

BRITISH EMBASSY,

WASHINGTON, D. C.,

April 4th, 1940

No. 318

My Lord,

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As I had the honour to report in my telegram No. 392 of March 20th there were signs some ten days or so ago that Congress might take an embarrassing interest in the Allied purchases of aircraft in this country. The trouble was apparently originally due to differences of opinion within the War Department where the Under Secretary, Mr. Louis Johnson, is not on the best of terms with Mr. Woodring, the Secretary of War, while friction between Mr. Woodring and Mr. Morgenthau may have been another contributing cause. However that may be, articles began to appear in the papers insinuating that the Allied purchases would interfere with the Administration's own rearmament programme, that various secret devices and newly developed aircraft were being made prematurely available to the Allies, and that the interests of the United States were being thereby prejudiced. Naturally the isolationist elements in Congress seized on this opportunity to make trouble and the matter was raised in both Houses. As a result of this agitation the House Military Affairs Committee decided to investigate the whole question, Senator La Follette tabled a resolution calling on the Senate Military Committee to hold a similar enquiry and there was for a time quite a possibility that a political storm would be created similar to that which was

aroused/

The Right Honourable

The Viscount Halifax, K.G.,

etc., etc., etc.

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aroused in connexion with the French aircraft purchases last year.

2. In the event however the agitation came to nothing. The Administration, headed by the President, lost no time in letting it be known that they were determined to facilitate the Allied purchases as far as they could and that they had no fear of any possible unfavourable repercussions on their own rearmament programme. It was announced after a meeting between the President and the various officials concerned on March 22nd that it had been decided to allow the Allies to purchase aircraft from American manufacturers which were already on order for the American armed forces, and to slow down the fulfilment of the American rearmament programme.

3. The Administration's policy was formally defended before the House Military Affairs Committee on March 27th, when Mr. Woodring, Under Secretary Louis Johnson and General Marshall, the Chief of Staff, all gave evidence in support of it. All three spokesmen declared that far from prejudicing the position of America, the Administration's policy was calculated to serve the best interests of this country. Owing to the expansion of plant resulting from the Allied orders, it would no longer be necessary for the aircraft required for the American forces to be supplied so soon, while by postponing their own orders the American authorities would be able to profit by the experiences of the present types of aircraft gained in the meantime. Nor was there any question of any vital secrets being given away.

4. The Committee were impressed by this evidence and/

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and particularly by that of General Marshall, who went so far as to declare that he regarded the adoption of the Administration's policy as a matter "of vital importance for national defense". In consequence the Committee seem to have expressed their approval of the Government's plan and to have dropped any idea of investigating the matter further. Simultaneously on March 28th the Senate Military Affairs Committee after hearing Mr. Woodring and Mr. Johnson decided there was no call for any investigation and rejected Senator La Follette's motion by 5 votes to 4.

5. This satisfactory outcome of what at one time threatened to be a rather embarrassing situation has been generally welcomed by the press who have applauded the Administration's decision as sensible and as calculated to serve American interests as well as to assist the Allies.

6. As a result of the decisions of the Administration it has been possible for the Anglo-French Purchasing Board to make good progress with its arrangements for the purchasing of aircraft. Full details have already been communicated to M. Monnet and Mr. Purvis.

I have the honour to be,
with the highest respect,

My Lord,

Your Lordship's most obedient
humble servant,

(SGD) LOTHIAN