

An hourglass-shaped graphic with a globe in the top bulb and another globe in the bottom bulb. The hourglass is light blue and has a dark blue cap at the top. The globe in the top bulb is dark blue, while the globe in the bottom bulb is light blue. The text is centered within the hourglass.

WikiLeaks Document Release

<http://wikileaks.org/wiki/CRS-RS21010>

February 2, 2009

Congressional Research Service

Report RS21010

Initial Federal Budget Response to the 1941 Attack on Pearl Harbor

Robert Keith, Government and Finance Division

Updated September 13, 2001

Abstract. As guidance to Congress in dealing with budgetary issues relating to the current terrorist attack on the United States, this report provides details on the initial federal budget response to the 1941 attack on Pearl Harbor.

WikiLeaks

CRS Report for Congress

Received through the CRS Web

Initial Federal Budget Response to the 1941 Attack on Pearl Harbor

Robert Keith
Specialist in American National Government
Government and Finance Division

Summary

The attack on Pearl Harbor on December 7, 1941, occurred as the federal government was half way through FY1942. Congress and the President immediately responded by enacting into law declarations of war against Japan, Germany, and Italy, in which the President was directed to prosecute the war to its successful conclusion and Congress pledged “all of the resources of the country” to the effort. Two relatively modest FY1942 supplemental appropriations acts for national defense were enacted later in December, but not as part of any planned response to the Pearl Harbor attack.

The first major budgetary response to the attack (and the outbreak of hostilities generally) was the submission by President Franklin D. Roosevelt of his budget for FY1943 to Congress on January 5, 1942. The President described his budget as a “war budget,” which included “an initial request for a war appropriation” for FY1943 of \$13.6 billion, on top of \$45 billion that had been added to the defense budget in FY1942 (largely to fund a “huge” armament program). The President only identified total defense appropriations due to the need for secrecy. Outlays for national defense surged from \$6.4 billion for FY1941, to \$25.7 billion for FY1942, and to \$66.7 billion for FY1943; defense outlays peaked at \$83 billion for FY1945 before dropping markedly in postwar years. A regular appropriation bill for FY1943, for the Navy Department, was enacted on February 7, 1942, and other regular appropriations bills for the fiscal year were enacted later in the session.

President Roosevelt did not seek, and Congress did not provide, a “blank check” for war spending. Instead, the President made specific requests for funds, which Congress dealt with through the usual annual appropriations process. Supplemental defense appropriations for FY1942, as well as regular and supplemental appropriations for FY1943 and later years, were provided in the regular form — that is, as specified dollar amounts for specified accounts. This report will be updated as developments warrant. (For related information, see CRS Report RS20182, *Suspension of Budget Enforcement Procedures During Hostilities Abroad*.)

The Japanese attack on Pearl Harbor occurred on December 7, 1941. The following day, the United States officially declared war on Japan. A directive to the President to

prosecute the war to a successful conclusion and a pledge of resources were included in the declaration of war (Public Law 328; 55 *Stat.* 795; 77th Congress, 1st session):

Whereas the Imperial Government of Japan has committed unprovoked acts of war against the Government and the people of the United States of America: Therefore be it

Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled, That the state of war between the United States and the Imperial Government of Japan which has thus been thrust upon the United States is hereby formally declared; and the President is hereby authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial Government of Japan; and, to bring the conflict to a successful termination, all of the resources of the country are hereby pledged by the Congress of the United States.

On December 11, 1941, the United States officially declared war on Germany and Italy (Public Laws 331 and 332, respectively; 55 *Stat.* 796-797). The same directive to the President and pledge of congressional support were included in these two declarations of war.

At the time of the attack on Pearl Harbor, the United States had been investing significant sums in military spending for the preceding year and a half, particularly with regard to infrastructure needs. Within ten days of the attack, President Roosevelt signed the “Third Supplemental National Defense Appropriation Act, 1942” into law (Public Law 353; December 17, 1941; 55 *Stat.* 810-812). The measure provided relatively modest amounts of appropriations previously requested and did not represent the initial response to the Pearl Harbor attack.

The next day, on December 18, 1941, the President signed into law one of the first major legislative responses to the attack other than the declarations of war. The “First War Powers Act, 1941” (Public Law 354; 55 *Stat.* 838-841) was intended “to expedite the prosecution of the war effort” by empowering the President to, among other things, redistribute functions among executive agencies and bar activities that amounted to trading with the enemy. Section 3 of the act stipulated that funds spent by agencies under a redistribution of functions still had to be spent within the original legislative framework:

Sec. 3. That for the purposes of carrying out the provisions of this title, any moneys heretofore and hereafter appropriated for the use of any executive department, commission, bureau, agency, governmental corporation, office, or officer shall be expended only for the purposes for which it was appropriated under the direction of such other agency as may be directed by the President hereunder to perform and execute said functions, except to the extent hereafter authorized by the Congress in appropriation Acts or otherwise.

Section 401 of the act provided that the delegation of special authority to the President should “remain in force during the continuance of the present war and for six months after the termination of the war, or until such earlier time as the Congress by concurrent resolution or the President may designate.”

Another supplemental appropriations act, for “Additional National Defense Appropriations, 1942, 1943,” was enacted into law on December 23 (Public Law 371; 55

Stat. 855-857). The measure provided relatively modest amounts of appropriations for non-military needs related to national defense.

On January 5, 1942, President Roosevelt submitted to Congress his budget for FY1943.¹ In his budget message, the President described his submission as “the budget of a nation at war in a world at war”² The budget represented a comprehensive response to the Pearl Harbor attack and other hostilities facing the United States throughout the world. After citing efforts in the preceding 18 months to develop a “huge armament program” and “to shift the economy into high gear,” the President outlined his budget proposals for the military. The President described his budget as a “war budget,” which included “an initial request for a war appropriation” for FY1943 of \$13.6 billion, on top of \$45 billion that had been added to the defense budget in FY1942 (largely to fund a “huge” armament program). The President only identified total defense appropriations due to the need for secrecy:

This is a war budget. The details of a war program are, of course, in constant flux. Its magnitude and composition depend on events at the battlefronts of the world, on naval engagements at sea, and on new developments in mechanized warfare. Moreover, war plans are military secrets.

Under these circumstances I cannot hereafter present details of future war appropriations. However, total appropriations and expenditures will be published so that the public may know the fiscal situation and the progress of the Nation’s effort.

The defense program, including appropriations, contract authorizations, recommendations, and commitments of Government corporations, was 29 billion dollars on January 3, 1941. During the last 12 months 45 billion dollars have been added to the program. Of this total of 75 billion dollars there remains 24 billion dollars for future obligation.

In this Budget I make an initial request for a war appropriation of \$13.6 billion dollars for the fiscal year 1943. Large supplemental requests will be made as we move toward the maximum use of productive capacity. Nothing short of a maximum will suffice. I cannot predict ultimate costs because I cannot predict the changing fortunes of war. I can only say that we are determined to pay whatever price we must to preserve our way of life.³

The first significant legislative response to the President’s defense requests in the FY1943 budget was the “Fourth Supplemental National Defense Appropriation Act, 1942” (Public Law 422; 56 *Stat.* 37-39), signed into law on January 30, 1942. The measure provided several FY1942 and FY1943 appropriations for military and non-military purposes, including \$9.0 billion for the Army Air Corps and \$1.5 billion for Army Ordnance Service and Supplies.

The completion of action on the supplemental appropriations act at the end of January was followed quickly by enactment on February 7 of the regular appropriations act for FY1943 for the Navy Department (Public Law 441; 56 *Stat.* 53-82). The act

¹ At that time, the federal government employed a July 1-June 30 fiscal year cycle. Accordingly, FY1943 began on July 1, 1942.

² *Budget of the United States Government for the Fiscal Year Ending June 30, 1943*, (Washington: 1942), page v.

³ *U.S. Budget, FY1943, ibid.*, page vi.

provided regular appropriations for FY1943 for many Navy Department accounts, as well as many supplemental appropriations for FY1942.

President Roosevelt did not seek, and Congress did not provide, a “blank check” for war spending. Instead, the President made specific requests for funds, which Congress dealt with through the usual annual appropriations process. Supplemental defense appropriations for FY1942, as well as regular and supplemental appropriations for FY1943 and later years, were provided in the regular form — that is, as specified dollar amounts for specified accounts. These amounts ranged from very small items, tantamount to what would be regarded as “line items” today, to much larger amounts that represented the “lump-sum” approach more commonly used at present. For example, the regular appropriations act for the Navy Department for FY1943 appropriated \$2,000 to the Naval War College and \$39,000 for the care of lepers on Guam, as well as \$2.9 billion for Naval Ordnance and Ordnance Stores and \$4.0 billion for construction and machinery costs for the replacement of naval vessels.