Berlin, Germany, March 17, 1933.

Dear Mr. Carr:

I was very glad to have your letter of January 4 with regard to the Einstein case and as I have already told you I appreciate very much what the Secretary and you all did to clear up this situation in view of what had developed through the extraordinary attitude of the press at home. I agree with you that one of the most peculiar and discouraging aspects of the Einstein incident was the hostile and unthinking attitude of most of the press at home. If the consular officer or the visa practice of any other country had been involved in such an incident I feel quite confident that the home press instead of taking the attitude that the officer had been wrong, would have supported him to the limit instead of, as our press did, assuming from the outset that the officer and our practice must be entirely wrong. It is a strange complex which we have at home but which I think we must recognize, that we are apt to think that what other countries do is entirely all right and that what we do must be all wrong. Of course, the visa practice of no country is very popular and whether we are right or wrong or how much our existing laws and regulations may be in our interest we must, I think, expect a critical attitude. When the papers woke up to what had actually happened in the Einstein case a good many of the editorials and articles were much more sensible and
towards the end all that was said was favorable.

I also want to thank you for your letter of January 23 in which you were good enough to go at length into the reasons why it was necessary to cut the rent allowances. It became obvious of course soon after July 1 of last year why the Department had cut the allowances, but not until a good many of the men throughout the Service had had their morale and their confidence seriously shaken. They had been given all at once a month's forced furlough without pay and all promotion in the ordinary course and that automatically provided by law stopped. All home leaves with pay were made impossible. The rent allowance was almost halved. Post allowances and representation allowances which, though small, had been very helpful were eliminated. On top of this came the obligation to pay income tax. I quite agree with you that men in all positions from the highest to the lowest have been obliged to take very considerable cuts in income, but these have for the most part come gradually and not at one "swoop" like the ones that struck the Foreign Service of State. This was the reason why the large cut in the rent allowances made such a tremendous impression when it was known that other officers of the Government abroad with smaller obligations had apparently not suffered as much.

A good deal of this shock could have been avoided and it could have been a good deal softened if some sort of statement had been made to the officers in the Service at the time through a circular instruction.

I agree with you entirely that it is difficult to say much to the Service to explain lots of things, especially fiscal matters which are so directly dependent upon the action of Congress which can in no case be foretold with definiteness. On the other hand, there are certain things which can be done even in a Government organization such as our Foreign Service. The Service after all is made up of intelligent and I believe for the most part of very faithful and devoted people who have a morale which is not excelled by that of any branch of the Government Service. They live in all parts of the world under all sorts of conditions and get for the work which they do very moderate compensation. They for the most part put themselves wholly in their work and render a service which is in no sense comparable with what they get in the way of salary.

You
You and I need not discuss this question of Service morale and devotion because you know that even better than I. But there is nothing which hurts any individual more than the feeling that he does not receive equal treatment or that his problems may not be receiving sympathetic understanding and consideration, or that his Department is not standing behind him to the limit. There are many of us who know what a galant fight you put up in all these matters but there are others who do not, and we must remember that there are many who have come into the Service in recent years who do not have the background that some of us do. In any organization therefore, whether it be that of a Government or of a business, there must be a sympathetic and a personal touch and the creating of confidence that every problem of individuals as well as of the Service as a whole has been given consideration even though the ends desired may not have been attained. What I meant by suggesting that some sort of a circular should have been sent out was not to give a lot of details or a lot of figures, but just an instruction indicating to the men in the Service that the Department was fully aware of the problems which would be raised for individuals by all these cuts coming at one time. I still believe that this would have been a tremendous help.

I think in all matters of administration, especially in a Service such as ours where our men are scattered in so many different places, where conditions vary so widely, every effort must be made to make the men understand that these individual conditions are not being lost sight of. The men in the Service I am sure realise the necessity for economy and are willing to accept the cuts which are imposed, but they must have the feeling that the individual's problem is not lost sight of. This makes a lot of work for a central administration and a lot of careful study and adjusting, but it is an essential element of administration at all times and particularly in times like these when practically every single officer is faced with the problem of endeavoring to adjust responsibilities to income.

This brings me to one thought which I would like to suggest to you. I understand that we may have an additional
additional salary cut to the one we had last year. Post and representation allowances are out again. So far as I know the income tax obligation continues this next year. I have no information as to what the status will be with regard to leaves, but this is a serious problem in itself. The maximum rent allowance I understand will be something like $720 although a good many of the men will continue under leases which they made for the fiscal year preceding the present one when the rent allowances for most of the officers were reasonable. This means that the situation of the officers will be even worse in the next fiscal year than during the present and from what I hear a good many of our men are having already a very serious time of it. For all the foregoing the Department can find no remedy because these are things imposed by legislation. On the other hand, I think Congress as a whole is getting to understand, even if the Appropriations Committee is not, the special situation of the Foreign Service and the fact we need it strong, capable and energetic as we never needed it before. While it would be very desirable to have legislation or executive orders affecting salaries excepting the Foreign Service of State from its provisions I realize that it is difficult in these times to get exceptional treatment for any Service no matter what the merits may be. I therefore have little hope that any additional cuts which may be applied to Government officials in salary will not also be applied to Foreign Service officers.

I do believe, however, that the understanding in Congress is sufficient to enable the Department to get through a special appropriation with which to give allowances to officers at certain posts where the money has remained at power and where living costs are known to be high. In London, for example, I am told that on account of the drop in sterling and since prices have correspondingly not gone up much, the cuts which our officers have suffered in England in salary and allowances leave them practically in the same position that they were before, i.e. that they are really not worse off than in previous years. This I understand applies in several other areas where the currency has depreciated and living costs are normally high. I hear, for example, that this is the case in Buenos Aires where the exchange value of the peso against the dollar is just half what it was when I
was there so that the situation of our people in
spite of the cuts is not so bad. This holds true of
Spain where I understand our people are in quite a
fair situation in spite of the fact that several years
ago their salaries were inadequate. On account of the
extraordinary conditions existing in so many parts
of the world living costs vary so tremendously. In
Germany the mark stays at power and living costs,
particularly in Berlin, are high, in fact at the
present quite a good deal higher than they are at
home. Our people in Berlin therefore and in Germany,
but again I say particularly in Berlin, are worse off
than certainly in another capital in Europe. In Holland,
too, our officers are undoubtedly having a hard time
as compared with many in other parts of the world.
I believe therefore that it is not the men throughout
the Service as a whole whose situation is so terribly
bad, but in certain countries such as Germany and Holland.
It would take a comparatively small sum of money to
straighten this out and as the Department has no other
funds available that could be used for it, I have every
confidence that if the special situation were brought
to the attention of Congress even in these very dif­
ficult times, a special appropriation could be secured
to give to officers in these countries a special allow­
ance to meet the special living conditions and the
responsibilities which they have to meet. The number
of countries in which these allowances would have to
be given is not large, but it would make a tremendous
difference not only for the officers concerned but for
Service morale generally.

The Service has grown too big and the conditions
in the Service are too diverse to allow the use of
rule of thumb methods of administration which I fear
we have been too apt to resort to because they are
easier to administer. Then, too, I fear that we have
mistaken what equal treatment means. Equal treatment
does not mean that if the Department gets authorization
for post allowances that every officer must get a post
allowance, or that if rent allowances are granted that
every officer from the Consul General at London down
to a Vice Consul at some small post must get a rent
allowance. Equal treatment means that these allowances
shall be made to the men at those posts where these
allowances are needed and the men in the Service will
be
be the first to recognize that such a method of making allowances is really the fair and the proper method. The majority of our men are sensible and understanding, and they understand these conditions which prevail at different posts, and I do not hesitate to tell you that I think that there is a general impression that the Department has been too remiss in the administration of these respects.

I believe that it will be very much worth the trouble of the Department to consider the making of such an appropriation to be used for post allowances for officers in certain countries, and certainly Germany can be used as a basis of study. I need not excuse myself to you for using Germany as an example because you know that I am thinking of this as a service problem, although it is a personal problem with me also.

I quite understand also what you say with regard to the allowances for representation and automobiles referred to the allocated representation, and automobiles and that there is no use merely to take something away from them if it does not help us. But at the same time we must face the fact that there are a very definite bearing on the representation allowance a year and an automobile with no real work to do in the way of representation when a Naval Attache in Berlin gets $3,000 a year, and the situation certainly reaches the absurd when a Naval Attache in Berlin gets $3,000 a year for representation and the automobile, with no real work to do in the way of representation, and that our Ambassador and Consul General get no allowance and no automobile. This perhaps may seem more important and so on the field than it does to you. But at the same time we must face the fact that there are certain allowances which are denied to our men who are doing service work, and that there is no use merely to take something away from them if it does not help us.

It is the duty of our own Department to protect first of all the interests of our own men and the morale of our own service, and if other departments without representative obligations are getting money for such a purpose which is denied to our men who are doing service work, then it is not at all sure that something should not be done about it, particularly if this action is not done because of a question which cannot be entirely ignored. For after all, it is the duty of our own Department to protect first of all the interests of our own men and the morale of our own service.
may be detrimental to the officers of our Department
which has specific responsibilities. It is some-
times difficult to do these things in the proper and
considerate way, but I think if the Navy saw any
possibility of losing their allowances for their
people they would in a lively fashion step in with
their support to see that we got what we should have.

I also agree with you that the men in the Service
must be willing to accept cuts in compensation when
people in business and professional life have had to
take them, but there is an aspect of this which the
Department and Congress cannot forget and which should
be brought out in any consideration of cuts for Foreign
Service officers. In ordinary times the successful
business and professional man has a good income, very
much in excess of his needs and he can put money by.
In these times when these classes were saving money
and providing for a rainy day, the Government official
plods along on a moderate salary which in the Foreign
Service certainly does not enable him to make any
savings, and if he is a worthwhile Foreign Service
officer he would, if he were in business or a profes-
sion, be among the successful money making ones.
When the bad times come it is obvious that the same
cuts in compensation cannot be given to Government
officials as are given to men in business and in the
professions because while these latter have been making
hay and storing it away in the barns, the Foreign
Service officer has been emptying his crib every year.
When the business and professional man has to retrench
he can cut down on his obligations and his way of living,
but for the Foreign Service officer this readjustment
is far more difficult, and if the readjustment goes too
far it does not affect him personally so much as it
affects his powers for usefulness for the Government
and our people, just at a time when the usefulness
must be at its highest. It is therefore quite impos-
sible to compare cuts in the compensation or income
of men in business and the professions with those in
a Service such as the Foreign Service of State.

It has been one of my favorite themes and one
which I have hammered in wherever I could properly,
that the Department of State and its Foreign Service
have been the most economically administered of all
of our Government establishments. Both at home and in the field the Department has controlled its expenditures in a way that no other Department has. It is the only Department of our Government which has in no way expanded the field of its activities voluntarily. The expansion in its work and personnel has come about entirely through the increase in the volume and importance of the original business of the Department. Where we have taken on new functions such as visa practice it has been by statute and not sought by us. No other Department has this record of careful expenditure and of minding its own business and of not branching out into new fields and of duplicating activities of others. This special situation of the Department should be made more clearly understood to Congress and its direct implications brought out, that it cannot be subjected to the same kind of cuts and measures as some of the other Departments. But in our Department, too, certain steps should be taken which I have referred to in a previous letter and on which I hoped I might have your personal comment and opinion.

I sent you some time ago a memorandum which I forwarded officially to the Department with a despatch, on the advisability of consolidating our Chanceries and Consulates in all capitals, and while this may not appeal to you very much I am absolutely convinced from my field experience and from the study which I have given to our administrative problems that this is a measure which we should get to as rapidly as possible and begin immediately by applying it to all those places where the existing conditions with respect to leases, etc. permit. We are committed to the principle anyway through the Foreign Service buildings which we are erecting and it would certainly be absurd in such buildings to maintain iron-clad lines between the Chancery and the Consulate. Outside of a few reactionary diplomatic officers who are in the business for selfish ends anyway rather than for the interests of our Government and people, and whom we would be better off without, I think every Foreign Service officer agrees that this consolidation, administrative and physical, should be proceeded with. In most smaller capitals it can be done almost at once, and even in a capital like Berlin we should go ahead with it and the circumstances here are such that we could do it anytime the Department says so.
The appropriations bill for the next fiscal year does not make any provision for the remodelling of the Blucher Palace so that nothing at all can be done next year. If Congress provides money in the next bill it will take another year to make the plans, get the bids, etc. Then it will be another year before the alterations can be completed. This means that we cannot use the Blucher Palace in Berlin for at least three years from July 1, 1933. In the meantime we have these separate offices all over the place here. The building in which the Consulate General, the Commercial Attache and the Agricultural Attache now are, has space available, together with space next door, in which we could house all of our Government establishments in Berlin in a better way than those are housed which are not in the building now. We could, for example, take care of the Chancery in this building better than it is taken care of in its present quarters. We are paying altogether for rent and heat for our Government establishments in Berlin over $30,000, probably as much as $34,000. I am confident that I can get all of these establishments in this building here where the Consulate is housed much better and have all the advantages of being together (and incidentally the location is just as good as the present one of the Chancery), and it would not cost us over $22,000 for rent and heat. In addition to this big saving in rent by being together we could make all sorts of savings. I have discussed it with the Ambassador who of course does not wish to do anything about it as he is going away, but he approved of the idea in principle and I hope to have him look at the quarters before he goes away so that if he sees you he can give you an idea what they are like. He has, however, agreed that it would be advisable for all the other offices including the Chancery to get their leases into such shape that they can be terminated at any time after July 1 of this year on three months' notice so that we can get together if this is decided upon. I am not going to speak here of the advantages in economy as well as in administration in our getting together in this building here where we could stay at least three years minimum until the Blucher Palace is ready and three years is too long to continue the status quo. I am going to write to the Department officially about this
this so that it may have the facts before it and I see no reason why the physical consolidation at least should not be proceeded with.

I believe the administrative consolidation is equally important, but I am not going into this at this time as I am already burdening you with too long a letter. The administrative consolidation does not involve any more difficulty and has even greater advantages than the physical getting together.

I here a good deal as to what is planned about Commerce. The men here seem to think that the offices of Commercial Attaches in most capitals may be closed entirely. Another rumor is that their offices may be placed under our Department and their establishments very much cut all around. My own feeling is that the offices of Commercial Attaches in small capitals should be closed at once as there is no possible excuse for their existence, nor for the Commercial Attaches themselves in these smaller capitals. No wonder they assume trade protection, whereabouts, welfare and other kinds of consular functions because they simply have nothing else to do and they are fighting the fight of their lives to justify their existence. Even in the larger capitals I believe these establishments of the Commercial Attaches should be closed now that the temper of Congress and of our people seems to be what it is. It seems like a cruel and a hard thing to say and may even seem a little exaggerated to you who know these things so well, but I am sure that the office of the Commercial Attache here could be closed and all the personnel got rid of and what little they may do which we do not already do, could be done by us without our adding a single officer to the staff of the Consulate General and probably at the most a clerk or two. If this is true in a large capital like Berlin one can realize how much more it is so in smaller capitals. The time has come I think when we must face the brutal realities of this situation and when those who have the interests of our country at heart must speak frankly and special interests must be placed in their true light of selfish preying upon the Treasury.

The
The Commercial Attache here is a very fine chap
and a gentleman in every sense of the word, and I am
personally very, very fond of him and he knows the
situation just as well as I do and I know that a good
many of his colleagues in other cities know it also
and admit it, but one cannot blame them for not
telling their own Department or the world that their
establishments and they themselves are not necessary.
The Commercial Attache's office has an American and
European staff almost as big as that of the Consulate
General with its many and varied obligations and its
cost is almost as big as ours, and yet this establish­
ment could be wiped out completely without any loss to
our Government at all and with what will be really a
gain in efficiency. Outside of Groves himself, his
American staff is practically never in the office
and they are certainly not out on business. They simply
do not do a day's work a week, if that much, and yet
these are the specialists who are supposed to perform
such valuable services for our interests.

I am told that public sentiment at home has
changed very much and that there is a much better
understanding of this situation in the field than there
was before. I hope that this is so. I know, however,
that the exporting interests at home are making a
strong fight for the retention of the Foreign Service
of Commerce and to keep it intact as much as possible.
Their argument is that the Foreign Service officers
of Commerce can do things which officers of State can
not do and that this is not only the reason for their
remaining in the foreign picture but also for their
not being placed under the State Department, which,
I am told by the Commerce people here, has also been
proposed. This argument contains in it its own refutation.
If there is anything which a Commerce officer can do
in the field which a consular officer cannot do, it
is something which should not be done at all and
certainly not at Government expense, but this is
exactly what certain exporting and selfish interests
at home are for. They have been getting special services
and special services at the expense of the Government
and have been creating a fiction and getting away with
it as if this were so tremendously in the public interest,
when the real work which is being done for our trade
interests
interests is not being done by the Commerce people at all. I am not naive enough to believe that the day of special interests is past but I do believe that they are for the moment not as powerful as before, and I think that our people must not fail to use the present opportunity to solve this problem as much as possible and as definitely as possible.

I have again burdened you with a long letter but I feel that if I have any constructive criticism to make it is to you that I should bring it and therefore I do not hesitate to do so. I would be particularly glad to know what you think of this idea of bringing our Chancery and Consulate together in capitals, not only physically but administratively. If you will put this over it will be one of the biggest things which the Department has done. It will be welcomed by the Foreign Service and by every person at home interested in our foreign relations. It will make a hit with the new administration because it will show that the already most careful spending Department of the Government is eliminating the last cent of unnecessary expenditure and at the same time increasing the efficiency of the Government representation. It is really a wonderful opportunity and I should like to know what you think of it and you can depend upon me to furnish all the details and all the assistance which I can possibly give, not only of course in this but in any other way.

The Ambassador is leaving and we are all sorry to see him go. He has made an enviable record here and is one of the few Ambassadors who has been able to make himself genuinely respected and liked in the country to which he was accredited and at the same time maintained in a most vigorous way the rights and prerogatives of our own country. He has a charming personality and in addition has qualities of intellect and good sense. Marion and I are giving a buffet supper for him and Mrs. Sackett at the house on Saturday evening, the 13th, where we have the whole official family in Berlin with their wives. Do you realize that that means with commissioned officers of the various Departments and their wives as many as 70 people? When we get them all together like this we see how many too many people we really have in a city like this to do our work.
I know that these are busy and hard days for you and there is much that I would like to write you about the local situation which is of course extraordinarily interesting. I have been busier the last two weeks than I have been at any time since the war but I have the satisfaction of knowing that what we did and the way we went at it had the effect of definitely stopping the attacks not only upon our own American citizens here, but incidentally also other nationals in Germany and upon Germans themselves. The situation seems well in hand again although I am sure there are going to be more surprising news from Germany, but I do believe that the lives and property of our people are safe for the immediate future.

Marion joins me in lots of love and good wishes to you both.

Cordially and faithfully yours,

The Honorable
Wilbur J. Carr,
Assistant Secretary of State,
Washington, D.C.