COMPLETE FILE OF SPEECHES DELIVERED BY MR. MESSERSMITH FROM 1937 to 1939 while in the Department of State.
SOME ASPECTS
OF THE ASSISTANCE RENDERED
BY THE DEPARTMENT OF STATE
AND ITS FOREIGN SERVICE
TO AMERICAN BUSINESS

ADDRESS BY THE
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ASSISTANT SECRETARY OF STATE

AT THE
CONVENTION OF THE
NATIONAL FOREIGN TRADE COUNCIL
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When the President of the National Foreign Trade Council, Mr. Thomas, wrote the Department of State several months ago that the Council would be very glad to have a number of officers of the Department attend your annual meeting, we were very glad to accept, for those of the members of the Department staff who have had the privilege of attending your meetings in the past have always found them helpful and stimulating.

When Mr. Thomas later indicated that he believed it would be interesting to the members of the Council to have an officer of the State Department explain what we are doing at home and abroad in the way of protecting, conserving, and promoting the interests of American trade and commerce and American interests in general, it seemed proper to make some statement to you at this time, when in so many parts of the world our interests are being threatened and when it is increasingly being recognized by a larger part of our population how much the permanence and health of these interests are a part of our social, economic, and political structure.

What I will say to you this evening will be quite informal and, because of the limitations of time and your patience, will necessarily be very condensed. It would require indeed a considerable amount of time, and perhaps a

2 Address by the Honorable George S. Messersmith, Assistant Secretary of State, on the evening of Nov. 3, 1937, before the Merchandising and Trade Advisers' Session of the National Foreign Trade Council Convention, in Cleveland, Ohio.
whole volume, to cover in any adequate fashion the services which the Department of State is rendering to business alone, not to speak of the services rendered to those other interests which make up the sum total of our national life and all of which have their individual importance to large groups of our population. I hope in the time which I shall take this evening to cover at least a few of the major aspects of the Department's services.

It may be well at the outset to recall that the Department of State is the oldest and ranking Department of our Government. Under the Constitution the President is charged with the conduct of our foreign relations and all the manifold duties which that implies. The Department of State has been, therefore, since the inception of our Government, and is today the sole Department and organ of our Government through which the President may and does conduct our relations with other countries.

There was a time when our relations with other countries were relatively unimportant and restricted in scope. We were so busy developing our resources and our national life within the confines of our own frontiers that we were relatively less interested in what passed beyond our borders. Our foreign-trade problems required less extensive knowledge of foreign markets than they do today, as up to 1896, 66 percent of our exports consisted of agricultural products, and the balance, of manufactured goods. In those days our foreign trade was almost completely financed by foreign banks. In the succeeding 30 years this situation was completely reversed, and our exports of manufactured goods accounted for two-thirds of our export trade. As the country has grown and as the nature of world relations has changed and as our national life has developed in such a way that practically nothing can happen in any part of the world which
does not in some way or another affect us, the work of the State Department has grown in importance perhaps more than that of any other Department.

The Department of State, in spite of this increase in its responsibilities, has remained, although the oldest and premier Department, the smallest and the one which costs our Government the least. It may justly be proud of this record, for it has endeavored throughout these years to function not only efficiently but economically. I think I should tell you, for it is particularly important to you as businessmen to know this, that the total appropriations by the Congress for the Department of State for the current fiscal year are $19,583,000; of this amount $2,557,000 is for the Department of State and its activities in the United States, which as you know are concentrated in Washington except for several despatch agencies and passport agencies; $12,164,000 is for the Foreign Service, which covers the total cost of all of our activities of the Department beyond the confines of the country, including, therefore, the entire cost of our foreign representation; and $4,593,000 is for international obligations, payments under treaties, maintenance of boundary commissions, and for participation in conferences as required by treaty and statute. The latter sum of $4,593,000, and $222,000 to pay claims approved by the Congress, cannot be considered in a real sense as expenditures for the Department of State, leaving the amount appropriated for the Department of State and its Foreign Service for the current fiscal year as $14,767,000. The Department and the Foreign Service, it is estimated, will receive during the current fiscal year no less than $3,000,- 000 in fees for services which they perform. The State Department costs the Government so little that its actual needs have sometimes been overlooked and yet it is one of the few agencies of the Government which turns into the Treas-
ury in fees for services it performs a substantial part of all the funds required for its activities. The fees received, it will be noted, are more than equal to the cost of the maintenance of the Department and all its activities within the United States and reduce the whole cost of the establishment at home and abroad to about $11,767,000.

In these days when figures are so important and when public expenditure is so much in the public mind, it is desirable that not only our businessmen but our whole population should realize that the Department of State, which is the specific and sole instrument of the President, and therefore of our country, in the maintenance of peaceful and productive relations with other countries and which is frequently called "the first line of defense", is the one which is costing our Government the least of all of our departments and that it is this year about 1 percent of the total cost of the Army and Navy establishments during that period. It is when the efforts of the President and of the Department of State through its officers at home and abroad do not prevail that the impending catastrophe of war threatens havoc to every aspect of our internal life, not to speak of the toll to be paid in the way of life. We are lacking in prudence, therefore, when, in times of peace, and today in times of increasing stress, we fail to recognize the importance of this Department and its efforts in the maintenance of peaceful, friendly, and fruitful relations with other countries. Once war is the only alternative to the maintenance of these relations, we will spend in a single year in the way of national treasure what it would cost to maintain our Department of State on an adequate and effective basis for several centuries.

The work of the State Department, particularly as it relates to the protection, conservation, and promotion of our commercial in-
terests, must be examined from the dual point of view of the activities in Washington and in the foreign field. It is these interests which absorb a great deal of the time of the Secretary and of the executive and principal officers of the Department. There is practically no phase of the relationship between states in this day in which economic factors do not enter. It is in this respect that the work of the Department in its relation to business is particularly important. There are other departments of our Government which are equally concerned with business and industry in our country, but they have to be interested more specifically from the internal point of view. In the Department of State all these problems of business, foreign trade, finance, and industry must be viewed not only from the internal and immediate point of view but from that of our relations with near and far-distant states, from the point of view of our treaties and international obligations, and always keeping in mind our long-range interest as in contrast with the pressure following from some immediately present and temporary situation. It is, therefore, not too much to say that every day in every Division of the Department problems intimately connected with our whole economic structure are the subject of earnest consideration and of definite action. It is out of these policies conceived in the best interests of all of our people, of all groups of our population, of every conceivable interest that makes up our national life, that instructions are sent to the officers of the Department all over the world, who are its instruments in interpreting and in carrying through these policies.

The Foreign Service of the Department of State is its instrument and that of the President in actually carrying into effect abroad the commercial policies which may be adopted. The officers of this Service are not only the instruments to carry through these policies but
also to perform the multitudinous duties which are placed upon them by international practice and by our statutes, including the many which they perform for practically every other Department and agency of our Government. Although they are officers of the Department of State, they in fact serve and are the agents of practically every other Department which needs or wants information from or about foreign lands and problems. The services which our Foreign Service officers perform for the Department of State are based either on international practice or on statutes, and they cannot be performed by the agents of other departments, no matter how able or numerous such agents might be, as under accepted practice in other countries it is only the agents of the Department of State who can perform these particular services. This fact and also the fact that the Department of State is the instrument of the President, under the Constitution, for the conduct of our foreign relations, should be constantly borne in mind.

The Foreign Service of the Department of State is the oldest of our services functioning abroad, and from its very inception its major duties have included the protection and promotion of American trade and shipping, for which it and its officers are eminently fitted. We now have 17 embassies, 38 legations, and 284 consular establishments scattered all over the world in important political and trade centers and practically wherever any American interest exists. Even though the foreign representatives of the State Department had no duties in connection with the promotion and protection of our commercial interests, the great majority of these establishments would have to be maintained by our Government for other reasons of international public interest. It is, therefore, only logical and an exercise of good business judgment that these officers should also be used, as they constantly and
successfully have been used, for the promotion and protection of our commercial and trading interests.

In spite of the greater burdens in political and economic work due to disturbed conditions in so many parts of the world, the Foreign Service has been giving a good account of itself in protecting American lives and property, in reporting on political, social, and economic conditions for the State and other departments and, in addition, carrying the heavy burden of administrative work required in connection with keeping the Department of State and our Government informed of world-wide developments. This work has been accomplished, I believe, with constantly increasing efficiency in spite of a reduction in career personnel. On July 1, 1932, the career strength of the Foreign Service was 762 officers; on September 30, 1937, there were 708 career officers. In other words, in spite of the heavier burdens and the more complex nature of the work to be done, it is being done with less personnel. This is characteristic of the record which this Department has constantly endeavored to maintain as a businesslike establishment. I would like to point out, however, that this is in itself an effective indication of the increasing quality of our personnel and administration. I must also, however, point out that it has been possible to do this only through prodigious effort and strain. These increasing and ever more complex demands upon our Foreign Service cannot continue to be met in an adequate way if the Department is not given sufficient funds for personnel and maintenance.

The changes which have taken place in our foreign relations, let us say since the outbreak of the World War, are so fundamental in character that today vastly greater responsibilities are imposed on the career officers of the Foreign Service in order to protect adequately our trade interests abroad and to keep you and the
various departments of our Government in­
formed of political and economic developments
affecting these interests. At the outbreak of
the World War we were a debtor nation; today
we have a long-term investment in foreign
countries approximating 13 billions of dollars.
Such an investment is bound to increase all
varieties of trade problems, both in number
and in complexity. Until 1929 our exports ex­
panded yearly, and the problem of our Foreign
Service was essentially one of trade promo­
tion, in essence, the finding of markets and of
suitable foreign agents or distributors to handle
American goods. Conditions that have de­
veloped since the world-wide depression have
changed all this. We have in recent years
witnessed the creation of a host of devices
which are calculated to bar our goods from
foreign markets. The effects of unduly high
tariffs, exchange controls, contingents, import
quotas, and nationalization of industries and
products are well known and need no further
elaboration here. Against conditions such as
these the former technique of trade promotion
became almost helpless in achieving results.
The situation required a major operation in
the field of policy, and it was this that led
Secretary Hull to formulate and inaugurate
the trade-agreements program to which our
Government and, I am glad to say, the vast
majority of our informed public are wisely
lending their support.

In order properly to appraise and report
upon these conditions which every American
businessman has to face, and which we also
have to face in the formulation of general
and economic policy, it has been necessary con­
tinuously to place greater emphasis upon the
training of Foreign Service officers along eco­

nomic lines. Our officers had been doing good
work in this field and for decades had been
a principal source of information concerning
business conditions abroad. The new situa­
tions which have developed, together with the new difficulties which present themselves, have made more special training necessary. For this reason the possession of a fundamental knowledge of economics is emphasized in the examinations for admission to the Foreign Service, and the appraisal of the candidates' qualifications in this regard does not cease with appointment to the Service. After a preliminary assignment of about a year at a post in a nearby country, at which the newly appointed officer acquires the fundamentals of consular practice, he is brought into the Department of State for an intensive course of instruction in the Foreign Service School of the Department. The course includes instruction on the importance of our foreign trade, its break-down by commodities and related groups of articles, the principal markets, the important commodities exported, the relative position of competing countries, such as Great Britain and Germany, and in the methods of doing business abroad. The course further provides information on the technique of exporting, of financing foreign shipments, and in quotations on products, in order to give these officers an adequate basis for the proper performance of economic work in the foreign field.

The interests of our importers are also kept in mind and our import trade analyzed. This fact is of importance because of our dependence upon foreign sources for supplies of tin, manganese, nickel, chromium, rubber, raw silk, wool, coffee, sugar, bananas, and certain other essential materials not produced at all or in adequate quantities in our country.

As a result of this continuous, critical appraisal which the Department makes of the capacities of Foreign Service officers in economic work, it has been the policy of the Department for a number of years to assign such men as have shown outstanding qualifications for this type of work to important commercial
posts where their services may be utilized to the greatest degree. Recently the Department has assigned an officer to the Post Graduate School at Harvard for the purpose of pursuing certain advanced studies in economics and finance. Several other officers of proved special capacities and adaptability are taking up similar work in other universities and colleges where we have found particularly valuable training available. It is hoped, if the slender appropriations of the Department permit, to detail other officers from the Service to postgraduate schools in different parts of the country for instruction and training in investigation along economic and financial lines.

The statement has been made by persons not particularly well informed that the Department of State is not and has never been interested in trade. Perhaps the lack of knowledge of what we are doing and have been doing for decades, quietly but I hope effectively, is due to the fact that it is not only a tradition but a necessity that this Department not blow its own horn. You, I am sure, have ample evidence of the work which this Department has been doing and of the service which it has been rendering. The earliest legislation authorizing the appointment of consuls was in the act of April 14, 1792. However, prior to this law President Washington had, in 1790, appointed 6 consuls and 10 vice consuls under his general constitutional authority. One of these, it is interesting to remark at this time, was sent to China. The duties of these officers were defined as relating to the protection of American citizens or "such as arise from the nature of the office under the general commercial law of nations." President Tyler, in 1843, enunciated our policy in the well-known letter to the Emperor of China, in which he stated in part as follows:

"Our Minister Caleb Cushing is authorized to make a treaty to regulate trade. Let it be
just. Let there be no unfair advantage on either side. Let the people trade not only at Canton but also at Amoy, Ningpo, Shanghai, Foochow and all other places as may offer profitable exchanges both to China and the United States provided they do not break your laws or our laws.”

The foreign relations of the United States today have increasingly a preponderant economic background so that the Secretary of State must have constantly at hand precise, up-to-date, and adequate information as to economic developments abroad in order to discharge efficiently the function with which he is exclusively charged, that is, of advising the President and acting as his agent in the conducting of the foreign relations of the country. This requires intensive studies and prompt action on the part of the Foreign Service—from the important embassies situated in the great world capitals as well as from the most distant seaport or inland consulate. The personnel of our missions in capitals abroad observe carefully political and economic developments and evaluate and report upon conditions as they affect our interests in and relations with each country. The consular branch of the Service submits trade opportunities for the sale of our goods, finds suitable agents for our exporters and manufacturers, submits reports indicating the general standing and responsibility of foreign firms which may serve as contacts or as agents for American exporters, prepares replies to trade inquiries from exporters and export organizations relating to tariff conditions and markets, and assists our traveling sales representatives and businessmen by suitable advice in the protection and promotion of their interests. In addition to this our Foreign Service officers prepare reports on commodities, market and sales conditions, local industries, and on a wide variety of aspects of life in the country in which they are stationed. These reports are made available to
and are used by practically every Department and independent agency of our Government. Many of the administrative functions of these officers are also intimately connected with the proper functioning of our foreign commerce. Steamers are entered and cleared at all hours of the day and night by consular officers; seamen are shipped, discharged, and if necessary sent to the hospital for medical treatment; invoices of goods destined for the United States are certified, disinfection certificates granted, bills of health issued to American and foreign vessels, quarantines and quarantine laws reported, epidemics of human diseases announced to our Public Health authorities and those of animals and plants to the Department of Agriculture by cable and by mail, passport visas issued to commercial travelers en route to the United States, and complete information provided to foreign shippers as to the provisions of our customs tariff.

To discharge these duties efficiently requires careful study of pertinent laws and regulations, of foreign languages, and of methods of doing business in all quarters of the globe. While the requirements for admission to the Foreign Service include a knowledge of languages, there are in certain regions special conditions so important that the Department has been obliged for a considerable time to train a certain number of its officers in unusually difficult languages such as Chinese, Japanese, and some of the Near Eastern tongues. For this purpose we have today eight officers on assignment at the Embassy in Tokyo studying Japanese, five at the Embassy in Peiping studying Chinese, and one at the Consulate General in Beirut who is continuing his studies in Turkish and Arabic. Many of our officers at present actively on duty in Near and Far Eastern posts and in the Soviet Union have in years past completed these courses and are proficient in these very necessary tongues. Just
a few days ago we assigned these language students at Tokyo on the completion of their course in Japanese to posts in China and Japan, where their knowledge of the language will be of particular value in these critical days.

In order further to promote the efficiency both of the Department of State and of the Foreign Service in its political as well as in its economic work, an adjustment has recently been made in the basic organization of the Department and the number of political Divisions reduced from six to four. Political advisers have been appointed to assist the Secretary and the Under Secretary in the formulation and the coordination of questions of policy. In connection with this readjustment an endeavor has been made to provide an easy and practicable procedure for businessmen and others to consult the responsible officers of the Department when there is a need for it—that is, gentlemen, to make it more than ever your State Department. This readjustment of functions in the Department is simply another step forward in the process that began with the issuance of the Executive order of June 27, 1906, through which President Theodore Roosevelt placed the Consular Service on a merit basis and required that promotions in this Service should be on a basis of efficiency. At the same time standards were established for an examination which included foreign languages, economics, and knowledge of industrial and commercial resources of the United States for all candidates desiring admission. The basic provisions of this Executive order were applied to the Diplomatic Service by President Taft in 1909. The act of February 5, 1915, continued the process by providing that commissions in the Service should be to a particular class and not to a particular post, and all officers were made subject to transfer from post to post at the will of the President. This was followed by the act of May 24, 1924, for equaliz-
ing the salaries in the diplomatic and consular branches of the Foreign Service, providing for a system of retirement and adopting the principle of a unified Service with interchangeability between diplomatic and consular posts. With the improvement effected by the Rogers Act of 1924 and its subsequent amendments, the granting of modest quarters and representation allowances, and the establishment of more adequate salary scales, the Foreign Service now affords a career offering a life of useful service to the best brains among the young men of our country to whom the accumulation of wealth is not a primary object in life.

I have recited some of these facts to you for the purpose of emphasizing how baseless is the criticism which is still too often directed against the Department of State that it does not concern itself with matters of business and is not deeply enough interested in the problems of the American businessman. As a matter of fact, I venture to say that the great majority of the services rendered to our business abroad and of the information which reaches our Government and our manifold interests in this country from abroad comes from the Foreign Service of the Department of State. This is as it should be, for these officers are the natural instruments of our Government for the collecting, collating, and transmission of this information. In this country the information is naturally directed to the various departments and branches of our Government most immediately interested, and there are commercial, agricultural, and other agencies by which it is interpreted and disseminated for the appropriate use of the data in the promotion of our interests. It is a curious fact that even well-informed businessmen who have for many years been using information originally provided by our Foreign Service and who prize it very highly have occasionally been among the most vocal critics of this Department and
its agents. It is not for me, as a servant of the Department of State and for many years a member of the Foreign Service, to overemphasize here the work which this Department has been doing. On the other hand, as an American who is keenly interested in all that pertains to the protection and promotion of every legitimate interest of our country and its people, I am proud of the record which that Foreign Service has unselfishly made and I am confident that that Service merits every confidence which American business may have or will place in it. There is much in a concrete way with respect to these services rendered which it is impracticable to recount here, but I would like particularly to call attention to a recent and quite comprehensive statement made by Secretary Hull with respect to the work of the Service in the commercial and economic field, which appeared in your publication The Overseas Trader for March 1937.

There is only one further point of the many which I would like to take up with you that I wish briefly to discuss, and that is the trade-agreements program upon which our Government has embarked. In order to carry through this trade-agreements program a separate Division has been set up in the Department of State under the immediate supervision of Assistant Secretary Sayre, who is addressing the Council during its sessions. All the interested departments of our Government, such as Commerce, Tariff Commission, Agriculture, and Treasury particularly, are cooperating closely in this program, and their representatives sit constantly and lend their effective cooperation on the committees which do the actual work in the formulation of the agreements in the State Department.

I wonder if even you who are so interested and so familiar with the problems involved in foreign trade fully appreciate to what degree the prosecution of the trade-agreements pro-
gram requires detailed investigation, intensive preparation, a close study of economic policy of foreign countries and of practically every commodity entering into foreign trade, and that all this work requires the services of trained experts along almost innumerable lines to safeguard our interests. The work involved in connection with each single agreement is enormous. Members of foreign delegations coming to Washington in connection with these negotiations have been heard to express amazement at the completeness of the American information. They have in more than one instance said that our representatives were better informed about foreign countries than were their own experts. What I particularly wish to bring out is that all of this work has been accomplished without the addition of a single career officer to the Foreign Service, although the increased demands on the Foreign Service for information and studies have been very large. Once again the officers of the Service have risen to an emergency. It is true that the Department of State has this organization which has been set up for the purpose of developing the trade-agreements program, but the organization is, by the specific terms of the legislation creating it, temporary in character, and upon the conclusion of the program, in accordance with the Congressional mandate, it is to be dissolved, leaving the burden of keeping the agreements up to date and duly revised in the regular organization of the State Department. Thus a most important step forward in the interest of American trade, as well as a tremendous influence for peace throughout the world, has been prosecuted with relatively little expense in the Department of State in Washington and with no additional expense for the Foreign Service.

And above all, I think it is significant to note that this program is perhaps the only single, important, constructive element at work
in this disordered world to bring back order into dislocated commercial markets. It is one of the greatest single elements, if not the greatest, working today for peace and stability. This trade-agreements program is, therefore, important not only because it means so much for the reestablishment of our markets throughout the world but because, in the opinion of the President and of Secretary Hull and I believe of all persons who have given this subject real thought, it is the principal instrument which is working for the maintenance of the peace of the world in a world in which that peace is so definitely threatened.