CONFIDENTIAL

September 7, 1938.

Dear Mr. Secretary:

The President, as you know, has a very unusual knowledge of the machinery for the conduct of our foreign relations and of our Foreign Services. I understand from what you and Mr. Welles have told me that the President has arrived at the conclusion that the most satisfactory step which could be taken to bring about the most effective conduct of our foreign relations through the machinery in the field is by the consolidation under the Department of State of all the Foreign Services of this Government. I have been in the Foreign Service for some 25 years, of which 24 were spent in the field. I have, out of that experience and I believe maintaining always an altogether objective attitude which discounts the interests of particular departments or services, reached the conclusion that there is only one solution to our field problem -- the consolidation of our Foreign Services into one under the Department of State. It is, I believe, the considered opinion of every thoughtful and forward-looking Foreign Service officer of the Department of State, as well as of
the field officers of the Department of Commerce and Agriculture, which have Foreign Services created by statutes, that this is the only solution in the public interest. I believe this unification of the Foreign Services under the direction of the Department of State would be overwhelmingly acceptable to the officers of all the Services concerned and would be regarded in the future as an extremely desirable and fine concrete accomplishment of this Administration in the realm of foreign affairs.

The officers of this Department believe that such a step is not only essential in the public interest but that it should no longer be delayed. I think that this opinion is held also by the present Director of the Bureau of Foreign and Domestic Commerce, who started his career in the Foreign Service of State but who has long been a field officer of Commerce abroad and who has as well this experience in administration in Washington. He may, however, not be in a position to give expression to this opinion because there are indications that certain executive officers of the Department of Commerce, under whom he is serving, may still adhere to the policy of maintaining a separate Foreign Service in the Department of Commerce in which appointments and advancements are not made in accordance with the career principle which holds in the State Department Foreign Service, nor, in fact, in accordance with somewhat similar though less effective career principles which the considerable majority of Foreign Commerce officers and interested persons generally have always considered were contemplated by the
Hoch Act, which established the Foreign Commerce Service. I do not believe any informed and forthright person would attempt to assert that the Foreign Commerce Service has been, or is, in any general sense, administered as a professional career Government service. So far as the Department of Agriculture is concerned, there is reason to believe that the executive officers of that Department as well as the officers of the Foreign Agricultural Service (who are relatively few in number) will favor such consolidation as in the public interest.

In view of the interest which the President has shown in this matter over a period of years, and the particular interest which he has shown more recently in carrying through this step, I believe it is highly desirable that he should make his wishes known to the appropriate officers of the Departments immediately concerned in order that the legislative preparations may be commenced immediately to formulate legislation for the carrying through of this step early in the next session of the Congress. As the Foreign Services of State, Commerce and Agriculture operate under separate acts, it would be necessary to secure legislative basis for consolidation. This action can probably best be accomplished, and without difficulty, by an appropriate amendment to the basic statute of the Foreign Service of State (Moses-Linthicum Act, 1931).
It is my considered opinion that such a step by our Government will be welcomed by practically all persons in this country having a knowledge of the conduct of our foreign relations and its machinery. In fact, I know of no step of an administrative character which our Government could take at this time which would have a more favorable press throughout the country and which would create so good an impression among thoughtful persons. So far as the trade organizations in this country are concerned, which have consistently until very recently been in favor of the continuance of the Foreign Commerce Service as a separate service, I am convinced that there has been a very definite change of sentiment and that they now favor consolidation under the Department of State. The higher officers and the thoughtful members of these organizations have always realized that it would be better to have one Foreign Service under the Department of State, but they have supported the Foreign Service of Commerce, and appropriations therefor, on the basis that with two competing services in the field they will get better service. They now realize that this policy was a mistake, that effective Governmental aid in the field of foreign commerce is in the creating and keeping open the channels of international trade. In consequence, representatives of these organizations have informed me that they are prepared to change this attitude and not to offer any objections to consolidation.
So far as the Congress is concerned, there is reason to believe that with very few exceptions the great majority of the members of the Congress who know this problem will favor consolidation. If there should prove to be any members of the Congress who would desire to maintain a separate Foreign Commerce Service for reasons of patronage (and I even doubt whether we would find such a group once a suitable program of consolidation and the reasons for it were presented), I do not feel that they would have any arguments available to support active opposition to legislation for consolidation and I feel sure that they would receive no support from any trade organization of good standing.

There are major reasons why this consolidation should be carried through at the earliest possible moment, of which I give only a few here briefly:

1. It is a measure definitely in the public interest in order that we may get for our Government and for private interests the very best service abroad for the gathering of information and the representation and protection of our interests.

2. The situation in the field is not satisfactory in spite of the existing Coordination Agreement and experience has shown to all unprejudiced persons that no Coordination Agreement, however complete and thorough going, will adequately remove the undesirable situations now existing in this respect in Washington and in the field. There is duplication, friction and a play of personalities under the existing system which no Coordination Agreement can completely remove and which is hampering us very definitely in the most effective conduct of our foreign relations.

3.
3. It is unquestionable that we are already in a period when the most effective conduct of our relations and protection of our interests abroad are of primary importance to this country. For years to come, and certainly so far as we can now see, we must look forward to more difficult problems with which to deal in our relationships with States rather than to more simple and easier procedure. It is, therefore, essential in the public interest that this consolidation, which will give us the most effective organization, should be carried through without delay.

4. The work which was originally conceived should be done by the Foreign Service of Commerce and Agriculture abroad has lost a good part of its significance. They were primarily trade promotional services and these activities as such have lost much of the effectiveness formerly claimed for them by reason of the fundamental changes in the manner of conducting international commerce. Governments will continue, even in a happier era to follow present disordered conditions, to exercise certain controls over trade, both internally and externally. Our officers abroad, therefore, irrespective of Department, will have less effectiveness in the future, even than today, in the actual selling and marketing of American products. The effectiveness of our work abroad will lie in the opening and in keeping open the widest channels of trade. The problem, therefore, is not so much one today and in the future of direct trade promotional efforts but in communication with central governments and local authorities in keeping open the channels of trade. The officers of one Department only can be authorized to deal with other governments and this burden, therefore, of furthering and protecting our commercial and trading interests is falling increasingly on the Foreign Service of the Department of State and will fall upon it continuously more in the future. The functions of the Foreign Services of Commerce and Agriculture are consequently narrowing and this is recognized by the thoughtful persons therein and in many cases by the administrators thereof. It is, therefore, entirely logical that the Foreign Services should now be combined under the Department of State.
5. The Foreign Service of State has a retirement fund which is practically insolvent and the necessary legislation is expected by the Congress for its consideration to put it on a sound basis. After three years of study and consultation with the interested Departments, with the Budget, and with the actuaries, public and private, we have now finally completed a proposed bill which will be submitted to the President to put this retirement fund on a sound basis. It is not necessary to point out how important it is for the morale and effectiveness of the Department of State Foreign Service that this should be done. There is now no provision for retirement for the present Foreign Service Officers of Commerce or Agriculture. The revision of the Foreign Service retirement plan on a sound basis during the early days of the next session of the Congress will fortunately be so nearly coincident with the consolidation advocated in this memorandum that it will be a simple matter to bring the officers of the Foreign Services of Commerce and Agriculture under the State Department Foreign Service retirement system as a part of the legislation for consolidation.

Aside from the foregoing reasons why action should be taken at this time, there is the further consideration that, although this question of consolidation has been a subject of consideration among officers in the field for some years, the statements which have appeared in the press in the early part of this year have stimulated discussion, particularly among the officers of Commerce abroad. They are naturally fearful that some arrangements may be made through consolidation which will interfere with their retention in the Government service and they are uncertain as to the basis on which they may be retained. These officers are not, there is every reason to believe, in opposition to the idea of consolidation. They in fact welcome it, but they
are uncertain as to whether they may be included therein or left out in the cold. This more acute discussion of the problem, therefore, has led to a certain amount of unrest and uncertainty and it would be in the public interest to remove this.

It is desirable to give rather early consideration to the question of procedure. I would respectfully suggest that, if the President desires to carry through this consolidation, which I understand he does, and which it is generally appreciated would be so much in the public interest, he so inform the Secretaries of State, Commerce and Agriculture and indicate to them the general lines along which he wishes this consolidation carried through. When he has so expressed his wishes to the heads of the appropriate Departments, an appropriate amendment to the Foreign Service Act of State to carry through the program should be formulated so as to be ready to be transmitted to the Congress as soon as it convenes. The major lines on which the consolidation should be carried through are, I believe, as follows:

1. All the "career" officers of Commerce and Agriculture, that is the personnel commissioned under the Hoar Act and the appropriate statutes applying to Agriculture, should be incorporated into the Foreign Service of the Department of State as nearly as possible in a classification of its Service which will correspond with their present grades and relative importance. This recommendation
is, however, based on the assumption that all the "career" officers of Commerce and Agriculture have been appointed to these positions in accordance with the provisions of the statutes governing those Services.

2. The commissioned personnel from Commerce and Agriculture thus drawn and incorporated into the Foreign Service of State would hereafter function as Foreign Service Officers of the Department of State the same as its present personnel and be subject to all the statutes and administrative practice controlling for the Foreign Service of State. A very considerable part of the men drawn in from Commerce and Agriculture would obviously, for the rest of their service, be largely utilized at posts and in positions in which their previous experience would be most helpful. On the other hand, any such officer should not be precluded from any assignment open to any other Foreign Service officer provided he is found to have the appropriate capacities therefor.

3. The officers of Commerce and Agriculture brought into the Foreign Service of State would automatically become entitled to the benefits of the retirement fund, the statute governing which is to be amended during the present session of the Congress, on the payment of the arrears of contributions according to previous service as may be provided for by law in the case of officers entitled to past service credit at the time of their appointment as Foreign Service Officers.

4. All admissions into this unified and single Foreign Service of our Government, after the original consolidation has been effected as contemplated in this memorandum, should be to the Foreign Service of the Department of State under the present laws and practice governing such admission.
5. The Foreign Service of our Government would remain under the sole control, administratively and otherwise, of the President and of the Department of State. In order, however, that the needs of the other Departments be adequately considered and served, it may be desired that an Assistant Secretary of the Department of Commerce and of the Department of Agriculture should be designated under the law to serve as members of the Board of Examiners for the Foreign Service, and on certain occasions, when matters particularly affecting their Departments may be considered, to sit as advisory members on the Board of Foreign Service Personnel.

6. In order that the needs of the various Departments for reports and information from the foreign field may be adequately met, as well as the needs of the particular sections of our population which these Departments may directly serve, and in order to provide liaison between the Department of State and the more interested Departments, as well as a channel between the Government Departments and interested organizations and sections of our population in this country, there should be set up a Board composed of the Secretary of State, as Chairman, and of the Secretaries of War, Navy, Treasury, Commerce and Agriculture, who could, in their discretion be authorized to designate alternates to attend the meetings. A further Advisory Board may appropriately be set up to be called upon for advice and suggestion in matters affecting our foreign commercial policy and trade information gathering activities which would normally be composed of the heads of such organizations as the National Foreign Trade Council, the United States Chamber of Commerce, and of a few outstanding men in our financial, commercial, industrial, and social science fields. The setting up of such a Board of liaison between the Departments and of an Advisory Board of liaison between the Departments and the interested sections of our people in this country would serve a very useful and effective purpose.

It will be noted that the foregoing observations cover only the representatives of the Departments of State, Commerce and Agriculture abroad and it is believed that
these are the only three which should be brought into the consolidated Service under the Department of State. These are the ones which are at present acting under specific acts of the Congress as Foreign Services. The Treasury Department has various types of agents abroad for whom we have not for the most part been able, and will not be in the future, to get recognition and facilities in the same degree as for our other officers. The activities of these Treasury officials abroad, however, are of a more temporary character and for the most part of a character which can eventually be taken over with full satisfaction to the Treasury by this consolidated Service of State. It is believed that no action should be taken with regard to Treasury officers abroad at this time as, after the consolidated Service has been functioning for several years, it will be found possible to reduce the number of Treasury agents in other countries and to find a solution in the public interest in a more effective and on a more permanent basis than it can be done today.

The Department of Labor has a certain number of immigration officials abroad serving in consulates but that Department has decided in principle to bring these officers back to this country in the near future. It is believed that this is very much in the public interest as experience has shown that our consular officers can satisfactorily perform for Labor all these services abroad.

Military
Military and Naval Attachés, being parts of separate Government services and only incidentally serving abroad for relatively short periods of their official career, should remain on the same status as at present. The Secretaries of War and Navy, under the procedure contemplated in this memorandum, would continue from time to time to name Military and Naval and Air Attachés abroad to be assigned to missions determined upon by agreement with the Department of State. Such officers, during the periods of their service at a mission as Attaché or as Assistant Attaché, would be recognized as members of the staff of the mission by this Government and, in order fully to clarify their status, it may be found advisable to give them temporary commissions as Foreign Service Officers of the Department of State to be valid during the period of their service at a mission.

It is believed that a solution along the foregoing lines will be entirely satisfactory to all the Services concerned. This solution will settle a problem which has been a disturbing element in our establishments abroad and in our relationships with other Governments over a long period of years. It will remove unnecessary friction between Departments in Washington, it will lessen the cost of
of our foreign representation to our Government and at the same time immeasurably increase its efficiency in the representation of our interests.

It will be noted that, if the recommendations in this memorandum for the consolidation of the Foreign Services into one are carried through, the role of the Departments of Commerce and Agriculture in this country with respect to commercial and agricultural policy, digesting and distributing of information from the field, and in maintaining contact with interested organizations and sections of our population in this country is augmented rather than diminished. The Departments of Commerce and Agriculture will have the whole of the Foreign Service of our Government at their disposal for all proper and useful services instead of only a limited segment as now. To a very large degree the instructions to Foreign Service Officers of State for reporting in the fields covered by Commerce and Agriculture in this country would be formulated in these Departments. Through their participation on the Board of Examiners they would have a part in determining admissions to the Foreign Service, through their participation in the Liaison Committee between the Departments they would figure more largely in the formulation of policy, and through the Advisory Board they would have direct contact with appropriate sections of our population.

The
The flow of information from the field would be augmented and improved in quality through the greater degree of cooperation between the Departments in Washington. The services which the Departments can render to the interested sections of our population would be correspondingly greater — through the distribution of useful and timely information.

The activities of the Bureau of Foreign and Domestic Commerce in this country would undoubtedly increase in importance. The number of its District Offices in important centers throughout this country could very properly be increased. The service which these District Offices throughout this country now render to local interests can be greatly increased by the assignment as the chief or assistant chief of these offices of Foreign Service officers of the new consolidated Service. These men in charge of or in responsible positions in these District Offices will be able to be of a great deal more assistance to local interests in a given area provided they have this field experience as Foreign Service officers. On the other hand, the experience in the District Offices in this country will be of very real value to our Foreign Service officers in broadening their background and giving them the opportunity to become better acquainted with conditions in this country. It would be difficult to find any administrative measure which may be taken which would have more fruitful results both in the career
career of the officers themselves and in the service they can render than such an opportunity provided by assignment to District Offices for periods of from six months to eighteen months. This would also go far toward enabling us to settle an important problem facing the Foreign Service -- that of the younger men having an opportunity to be in this country sufficiently long to contract an American marriage.

The consolidation of the present Foreign Service of Commerce and of Agriculture into the Foreign Service of State would in no sense diminish the importance therefore of the activities of Commerce and of Agriculture in this country, but on the contrary augment it.

If the President approves in principle of this memorandum, I will be very glad to have prepared immediately an amendment of the Foreign Service Act (Moses-Linthicum Act, 1931) which will accomplish the purposes to be brought about by this consolidation and adequately amend existing legislation regarding the Foreign Services to make it possible to carry through the consolidation immediately after the passage of the amendment proposed. I am of the opinion that this concrete step should be taken without delay in order that the necessary arrangements may be made with the other Departments concerned and that the amendment be submitted to the Congress as a measure of the Administration.

G. S. Messersmith.

A.M. GSW: VNG
* (It is understood that some appointments have been made in the upper grades of the Commerce Service which may not conform to the legal requirements and the President would undoubtedly desire a suitable examination of this question before recommending the covering of these Services in toto into the State Department Foreign Service.)