6. Transfer by the recipient government of lend lease or reciprocal aid articles may be made to third governments (including Dominion Governments) for military use, whether by sale, loan or otherwise, only with the prior authority of the supplying government and on terms to be agreed between the supplying government and the third government in question, it being understood that such transfer will in all cases be made for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations. Contingent forces serving under United Kingdom command may withdraw lend lease articles from United Kingdom military holdings upon their assuming a status independent of the United Kingdom Armed Forces subject to the prior authority of the Government of the United States [which authority shall be deemed to be covered by any approval by the Combined Chiefs of Staff of the assumption by contingent forces of a status independent of the United Kingdom Armed Forces]. The terms of settlement for such articles shall be agreed between the Government of the United States and the Government making the withdrawal." "

The latter portion of the paragraph enclosed in double brackets has been suggested for inclusion by the British side. The State Department has no objection to it. A part of this portion, however, included in single brackets places a responsibility on the Combined Chiefs of Staff.

The State Department desires to know urgently whether that provision is satisfactory to the United States Joint Chiefs of Staff. The urgency is occasioned by the fact that agreement has been reached on the balance of the paper and both sides desire to have the paper signed at the earliest possible moment.

MAR 4 1946



Handwritten signature

H. Freeman Matthews

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STATE WARRIOR NEWY C...
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Secretary of the Navy

Serial 441P21

Sir:

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|----------------------|------------|
| SWNCC | |
| Colonel A. O. Reid | <i>WAS</i> |
| Commo. B. L. Austin | <i>WAS</i> |
| Mr. R. E. Cox | <i>WAS</i> |
| Colonel Schulgen | ----- |
| Comdr. Richardson | ----- |
| Mr. H. W. Moseley | ----- |
| Mr. J. P. Gardiner | ----- |
| Lt. Col. V. F. Field | ----- |
| Major H. W. Karbel | ----- |
| 1st Lt. T. W. Weiner | ----- |
| Ens. F. Whiteside | ----- |

018.2 lent lease
Misc

FEB 1946

As of 20 December 1945 there were 3741 United States naval vessels in the hands of foreign governments on a lend-lease basis. Section 4, Public Law I, 78th Congress (57 Stat. 3) provides that these vessels "may be leased ... but not otherwise disposed of for periods not beyond the termination of the present wars, but title thereto shall remain in the United States".

Charter parties signed by foreign governments, except those signed by the Government of the United Kingdom and the USSR, require those governments to return vessels at ports designated by the United States. The charter party signed by the Government of the United Kingdom requires that the vessels "shall be redelivered at a place and time to be mutually agreed and in such condition as the vessel is in at the termination of its operational service". No charter party was signed by the Soviet Government. That Government, however, considers that the following clause in the temporary acceptance agreement meets charter party requirements: "... which vessel is being leased to the USSR by the United States of America pursuant to the Act of Congress of 11 March 1941 and other applicable laws and regulations of the United States of America and other applicable agreements between the two Governments".

The mutual aid agreements made with all the foreign governments now having United States naval lend-lease vessels in their possession provide that the foreign government "will return to the United States of America at the end of the present emergency as determined by the President such defense articles transferred under this agreement as shall not have been destroyed, lost, or consumed, and as shall be determined by the President to be useful in the defense of the United States of America or the Western Hemisphere, or to be otherwise of use to the United States of America." In the settlement of lend-lease obligations no negotiations for disposal of lend-lease vessels have been completed.

Under existing laws of the United States, therefore, lend-lease vessels must be returned to United States custody not later than the termination of the present war, the date for which may be established by the Congress at any time. The following factors, however, have an important bearing on the problem of the return of the lend-lease vessels to United States custody:



All lend-lease naval vessels in the hands of foreign governments are excess to the requirements of the United States Navy.

STATE WAR & NAVY COORDINATING COMMITTEE.

8

Secretary
of the Navy

Serial 441P21

- b. Many lend-lease vessels are not in satisfactory operating condition for the voyage to United States ports and some are beyond economical repair. The expected life of most lend-lease vessels is comparatively short.
- c. The majority of lend-lease vessels are located in the sterling block area. The conservation of exchange funds by the British and the shortage of manpower make it difficult to dispose of vessels by scrapping within this sterling block area.
- d. The operation of returning vessels to United States ports is of such magnitude that a considerable length of time will be required for the planning and execution of the task. Preparation of the vessels for ocean voyage would in many cases require repairs and would involve considerable expense and use of manpower, even though the vessels will be disposed of as surplus after their redelivery.
- e. The United States, as a member of the United Nations has an interest in the strategic deployment and strength of the naval forces of all nations, and it is possible that foreign governments will desire to acquire naval vessels from the United States to meet their requirements in the enforcement of peace, as directed by the Security Council.

It is considered, therefore, that a practicable plan should be devised for the disposition of lend-lease vessels now in the hands of foreign governments. To this end, the Navy Department proposes to sponsor legislation to permit the disposal of lend-lease vessels, including the transfer of title thereto, under such terms and conditions as the President or the Secretary of the Navy, acting under his direction, may determine to be in the best interests of the United States, and to permit extension of the lease of lend-lease vessels beyond the termination of the present war, when in the opinion of the Chief of Naval Operations, such action is in the best interest of the United States.

It is requested that the Secretary of State inform the Director of the Bureau of the Budget of his views on this proposed legislation, sending to the Secretary of the Navy a copy of the letter to the Director of the Bureau of the Budget.

Sincerely yours,

JAMES FORRESTAL

cc: JAG
 OP-LOX
 ✓ SWNEC (Secretariat)

The Honorable
 The Secretary of State



THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

SECRET

SM-3415
17 September 1945.

MEMORANDUM FOR THE STATE-WAR-NAVY COORDINATING COMMITTEE:

Subject: Policy concerning settlement of
Lend-Lease obligations.

The Joint Chiefs of Staff have approved the recommenda-
tions in J.C.S. 1448/1.

Pursuant to paragraph 9 b thereof, the enclosure is
forwarded for information and such action as may be deemed
appropriate.

For the Joint Chiefs of Staff:

A. J. McFARLAND,
Brigadier General, U.S.A.,
Secretary.

Enclosure:
JCS 1448/1 (Copy No. 59).

SECRET

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SWN-3267
19 September 1945

MEMORANDUM FOR MR. HICKERSON
MR. McCLOY
MR. GATES

Subject: Policy Concerning Settlement of Lend-Lease Obligations.

1. The Joint Chiefs of Staff have recently undertaken a study of a policy to be adopted concerning the military aspects of the settlement of lend-lease obligations.

2. In connection with this study, among other things, it has been decided that:

a. It is the function of the War and Navy Departments to determine and to request the return of those lend-lease items that are still in existence which should be recaptured to meet their respective military requirements.

b. In connection with the process of determining all military requirements that must be considered by the War and Navy Departments, the State-War-Navy Coordinating Committee should be advised that the War and Navy Departments require guidance with respect to the extent to which the U.S. will support foreign countries with military supplies for their post-war armed forces.

c. In view of the fact that complete action cannot be taken on the return of military lend-lease items until all requirements for such material are established, action should be taken as a matter of priority to determine these requirements.

d. It is the function of the State Department in conjunction with the War and Navy Departments to determine whether certain lend-lease items still in existence should be withdrawn from particular foreign nations as a matter of United States or international security.

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- 2 -

3. Subject to approval by the members of the State-War-Navy Coordinating Committee, the SWNCC Secretariat will request the State-War-Navy Coordinating Subcommittee for Rearrangement to undertake a study with a view to advising the Committee with respect to the extent to which the United States will support foreign countries with military supplies for their post-war armed forces.

For the State-War-Navy Coordinating Committee:

CHARLES W. McCARTHY,
Secretary

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Prep. CAD
Written WDOAS:DS:meg

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| SWNCC | |
|-----------------------------|-------|
| COL. McCARTHY | |
| COMDR. RICHARDSON | |
| MR. R. E. COX | |
| COL. PENNOYER | |
| COMDR. WELFUS | |
| 26 July 1945 MOSELEY | |
| MR. J. P. BARDINER | ..... |
| LT. COMDR. ROCKEFELLER | ..... |
| LT. COL. V. F. FIELD | ..... |
| MAJOR W. E. GUNTHER | ..... |
| 1ST LT. E. SPITTALL | ..... |
| ENS. F. WHITESIDE | ..... |
| FILE | ..... |

Mr. Arthur Paul
Executive Director, Bureau of Areas
Foreign Economic Administration
Washington 25, D. C.

Dear Mr. Paul:

In Mr. McCloy's absence, I have been asked to answer your letter of 27 June relative to placing on lend-lease account July and August loadings from the United States of civilian supplies under the military program for Belgium and Holland.

A conference on this matter, arranged by War Department representatives, was held on 2 July 1945, at which the practical problems involved were considered with Messrs. Paul White and Frank Pollock of the Foreign Economic Administration. I am informed it was the consensus of those present that present operating procedures preclude implementation of this program in the manner suggested in your letter.

It appeared that the only practicable method of accomplishing the objective of your letter was through transferring to FEA lend-lease account the U.S. portion of combined bills, prepared in conformity with CCAC 141/3, for military issues in August and September of civil affairs supplies in Belgium and Holland. I understand that the Foreign Economic Administration is now considering the statutory authority for such action and that War Department representatives will be advised of the conclusion reached. If this procedure is to be followed, it is understood that the Foreign Economic Administration will make arrangements for proper reimbursements from Foreign Economic Administration appropriations.

Sincerely,

SIGNED

DAVIDSON SOMMERS
Major, Air Corps
Assistant Executive

752 SWNCC

6

SUMMARY SHEET

1 BOND

2 Approval

3 Signature

1 Concurrence

WDSCA

2 D/Chief of Staff

3 A/

SH

Maj. Johnson /1361

WDSCA 100 (28 Jun 45)

Civil Affairs Supplies - Belgium and Holland

6 July 1945

SUMMARY:

1. Basic letter, dated 27 June 1945, from Arthur Paul, Executive Director, Bureau of Areas, FEA, to the Assistant Secretary of War, (a) states that, if possible, it is desired to place on lend-lease July and August loadings from the United States of civilian supplies under the military program for Belgium and Holland, with FEA reimbursing WD to extent such loadings are transferred to those countries, and (b) requests assistance in implementing this plan.

2. Pursuant to "(b)" above, conference arranged by WD was held 2 July in Pentagon and attended by FEA (Paul White, Frank Follock); BOND, WDSS (Lt. Col. E. C. Whitmore); CAD, WDSS (Lt. Col. C. C. Hilliard, Major S. E. Johnson); Int. Div., ASF (Col. H. H. Haylor; Capt. T. J. Bayes; Capt. A. R. Jones); OFD, ASF (G. V. Campion). It was agreed by those present (a) that the only practicable method of accomplishing the objective of the letter was thru transferring to FEA lend-lease account the U.S. portion of combined bills (prepared in conformity with SCAC 141/3) for military issues in August and September of Civil Affairs supplies in Belgium and Holland and (b) that FEA would consider its statutory authority for such a transfer and advise War Department representatives of conclusion reached. If this procedure is to be followed, it is understood that Foreign Economic Administration will make arrangements for proper reimbursements from its funds.

RECOMMENDATION:

3. That the attached letter be signed and dispatched by the Assistant Secretary of War.

COORDINATION:

- 4. BOND (Lt. Colonel E. C. Whitmore)
- ASF-ID (Colonel H. H. Haylor)

JUL 7 45

W. C. CHAMBER
Colonel, GSC
Acting Director
Civil Affairs Division

Incl: ltr for sig A/SW



DISCONTINUED
CIVIL AFFAIRS DIVISION
WAR DEPARTMENT

0 9080

Information Copy For
Secretariat, SWHCO

6

Mr. Arthur Paul
Executive Director
Bureau of Areas
Foreign Economic Administration
Washington 25, D. C.

Dear Mr. Paul:

This will acknowledge receipt of your letter of June 27 relative to placing on lend-lease account July and August loadings from the United States of civilian supplies under the military program for Belgium and Holland.

A conference on this matter, arranged by War Department representatives, was held on 2 July 1945, at which the practical problems involved were considered with Messrs. Paul White and Frank Pollock of the Foreign Economic Administration. I am advised it was the consensus of those present that present operating procedures preclude implementation of this program in the manner suggested in your letter.

It appeared that the only practicable method of accomplishing the objective of your letter was through transferring to FEA lend-lease account the U.S. portion of combined bills, (prepared in conformity with CCAC 141/3), for military issues in August and September of civil affairs supplies in Belgium and Holland. I understand that the Foreign Economic Administration is now considering the statutory authority for such action and that War Department representatives will be advised of the conclusion reached. If this procedure is to be followed, it is understood that the Foreign Economic Administration will make arrangements for proper reimbursements from Foreign Economic Administration appropriations.

Sincerely yours,

John J. McCloy
The Assistant Secretary of War

(6)

FOREIGN ECONOMIC ADMINISTRATION
Washington 25, D. C.

Jun 27 1945

Hon. John J. McCloy
Assistant Secretary of War
War Department
Washington, D. C.

My dear Mr. McCloy:

We have been holding discussions with the State Department, Treasury Department, and War Department preliminary to final negotiations with the British on proposals for the financing of essential supplies for Europe after the termination of military responsibility. It has been agreed in these discussions that, if possible, the July and August loadings from the United States for civilian supplies under the military program for Belgium and Holland should be charged to those countries on lend-lease account rather than billed by the combined military under the Plan A procedure. The Foreign Economic Administration will, of course, reimburse the War Department for such loadings to the extent they are transferred to the foreign governments.

It would be necessary in order to put this proposal into effect to establish procedures with respect to the July and August loadings from the United States which would permit the identification and transfer of these supplies to Belgium and Holland. I understand that such procedures could be worked out without interference with the War Department's customary practices with respect to procurement and shipment.

I would greatly appreciate your assistance in working out steps which may be necessary to put this plan into effect.

Sincerely yours,

/s/ Arthur Paul
Executive Director, Bureau of Areas

copy

(6)

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JUL 2 - 1945

The Honorable,
The Secretary of State

My dear Mr. Secretary:

Thank you for your letter of 19 June 1945 concerning the negotiation of a reverse lend-lease agreement with the Republic of China.

The War Department agrees with the conclusions of the State Department and has informed the Commanding General, United States Forces, China Theater, to this effect.

Sincerely yours,

(Sgd.) HENRY L. STIMSON

Secretary of War

| SWNCC | |
|----------------------|-------|
| COL. MCCARTHY | ..... |
| COMDR. RICHARDSON | ..... |
| MR. R. E. COX | ..... |
| LT. COL. HENRY | ..... |
| LT. COMDR. [unclear] | ..... |
| MR. H. W. MOSELEY | ..... |
| MR. J. P. GARDNER | ..... |
| LT. COMDR. REEFELLER | |
| LT. COL. V. F. FIELD | |
| MAJOR W. E. GUNTHER | |
| 1ST LT. E. SPITTALL | |
| ENS. F. WHITESIDE | |
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SECRET

Information Copy for the Secretariat, SWNCC

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THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

RESTRICTED


SM-2450
8 July 1945

MEMORANDUM FOR THE STATE-WAR-NAVY COORDINATING COMMITTEE:

Subject: Presidential policy on military Lend-Lease.

The enclosed copy of a directive from the President to the Joint Chiefs of Staff, establishing the policy for the issue to foreign governments of Lend-Lease munitions of war and military and naval equipment, is forwarded for the information of the Secretary of State.

For the Joint Chiefs of Staff:


A. J. McFARLAND,
Brigadier General, U.S.A.,
Secretary.

Enclosure:
JCS 771/11 (Copy No. 99).

RESTRICTED

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RESTRICTED

10 July 1945

MEMORANDUM FOR THE SECRETARY OF STATE:

Subject: Presidential Policy on
Military Lend-Lease.

At the request of the Joint Chiefs of Staff, the enclosed copy of a directive from the President to the Joint Chiefs of Staff, establishing the policy for the issue to foreign governments of Lend-Lease munitions of war and military and naval equipment, is forwarded for the information of the Secretary of State.

For the State-War-Navy Coordinating Committee:

CHARLES W. McARTHUR
Secretary

Enclosure:
Cy. No. 99, JCS 771/11.

→ SWNCO FILE

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10 July 1945

MEMORANDUM FOR THE SECRETARY OF STATE:

Subject: Presidential Policy on
Military Lend-Lease.

At the request of the Joint Chiefs of Staff, the enclosed copy of a directive from the President to the Joint Chiefs of Staff, establishing the policy for the issue to foreign governments of Lend-Lease munitions of war and military and naval equipment, is forwarded for the information of the Secretary of State.

For the State-War-Navy Coordinating Committee:

CHARLES W. McCARTHY
Secretary

Enclosure:
Cy. No. 99, JCS 771/11.

→ SWNCC FILE

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JCS 771/11

6 July, 1945.

MEMORANDUM DIRECTIVE FROM THE PRESIDENT OF THE UNITED STATES

5th July, 1945.

Now that the war in Europe has terminated with the surrender of the Axis powers in Europe, and in order to follow accurately the letter and spirit of the Lend-Lease Act, the following policy is established for the issue to foreign governments of Lend-Lease munitions of war and military and naval equipment.

Approval of the issue to allied governments of Lend-Lease munitions of war and military and naval equipment will be limited to that which is to be used in the war against Japan, and it will not be issued for any other purpose.

HARRY S. TRUMAN

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DECLASSIFIED
E.O. 11652, Sec. 11
NND 760055
By KA NND Date 2/19/75

[Handwritten signature]

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JCS 771/11
6 July, 1945.

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5th July, 1945.

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- | | |
|------------------------|-------|
| | SWNCC |
| COL. MCCARTHY | |
| COMDR. RICHARDSON | |
| MR. R. E. COX | |
| LT. COL. PENNOYER | |
| LT. COMDR. DEILFUSS | |
| MR. H. W. MOSELEY | ..... |
| MR. J. P. BARDINER | ..... |
| LT. COMDR. ROCKEFELLER | ..... |
| LT. COL. V. F. FIELD | ..... |
| MAJOR W. E. GUNTHER | ..... |
| 1ST LT. E. SPITTALL | ..... |
| ENS. F. WHITESIDE | ..... |
| FILE | ..... |

HARRY S. TRUMAN

COPY

DECLASSIFIED
E.O. 11652, Sec. 11
NND 760055
NR NARS Date 2/19/75

(2)

Mr. Crowley
Room 178

March 23, 1945

In reply refer to
LP 800.24/2-1645

018.2 22

My dear Mr. Secretary:

On February 16 Mr. Crowley, Administrator of the Foreign Economic Administration, wrote to the State Department enclosing a copy of his letter of February 16 to you in regard to the responsibilities of the Foreign Economic Administration in the handling of lend-lease matters.

For your information I am enclosing a copy of the letter of February 16 from Mr. Crowley and of the reply which this Department has sent to Mr. Crowley.

Sincerely yours,

For the ~~acting~~ Secretary of State.

William L. Clayton
Assistant Secretary

Enclosures:

1. From Mr. Crowley, dated February 16, 1945.
2. Copy of Department's reply.

The Honorable
James V. Forrestal,
Secretary of the Navy.

LP:FWF:EC
3/19/45

A true copy of
the signed orig-
inal.

①

Mr. Mosley
Room 178

In reply refer to
LP 800.24/2-1645

March 23, 1945

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For your information I am enclosing a copy of the letter of February 16 from Mr. Crowley and of the reply which this Department has sent to Mr. Crowley.

Sincerely yours,

For the ~~Acting~~ Secretary of State:

William L. Clayton
Assistant Secretary

Enclosures:

1. From Mr. Crowley, dated February 16, 1945.
2. Copy of Department's reply.

The Honorable
Henry L. Stimson,
Secretary of War.

LP:FWF:EC
3/19/45

A true copy of
the signed original
is.