April 16, 1933.

The Acting Secretary.

I think you should know and I believe that you will feel the President should be advised of the present status of the bill (S. 988), which if enacted will establish the Foreign Commerce Service under the Secretary of Commerce on a permanent statutory basis very similar to that of the Foreign Service of the Department of State. This bill has passed the Senate and is now pending on the House calendar after having been favorably reported (House Document 2129) by the Committee on Interstate and Foreign Commerce. The views of the Department of State with respect to this legislation have never been obtained and to the best of my knowledge neither the Committee on Foreign Relations of the Senate nor the Committee on Foreign Affairs of the House have participated in any way in the consideration of this proposed legislation in spite of the fact that it will necessarily affect the conduct of our foreign relations.

The proposed law would establish the Foreign Commerce Service under the Department of Commerce on a more permanent basis than at present because, as pending, it establishes a retirement system, automatic promotions, and a system of allowances similar to those authorized for diplomatic and consular officers. I do not mention these because there is objection to equally adequate compensation for Foreign Commerce
Commerce officers, but only because it will perpetuate the present divided responsibility in certain aspects of our foreign relations. Specifically, the bill contains the following provisions of very questionable soundness:

1. A retirement plan practically identical with that of our own Foreign Service, which is known to be unsound financially and we have been working more than a year in formulating a suitable legislative program to revise it.

2. Section 2 (b) of S. 988 as reported favorably by the House Committee enlarges the scope of the activities of Foreign Commerce officers to include "economic" matters. Because of the indefinable distinction between economic and political matters, this basic change in legislation may be construed by some Commerce officers in the field and in Washington as a direct invitation to Foreign Commerce officers to engage in political reporting and thereby add to the difficulties of coordinating the activities of State and Commerce and consequently stimulate confusion and possibly discord in our foreign establishments.

3. In addition, although not so important as the foregoing, Section 3 (e) of the bill pending on the House calendar would give Foreign Commerce officers in the salary range $4,000 to $6,000 automatic promotions of $200 annually, whereas in the Foreign Service of the State Department these $200 promotions start only with the minimum salary of $6,000. This is, of course, a disparity that can be easily corrected by legislation.

These considerations are submitted because I feel we would be remiss if we failed to supply this information to the President. I do not intend to counsel opposition to suitable and carefully considered legislation to benefit officers in the Foreign Commerce Service. The bill (S. 988) may be brought up in the House at any time, passed, and sent to conference.

G. S. Messersmith.