December 30, 1938.

To Mr. Welles:

I am putting the following thoughts in writing impelled by what I believe is very definitely a public interest and at the same time out of a deep sense of loyalty to the President and to the ideas to which he is attached.

At Mr. Hopkins' invitation I lunched with him yesterday. I should say at the outset that, although we have had very little opportunity for personal contact and practically none during the eighteen months I am at this desk, I have had and have for him a very high regard as I have confidence in his intelligence, rectitude and capacity to serve. I am, however, frankly disturbed over some of the ideas which Mr. Hopkins expressed during luncheon.

While I fully sympathize with Mr. Hopkins' desire to give the Department of Commerce greater prestige and usefulness, I think there is grave danger that some of the things he has in mind may only result in a lot of publicity, disturbance of existing conditions and ultimate disillusionment. Mr. Hopkins indicated that there was nothing in the Department
Department of major importance or which interested him other than that which related to commerce and he seemed to have in mind particularly foreign commerce. Fisheries, lighthouses, et cetera, in the Department did not interest him and could easily be administered by capable persons. It is obvious that his interest is principally in the Bureau of Foreign and Domestic Commerce and that he is concentrating his thought on it. He indicated that it was his intention to bring some very capable men from business into the Bureau of Foreign and Domestic Commerce who would be willing to make sacrifices to serve the Government.

If this is done along the ideas that Mr. Hopkins now apparently has in mind, it will result, I believe, in much publicity which can only lead to disillusionment, in various schemes for the promotion of our foreign trade which will only disturb the constructive efforts we are now making and which, as the record shows, have been increasingly successful, and in bringing men into the Department animated with the desire to make good and who, in endeavoring to do so, will break a lot of china at home and abroad without any constructive results.

The interests of Mr. Hopkins have been more purely domestic and he cannot be expected to have that complete knowledge of our foreign relations, foreign conditions and complicated foreign trade problems which grow only out of long experience and study. The so-called high-powered business men
men in this country have in most cases shown very little knowledge of the conditions with which we have to deal in our foreign relations and believe that methods can be used which neither the usual circumstances prevailing in the world nor the extraordinary ones we have to deal with today make effective. I foresee, therefore, the definite possibility that measures may be undertaken through an excess of zeal which can lead to no constructive results and which, on the other hand, may lead to serious disturbance of the constructive efforts and fruitful efforts now being made.

We have learned from actual experience in the last few years that the old type of high pressure sales methods abroad for the development of exports are no longer effective under the conditions we have to deal with in practically every part of the world today. The need for accurate and adequate information concerning developments abroad in the commercial, economic and political fields is perhaps greater than ever. The efforts of Government to hold and develop foreign trade are under existing circumstances, which we can't change, almost entirely confined to the keeping open of the channels of trade. It no longer makes any difference whether "A" in New York or Kansas City wishes to sell an article, let us say, in Paris, and whether "B" in Paris is eager to buy it. Whether the sale is consummated depends entirely upon whether the laws of France and the myriad of regulations we have to deal with today will make that sale possible.
possible. Our problem in foreign trade, therefore, is one
definitely of keeping open the channels of trade and this is,
a matter of negotiation and conversation between governments.
Under international practice these can only be carried on by
officers of the Department of State or operating under it.
That so great a responsibility in connection with our foreign
trade rests upon the Department of State and its officers in
these days, and will for the years that we can now look
into, is a matter over which we have no control and which
we cannot change, by our own legislation or by any high
pressure methods.

This Administration is carrying through a constructive
and successful program for the protection and expansion of
our foreign trade. The trade agreements program is recog-
nized in this country and, I think, in practically every
country in the world as the one constructive effort now
being made to restore trade into normal channels, to remove
the stifling obstructions to it and, at the same time, to
act as one of the principal vital elements working towards
the restoration of peace and order in the world. The
officers of our Government abroad collecting information,
protecting our interests and carrying on conversations with
other governments are performing their function admirably.
There is no immediate step which we can take in the foreign
field which can lead to strengthening our position, beyond
the efforts we are now making, other than the strengthening
of
of the machinery for the conduct of our foreign relations and the promotion and protection of our trade.

The consolidation of our Foreign Services under the Department of State is the major, constructive step which this Government can take at this time in this field. The President, the principal trade organizations, the press, I believe a very considerable majority of the Congress, certainly most of our people interested in foreign relations, and I believe the overwhelming majority of the officers of State, Commerce and Agriculture abroad realize that painful experience has taught us this. I think the overwhelming majority of those in Government in this country who have had to do with the problem realize this and would so express themselves if they did not feel Department loyalties or fears from expressing their real opinion. It has taken painful and costly experience and a new world situation to bring about this favorable opportunity for carrying through this consolidation so much in the public interest. I will not go into the arguments for the whole situation is set forth, I believe, in an unanswerable way in my memorandum on the subject which has been submitted to the President.

There never was a moment since we had this hydra-headed organization in the field that has been so favorable for the carrying through of this consolidation. We have now reached a time when a vital public interest makes the consolidation
consolidation imperative if we are to adequately and as effectively as possible meet the situation which we are confronted with in practically every part of the world.

I venture the opinion that if this step is not taken now it will not be taken for many years to come. If this consolidation is not definitely decided upon now before Mr. Hopkins carries through his plans for the reorganization of the Department of Commerce, we may take it for granted that well-meaning as the men may be who may be brought into the Bureau of Foreign and Domestic Commerce, and capable as they may be, they will be insistent upon retaining the Foreign Commerce Officers in the field as an independent unit. The effect of this can only be to consolidate the unhappy, ineffective and altogether undesirable situation we have in the field today. It will lead to the disruption of the degree of coordination which has been reached between the Department's concerned and definitely to weaken our effort abroad at a time when it must be strengthened.

I have been in the Foreign Service for twenty-five years, only the last year or so of which has been spent here in the Department. I have had intimate contact with this problem of our foreign trade and of our foreign representation during that time. I have consistently looked at these problems from the point of view of an officer of this Government and from the point of view of the public
and private interests rather than from that of a Department. It is my considered opinion that if we do not carry through this consolidation now, the Administration will miss one of its most signal opportunities for public service in this most important field of foreign relations and foreign trade. If this consolidation is carried through, it will prove to be one of the most effective steps, and generally recognized as such in due course, which this Government has taken. If we do not carry it through our foreign representation will inevitably be further disorganized and its effectiveness definitely weakened. I do not elaborate this statement so as not to draw out this memorandum but too great emphasis cannot be placed on this point.

The effect of consolidation can only be to strengthen the service which the Department of Commerce can render to business. The officers of the Foreign Service designated as Commercial Attachés will have a much wider field of usefulness under consolidation. The Bureau of Foreign and Domestic Commerce will be strengthened rather than weakened by the placing of our foreign representation on a unified basis under the Department of State. The same applies to Agriculture.

As I see it the emphasis of the Bureau of Foreign and Domestic Commerce should be placed on its activities in
this country which provide ample scope for activity and which is its proper field. Its activity in the foreign field should be restricted to such planning of constructive steps for the promotion of export trade as the circumstances we have to face permit and make desirable and the directing of the activities in the field through proper instruction of those Foreign Service officers of our Government devoting their attention to these particular problems. There is a wide field in this country and one which challenges the best thought of our officials and business men in the development of our domestic commerce and in the strengthening of the district offices of the Bureau throughout the country. The business men of this country will feel much greater satisfaction in seeing the Department of Commerce embark on constructive measures to promote domestic and foreign business rather than its proceeding with a high-powered campaign for the promotion of foreign trade which can only lead to disillusionment. Some of the plans which may be envisaged would only result in bringing back the ballyhoo of the Hoover days and this in a completely changed world in which such high pressure salesmanship has no chance of success in the foreign field where national laws and restrictions rather than desire to buy control.

I have felt it necessary to put these thoughts frankly into
into writing for I consider these factors I have briefly and too sketchily brought out as of fundamental importance. It is my considered opinion that if we do not carry through this consolidation now this Government will not only miss a great opportunity in the public interest but it will definitely weaken our foreign representation and effort. Our path in the foreign field is to follow the constructive line we are now on in our trade agreements program and our general policy and to strengthen our foreign representation through the consolidation of the Foreign Services.

G. S. M.