"I suggest that the Foreign Trade Committee discuss the "Coordination Agreement" formally but thoroughly with the Department of State, particularly with Mr. Wilbur J. Carr and Mr. William Phillips, not, of course, as negotiators of a new agreement, which function, of course, would properly rest with Secretary Roper, but as seekers after additional information.

I believe they will find the broad controlling factors to be largely as follows:

The Department of State, being by law in charge of foreign relations, cannot function with maximum efficiency if it does not have supervision of all matters affecting foreign relations. Commercial and economic relations are in existing conditions integral parts of foreign relations. It is a well known fact that in every important country of the world economic and political phases of foreign relations are so closely interrelated that they cannot be separated. Little of real value can be done to open up the channels of and promote foreign commerce at this time except through negotiations with foreign governments which is an exclusive function of the Department of State. This should be apparent to any one who will study the obstacles which, during the past few years, have been placed by foreign governments in the way of freedom of trade. In fact it is proved by the action of Congress last year in empowering the President, through the Secretary of State, to negotiate agreements with foreign governments with a view of eliminating some of these obstacles.

If, as is believed, the foregoing is true, very careful consideration should be given to any change which would take away from the Secretary of State the requisite supervision of officers of the Department of Commerce carrying on activities in relation to the promotion of commerce in respect to which the Secretary of State, under the changed conditions of the past few years, has the principal responsibility.

With respect to the gathering and reporting of information for the use of business men, reports on the standing of business firms abroad, and similar services which are rendered by consular officers of the Department of State and by officers of the Department of Commerce,
it is understood that one of the purposes of the "Coordination Agreement" was to bring about unity of effort, uniformity of policy, elimination of duplication between both groups of officers. There are some 250 consular offices and only about 50 officers of the Department of Commerce. These offices are located in different cities. The interests of the business man would seem to require that all of these offices be made to render service to American business in accordance with a well considered and uniform policy. Certainly this is what an efficient business man would do with his own business. By a division of supervision over these two groups we may easily return to a condition favoring competition, duplication, lack of team work and inefficiency. In a business establishment this kind of thing would be unthinkable.

There is good reason to believe that the real ground for such complaint from business men as may exist may not be the "Coordination Agreement" at all, but the policy of the Government proclaimed by the Secretary of Commerce as to the assistance to be rendered business men. It will be remembered that this policy greatly curtailed the assistance which commercial attaches might render American business, and this curtailment applies also to the assistance which consular officers may render. It is believed that this aspect of the matter should receive careful consideration.

The Federal Government maintains abroad two groups of officers - (1) diplomatic and consular officers, and (2) commercial attaches - the first under the Department of State and the second under the Department of Commerce. These officers are for the most part stationed at different posts. All occupy themselves wholly or to a large extent with investigating trade conditions, making commercial reports, aiding business men to make proper contacts, and in other ways aiding in the promotion of our foreign trade. The diplomatic and consular officers have, in addition, the task of negotiating with foreign governments and local officials for the removal of obstacles to American trade. To obtain the best and fullest results from both groups of officers it would seem to be elementary that all should be brought in some manner under common supervision to the extent that expense be decreased, duplication and competition be eliminated. As diplomatic and consular officers would not in the nature of things be placed under the supervision of any one but the Secretary of State and as commercial attaches obtain their status abroad through their attachment to diplomatic
diplomatic offices, it is understood that such an arrangement as that embodied in the so-called "Coordination Agreement" was adopted in order to obtain common supervision. If there have been delays, which is doubted, the remedy is not the destruction of the common supervision, but a correction of the cause of the delays. That would be the course which a business man would pursue in relation to the management of his own business.

The Department of State has been consistently working to avoid red tape and delays in transmitting commercial information to the Department of Commerce for distribution in this country. Written reports, letters sent through diplomatic pouches or the open mail are immediately read and whether censoring demands any or no changes, are promptly sent to the Department of Commerce. Furthermore, the State Department has a coding establishment working 24 hours a day, which enables it to de-code(375,553),(599,572) any commercial messages sent in code whether received during the day or night. Many commercial cables necessarily touching on political matters should be sent in code - a separate establishment by the Department of Commerce would be costly and unnecessary.

I am, of course, vitally interested in extending the scope and increasing the efficiency of our commercial representation abroad, but I earnestly recommend that a further study of this matter be made.

Let us strengthen the hands of the State Department. Recently appointed Foreign Service officers are the type of men able and equipped to cope with the trade-extension phase of their activities. If more of this work is necessary to increase our foreign trade, additional appropriations to the Department of State will enable it to improve the number and caliber of its officers particularly entrusted with trade extension. Let us give it the most friendly and practical cooperation and suggestions in our power and not add to or complicate its difficult duties in supervising and improving our POLITICO-ECONOMIC FOREIGN relations."