In the light of the foregoing considerations and factors and others, which although of importance it has not been deemed necessary to mention in this memorandum, it is deemed advisable that the Congress should at the next session carry through a program of consolidation of the Foreign Services of our Government along the following major lines:

1. All the career officers of Commerce and Agriculture, that is, the personnel commissioned under the Hauck Act and the appropriate statutes applying to Agriculture shall be incorporated into the Foreign Service of the Department of State as nearly as possible in a classification of its Service which shall correspond with their present grades and relative importance.

2. The commissioned personnel from Commerce and Agriculture thus drawn and incorporated into the Foreign Service of the Department of State shall hereafter function as Foreign Service officers of the Department of State in the same manner 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, because of their previous training and experience, 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 coming session of the Congress, conditional on their 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 claim 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, would be to the Foreign Service of the Department of State under the present laws and practice governing such admission.

5.
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 other Departments be adequately considered and served, an Assistant Secretary of Commerce and of Agriculture should be designated, under the law or by Executive Order, to serve as members of the Board of Examiners for the Foreign Service and on certain occasions, when matters particularly affecting their departments in the way of assignments or otherwise, to sit as members of 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 that proper 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. This board may be known as the Inter-Departmental Committee on Commercial and Economic Policy.

A further advisory board, it is believed, should 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 or representatives of such organizations as the National Foreign Trade Council, the United States Chamber of Commerce and of outstanding men in the financial, commercial, industrial and social service 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 in the formulation and coordination of policy.

7. It is assumed that the establishment of a single, consolidated Foreign Service of our Government under the Department of State would involve the preparation in the particularly interested Departments, such as Commerce and Agriculture, of the instructions to the field on the types of reporting in which they are particularly interested, which instructions would be transmitted through the Department of State to the establishments in the field. This will provide the adequate safeguards to the departments and agencies concerned.
concerned and to the business and other interests of the country that the steady flow of desired information from the foreign field will continue in an unabated and even fuller form.

9. The plan involves that arrangements shall be made for the prompt transmission of reports from the field to the appropriate departments and agencies and to interested sections of our population and that the digesting and dissemination of information from the field shall be carried through the appropriate departments and agencies in this country such as Commerce, Agriculture, Treasury, et cetera. It is specifically a basic conception of this plan that, while the activities abroad shall be carried through by the Department of State and the consolidated Foreign Service, the dissemination of information in this country shall be in the hands of the appropriate departments.

9. The plan specifically presupposes that it may be necessary from time to time for various departments and agencies of our Government to send abroad specialists and technicians for temporary or more prolonged duty, who, while not officers of the Foreign Service, shall during the period of their tour of duty abroad be given a commission by the Department of State as a Foreign Service officer on a temporary basis and who during such tour of duty abroad shall enjoy the same privileges as regular Foreign Service officers and be subject to the same administrative obligations at the post.

10. The appropriations for the Foreign Service would be through the budget of the Department of State, while the appropriations for all the services in this country would remain in the respective department or agency, this including also the appropriations necessary for the maintenance of persons who might be sent abroad on temporary detail but who are not regular members of the Foreign Service establishment.

11. It is planned that the legislation governing the Foreign Service shall be amended so as to make possible the temporary assignment of Foreign Service officers to other departments of our Government for limited periods in the same manner and under the same conditions as is now provided by statute for temporary assignment to the Department of State. It is believed that it may be usefully considered, in connection with such legislation, to permit the assignment of Foreign Service officers to District Offices of the Department of Commerce in this country for temporary duty or to agricultural colleges or laboratories or to other institutions when in the opinion of the President and of the Interdepartmental Committee on Policy this may be deemed desirable in the public interest.
It is believed that the foregoing setup will provide all the safeguards any department or any section of our population may feel necessary in order to determine that its needs may be fully met. It is the opinion of objective students and observers and of those who have had long experience with the actual conduct of the problems of our foreign relations that the consolidation along the lines above set forth would not only greatly increase the effectiveness and reduce the cost of our foreign establishments, but that it would provide in every way more effective service for all of the interests concerned.

And now there must be considered one of the most important factors which thoughtful persons recognize as fundamental and impelling towards the establishment of a consolidated service and the best machinery for the conduct of our foreign relations. The fundamental factors involved in our foreign trade promotion have considerably changed. After the passage of the war years there was a certain decrease in our shipments abroad due to the entrance of competing countries in world markets after temporary abstention, but until the year 1929 our exports increased annually in ascending crescendo due largely to two factors, the superior quality of our goods and our mass production methods and, of course, because of the enormous amount of capital funds lent by the United States abroad. The problem facing the consular officers of the Department of State and the commercial attachés of the Department of Commerce in those days was one of relative simplicity. They were asked to find a competent distributor in good standing with no competing lines for the product in which our exporter was interested. A wealth of information of a commercial intelligence nature was
was accumulated, extensive lists of importers of all kinds of products in all countries in the world were compiled, thousands of reports were compiled on distribution, competition and standing of foreign firms by our officers until today this World Trade Directory file in the Department of Commerce contains almost 700,000 firms. Under the old technique of exporting, this would be all that the exporter would need to have. With the knowledge that he could compete with his merchandise and precise information as to the standing of a prospective distributor in a given country, he was ready to do business. In many instances, the only obstacle to the further advancement of American exports in a given market was the limitation to the purchasing power of the population for imported goods.

This picture has now completely changed and very rapidly in the last few years and may be expected to continue to change. In many markets, whether the American exporter is on a competitive basis, whether his goods are of better quality, or whether the importer and the public in general are demanding his merchandise are of no consequence in the face of a quota policy barring all imports of that commodity in order to protect some insipid national industry. Or he may be faced by an exchange control policy so devised that, if the American exporter is not actually precluded by this policy from entrance into the market, he can only sell goods in that market with the realization that the proceeds of his sale may be tied up indefinitely in a central bank waiting the issuance of dollar exchange by the Government authorities in sole charge of this function.

We must recognize that the essence of this situation is that the old technique of trade promotion is to a large extent outmoded.
outmoded. The problem today of furthering our foreign trade interests is in a large measure one of negotiation with the central government by those officers of the Government who have a representative capacity, that is, the ambassadors, ministers and other duly authorized representative officers of the Department of State.

In a system of controlled economies and increased Government control over imports and exports which we have to contend with in so many countries today, and will have to face for the foreseeable future, the former type of commodity reporting and intensive trade promotion no longer have the same value. Goods can only be brought out of many countries or brought in today under the general regulations and within the specified limits prescribed by Governments. What we increasingly do deal with in our export and import trade, therefore, is no so much the individual importer and exporter abroad — or the producer — but the Government and governmental agencies which are increasingly controlling specified industries and trades. The functions which officers of our Government abroad therefore can perform for the promotion of our trade and its products are more and more in the keeping open of the channels for trade and this involves negotiation with Governments rather than active trade promotion with individuals and firms. The trend therefore is to place/more and more upon the Department of State and its officers as the representative officers of our Government. It is not a responsibility which we have sought, it is one which is thrust upon us by developments from without and over which we and no one in this country can have any control.

This development in foreign trade was foreseen by Secretary Hull when he embarked on the Trade Agreements Program which
which has done more for the conservation of our trade interests and for the promotion of our trade than an army of agents abroad could have done. You would be surprised how little the conduct of this program has cost this Government and some of you at least realize how effective it has been. The program has been effective because it is not only a wise program but because it foresees and recognized the fundamentally changed conditions in international practice with which we have to deal. As the relations between Governments are conducted through the Foreign Service of their Foreign Offices and as we must follow the rules of the game abroad whatever our practices may be at home, it is obvious that it is only through the Foreign Service of the Department that this approach to Governments can be made and through which therefore the channels of trade must be kept open.

It is quite natural that another fundamental factor which is very important in our problem at this time has been given little thought and that is that trade protection is an exclusive function of officers of our Government having a representative capacity. Trade protection, therefore, has remained during the last century and will remain even more so in the next, we can confidently predict even in this uncertain world, a function of the Department of State and of its Foreign Service. Trade protection is not a function that we can give by Congressional statute in this country to officers of any other Department even though the Congress might wish to do so. You will recall that under the statutes the officers of the Department of State, and this is in accord with international practice, are the only ones which are invested with a representative capacity. For this reason the activities
activities of the agents of other Departments, even though our Government should find it advisable to keep them in the foreign field and under the present organization, would have to keep their activities restricted to the already narrow field of reporting which is now theirs and which will continue to narrow. This is a situation over which this Government can have no control for we can give to our agents abroad only those functions which international practice permits them to have. One of the inexplicable things about the attitude of certain sections of our population today is that, although the field of activity of our Foreign Service establishments of State is so wide and varied and the field of activity of the agents of other Departments so restricted and that the whole matter of trade promotion has consistently remained and must remain in the field of the Department of State, business has consistently given its support to other Services which it has for some reason or other not be prepared to give to its principal servant which has been so effective in many fields.

Another thought which has been neglected is that, even though it might be feasible to place all reporting activities in the commercial and economic fields in the hands of the agents of the Department of Commerce, it would not make it possible for this Government to abandon any one of the 314 posts where we now maintain a diplomatic or consular establishment. These establishments perform, as has been indicated, so many and such varied services under our statutes and under our general practice for so many departments and agencies and for every part of our people that we must continue to maintain them where they are whether they would perform any commercial or economic reporting functions. On the other hand, if the consuls were to cease these functions, it would mean that we would have to duplicate
duplicate the diplomatic or consular establishment at scores of posts at very great cost to our Government and with a consequent decrease in efficiency. The very nature of the work of a diplomatic or consular officer is such that he has precious contact with all phases of government and business and other aspects of the life of the country. His status, under international law as a representative officer of our Government, gives him a preferred position which no other officer of our Government can have no matter how much we might legislate to give it to him. For some reason, therefore, we have sanctioned this unreasonable procedure of duplication when the simplification of the machinery would be so much in the public interest. It is an unbusinesslike procedure.

The question of our foreign representation is one of primary concern to every department and agency of our Government. It is of primary concern not only to a few groups of our population but to our people as a whole. For that reason it is well for us in this country to recognize that, in the conduct of our foreign relations, the needs of any one department or its desires, and for that its ambitions, and the pressure from any group in our population, must be subordinated to the good of our people and Government as a whole. We must have a well coordinated foreign policy which is designed to maintain the peace of our country and to promote our friendly relations with other States, to keep open the channels of trade and to maintain our prestige. It must be a policy which will stand for the maintenance of ideals and rights and those of our nationals in all parts of the world so far as this is consistent with the rights of others.
others and can be carried through in a world in which we now live. It is just this which we must keep in mind for we live in a world of conflict and this means that, in order to maintain our position and our peace and our security at home, we must have this best possible machinery for the conduct of our foreign relations.

This machinery for the conduct of foreign relations must in the opinion of our thoughtful people be under the control and direction of the Department of the Government which is charged with the conduct of our foreign relations, while in the formulation of policy every Department and agency must have its voice. In the direction of activities in the foreign field in which these departments are interested they must have their voice and in this country must carry the digesting and distribution of information. There is, therefore, behind this idea of the consolidation of the Foreign Services into one under the Department of State, the very definite thought of promoting the interests of our Government and of our people as a whole and at the same time better serving the individual interests concerned.

In closing this memorandum, it is advisable to emphasize that the career Service of the Department of State will serve as the admirable nucleus for the combined Foreign Service. It has been built up as a non-political career service and is that in the most true sense of the term. The selection of the persons admitted to the Foreign Service of the Department of State could not be on a more democratic basis. Any young person in this country with adequate educational background can be designated for the examinations without any political pressure or preference. The examination papers are prepared under the supervision of the Board of Foreign Service Personnel.
by competent heads of departments in selected colleges and universities throughout the country. The examinations are held through the Civil Service Commission every year, or as often as it is found necessary, simultaneously in important centers throughout the country so that no one may find it impossible to compete because of the cost involved in a trip to Washington. During the examinations itself, no name appears on the examination papers which are submitted by the applicant so that the rating cannot be affected by any personal preference. The papers themselves submitted by the applicants are rated by selected heads of departments in the respective subjects in colleges and universities throughout the country. Those applicants who are certified by the Board of Examiners as having passed the written examination are then permitted to appear for the oral examination before the Board of Examiners for the Foreign Service in Washington. This Board is composed of unprejudiced persons who determine whether the applicant has the character, alertness, initiative, adaptability, resourcefulness, poise, tact, and other special aptitudes which would fit him as a good all-around representative of our Government. Those who pass the oral examination then must pass a physical examination. Those who are finally certified by the Board of Examiners as having passed the written, oral and physical tests are placed upon the eligible list.

The demands upon the eligible list in recent years have been such that practically every applicant who was finally certified has received an appointment. The original appointment is as a Vice Consul and it is customary for the Department to detail such officers to a nearby consulate for a preliminary tour of duty and for observation for a period
of from six months to a year. At the end of this probational period, they are brought back to Washington where they attend the Foreign Service School in the Department for a period of three to four months and where they are under the observation of experienced officers of the Foreign Service and of the permanent personnel of the Department. It is only after they have successfully finished the tour of duty in the School that they may be considered as members of the permanent Foreign Service.

The system is designed to secure for the Foreign Service the very best young people our country can give. These young people who finally pass these tests have broad general background. Most of them have already been up against the world and a good number of them have had business experience. Almost all of them have had to show their capacity to meet the type of situations which they will be required to meet in the Foreign Service. We have, therefore, in the Foreign Service a reservoir from which we can draw men for any kind of work which need be done by permanent personnel of our Government abroad. In this age of specialization, it is quite obvious that some of these young men will develop special capacities. There is, therefore, no basis on the part of business or any section of our population, or on the part of any Government department or agency, to be disturbed over the thought that the permanent representatives of our country shall be drawn from this reservoir which is so carefully fed. Experience is the best teacher and experience has proved that the Service can supply the men for every need.

It may be well to bear in mind that every time that an effort has been made to improve the machinery of our foreign representation, to simplify our practice and to bring it in line
line with good business practice, the issue has been clouded by the raising of all sorts of misrepresentations and misunderstandings. In the past the Department of State has not felt that it wished to enter into any controversy. The result has been that these misrepresentations and misunderstandings have not only persisted but prevailed. As the Department responsible for the conduct of our foreign relations, and at a time such as that in which we are, the Department of State, conscious of its responsibilities to our Government and to our people and to every interest of our people, can no longer remain silent with respect to some of the factors which have been mentioned in this memorandum. It is necessary that these misapprehensions and misunderstandings be dispelled. It is necessary that business should not insist that Government carry on practices in this respect which it is so highly critical of in others. It is necessary that the question of the machinery of our foreign representation be considered not from the point of view of a particular department or a particular section of our population, but from the point of view of the interests of our Government, of our country and of our people as a whole. If the subject is considered in this calm, dispassionate and objective way, there can be only one solution and that is the consolidation of the Foreign Services into one under the Department of State.