I am sure that all the men here realize the significance of your remarks (Mr. Taylor's) and I am very happy that you are here, and of the talk of Mr. Butterworth who is also here. I can find no point of difference with anything that you (Mr. Taylor) have said. I can't find any point of difference with the viewpoints that Mr. Butterworth previously expressed. While I have time to think myself of the well-rounded Foreign Service officer always in the sense that during the time that I have been in the Service, most of that time we were able to meet that situation adequately, I think, up to the beginning of the war.

When some four years ago, I think it is now, the President asked me to undertake the consolidation of the Foreign Service, he said it would be one of the most difficult tasks that he would give to anybody and he doubted whether I would be able to do it. I told him I was prepared to undertake it because I considered it absolutely indispensable for the proper conduct of our foreign relations, for every agency of our government concerned and for our people. We succeeded in bringing about the consolidation of the Foreign Service and no developments in the picture which I have seen yet ..........................

When
When we consolidated, at the same time our Embassies emphasized our program for the consolidation of the establishments and getting rid of a lot of our statistics and which had no excuse for existing at all times except for generations when with the consolidation of the Foreign Service..............We conceived then that this was a scheme of organization of our Foreign Service. The scheme which has just been outlined to you for the organization of this Embassy was one that was based on that projected picture. I came here a few months ago from an Embassy which is important in so far as the work which it has to handle is concerned, but which so far as the obligations in many respects are concerned are very much less than those of this Embassy. Nothing could emphasize to me more definitely that it will have its variations in capitals, (as this change from Habana to Mexico).

When I came here I found that very good work had been done in setting up the skeleton organization to fit in. I realized, however, from the outset that the scheme would not work under the conditions which we have to deal with today, for the organization under which we are working here is a provisional one with which I have not tampered with because in an establishment of this kind you can't do things in a hurry without making too many mistakes and caring too much, and during the few months that I have been here I have been studying the organization and the personnel that I have in a sense that I want to use them as officers and not as clerks. I don't mean to say and I have realized that
that there is a change in the picture at home so that I have not taken any steps in our organization here further than to study our problem as it is and as I envision that it is going to become. I would like to emphasize one thing that Mr. Taylor said definitely and that Mr. Butterworth has implied, in a correct manner, and that is the fact that not only do we have today a new set of circumstances and problems to deal with but that these are going to be with us for a long time to come. We are speaking now in terms of winning the war, but we have a lot of wise people at home in our government and outside our government who realize that this time when the war is won we cannot lose the peace as we did before. There are many people in our government who realize that post-war reconstruction is going to have problems for us which are going to be as difficult for us as that of winning the war. There is something more to it than that and we might as well talk about it. If this war is won our Government and people will have to assume the leadership in world affairs. I think everybody realizes that isolationism is dead, that we can't again fail to assume our responsibilities. If we had assumed our responsibilities and had agreed after the last war on some of the things as wise people, I don't mean to say that this war would have been better this time I think the decision is already made and we have got to assume the leadership for our own safety and for our own future.

I think you all know that what is happening outside of the Continent is disorganizing the economic life of those countries to a degree (and that it will be peacefully settled). No economic council can sit down, no matter how
how wise the men who are in it, and settle the problems of the economic life of countries like France, Holland, Belgium, Czechoslovakia, and these countries can be disorganized to a degree that it will take more than a generation to reorganize them. But what is much worse is, and this is what I would like you to forget, that more than this disorganization of economic life is concerned is what is happening to morale and people in those countries and there will not be in some of those countries so important an economic life in this world. What is happening to people themselves is going to deprive them from the capacity to leadership, and we cannot take any measures because after the last war we have left so many sore spots and didn't do anything to correct them, and we are having exactly the same thing now. So as I see and as I believe our people at home see it, and very wisely so, our country has to assume the leadership in political and economic fields, and that means that there are a lot of things we have got to do. Now, I still believe that the relationship between states is still going to be between sovereign states. They may be combined into a certain economic division in which certain economic arrangements will prevail, but one of the things that we are fighting for is the maintenance of sovereignty of peoples and so after this war there have to be these entities which we have to deal with and the relationships between states will have to be carried through in an orderly way. Now,
I have thought about it a while and I can't see how in so far as the government is concerned it doesn't have any change with governments. I think the foreign relations of the United States will have to be conducted in the future as they have been in the past through the Department of State, and I think the foreign relations of other governments will be conducted through their ministries of state.

Here in México where they like to speak of their revolution and where they had a very definite revolution and where in spite of this there is a real attachment to democratic principles, you find an extraordinary adherence to established ways of doing business; for instance, this is something that our people at home don't realize. Even in a country like México—practically in many cases between States—in some ways. If I want to go see the Minister of Commerce, the Minister of the Treasury, I can send some one of the staff to see them, but if I want to see them I have to tell the Foreign Office before I go to see them. They don't mind my doing that as long as they know what I am going to do. They know afterwards that I am going there and that means that I can get permission and that nothing will happen, unless they know about it so they can't object to commercial attachés, agricultural attachés, the counselor, secretaries of the staff, et cetera, of going and talking to Ministers, but they don't accept that as final and they don't want me to see anybody without their knowing about it.

Now, behind that is an insistence which I believe
we are going to find remaining in the relationships between states and which is accordingly the practice, so that I think the fundamental principle that has existed and that we have today and that we will have in the future because of these other states, even though we want to change it, is that any arrangements between states, whether political, military, naval, commercial or agricultural, will have to go to the agency of the government charged with the conduct of foreign relations.

Now, the Foreign Service in the past and in times of peace really did an extraordinary job in meeting all these various responsibilities and which usually found the way in which to find the men to do a job.

I recall when the Secretary of the Treasury said that he would have to have certain credentials, I replied in a friendly way that I would have to go and get this work done because we just have to have it done and I have to go out to do it and pay the people wages and salaries that we can't pay them in order to get these men in New York. I can't pay them the salaries. I said "Mr. Secretary, let us try and see if we can't get some men from the Foreign Service to do it; let us try at least", and the result was that we started out with one man and got another, and Mr. was doing this job in one capital and there was I think a great deal of skepticism that the Secretary of the Treasury even was willing to do this and that there wasn't time to be lost. Two years afterwards the head of the Treasury said to me that he had to go out and pay $40,000 a year to get the men to do the work. Now, I have been one of those who have contended that the present
present reservoir of the Foreign Service was big enough to provide the men who could handle the work and provide for any kind of job that we would have needed outside of certain things and that we could in that way, under the Foreign Service of the United States, undertake all of these responsibilities with various agencies and departments of our government. That picture has changed and Mr. Taylor has brought it out. There are certain fundamental principles that we will have to conceive in our relationships with the states and those we can't get away from without upsetting the whole structure of our government and we can't get away from it because other governments can't meet and we can't force it on them, especially in that sort of business. We are trying to retain sovereignties but it is quote obvious that all these problems, whether they be transportation, whether they be finance, whether they be even divisions of the transportation department or of the finance department we shall need men who have more experience and sufficiently more special training for the jobs because the task is bigger, is going to be bigger, than any of us envisions, and I sometimes wonder whether any of us realize how big it is going to be, so that even in an establishment like México, even in establishments like Buenos Aires, Río de Janeiro, perhaps Santiago de Chile, and Cuba, we will need an entirely different kind of setup. I do not believe that in most countries the setup need be materially changed because I think the nature of the problem and the demand are such that they can be handled by some other organization such as the............., but I think we are all beginning to see the problem. If we are going to seek the answer by
by trying to have a generous size of our government going to the field where we have a problem and trying to deal with the governments in those countries directly, we are going to fail, but there is the problem and I think if we recognize that there has to remain a channel for communication between governments and that there has to be coordination, but I mean the State Department's functions of making foreign policy. the function of the State Department in any country, of the ministries of foreign affairs, is to form a policy in coordination with other agencies of countries interested and that it is significant toward its execution. So, I think if we do it promptly so if we go at the problem from a certain that so far as working out details is concerned there should not be any trouble, but if we are going to have insistence on the part of particular agencies of the government trying to establish great contact with other governments, they are going to create a disorganization which will defeat all of the efforts. Now, that is no answer.
DRAFT

(Part II of Ambassador’s talk, afternoon session, April 23, 1942).

One of our major problems is to get strategic material; we have to look for them at home and we have to, unfortunately, look for it outside. We have sent a man here who is a professor in one of universities at home but who over a long period of years served as a practical consultant for the leading mining companies in the United States in practical problems. He is a professor at Yale. He was designated by the Metals Reserve Corporation to come down here and try which we had with Mexico last year to amplify the agreement with Mexico last year under which we bought from Mexico the metals which Mexico could produce. That was good enough at the time but then we needed new sources and he was sent down here. Now, in practice he is in constant touch with the appropriate ministers of the Government, especially Labor, Economy, and Finance. He is working out with them a very practical agreement which involved all kinds of fundamental relationships between the countries and I am glad to say that the agreement is coming to a happy conclusion very soon. During the course of those conversations, the Mexican Government would not take any steps unless it knew that the Chief of Mission here had confidence and approved of them, because they take it that any arrangements between governments has to be through certain channels or else it won't hold, and it has worked out I should say 100% satisfactorily, and now if any new arrangement involved the assignment of a person like that, it was then up to the Embassy..............

It does not make any difference whether he is a member of the Foreign Service or not. He can be given all the privileges and immunities attached to him. Of course I believe that can be worked out but that is the type of arrangement
arrangement that I say we shall have to work out in one phase. It would take more informatory and visionary capacity rather than negotiation of instruments and that sort of thing, but with 28 1/2 years' experience in the Foreign Service I would not take the responsibility because I would not have been able to do it. None of our people could ever carry that responsibility because it involves a knowledge of technical factors and interest which we can't have had. There are certain types of operations that the Service can carry through and has. I don't know a damn thing about sugar, but a few years ago I carried............. It was the most difficult thing that I ever did and the fact that it got through all right was much more likely due to the good will of the Cubans than it was to the particular knowledge that I had of the sugar business, but we can't always count on that you know. There is a problem in certain of our large missions. We simply have to work it out and get the fundamental consideration of the provisions between states. Even in a changed world there xxx have to be certain lines........................................
I want to mention that my statement was a little incomplete. What I have said does not involve any change in the structure of the Foreign Service of the United States itself because as far as our establishments are concerned outside of capitals I think all of us know what we have done and how adequately they have met their responsibilities and they will become collaborators as in the past in this new picture. I see the change in capitals rather than in the rest of the field. One of the striking things is that this gives an idea how trained knowledge in the field to gain experience is necessary and why a new organization in the setup as a war emergency is not always adequate no matter how competent its people may be in the field.

I am not going to use any names and I hope the people in my presence will not be recognized. In November or sometime last year, the State Department was told that we wanted to buy the Cuban sugar crop of 1942, the reason being that we needed the sugar rather than the molasses, and we thought that molasses alcohol because the setup to make molasses required more production. We started out to buy the Cuban sugar crop and it was likely the good will and desire to contribute something for the war that there was peace and willingness to sell the crop without which willingness there could not have been any sale. During the course of the negotiations, which were handled very easily in Washington by Mr. Wamsley there arose the point to have everything
everything settled and agreed to and the Cuban commission was on its way back to Cuba. When they got to Miami the head of the commission called up Washington and said we forgot something. We forgot to put a clause in the agreement that there was no profit on either side in the transaction growing out of this agreement. As a matter of fact they had taken it for granted really that there would not be a profit and had not insisted on this clause but when that came to our people they said "No, no, we buy the sugar and the sugar is ours and if any profit develops out of it why it is our profit, and when it was pointed out that this wasn't really a commercial transaction and that if there were any such transaction as this, the price of sugar probably would be twice than what it was fixed in the agreement. Well within a very few weeks time it didn't make any difference. It was ours and didn't make any profit on it. Well that completely disregarded the fact that during the last war for instance we bought sugar crop and we made a profit on it and a very considerable profit, and we put that in the Treasury, and ever since the last war the fact that we had made that profit on that transaction has been hanging like a......to our relationships with Cuba. Nobody ever forgot it and so very properly these people insisted. This is a purely commercial transaction and we must have this clause in there and if there is any profit divide it between the two governments and it was finally put in the agreement. There is such a fundamentally.........demand of men who were responsible for the other decision, the men for whose business capacity and integrity I have great respect, and it so happens also that men who were going to make that arbitrary decision were
men for whose knowledge of foreign relations I have a high regard because most of our business men have and yet there they were ready to...an agreement on the basis of business principle in private practice which I felt could be applied.........in the state and when he finally said the men responsible for this decision.............

I am not arguing with Cubans but I am telling you that if this doesn't go into the agreement there won't be an agreement. and I went further and said that there would be no agreement. If we know that there is no agreement, the selling price will go/thrice than what it is today in a couple of weeks' time.

Although we have emergency problems now and grave problems ahead, there are factors in the relationship between states and background which have to be observed in a changed world, and with which to keep things in a channel............. which will mean security in our relationships and no undue disturbance in its relationships, so that those relationships can remain stable, we have got to maintain a channel through which past experience and lot of other things will be available.