ADDRESS DELIVERED BY GEORGE S. MESSERSMITH, ASSISTANT SECRETARY OF STATE, AT THE CLOSING SESSION OF THE ANNUAL CONVENTION OF THE NATIONAL FOREIGN TRADE COUNCIL AT THE HOTEL COMMODORE IN NEW YORK CITY ON OCTOBER 11, 1939.

THE ASSISTANCE RENDERED BY GOVERNMENT IN THE PROMOTION AND PROTECTION OF AMERICAN FOREIGN TRADE

The assistance rendered by Government in the promotion and protection of American foreign trade is a part of the general program of our Government for the promotion and protection of the interests of our citizens at home and abroad—a fundamental purpose of government.

While practically every department and agency now included in the organization of our Government has some part to play in the promotion and protection of our domestic and foreign trade, it is the Departments of State, Commerce and Agriculture which are primarily interested in the promotion of our foreign trade—which, gentlemen, is the field of your particular interest. As the first of these Departments to be organized under the Constitution, the Department of State has continuously, since the beginnings of our Government, played an important role in the promotion and protection of our foreign trade. Already before the adoption of the Constitution we had sent out a number of consuls to important seaports in Europe and elsewhere, whose primary function was to look after the interests of American shipping, which already in those days had reached respectable proportions.

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We began to send out, with Franklin and Adams, ministers to represent us before foreign governments and to negotiate treaties for the protection and advancement of our trade. Although for a little over a century after this beginning our diplomatic and consular representatives were drawn very largely from political life, they had as a primary function, which they performed, under the circumstances, extraordinarily well, that of making reports on commercial and industrial and financial, as well as on other aspects of the life at their posts of residence. This information was given only limited analysis and dissemination in this country, and we were so busy developing our own internal resources and building up various aspects of our national life that we had very little interest in foreign markets except for the disposal of a surplus of this or that product. Our foreign trade did not play a vital part in our national economy.

With the beginnings of the present century our interest in foreign markets became more intense as we had greater surpluses, principally agricultural, of which to dispose. Then came the rapid industrial development, which created surpluses in a new field— that of manufactured products. As an illustration of the change that has taken place in the character of our export trade since the beginning of the present century it is only necessary to point out that during the years 1896-1900 the average of agricultural exports from the United States comprised 66.3 percent of our total exports. This proportion of agricultural exports over the years has undergone a steady decrease until in 1936 they accounted for only 39.5 percent of our export trade. On the other hand, our exports of non-agricultural products, which in the years 1896 to 1900 averaged 33.8 percent of our total export trade, rose in 1936 to 70.7 percent of our total exports.

Our interest in foreign trade was first directed to the furtherance of our agricultural exports abroad and the establishment of the Department of Agriculture in 1862 resulted in constructive studies in this field being made. In 1888 an act of Congress was passed requiring the submission by the consular officers of the United States of monthly reports for the use of the Department of Agriculture relative to the character, condition and yields of agricultural crops abroad. This information was disseminated by the Secretary of Agriculture in the monthly crop reports of his Department.

The increasing importance of our industrial establishment at the beginning of the present century led to the creation of a Department of the Government which had, among other functions, that of fostering our export trade in manufactured goods. This agency of the Government was created by the act of February 14, 1903, establishing the Department of Commerce and Labor. In 1912 the Bureau of Foreign and Domestic Commerce was created. In the field of foreign trade it is the specific responsibility of these Departments, that is, of Agriculture and Commerce, to keep informed of developments in trade and agriculture in other countries so that they may in turn inform our people where they may find favorable markets for our surplus products. It is their specific responsibility to maintain
maintain contact with producing interests in this country, to digest and disseminate information on foreign market conditions to interested circles in this country, and to collaborate in a program for the promotion of our domestic trade and of our exports.

The setting up of the Departments of Commerce and of Agriculture within our Government did not in any way lessen the functions of the Department of State in the promotion and in the protection of our foreign trade. The protection of our foreign trade and of the interests of our citizens abroad has always been a primary function vested solely in the Department of State under the Constitution and our statutes. It is a function which could not be exercised by any other department of Government because it must be exercised by that department which is charged with the responsibility for the conduct of our relations with other states and with the formulation of policy. The protection of our foreign trade, therefore, and of our shipping and of our nationals, which involved the negotiation of treaties and agreements with other governments, remained a primary function of the Department of State and of its agents abroad. In 1914 the Department of Commerce was authorized by statute to collect, through commercial attaches abroad, information on industrial and commercial conditions to supplement that which the diplomatic and consular agents of the Department of State had been furnishing for over a century. In 1930 the Department of Agriculture was authorized by statute to assign a certain number of agricultural attaches to our diplomatic missions abroad whose duty it would be to provide information on agricultural conditions to supplement that which had been and was being furnished by our diplomatic and consular officers. This service of Commerce abroad was expanded quite rapidly; that of the Department of Agriculture was kept within very reasonable limits. As was entirely natural, there developed a tendency to increase the number of commercial attaches and trade commissioners at posts where our officers were already stationed and charged with the duty of furnishing the same material for the information of our Government and people. This development took place during a period when our interest in foreign trade was growing, under pressure of increasing production at home. It took place during a period of relatively free exchange of goods, when trade barriers, with the exception of tariffs, were at a minimum, and when there was practically no control on foreign exchange and international payments.

In the desire of Government to aid business our federal representation abroad was somewhat overdeveloped and overexpanded. In the very nature of things the Department of State had to maintain its diplomatic and consular establishments in foreign capitals and strategic commercial centers. They were charged with functions in the conduct of our foreign relations and in the protection of our trade and nationals which could not be delegated to another department. These establishments, therefore, had to be maintained. Increasingly the agents of other departments of Government were being sent to the foreign field and functioning in the same posts where organizations of the Department of State had already long been in existence.
The result was inevitably an overlapping of fields, a
duplication of effort, a complicated approach to foreign
governments, an embarrassment to foreign businessmen who
received requests from agents of different departments
of the Government for identical information, and a dissip­
ation rather than a concentration of effort in behalf of our
trade and nationals.

I have made no mention of the increasing cost which
this unnecessarily complicated organization involved and
that it was an organization in Government which business
would not tolerate for itself.

Under the second Reorganization Plan submitted by
the President to the Congress in the closing days of the
last session it was proposed that the Foreign Services
of the Departments of Commerce and of Agriculture should
be merged with the Foreign Service of the Department of
State and that the Department of State should be responsi­
ble, through its Foreign Service, for the work abroad.
The fundamental purpose was, through the unification of
the Services, to give Government and business a more ef­
eective instrument and organization in the foreign field.
Although there were those even in informed business cir­
cles who viewed this change with some concern, it was
recognized that the organization which the Government did
have in the field was not in accord with good business
practice and that in view of the conditions which Govern­
ment and business had to meet in every part of the world
it was necessary that the foreign arms should be strength­
ened through this unified approach. The protection of
trade had become a major function of Government. Trade-
promotion efforts remained important but they no longer
had the same effectiveness as in the decade preceding.

The changing character of the relationship between
states and the introduction of new factors therein, and
the changes within certain states in their economic,
social and political structure, have introduced new
problems which have to be considered by Government and
the private trader. While it is just as important today
as it has been previously for our Government and for our
business interests and for our farmers to be kept cur­
rently informed concerning developments in foreign mar­
kets, these reports in themselves no longer serve the
purpose they once did. It is no longer only a question
whether a purchaser, let us say, in France wishes to buy
a certain product from us, or whether a seller here is
prepared to ship that product to the customer in France.
It is a question also whether the regulations of the
French Government will permit this transaction to take
place. It is no longer only tariff barriers which goods
have to surmount, but it is the even more difficult bar­
riers of trade restrictions, clearing agreements, quotas
and the like. It is no longer the simple problem whether
A in New York can reach an agreement to sell B in Paris,
but whether by agreements between the two countries a
certain quantity of goods can pass over the barriers
which have been erected. This involves the negotiation
of agreements and treaties and of arrangements between
Governments which can be carried on only by the Depart­
ment of State and its diplomatic and consular officers
abroad.
abroad. The individual trader finds himself utterly helpless without the assistance of Government. The whole field, therefore, in which Government can operate for the protection and assistance of American trade has undergone fundamental changes and the part which Government has to play in the assistance given to business and agriculture has become necessarily very much greater. The machinery which served us for this purpose in the foreign field, and to a degree at home, had necessarily to be adapted to meet these new conditions and it was to meet these that the consolidation of the Foreign Services of our Government was planned. This, the trade-agreements program and similar measures have been a part of that very earnest effort which Government has made to meet the new problems arising in our international relationships so that the interests of our trade and commerce may be adequately protected.

I will endeavor very briefly to set forth the organization and the machinery which Government has provided for the promotion and protection of our foreign trade under the setup which is in operation today. The Department of State in Washington and through its Foreign Service is primarily responsible for the protection of our interests abroad and for the negotiation of agreements and treaties in the protection and furtherance of those interests. In carrying out this work it is aided by its Foreign Service, which is composed of some 800 career officers stationed at some 314 establishments in capitals and strategic trading centers throughout the world. The Foreign Service, in addition to its many other duties, is charged with the sole responsibility of gathering all the information required by other agencies of our Government in the fields of commercial and agricultural markets.

On the other hand, the Department of Commerce remains primarily charged with the function in this country of promoting the internal and foreign trade, and this part of the work of that Department is centered in the Bureau of Foreign and Domestic Commerce, which is admirably organized into a series of commodity and technical divisions. In order to keep in touch with domestic markets and trade, the Bureau has district officers throughout the country, and in those important commercial centers in the country in which it has no district office it has close cooperative arrangements with Chambers of Commerce. The Department of Commerce, through the Bureau of Foreign and Domestic Commerce, is charged with the responsibility of analyzing and disseminating information on domestic and foreign markets.

The Department of Agriculture, through the Office of Foreign Agricultural Relations, is charged with the function of maintaining direct liaison between the Government and the agricultural interests of the country and with the analysis and dissemination in the United States of information gathered abroad by the Foreign Service relating to foreign agricultural markets. It has agents in various parts of the country and cooperative arrangements with agricultural organizations.
The delimitation, therefore, is one which is simple and businesslike. It is the Department of State, as the agency of Government responsible for the conduct of our foreign relations, which is solely responsible for the work abroad and the Departments of Commerce and Agriculture which are solely responsible for the analysis and dissemination in this country of information received from abroad.

As of July 1, 1939 the separate Foreign Services of Commerce and Agriculture ceased to exist and were consolidated into the Foreign Service of the Department of State. The officers of the Foreign Services of Commerce and Agriculture have been incorporated into the Foreign Service of the Department of State and hold commissions as Foreign Service officers. This consolidation involves the disappearance abroad of the separate establishments which Commerce and Agriculture have maintained in foreign capitals and in some commercial centers and the physical incorporation and assimilation of their activities in the mission or in the consulate. I believe this should be hailed by business as a constructive step by Government. Up until 1924 the diplomatic and consular branches of our Government were entirely separate and we maintained separate diplomatic and consular establishments in all capitals. Under the so-called Rogers Act of 1934 the diplomatic and consular services of the Department of State were united into one Foreign Service and a program of physical consolidation of our consular and diplomatic establishments in capitals has been carried out. This step, which at the time was viewed with some concern by many interested in our foreign relations, has proved to be one of the most constructive steps undertaken by our Government in its endeavors to improve the machinery for the conduct of our foreign relations in the interest of our citizens. The consolidation of the Foreign Service of Commerce and of Agriculture into the Foreign Service of the Department of State and the consolidation and assimilation of the separate establishments of Commerce and Agriculture in certain capitals and other cities under Reorganization Plan No. 2 is therefore only a further step in that program of effective organization of the instrumentalities of Government abroad on which we have been making constant progress.

Although the Foreign Services of Commerce and of Agriculture have therefore ceased to exist since July 1, 1939 and the former officers of these Departments in the foreign field are now officers of the Department of State, the actual incorporation of the separate offices of these Departments abroad is being carried on slowly and with care. There will have to be a certain period of transition. It is, of course, most important that the services to Government and to business should not suffer any interruption and the flow of reports needed by Government and business should continue, even in a war-torn world, and steps toward this end have already been taken in appropriate instructions to the Foreign Service establishments concerned.

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This Government is, therefore, planning to set up in every capital a reporting unit, as a part of its mission, which will be devoted to commercial, industrial, financial, and agricultural reporting. While this unit will be under the direct control and supervision of the ambassador or minister, just as are the other divisions or sections of the establishment of our Government in the capital, a Foreign Service officer of appropriate qualifications and rank will be designated as the officer in responsible charge of the reporting section. In view of the specialized experience of the commercial attaches in reporting on commercial and industrial problems and in meeting the needs of the Department of Commerce, it is the intention of the Department of State to designate as the Foreign Service officer in charge of these reporting units officers who have heretofore been commercial attaches in the service of the Department of Commerce. At those diplomatic missions to which an agricultural attaché is assigned it will be the policy of the Department of State to entrust the supervision of the agricultural reporting to officers who have formerly served as attaches for the Department of Agriculture. To this section will be assigned those officers of the staff who have shown special competence in reporting lines. The reporting section in the capital will be charged not only with the reporting from the mission but with the supervision and coordination of the reporting of the consular establishments in other cities in the country. In order that these reporting sections may be set up in the most effective manner possible we have asked the chief of mission at every post, with the collaboration of the appropriate officers of his staff, to furnish us a report on the organization of his establishment as a whole and the proposed organization of the reporting section. These reports are now coming in, and it is our hope that within the course of several months more these organizations will be completed and the amalgamation of the establishments in the field, as well as the amalgamation of the Services themselves, will be completed. As one who has been a servant of our Government in the field of the conduct of our foreign relations for a quarter of a century and as one who, as many of you here know, is very deeply interested in the protection and promotion of our foreign trade, I can give you the assurance that this program is being carried through on wise and sound lines, and I have every confidence that when you make your next trip abroad and visit our establishments in capitals and in other strategic commercial centers you will find that the organization there existing for your service has been greatly strengthened and improved.

The Bureau of Foreign and Domestic Commerce in the Department of Commerce and the Office of Foreign Agricultural Relations in the Department of Agriculture remain primarily responsible in this country for the liaison between Government and business and agriculture. These Departments in this country will remain primarily responsible for the direction of the commercial and agricultural reporting activities of the Foreign Service officers of the Department of State. It is these Departments which will prepare the instructions on which the reporting activities of the officers of State abroad are based and the instructions which these Departments will forward through the Department
of State to its officers abroad will be based on the needs of our business and agricultural interests as determined by them. Through the consolidation of the Foreign Services and the establishment of these reporting units in our establishments abroad the facilities available to the Departments of Commerce and Agriculture in the foreign field and to our business and agricultural interests have been greatly strengthened. It may, I believe, be unhesitatingly stated that as a result of the consolidation in the Services and establishments abroad these Departments will be in a better position not only to have the information which is needed by Government but also that needed by the interests which the Government serves.

As the Departments of Commerce and Agriculture will remain primarily responsible for the analysis and dissemination of information on foreign markets and conditions in this country, reports on commercial, industrial, financial, and agricultural conditions abroad prepared by the Foreign Service establishments and officers of the Department of State will be forwarded to the Departments of Commerce and Agriculture for analysis and distribution. The actual work done in the field in the way of reports, world trade directory reports, trade opportunities, etc., will be augmented and the quality improved. Non-confidential reports will be transmitted from the foreign establishments of State directly to the Departments of Commerce and Agriculture. Information of a confidential character which cannot be given publicity will be furnished to the appropriate departments for such guarded use as the public interest permits.

Inquiries therefore concerning conditions in foreign markets for the sale of American industrial products should as heretofore be directed to the Bureau of Foreign and Domestic Commerce of the Department of Commerce. In like manner inquiries concerning the standing of foreign firms and requests for lists of foreign buyers should also be directed as heretofore to the Bureau of Foreign and Domestic Commerce. Similarly the inquiries concerning foreign conditions affecting agricultural commodities and markets should initially be directed to the Office of Foreign Agricultural Relations of the Department of Agriculture. It is the belief of the Department of State that many inquiries can readily be answered by these Departments from information already submitted by the Foreign Service establishments abroad. In the event that the Departments of Agriculture and Commerce are unable to answer adequately the inquiries, appropriate instructions will be issued through the Department of State for reports from its Foreign Service establishments in the country or countries concerned.

You will be interested, I am sure, to know that the Departments of Commerce and of Agriculture are now engaged in the preparation of revised and up-to-date reporting schedules which will serve as the guide to the establishments of the Department of State in the field. There has been a tendency in the past to prescribe general reporting schedules applicable to all posts without sufficient regard to whether certain reports from certain posts have any value either to Government or to business. In order
to increase the effectiveness of the reporting that is
on a scheduled and regular basis the appropriate depart-
ments are now engaged in a careful study of every diplo-
matic and consular post so that instead of general in-
structions specific reporting schedules may be set up
for every post in the Service. There is every reason
believe that through this very praiseworthy initiative
the volume, as well as the quality, of the called-for
reporting from the field offices will be improved. The
commodity divisions in the Department of Commerce and the
Office of Foreign Agricultural Relations of the Department
of Agriculture will be in a position, through their publi-
cations and through the service which they give, to in-
crease their usefulness to business and to agriculture.

To improve the practical character of the reporting
that will be performed for the Departments of Agriculture
and Commerce by our Foreign Service establishments a
system is being elaborated in the Departments of Agricul-
ture and Commerce of providing the Department of State
with current comments from the commodity and technical
divisions of these Departments based upon their experience
and contacts with American business and agricultural in-
terests as to the sufficiency of the reporting work being
performed as well as concrete suggestions for the improve-
ment of reports in order that they may meet in the most
adequate fashion the needs of our business and agricul-
tural interests.

It should be emphasized that through the changes
effective under Reorganization Plan No. 2 there is merely
a delimitation of functions and no change in functions.
The Department of State has become responsible for the
work in the foreign field and the Departments of Commerce
and Agriculture are responsible for the analysis and dis-
semination of information in this country.

In order to strengthen the liaison between the Depart-
ment of State and the Departments of Commerce and Agri-
culture it is provided under Reorganization Plan No. 2
that an officer of the Departments of Commerce and of
Agriculture shall be stationed in the Department of State.
In accordance with this provision, a former agricultural
attaché and an officer of Commerce who has seen service
in the field have been designated for this important
function. They have been given a room in the Department
of State in the Commercial Office, where they maintain
close contact with the various division chiefs in the
Department of State and have access to all the material
coming into the Department which could be of direct inter-
est to the Departments of Commerce and Agriculture and
to the respective interests which they serve. In this
way and through the establishment of this liaison it will,
I believe, be possible to make available to Commerce and
Agriculture an even greater amount of material from the
foreign field than before, and it is hoped with even
greater expedition. The quality of the men who have been
chosen for this liaison function speaks well for the in-
tention of the Departments concerned.

While
While the Department of State is solely responsible for the collection of the information in the field and serves as the agent abroad for the Departments of Commerce and Agriculture, and while the State Department remains solely responsible for the administration of its Foreign Service, it has been deemed advisable to provide, in Reorganization Plan No. 2, that a ranking officer of the Departments of Commerce and of Agriculture should sit on the Board of Foreign Service Personnel of the Department of State, as well as on the Board of Examiners and on the School Board. It is the Board of Foreign Service Personnel which advises the President and the Secretary on the making of appointments and assignments to the various posts in the Foreign Service. It is therefore arranged that whenever any assignment shall be made of a commercial or an agricultural attaché the designated officer of Commerce and of Agriculture shall sit on the Board of Foreign Service Personnel in order to assure that the Board may have the advice, counsel, and cooperation of the appropriate department in the making of assignments in which they are directly interested.

As hereafter admission to the single Foreign Service of the Department of State is under the statute controlling in this respect, it has been deemed advisable that an officer of Commerce and of Agriculture should sit on the Board of Examiners of the Foreign Service whenever candidates are considered for admission. This will insure that in receiving new men into the Service the requirements of Commerce and of Agriculture will be appropriately considered.

The Department of State conducts a school within the Department, known as the Foreign Service Officers' Training School. A ranking officer of Commerce and of Agriculture will sit as a member of the School Board. The existence of this school and its nature are only too little known to our business people. It is sufficient to say here that after a candidate for the Foreign Service has been admitted to the Service and has served a probationary period in the field he is brought back to the Department for attendance at the Foreign Service Officers' Training School. To this school are brought appropriate officers of practically every interested department and agency of our Government as instructors. The young men who have passed the gauntlet of the written and the oral and the physical examination and who have served from a year to eighteen months in one of our establishments abroad are then subjected to close scrutiny in the school, where they come under the eye not only of officers of the Department of State but of these other agencies of our Government. It is only after they have passed through the school that they have completed their probationary period and are admitted as full-fledged Foreign Service officers. I think you will agree that there are few businesses and few professions in which the neophytes are obliged to pass such careful tests. Our business and agricultural interests in this country have no need to fear that the men who are being brought into the Foreign Service do not have the necessary qualifications to serve as representatives of our interests abroad.
Moreover, in addition to this preliminary training, because the demands upon our officers are becoming so complex and in some respects so technical, the Department of State is pursuing the training of Foreign Service officers to an advanced degree. It is therefore contemplated that Foreign Service officers shall be assigned to the Departments of Commerce and of Agriculture for periods of from six months to a year or more, just as it has been the practice heretofore to assign them to the Department of State. It is further planned that Foreign Service officers may, when it is deemed desirable, be assigned to the district offices or cooperative offices of Commerce and of Agriculture throughout the country, so that they may become thoroughly familiar with conditions throughout the country as a whole. You are undoubtedly familiar with the fact that it has been the practice of the Department of State for some years, with the approval of the Congress, to send selected officers to some of the important graduate schools in the country, such as those at Harvard, Princeton, Chicago, et cetera, for post-graduate work. These young men undergo an extensive period of training in economic and financial studies and are then prepared to take up special work at posts where this field is of primary importance. It is an application of the same principle which the Department of State has followed for many years in training officers in the Oriental and Near Eastern languages. We intend further to carry on this training by sending some of our Foreign Service officers with special capacities into some of our large banking institutions in order that they may get the technical and detailed knowledge of certain banking and exchange procedure which is so essential in their work at certain posts.

It is the intention of the Department of State to intensify the use in this country of Foreign Service officers on leave for trade details. A Foreign Service officer who returns to this country on his triennial leave naturally wishes to have an opportunity to see his family and friends. This is right and proper. It is, however, important that he should take this opportunity also of becoming more familiar with the life of his own country and of renewing contacts in business and other circles. The detailed knowledge which he has gained of conditions at his post should be made available to the business and agricultural interests in this country. It is, therefore, our intention to see that Foreign Service officers shall increasingly be made available through the Departments of Commerce and Agriculture to trade and other organizations desiring to have them appear before them.

It may be safely and conservatively said that there has never been a time in our history when there has been a greater need for intelligent, active and well-considered protection of our foreign trade or for prompt and accurate information adequately interpreted to the end that the interests of the American Government and its people may be properly safeguarded. It should give you confidence that these problems confronting Government, business and agriculture have been given careful thought in the responsible Departments in Washington. I have endeavored
to give you a factual account of what Government is attempting to do. It is a very inadequate picture because it is obviously impossible within the limits of your patience to go into any detail. May I voice the confidence that the efforts of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, and of the office of Foreign Agricultural Relations of the Department of Agriculture, implemented by the efforts of the Department of State and its Foreign Service—all combined in harmonious and efficient activity—will not only satisfy your needs and expectations in present emergency conditions but will provide a solid foundation upon which to build in the future. I can assure you that the Department of State, as are the other Departments, is alive to its grave responsibilities in the maintenance, protection and improvement of the position of the United States in international trade and that it will earnestly and unswervingly strive to that end.