

COPY

SECRET

Ref. to G 208/11/41

TECHNICAL ASSISTANCE SENT BY U. S. CONTRACTORS

In paragraph (a) of an aide-memoire by Lord Hankey to Mr. Harriman written on the 29th of July, 1941, a method is proposed for the U. S. to extend technical assistance to the British war effort through setting up organizations in the U. K. and elsewhere to undertake specific tasks for the war effort. These tasks include the construction and operation of naval bases, including repair bases, the construction and operation of airdromes, and the assembly and servicing of aircraft.

The proposals for repairing, reconditioning, etc., of either naval or air equipment could clearly come under the Lend-Lease Act. There is no legal limitation in the Act which would prevent the repair and reconditioning being performed outside the U. S. Furthermore, not only the actual costs of repairing and reconditioning could come under the Act, but also the costs of materials entering into the repair facilities, as well as the labor costs of installation of such facilities (including conditioning of land, etc.) The costs of providing the bases and facilities for repair could appropriately be deemed a cost of the repair.

It seems equally clear that an airdrome or a naval base could be deemed a "defense article" under the Act, which could be provided under Section 3 (a) (1) and (2) of the Act. Unless, however, the materials entering into the construction of the airdrome or the base, including possibly the land, are provided under Lend-Lease, it is doubtful under present rulings of the U. S. Lend-Lease administration that the costs of construction alone (labor costs, etc.) could be Lend-Leased. The exclusion from Lend-Lease of pure labor (except in case of repairs, etc., under Section 3 (a) (3)) results from both the wording of the basic Lend-Lease Act and the wording of the first Appropriation Bill. Efforts are being made in framing the new Appropriation Bill to introduce language which will permit Lend-Leasing of pure labor in cases such as the construction of the projected airdromes and naval bases.

The proposals for obtaining under Lend-Lease the costs of assembling and servicing aircraft in the U. K. and elsewhere are again difficult to bring clearly under Lend-Lease, except with respect to aircraft actually obtained under Lend-Lease. In this connection, however, the U. S. have recently accepted under Lend-Lease the costs of aircraft technicians sent to Africa for the purpose of assembling and servicing British aircraft, without regard to origin of such aircraft. If this ruling may be applied to the Hankey proposal, no amendment to the new Appropriation Bill will be necessary to bring such proposal under Lend-Lease.

T.W. Childs

Washington, D.C.,
August 22nd, 1941.