

Trade Agreements and Commercial Treaties

LEND-LEASE AGREEMENT

TREATY AT A GLANCE

Completed (Ratified)

March 11, 1941 (authorizing legislation), and February 23, 1942 (signed treaty), at Washington, D.C.

Signatories

United States and Great Britain

Overview

When British prime minister Winston Churchill informed the newly re-elected U.S. president Franklin D. Roosevelt that Great Britain was nearly bankrupt in its war against Nazi Germany, FDR stepped up U.S. aid from the former cash-and-carry basis to a new lend-lease policy that England could afford. It was but one more step in FDR's attempt to move the American public toward outright belligerent status in World War II on the side of the Allies.

Historical Background

With the outbreak of a general European war in 1939, the majority of the American people were probably already sympathetic toward a Great Britain that they, over the next few months, came increasingly to view as a lonely and brave nation holding out against the odds. Isolationism was still a very powerful force in American politics, especially among the Republicans in Congress, but President Franklin Delano Roosevelt—unlike Woodrow Wilson in World War I, who had counseled neutrality in word and deed—was trying to lead public opinion toward outright support of the British. He laid the groundwork for his policy of carefully expanded aid to the Allies in a brilliant speech to Congress supporting passage of the Pittman Bill. The bill passed into law on November 4 and repealed the arms embargo on belligerent nations, which allowed FDR to trade with Britain and France, but only on a cash-and-carry basis.

Roosevelt's steady march toward the Allies and his growing personal friendship with British prime minister Winston Churchill worried Senator Arthur Vandenberg, who pointed out that the United States could not "become the arsenal for one belligerent without becoming the target for another." He was right, of

course, but not completely in tune with the mood of the times, evident in the massive increase in defense spending that FDR sought and received following the fall of France in 1940. Even as Roosevelt made clear his desire, as he wrote Churchill, to aid the British in every way possible consistent with public sentiment he cautiously explained to the American people that he was doing so because aiding Britain was the best way to keep out of a direct fight with the Nazis.

Roosevelt had to move cautiously since he was in a heated reelection campaign. The Republican candidate, Wendell Willkie, charged during the campaign that a vote for Roosevelt would mean a vote for war and FDR responded by promising voters that "you boys are not going to be sent into any foreign wars," obscuring the fact that should Germany attack the U.S.—or, for that matter, should Italy or Japan—the conflict would no longer be a foreign war.

Shortly after Roosevelt won the election, on December 9, 1940, Churchill warned that Great Britain was nearly bankrupt, and Roosevelt responded with the "lend-lease" plan. Roosevelt said he wanted to "eliminate the dollar sign" by lending arms to Britain, not selling them. He argued that if your neighbor's house was on fire, you did not offer to sell him a hose. Instead, you

lent it to him until he had put the fire out. Warning that if Britain fell, all Americans would be "living at the point of a gun," Roosevelt insisted that "we must be the great arsenal of democracy." Churchill threw in his two cents worth, challenging Americans in his own way with his usual goose bump rhetoric: "Give us the tools and we will finish the job." Wendell Willkie, of all people, threw his support to the Lend-Lease Agreement, asking fellow Republicans to pass the act authorizing it, which they did on March 11, 1941.

Terms

Roosevelt wasted no time getting aid to Britain under his new lend-lease authority, although the ultimate Lend-Lease Agreement between the two countries would not be signed for almost another year, on February 23, 1942, long after Pearl Harbor had led the United States into the war alongside the Allies.



Whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the provision of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfil or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

ARTICLE I

The Government of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

ARTICLE II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities or information as it may be in a position to supply.

ARTICLE III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

ARTICLE IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

ARTICLE V

The Government of the United Kingdom 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 of the Western Hemisphere or to be otherwise of use to the United States of America.

ARTICLE VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

ARTICLE VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 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 of America and the United Kingdom, open to par-

ticipation 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 August 14, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

ARTICLE VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this twenty-third day of February 1942.

For the Government of the United States of America:

[SEAL] SUMNER WELLS

Acting Secretary of State of the United States of America

For the Government of the United Kingdom of Great Britain and Northern Ireland:

[SEAL] HALIFAX

His Majesty's Ambassador Extraordinary and Plenipotentiary at Washington

Consequences

The Lend-Lease Agreement had the results that Roosevelt desired: it provided Britain with the goods and weapons it needed desperately to stave off the Nazi threat while inevitably drawing the United States closer to war. German attacks on American shipping had resulted in an undeclared war in the Atlantic the time the Japanese bombed Pearl Harbor. Had the sneak attack never occurred, almost certainly the United States would nevertheless have soon entered the war over some *Lusitania*-style incident—which had sparked American entry into World War I—on the high seas.