

- Tractor Bounty Act, No. 37 of 1944. An Act to amend the Tractor Bounty Acts 1939.
- Sulphur Bounty Act, No. 38 of 1944. An Act to amend the Sulphur Bounty Acts 1939.
- Wire Netting Bounty Act, No. 39 of 1944. An Act to amend the Wire Netting Bounty Act 1939-1940.
- Aluminium Industry Act, No. 44 of 1944. An Act to approve and give effect to an Agreement made between the Commonwealth and the State of Tasmania with respect to the production, for the purposes of Defence, of Ingot Aluminium, and for other purposes.
- Wine Export Bounty Act, No. 45 of 1944. An Act to amend the Wine Export Bounty Act 1939-1940.

### § 3. Lend-Lease and Mutual Aid between Australia and The United States.

1. **Lend-Lease.**—(i) *The Pre-Lend-Lease Period.*—As a result of the disturbance of customary sources of supply following the outbreak of the 1939-45 War, Australia sought more and more of her essential import requirements from the United States. Apart from military equipment the growth in the local war production programme made it necessary to import large quantities of machine tools, raw materials, and components which were unprocurable locally. Many former sources of these essential requirements had fallen into enemy hands. Although still the largest supplier of essential goods to Australia, the United Kingdom now had become unable to export many of the goods which she formerly supplied. Thus, prior to the passage of the United States Lend-Lease Act, Australia was already buying on an unprecedented scale in the United States.

(ii) *Background to the Passage of the United States Lend-Lease Act.*—The United States Lend-Lease Act arose out of the exhaustion of the dollar reserves of the British Commonwealth. Towards the end of 1940 it was apparent that dollar exchange could no longer be provided to cover the contracts for munitions and other war materials necessary to enable the British Commonwealth to prosecute the war against the Axis powers. Practically all the important units of the Empire had already taken steps to eliminate the importation of commodities required for non-essential purposes and the scope for further economies was strictly limited. The extent of the commitments already entered into with the United States manufacturers was so great that not only were existing dollar and gold reserves used up, but future dollar earnings were heavily mortgaged. To meet this situation the United States Administration evolved the principles embodied in the Lend-Lease Act.

(iii) *The Basic Principle of the Lend-Lease Act.*—The United States Lend-Lease Act which became effective on 11th March, 1941, empowered the United States Government to assist Foreign Governments, whose defence the President deemed vital to the defence of the United States, by supplying them with the goods and services which they required for war purposes. The aid which might be made available under the terms of the Act included not only finished munitions such as planes, tanks, guns, ammunition and other military equipment, but also raw materials, foodstuffs and other articles required for the war effort of the recipient countries. The Act provided that the terms and conditions upon which any Foreign Government received Lend-Lease aid should be those which the President deemed satisfactory and that the benefit to the United States might be payment or repayment in kind or property or any other direct or indirect benefit.

(iv) *The Duration of the Lend-Lease Act.*—The original Lend-Lease Act provided that the powers given to the United States Government to grant lend-lease aid to other countries should terminate on 30th June, 1943. Later Acts of Congress extended the operation of the Lend-Lease Act to 30th June, 1946. In extending the Act to 30th June,

1946, Congress at the same time passed an amendment specifically prohibiting the use of the powers conferred by the Act for purposes of post-war relief, rehabilitation or reconstruction.

On 22nd August, 1945, the President of the United States announced the termination of lend-lease and ordered the cancellation of all outstanding contracts except where Allied Governments were willing to accept responsibility for them or where it was in America's interest to complete them. For particulars of the settlement of lend-lease *see* Appendix.

2. **The Mutual Aid Agreement.**—A Mutual Aid Agreement between the United States and the United Kingdom was signed on 23rd February, 1942, and this was applied to Australia on 3rd September, 1942. The agreement set forth the conditions under which mutual aid would be supplied between the two countries. Article VII of the agreement contained the following provisions relating to the principles to be followed in the ultimate lend-lease settlement.

“In the final determination of the benefits to be provided to the United States by the Government of the United Kingdom in return for aid furnished under the Act of Congress of the 11th March, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end they shall include provision for agreed action by the United States and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the joint declaration made on the 12th August, 1941, by the President of the United States and the Prime Minister of the United Kingdom”.

For the full text of the Agreement see Official Year Book No. 35 (pp. 395-6).

3. **Australia-United States Reciprocal Aid Agreement.**—An agreement was concluded at Washington on 3rd September, 1942, between the United States and Commonwealth Governments defining the undertaking of each Government to make available to the other, on lend-lease terms, material aid for the prosecution of the war. The agreement was in the form of an exchange of notes between the Australian Minister at Washington (Sir Owen Dixon) and the United States Secretary of State (Mr. Cordell Hull).

The agreement affirmed the general principle that the war production and war resources of both nations should be used by the armed forces of each in the ways which most effectively utilized available materials, man-power, production facilities and shipping space. It stated specifically that the United States Government would continue to provide such aid to Australia on lend-lease terms in accordance with the Lend-Lease Act of the 11th March, 1941. Reciprocally, it defined the principles on which Australian aid was in turn to be made available to the United States.

As regards the reciprocal undertaking by Australia, the immediate occasion for the agreement arose from the arrival of United States Armed Forces in Australia soon after the entry of Japan into the war. As early as February, 1942, the Commonwealth Government had made known in Washington its readiness to discuss with the United States Government the provision on lend-lease terms of supplies and equipment, which had already been, and would in future be, made available out of Australian resources to the United States Forces in Australia.

The agreement provided that as large a portion as possible of the articles and services which each Government might authorize to be provided to the other should be in the form of reciprocal aid, that is on lend-lease terms, so that the need of each Government for the currency of the other might be reduced to a minimum.

Thus the Commonwealth would, in accordance with its potentialities and responsibilities, authorize the provision on lend-lease terms of the following types of assistance to the Armed Forces of the United States in Australia or its Territories and in such other cases as might be determined by common agreement:—

- (i) Military and naval stores, equipment and munitions;
- (ii) Other supplies, material, facilities and services of United States Forces, except for pay and allowances and administrative expenses of such Forces;
- (iii) Supplies, materials and services needed in the construction of military works.

In addition, the note addressed by the Australian Minister to the Secretary of State declared, on behalf of the Commonwealth Government, that Australia accepted the principles contained in the Mutual Aid Agreement concluded between the United States and the United Kingdom Governments on the 23rd February, 1942, as governing also the provision of mutual aid between the United States and Australia. In this way Australia was formally included in the framework of the arrangements made by the United States Government, in accordance with the Lend-Lease Act 1941, with others of the United Nations which were in receipt of United States Lend-Lease assistance.

4. Procedure by which Australia received Lend-Lease Aid.—(i) *General*. Two organizations were set up by the Commonwealth Government to handle the procurement of lend-lease supplies from the United States. The first, operating in Australia, was the Division of Import Procurement, which was set up within the Department of Trade and Customs in September, 1941. The second, which functioned in Washington, was the Australian War Supplies Procurement Office established in December, 1941.

(ii) *Procedure in Australia*. The advent of lend-lease made it necessary to set up a Government organization to act as the Central Clearing House for co-ordinating orders in order that bulk requisitions covering all Australian requirements of the commodity in question might be submitted to the United States Government for consideration. It was also necessary to establish an organization to handle the receipt and distribution of lend-lease goods supplied to the Commonwealth Government by the United States Government. These functions were carried out by the Division of Import Procurement which also maintained the central records of all lend-lease transactions including those relating to requisitions for military equipment and production materials placed through the Service Departments and the Departments of Munitions and Aircraft Production.

All Australian lend-lease requisitions were presented to the United States Foreign Economic Administration Mission in Australia and to the Commander-in-Chief, South-West Pacific Area, for their approval before they were dispatched to Washington for submission to the United States Administration.

(iii) *Procedure in the United States*. Prior to the passage of the Lend-Lease Act an Australian Division of the British Purchasing Commission had been established in New York to handle Australian Government purchases in the United States. This organization handled the negotiation of contracts with American manufacturers and the technical details of procurement. The accounting and financial side of the transactions was dealt with by the Australian Government Trade Commissioner's Office in New York.

This procedure carried over into the initial lend-lease period, but as lend-lease transactions were inter-governmental transactions of a character quite different from ordinary commercial contracts, the Government decided in December, 1941, to bring all sections of Lend-Lease and Supply work into a single organization under unified control, with head-quarters in Washington. The new organization was designated "Commonwealth of Australia—War Supplies Procurement".

The Australian War Supplies Procurement organization received Australian requisitions after they had been approved by the United States Foreign Economic Administration Mission in Australia and the Commander-in-Chief, South-West Pacific Area, and lodged them with the United States Foreign Economic Administration in Washington through the British Supply Council which acted as the central channel for the submission of all British Empire requisitions.

The United States Foreign Economic Administration, when it approved a requisition, passed it out to one of the five United States Government Departments charged with the actual work of procurement. These five Departments were the War Department, the Navy, the Maritime Commission, the Department of Agriculture and the Procurement Division of the United States Treasury. These Procurement Departments arranged the necessary contracts with the United States manufacturers and when the goods were ready for delivery, handed them over to the British Ministry of War Transport which supervised their shipment to Australia in collaboration with the Australian representatives in the United States.

A different procedure was followed for finished munitions which were subject to assignment by the Combined Munitions Assignment Board. The Branch of the Board which functioned in Washington assigned the finished munitions coming off the production lines in the United States to the various theatres of war in accordance with the overall strategic requirements of the war situation.

With the setting up of the Combined Munitions Assignment Board it became necessary to strengthen Australian Service representation in the United States and an Australian Military Mission and an Australian Air Mission were established in Washington. Broadly speaking, the function of the Service Missions was to ensure that Australian requirements of Army and Air Force equipment were adequately presented to the Combined Munitions Assignment Board and to follow up all such requirements as far as the assignment stage. Once assignment was made Australian War Supplies Procurement assisted the Service Missions in the recording, accounting and shipping side of the work.

(iv) *Distribution of Lend-Lease Goods.* In its general policy regarding the distribution of lend-lease goods received, the Commonwealth Government was guided by the principles laid down in the United Kingdom Memorandum of 10th September, 1941, on export policy and the distribution of lend-lease goods. The basic principle embodied in this Memorandum was that all goods obtained under the Lend-lease Act would be used for the prosecution of the war effort and that they would not in any case be diverted to the furtherance of private interests. Where distributors were employed, an undertaking was given that whatever the method of distribution, the remuneration received by the distributors would be no more than a fair return for the services rendered. Any opportunity for speculative profit by private interests in dealing with lend-lease goods was rigorously excluded.

Tentative figures which have been compiled by the United States Foreign Economic Administration showed that the total value of goods and services supplied to Australia under lend-lease up to the end of June, 1945, was \$1,154,000,000. Australian Departmental records of the goods received under lend-lease show that the percentage of the various categories of material were as follows:—

	Per cent.
Direct War Materials .. .. .	39.6
Petroleum Products .. .. .	12.8
Transportation Equipment .. .. .	13.7
Machinery and Tools .. .. .	7.0
Metals .. .. .	7.0
Textiles and Textile Raw Materials .. .. .	6.3
Other Items .. .. .	13.6
	100.0

5. **Procedure by which Reciprocal Lend-Lease Aid was given by Australia.**—In order that no delay should occur in providing for the goods and services required by the United States Forces, which were eligible for Reciprocal Lend-Lease treatment, the Department of the Treasury made arrangements for the United States Demanding Authority to approach directly the appropriate Australian Government Departments. A reasonably wide

and general authority was given to these Departments to provide supply or service demanded by the United States Forces. This policy enabled United States requirements to be met from available resources with a minimum of time in making official decisions on supply and provision of funds.

Eligibility for any supply or service as Reciprocal Lend-Lease was interpreted liberally and on point of availability. United States Forces enjoyed an equal priority with Australian Forces and in some instances received preference.

**6. Scope of Reciprocal Lend-Lease Aid given by Australia.**—In pursuance of the exchange of notes between the Australian Government and the Government of the United States, referred to in par. 3, extensive assistance was provided to the United States Forces as Reciprocal Aid.

The following items indicate the extent of this assistance but the list is to be taken as illustrative of scope rather than inclusive of every type of supply or service :—

*Rations, Camp Stores, &c.* During 1942 and for the early part of 1943 the Australian Army Supply and Transport Service provided and distributed a full ration scale for all the American Forces. Subsequently, the United States Army made its own ration supply arrangements and procured its food supplies in bulk through the Department of Commerce and Agriculture.

The estimated quantities of the main items of foodstuffs supplied to 30th June, 1945, were :—

Meat .. .. .	179,800 long tons.
Bread, Biscuits and Cereals (including flour)	231,400 " "
Potatoes .. .. .	74,800 " "
Vegetables and Fruit .. .. .	212,000 " "
Canned Goods .. .. .	87,000 " "
Sugar .. .. .	79,200 " "
Butter .. .. .	35,200 " "
Milk (condensed and evaporated) .. .. .	38,000 " "
Milk .. .. .	60,800,000 pints.
Eggs .. .. .	55,100,000 dozen.

*General Supplies.* The Contracts Board, Department of Supply and Shipping, dealt with a very wide variety of items for direct supply to the United States Forces. Items supplied included uniforms and clothing, boots, machinery, motor vehicles and an extensive range of general stores and equipment.

Statistical details of the major items of clothing made available to the United States Forces up to 30th June, 1945, were as follows :—

Item.	Number Ordered.	Number Delivered.
Caps and Hats .. .. .	289,946	270,529
Gloves .. .. .	1,145,604 pairs	781,258 pairs
Helmets, Tropical .. .. .	35,000	35,000
Headnets, Mosquito .. .. .	822,343	821,829
Jackets .. .. .	529,682	501,813
Shirts .. .. .	725,052	720,052
Socks .. .. .	11,686,420 pairs	11,224,625 pairs
Sweaters .. .. .	268,862	260,872
Underwear (Male) .. .. .	468,669	468,669
Ties .. .. .	920,432	920,432
Blankets .. .. .	1,544,600	1,544,600
Boots and Shoes .. .. .	1,934,748	1,872,717
Trousers and Shorts .. .. .	387,652	353,534
Boot and Shoe Repair materials pieces	13,760,638	7,687,278

*Ships.* A large number of harbour craft and coastal vessels were either purchased or chartered for the United States Army. In addition, an extensive programme of construction of small craft of the tug, barge, and lighter type was put in hand by the Australian Shipbuilding Board.

*Repairs of Aircraft, Vehicles and Ships.* Provision was made for essential repairs to United States ships suffering damage. Provision was also made for the servicing of United States aircraft engines and airframes (including such spares as were locally available) but this type of assistance gradually declined as the war moved away from Australia.

*Stevedoring and Port Services.* Arrangements were made for all United States vessels carrying cargo for their Forces or the Australian Government to be provided with free port service, stevedoring, etc.

*Rail, Air and Sea Transportation.* The United States Authorities were placed in the position where they could demand rail, air and sea transportation for service goods and personnel, the accounts being paid by the appropriate Australian Department on certification of service by the United States Authorities.

*Communications.* The Postmaster-General's Department provided telephone, telegraph and teletypewriter services in Australia, and in addition, external cable and wireless charges.

*Accommodation.* Apart from construction of camps, aerodromes, stores, etc., a large number of buildings in various localities were hired for the United States Forces for use as office, store, hospital, etc., accommodation.

*Operation of United States Transport Aircraft by Civil Airline Companies.* Arrangements were made for certain United States transport aircraft to be operated by civil airline companies and the cost charged to Reciprocal Lend-Lease. In addition, Australian civil airline planes were provided to the United States Forces under charter arrangements.

*General Services.* All Departments provided a wide range of stores and services on United States account. The Department of Air, for example, supplied general and maintenance stores, including spare parts for aircraft. The Department of the Army supplies included artillery and ammunition as well as general stores and equipment and medical stores. The Department of the Navy supplied considerable quantities of general pattern stores and provided a wide range of service for ships of the United States Navy.

*Capital Works.* The works programme covered construction of aerodromes with ancillary buildings and services, aircraft assembly and repair depots, storage depots, camp and hospital accommodation, wharf facilities with the usual engineering services in the way of roads, railway connexions, water supply, sewerage, electric light, etc. With the movement of United States troops to new areas of operation in the Pacific, works construction on barracks, airfields, etc., declined and many installations were returned for use by Australian Forces or for disposal.

The total recorded Reciprocal Lend-Lease expenditure by Australia to the 30th June, 1945, was £258.5 millions, made up as follows:—

Year.	£ million.
1941-42 .. .. .	6.5
1942-43 .. .. .	59.0
1943-44 .. .. .	103.9
1944-45 .. .. .	89.1
Total .. .. .	<u>258.5</u>

#### § 4. Mutual Aid between Canada and Australia.

1. *Canadian Mutual Aid Act.* The Canadian Mutual Aid Act became law on 20th May, 1943. Under this Act a Canadian Mutual Aid Board was established for the procurement of supplies and services which it was empowered to "contribute, exchange, deliver, transfer title to or possession of or otherwise make available . . . to any of the United Nations".