

77TH CONGRESS } HOUSE OF REPRESENTATIVES } REPORT
1st Session } No. 276

DEFENSE AID SUPPLEMENTAL APPROPRIATION BILL,
1941

MARCH 18, 1941.—Committed to the Committee of the Whole House on the state
of the Union and ordered to be printed

Mr. TAYLOR, from the Committee on Appropriations, submitted the
following

REPORT

[To accompany H. R. 4050]

The Committee on Appropriations submits the following report in explanation of the accompanying bill entitled "A bill making supplemental appropriations for the national defense to provide aid to the Government of any country whose defense the President deems vital to the defense of the United States, and for other purposes," with a recommendation for immediate consideration and early enactment.

The purpose of the bill is to provide the necessary appropriations to carry into effect an act to promote the defense of the United States, approved March 11, 1941.

The Budget estimates upon which this bill is based were transmitted to Congress on March 12 by the President in a letter addressed to the Speaker of the House of Representatives (H. Doc. No. 139) requesting a total of direct appropriations of \$7,000,000,000.

The letter of the President to the Speaker is as follows:

THE WHITE HOUSE,
Washington, March 12, 1941.

HON. SAM RAYBURN,
Speaker, House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: This Nation has felt that it was imperative to the security of America, that we encourage the democracies' heroic resistance to aggressions, by not only maintaining but also increasing the flow of material

assistance from this country. Therefore, the Congress has enacted and I have signed H. R. 1776.

Through this legislation our country has determined to do its full part in creating an adequate arsenal of democracy. This great arsenal will be here in this country. It will be a bulwark of our own defense. It will be the source of the tools of defense for all democracies who are fighting to preserve themselves against aggression.

While the defense equipment produced under H. R. 1776 remains under the control of the United States until it is ready for disposition, it is the fixed policy of this Government to make for democracies every gun, plane, and munition of war that we possibly can.

To accomplish these objectives I am transmitting an estimate in the amount of \$7,000,000,000, the details of which are set forth in the accompanying letter from the Director of the Bureau of the Budget. I strongly urge the immediate enactment of this appropriation.

Respectfully,

FRANKLIN D. ROOSEVELT.

This Budget estimate was received on March 12. The committee held hearings on March 13, 14, and 15, having before it the Secretary of State, the Secretary of War, the Secretary of the Navy, the Chief of Staff of the Army, the Assistant Chief of Naval Operations, the Director General of the Office of Production Management (Mr. Knudsen), the Director of the Bureau of the Budget, and other officials concerned with the planning of the program.

The estimates upon which the bill is based were carefully prepared after a survey of the requirements to carry out the act of March 11. The work of the survey was facilitated by the furnishing by the British Government of a specific list of its needs. That list has been studied by the War and Navy Departments and other agencies concerned and by the Office of Production Management and in consultation with the representatives of that Government. The program under the \$7,000,000,000 has been coordinated and correlated with our own needs for our own defense. It represents in terms of money and quantities of defense articles the needs for assistance as they can be seen at this time. The sum is stupendous and the program is gigantic but the issue is greater than both.

The committee has incorporated in the bill the full amount of the Budget estimate of \$7,000,000,000 distributed according to the 10 categories of appropriation. The policy of aid to countries whose defense may be determined to be vital to the defense of the United States has been established with the approval of an act to promote the defense of the United States on March 11 (H. R. 1776, Public Law No. 11). The remaining step to start the full impact of that policy is to implement with funds the agencies which the President may designate to carry out the purposes of the law. In urging expedition in the granting of the appropriations the committee has in mind the legislative history of H. R. 1776. That bill was introduced in the House of Representatives on January 10, reported to the House on January 30, passed the House on February 8, reported to the Senate on February 13, passed the Senate on March 8. The House concurred in the Senate amendments on March 11 and the President signed the bill immediately. The program now needs to proceed with the utmost expedition consistent with prudence if it is to have the effect which the law contemplates and which the American people unquestionably overwhelmingly approve.

The committee invites attention to the remarks of the Secretary of State at the opening of the hearing on these appropriations. They are a clear and cogent restatement of the policy and purpose of our Government in approving an act to promote the defense of the United States and of the urgency of providing the appropriations called for by the bill. The following excerpt epitomizes the statement:

Secretary HULL. * * *. Our safety and the success of the course upon which we have set ourselves demand the courage and the wisdom to go full out in furnishing adequate material aid to the nations whose defense is necessary to our defense. When we do this, we take the most effective step possible in the circumstances to keep war away from our hemisphere, from our own Nation. Doing this, we act in defense of our homes, our institutions, our liberties, our way of life.

In this task, half measures will not suffice. There is much to be done and the task is urgent. We must strive with all our will, all our power, and all our resources. To be content with less would be to invite disaster. No people in history have had such opportunity to learn from the tragic example of others. We cannot stint and we must not falter.

It has been deemed advisable by the committee and in consonance with the advice of the administrative officials concerned that all of the usual minute justification of appropriations should not be discussed in the printed hearing. The total appropriation of \$7,000,000,000 and the several categories of the 10 appropriations constituting that amount have been "broken down" for the committee into component elements and the committee is possessed of the itemization used by the Government agencies concerned in making up the individual amounts of the categories of appropriation which comprise the total.

The omission of this detail from the printed hearing is not occasioned by any desire to withhold information from the Congress and the public to which they are entitled. Rather it is a desire to withhold from certain foreign governments and their diligent agents detailed information which they should not have. The procurements under the funds in this bill are for weapons and instruments of war to aid countries which are engaged in a desperate struggle and whose success in that combat is vital to us. These details have a strategic value which must be carefully preserved. The committee ventures to express the hope that what might only be considered by some to be "interesting news" to the citizens of this country shall not become "strategic news" elsewhere to the harm of the very countries we are trying to assist and to ourselves.

There has been speculation on the part of some that the production of such vast amounts of defense articles for assistance to other countries might injure our own defense. The committee desires to quote from the very pertinent testimony of the Chief of Staff of the Army in response to a question from Representative Ludlow:

Mr. LUDLOW. General, I want to ask whether, in your opinion, providing these articles in aid to Britain will in any way endanger our own defense?

General MARSHALL. No, sir; on the contrary I think that as we now have matters arranged, the result will be to our advantage. Our own actual resources will not be diminished until the finished products come off the production line and are ready for shipment. Increased production will add to our strength until the time for distribution begins. I will go further and say this; that I would be a much happier man today if I thought we had reached a point in our production development where we actually had more capacity than we required. That would be the most favorable situation possible for us, in view of present conditions.

The committee has also been advised with respect to the utilization by the United States of the defense articles to be procured with these

funds in the event they are not disposed of for aid to any country whose defense is vital to the United States.

Secretary Stimson made this statement, which shows very commendable planning by the War Department and very commendable cooperation by the British:

* * * Of the War Department items, practically all or 95 percent are those which can be used for our own Army purposes and which would be vitally useful in case Britain should fall. Only 5 percent represent purely British types of weapons, including the facilities to be erected for such weapons, as distinguished from our American types and their facilities. And even in the case of this last 5 percent, the plant facilities necessary for construction—that is, the tools and the plants for these purely British items—could be used by us on very short notice.

In other words, as you are doubtless familiar, I might give as an example that the British use the .303-caliber rifle. The facilities for the construction of that rifle which they are using in this country today, under their contracts for its creation, could be transferred so as to manufacture the .30-caliber rifle which we use, I am informed, in about 2 months. And, in the same way, the facilities for the ammunition could be transformed. And that is true largely of other British items.

The committee has received from the Director General of the Office of Production Management a résumé from last June to date of the progress of our own defense efforts. Contracts placed for matériel total \$12,600,000,000. Contracts for construction on 302 Government plants total \$1,574,000,000. A total of 421 privately financed prime contractors' plants have been certified for assistance in the amount of \$393,000,000. The total for facilities, governmental, or privately owned assisted with Federal funds, is \$2,138,000,000 on a total of 723 plants. In addition the British Government has financed 61 plants for a total of \$171,000,000. Mr. Knudsen advised the committee that if funds are provided for the facilities contemplated by the bill they can be procured in a reasonable time and will meet the needs for procurement of the matériel. Some existing facilities will be available in addition to those which the British Government has provided and which will become available rapidly as they run out of British orders.

The committee has also made inquiry as to British resources and orders placed in this country. The total of such orders placed by the British Purchasing Mission to January 1, 1941, is \$2,700,000,000. Payments on these orders to March 12 totaled \$1,682,000,000, consisting of \$1,300,000,000 paid prior to January 1, 1941, and \$382,000,000 paid during the period January 1 to March 12, 1941. All goods delivered under these orders have been paid for in cash and some goods not delivered have been partially paid for in advance. The committee has been assured that none of the \$7,000,000,000 contained in the bill will be used to pay for materials under any orders heretofore placed by the British Government and that sufficient existing dollar resources and dollars to be acquired by them will be available to pay for those orders. The estimated British holdings in the United States as of January 1 last consisted of \$616,000,000 of marketable securities, \$900,000,000 in direct investments, \$292,000,000 in gold, \$54,000,000 in official dollar balances, and \$305,000,000 in private dollar balances. These figures necessarily have changed as these resources have been drawn upon between January 1 and March 12 by \$382,000,000 to meet payments for the goods ordered. The committee is also advised that the British assets in this country insofar as they are not needed for payment on their orders here will

be given as security on defense articles which the United States may furnish to them.

Britain is engaged in a terrific struggle. The expenditures of the United Kingdom and the Dominions are currently amounting monthly to \$1,750,000,000, of which \$1,500,000,000 is by the United Kingdom and \$250,000,000 by the Dominions. Canada will spend \$1,400,000,000 in the fiscal year 1941-42 on her direct war effort, which is 25 percent of her expected national income.

The agreements with the governments to be assisted under "An act to promote the defense of the United States" rest with the President of the United States. His is the responsibility to determine the terms and conditions under which the nations receiving this aid should make a return to the United States. A nation engaged in a death struggle with a mortal enemy needs, in addition to the tools of war, the maintenance of its own economy and financial stability in order to pursue successfully its efforts. If the United States furnishes Great Britain with defense articles but upsets her economy the aims and purposes of our assistance would be defeated.

The committee desires to call attention to the form in which the appropriations are made in this bill. It is not a "blank check" appropriation. Public Law No. 11 provides that the President may authorize the head of any department or agency to procure the defense articles which that act specifies for aid to any country whose defense is vital to the United States. It is not practicable, considering the problems involved in this huge program, to appropriate specifically in terms of the normal Government appropriations in the usual detail to each of the agencies and each of the bureaus and other offices concerned and "freeze" the procuring funds in customarily rigid channels. It should be borne in mind that the appropriations in this bill are for aid to countries that are at war. That war is being fought on the high seas of the world, in Europe and in Africa, and with hostilities and moves of conquest in Asia. The important theaters of the war are shifting rapidly from one area to another. Changes are occurring constantly in the types of weapons and their use. A program of aid such as this must be as flexible as a program of use in combat. The needs may change frequently and the emphasis on certain needs may shift to others. The committee therefore feels that it is highly desirable that flexibility should be provided and to that end has approved the proposal for a 20-percent transfer between appropriations with the stipulation that not more than 30 percent can be added to any one of the first 8 of the 10 specified appropriations by virtue of the transfer.

This flexibility is particularly desirable not only with respect to the amounts for defense articles under specific categories but also with respect to the application of the amounts to any particular countries as exigencies may occur from time to time.

The bill contains 10 separate appropriations, 7 of which are devoted to categories of procurement of specific classes of defense articles and 3 of which are devoted to services. Each of these 10 appropriations is subject to allocation by the President to such department or agency, as he may deem advisable, to procure the type of defense articles needed. The total of the 7 procurement appropriations is \$6,750,000,000 and the total of those devoted to services is \$250,000,000.

A few of these categories are necessarily problematic, particularly the item of \$200,000,000 for repairing and reconditioning defense

articles. This must be so, due to inability to secure any substantial data upon which to base an estimate.

The 10 categories of appropriation into which the \$7,000,000,000 is divided consist of the following:

1. Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof, \$1,343,000,000.
2. Aircraft and aeronautical material, including engines, spare parts, and accessories, \$2,054,000,000.
3. Tanks, armored cars, automobiles, trucks, and other automotive vehicles, spare parts, and accessories, \$362,000,000.
4. Vessels, ships, boats, and other watercraft, and equipage, supplies, materials, spare parts, and accessories, \$629,000,000.
5. Miscellaneous military equipment, supplies, and materials, \$260,000,000.
6. Facilities and equipment, for the manufacture or production of defense articles by construction or acquisition, including the acquisition of land, and the maintenance and operation of such facilities and equipment, \$752,000,000.
7. Agricultural, industrial, and other commodities and articles, \$1,350,000,000.
8. Testing, inspecting, proving, repairing, outfitting, reconditioning, etc., defense articles, \$200,000,000.
9. Services and expenses not specified or included in any of the foregoing, \$40,000,000.
10. Administrative expenses, \$10,000,000.

Each of these 10 appropriations will be accounted for as though it had been made in the normal fashion. The expenditures will be audited by the General Accounting Office. Treasury statements will show the expenditures under the appropriations in this bill in the same manner as other appropriation expenditures are exhibited.

The sum of \$7,000,000,000 is a large total for any single appropriation bill. The question naturally arises as to why all the fund should be granted at one time—why not appropriate some now, some more later, and some still later—take it piecemeal instead of all in one lump—because the amount is made available until June 30, 1943. The amount is based upon the procurement of definite quantities of defense articles. They have to be acquired for this specific purpose; they are in the main, not articles of commercial use. In some instances facilities must be constructed with which to produce them. It should be recalled that these funds are all to be expended by the United States Government and the defense articles to be procured will belong to the United States until the President decides pursuant to the law what shall be done with them. No officer of the United States can enter into commitments on behalf of the United States without first having an appropriation from which the entire commitment can be paid or without having other specific authority to make a commitment on behalf of the United States. If only a part of the funds are appropriated now only that part of the commitments for defense articles can be made that can be paid for with that amount of money. The initiation of the commitments for the rest of the defense articles must wait until more money is available. Such a delay would be inexcusable and nonresponsive to the purposes and policy

expressed by the act. If all the money for all the program is available at one time, all the commitments for all the program can progress as rapidly as the executive officers can make the plans and enter into the contract. If the funds are appropriated in installments the program of procurement is apt to become an installment program in point of time. The committee was advised that substantially the entire amount of the funds provided would be required prior to July 1, 1942.

The committee has likewise canvassed the practicability of providing part of the \$7,000,000,000 in direct appropriation and part in contract authorization. So far as the obligation of the Government to pay is concerned a definite commitment through a contract made by an administrative officer against legislative authority to enter into contracts is as binding upon the United States as though the contract were made under a direct appropriation sufficient for its fulfillment. The Congress would have to appropriate to discharge the contract authority granted when the need for cash arose or repudiate obligations lawfully entered into. In effect contract authorizations granted by Congress to permit administrative officials to initiate procurement programs are deferred appropriations and the only point in giving a contract authorization is to defer the appropriation to the end that the appropriations and the cash withdrawals from the Treasury may more nearly harmonize on a fiscal-year basis. In the present instance if part of this money is given in cash and part in contract authorization it will advertise to those seeking information with respect to the military characteristics of the program what part of it is long range and what part is relatively short range. So far as a division between cash and contract is concerned there is no particular advantage to the United States in providing the funds in that fashion, but there would be circumlocution in our bookkeeping. There is a particular disadvantage to those we are seeking to aid.

The committee is advised that under the terms of the bill the procedure to be followed will be the allocation from the particular appropriations involved to a Federal agency for procuring certain defense articles or furnishing certain services authorized by the act of March 11. The agency receiving such an allotment will then proceed to procure the defense articles or perform the services in accordance with the laws which are applicable at that time to that agency in connection with making its own similar procurements or performing its own similar services. No new procedures or departures from existing practices and requirements are contemplated.

The total appropriation in this bill is \$7,000,000,000. Public Law No. 11, section 3 (a) (2), provides that the value of the defense articles procured from appropriations made before the enactment of that act and disposed of under the authority of that paragraph shall not exceed \$1,300,000,000. This sum plus the \$7,000,000,000 carried in this bill makes a total ceiling of aid of \$8,300,000,000. The committee has included in the bill, however, in modified and clarified form the Budget recommendation (sec. 2) that the President may order the transfer from any of the appropriations in the bill to the appropriate appropriation of the department or agency, which procured such a defense article and by which it was disposed of, an amount equivalent to the value of the defense article so disposed of,

but the total of such transfers shall not exceed the total of \$1,300,000,000. This transfer provision, to the extent it is availed of, will operate to reduce the ceiling of \$8,300,000,000. For example, if the entire \$1,300,000,000 in value of defense articles should be disposed of under the law and the President should determine that \$500,000,000 should be transferred to the furnishing agencies for replacement purposes, the ceiling of aid becomes a total of \$7,800,000,000 instead of \$8,300,000,000 and the amount available under this bill for new aid becomes \$6,500,000,000 instead of \$7,000,000,000. The Budget recommendation provided for transfer from the appropriations to cover the value of defense articles disposed of subject to the \$1,300,000,000 limit and the value of defense articles that might be disposed of in the future under such appropriations as might be made available hereafter for that purpose. The committee has confined the transfer proposal to the \$1,300,000,000 and prefers to cross the bridge of the future when it comes to it.

This transfer provision will also have the effect of protecting our own defenses in that it will make it possible to provide for replacement of defense articles that are disposed of under the \$1,300,000,000 that are deemed necessary to be replaced in the interest of our own defenses. It will also be in the interest of maintaining an orderly record of the cost of the entire aid program. Without some such arrangement, it might become necessary for replacement of any such defense articles to await future appropriations with consequent delay and with confusion in the cost records of the entire aid program.

The committee has suggested during the course of the hearings that the Bureau of the Budget maintain appropriate central records in connection with the finances of this program and has received assurances that the suggestion will be followed. Such central recording should include the allocation of funds for procurement and reimbursement, the periodic statement of obligation of funds, and other appropriate fiscal data in connection therewith, so that this information may be currently available for the information of Congress. The committee has also received assurances that appropriate centralized informational records will be kept of procurements and other progress so that there will be available the principal progress data for such access as the appropriate jurisdictional committees of Congress may wish.

The committee deems it advisable to incorporate section 3, which provides that any defense article procured from funds in the bill shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in his judgment the defense of the United States will be best served thereby. Obviously if our own need at any point in the program should precipitously become more important than the furnishing of aid to a country whose defense the President had deemed vital to the defense of the United States, the right should exist to retain and use for our own immediate necessities such defense articles as the President should consider would best serve our own interests.

The committee has included as section 4 a provision prohibiting the use of any of the money contained in the bill for paying the salary or wages of any person who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence. This section is identical with similar provisions

adopted by the House at this session in connection with other appropriation bills.

For the convenience of the House membership there is reprinted as an appendix to this report the text of "An act to promote the defense of the United States, approved March 11, 1941" (H. R. 1776, Public Law No. 11, 77th Cong.).

The committee is aware of the very grave responsibility it has in recommending this huge appropriation. It has considered it from all angles and concludes that if effective implementation is to be given to the recent law providing for this aid there is no other course but to provide the full amount. Either the United States means what it said in "An act to promote the defense of the United States" and goes in wholeheartedly, enthusiastically, and expeditiously to become the arsenal and storehouse of defense articles for aid to the beleaguered democracies whom we have avowed to assist in order to promote our own defenses, or we become a faltering "welsher" on the promises we have held out to those brave countries and their people who are looking in this direction for the ray of sunshine that will illumine the dark pathway they are treading. We either give an all-out assistance or we fall down on the job. No halfway measures can be countenanced at this critical stage.

The committee also desires to call the attention of the executive agencies of the Government to the serious responsibility that rests upon them under any allocations the President may make for them to administer. Procurements should be made with the utmost care to protect the interests of the United States, contracts should be carefully drawn with appropriate cancellation provisions to protect the Government, and every official should regard this task as important as if his own individual life depended upon its faithful and prudent administration. The patriotic endeavors of industry, labor, and all other citizens are needed. A unified, harmonious effort by all the people of the United States behind this program will carry it forward successfully and promptly. The news of that program and this effort will be an inspiration to every citizen of every nation we are seeking to aid. That tonic and the defense articles we furnish them should be their salvation and ours.

APPENDIX

[PUBLIC LAW 11—77TH CONGRESS]

[CHAPTER 11—1ST SESSION]

[H. R. 1776]

AN ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States".

SEC. 2. As used in this Act—

(a) The term "defense article" means—

- (1) Any weapon, munition, aircraft, vessel, or boat;
- (2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;
- (3) Any component material or part of or equipment for any article described in this subsection;
- (4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection: Manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

SEC. 3. (a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles

shall be determined by the head of the department or agency concerned or such other department, agency or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

SEC. 4. All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

SEC. 5. (a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated

by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 6. (a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

SEC. 7. The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

SEC. 8. The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

SEC. 9. The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

SEC. 10. Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

SEC. 11. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

Approved, March 11, 1941.