

6/15/32

OUR SUPERFLUOUS WORLD TRADE EXTENSION AGENCIES.

In an article of this nature, it may not be out of place to explain in advance that its writer has served over 32 years in our Foreign Service at 12 consulates and consulates general in 8 different countries on 4 continents. He retired in 1928 from the highest class of the Service under the age limit of the Rogers Act, and has, therefore, no axe to grind, no disappointments to avenge, no resentments to satisfy, and certainly no personal criticisms to make of any one, while his intentions are wholly constructive.

However, a lengthy and varied experience at important key posts long since convinced him that our Government has for many years been subjected to a heavy and wholly needless expense for the maintenance abroad of an army of representatives of several of its Departments, and especially of its Department of Commerce, in the senseless duplication of duties that are not only regularly performed every day by our consular officers under their most elementary routine instructions, but that in many instances, from the very nature of those duties, should not be permitted to be performed by anyone not under the direct authority and guidance of the Secretary of State himself.

Recent sweeping plans for the re-organization of the Foreign Service of the Department of Commerce have aroused keen interest in the business world, and 14 national organizations primarily interested in foreign trade are said to have already protested to President Roosevelt against the proposed recall of our Commercial Attaches and Trade Commissioners. The writer believes, however, that it can be indisputably proven to the satisfaction of any impartial authority that these officials are not only superfluous, but that they are frequently detrimental to our foreign interests, and the question now becomes of added importance in connection with the economy program of the President.

In order to make this contention clearer, it is necessary to keep in view the fundamental fact that, early in the history of trade between nations, consuls were sent as national agents to reside at foreign ports

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for the purpose of protecting both the political and commercial interests of their respective citizens. During the Middle Ages, they were quasi public ministers, who watched over the affairs of their countrymen, deciding their disputes, protecting their commerce, and exercising large judicial powers, independent of the local law. But, when public ministers, in name and in fact, came to be established, consuls, except in oriental countries, were shorn of much of their dignity and many of their privileges. However, they have never failed to retain before their own and other governments the character of primary protectors of both the political and commercial interests of their countrymen, in which diplomatic officers were to interfere solely where justice and other legitimate desiderata could not be secured by the consuls themselves from the proper subordinates of the foreign government.

The original conception of consular protection of trade very naturally gave rise to the idea of consular extension of trade, as nations began to expand over the world and to compete for its commercial advantages, and the Act of February 14, 1903, creating our Department of Commerce and Labor incorporated this idea by expressly providing that our Consular Service was to continue to be the sole agency abroad for collecting useful and material information and statistics to be forwarded directly to the Department of State for its own use, or for transmission by it to the Department of Commerce or to other interested entities, such as the Department of Agriculture, our Public Health Service, the Bureau of Education, etc., etc. In other words, the new law carefully and deliberately provided that our Consular Service was to be the sole contributing source of foreign commercial and industrial information, and that the Department of Commerce was to be the distributing source of such information, thus creating an ideal working relationship between the two Departments, with no possibility of friction, duplication of duties, or division of authority.

Hardly had the Department of Commerce been created, however, before it conceived the somewhat grandiose idea of taking over the Consular Service en masse, forgetting that the latter served regularly every branch of our Government, every business man, and, directly or indirectly, every private citizen. Failing in its aspirations, the

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Department then sent out first its Commercial Agents, later known as Trade Commissioners, and these were followed, in 1914, by Commercial Attachés, thus duplicating and paralleling the whole machinery of the Consular Service with an ever increasing number of other agents, not for specialized work, but with duties indistinguishable from those of consular officers with regard to trade matters. All this necessarily created two spheres of official conflict; one at home, involving the Departments of State and Commerce themselves, and the other abroad, involving the Consular Service on the one hand and the Commercial Attachés and Trade Commissioners on the other.

Of course, the ideal and complete solution of this unfortunate situation would automatically follow, if our Government would be willing to discontinue its present policy of foreign trade extension, through whatever agency. The detailed and direct extension of trade would certainly seem to lie outside the fundamental sphere of governmental activity or duty, but such activity should be confined to the furtherance and protection of commercial rights and the creation of a basis of profitable intercourse through diplomatic and consular agencies; and it is questionable whether a government, after all, can render really effective aid in the extension of commerce otherwise than by protecting it diplomatically and fostering its favorable development by the removal of hinderances and the cultivation of friendly international relations.

Lord Bryce has questioned both the desirability and the value of governmental activity in the commercial domain, as follows: "An experience of many years leads one to believe, first, that Governments accomplish less in the long run for the trading interests of their respective nations than is believed, and, secondly, that they often do harm by inducing their traders to relax their own energy and lose the keenness of their initiative. The dangers to a state and a people, which seem almost inseparable from the mixing of general national policy with the pecuniary interests of business firms or classes, are more serious than is generally realized. Money can exercise as much illegitimate influence in democracies as elsewhere."

A British Committee for investigating the Department
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of Overseas Trade, composed of prominent business men, recommended partially as follows: "It appears to us that this sort of canvassing is absolutely outside the scope of ordinary Government business and ought not to be paid for by the taxpayer. Indeed, so far as large firms are concerned, we are satisfied that through their own agents they are quite able to handle their own business affairs, and so far as small firms are concerned, we understand it is done to a large extent through Associations to which they subscribe or by their own individual efforts. We are convinced that a Government Department in this country which has no financial responsibility in suggesting or recommending operations to the mercantile community will do no practical good."

As has been wisely said, our present methods of foreign trade extension starts with the serious defect of paternalism. It tends to decrease the self-reliance of our exporters, and it places in a measure upon our Government the responsibility of their failures. It diverts our commerce more and more from business channels and correspondingly more into governmental hands, thus creating a maladjustment that places us at a disadvantage with the more organized methods of our chief competitors. The principle of paternalism is rigidly excluded from the domestic field as stifling to normal business, and it is difficult to understand how it can be defended in foreign trade.

In a word, it would seem far better for our Government to leave the extension of foreign trade to business concerns, limiting its activities and influence to safeguarding existing commerce, developing new opportunities through diplomatic action, supplying general information, and securing certain classes of material which our consular and diplomatic service is in a peculiarly favorable position to furnish, and which can be obtained through no other established medium. Skilful diplomacy, or a single constructive foreign policy, can do more for trade extension than a score of commercial representatives or volumes of trade reports; which means that profitable trade relations can be developed only by our State Department, if by any, official agency.

If, on the other hand, our Government is to continue its present paternalistic methods of direct trade extension,

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experience has certainly shown that it should do this through a single official agency, if hopeless friction, expensive duplication, and general confusion are to be avoided. This is axiomatic, and it is demanded in the interest of ordinary economy, if nothing else. At every capital throughout the world, at least two separate and co-ordinate agencies are now entrusted by our Government with the performance of a single set of commercial duties --a folly which no well-directed business organization would be guilty of for a moment or would for a moment permit.

This same complex situation arose in England, where the Department of Overseas Trade was created to function in the twilight zone between the Foreign Office, which corresponds to our Department of State, and the Board of Trade, which corresponds to our Department of Commerce. It is said that the experiment did not prove very successful, and within a period of five years following its creation in 1917 it was investigated by six Royal Commissions, which made various and conflicting recommendations without finding a satisfactory solution.

Sir Samuel Hoare, who presented the British Foreign Service Re-organization Bill in the House of Commons, said: "I believe that one of the lessons that we have learned during the War is that in a foreign country the nation can be represented in the face of the foreign Government by only a single Department. ... Incidentally, that, of course, means that the Department of Overseas Trade must come directly under the Foreign Office."

Our National Civil Service Reform League, in its "Report on the Foreign Service" in 1919, said: "Nevertheless, it is believed that friction, inefficiency, and real danger to the harmony of international relations may result, if two independent departments of the Government are allowed to maintain representatives in the same foreign state." Many similar opinions could readily be reproduced.

Therefore, the important and clear-cut question should be fearlessly faced at once as to whether the Foreign Service of the Department of State or that of the Department of Commerce should be exclusively entrusted with the extension of our foreign trade. Recent Washington newspapers have referred to a well-rounded plan for the unification of the

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services of the two Departments that had been worked out by their representatives in May, 1932, and they stated that conferences between the two Departments would soon take place with a view to making this document the basis of future developments in the co-ordination of the work of both services. It is sincerely hoped that this news is incorrect, for no amount of conferences or compromises between the Departments can solve this vexed, but very simple, situation, except by deciding that one of the two services must leave the foreign field at once and for good.

That the Consular Service cannot be dispensed with goes without saying, if only because its members enjoy under international law a time-honored status before foreign governments and communities that neither Commercial Attachés nor officials serving under any other branch of our Government than the Department of State could acquire. It is an essential arm of the Department of State, to which all its vast range of activities, including its commercial work, primarily belongs, since these are rated first in their relation to foreign affairs. Moreover, all 10 of our Executive Departments, our Shipping Board, the Federal Reserve Board, the Panama Canal, and the American citizen in general are directly dependent upon the co-operation of the Consular Service for a total of 117 generic classes of regular services in the foreign field, and these represent only the more important duties of a consul, but by no means all of them.

Hence, Secretary Roper's recently announced intention of recalling our Commercial Attachés and Trade Commissioners from abroad and to that extent reducing the importance of his own Department is an act, not only of political courage and official unselfishness, but of administrative and economic common sense as well, which our national trade bodies should support and applaud, instead of protesting against it, especially when it is remembered that our Consular Service has from time immemorial been performing every single one of the prescribed duties of Commercial Attachés, and that it has been doing this capably in proportion to the equipment granted by Congress. With even a part of the large appropriations for Commercial Attachés and Trade Commissioners, the efficiency of its work could have been increased.

It would really seem that the Department of Commerce

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has been unduly persistent in its encroachment upon consular duties abroad. First, it tried to take over the whole Consular Service, until Secretaries Root and Knox showed that it was impossible that the affairs of that service should be under the direction of any department of the Government except that which directs our foreign affairs. Then came the Commercial Agents, and after them the Commercial Attachés, whose creation did not respond to any necessities of our export trade, but was purely a device of Secretary Redfield for the glorification of his newly-acquired Department of Commerce. Congress approved the creation of these officials only after the amiable assurance of Secretary Bryan that they would not cause friction between his and their Department. They promptly proceeded to cause such friction, however, that it was a matter of current official gossip at the time that President Wilson, just before he became too ill in 1920 to pursue the matter further, had served notice upon Secretary Redfield that the Commercial Attachés had to go, even if the Secretary should resign, which he had already threatened to do on that account.

Unfortunately, however, came Secretary Hoover in 1921, and later on, much more unfortunately still, Doctor Julius Klein, the notoriously anti-consular protagonist, whose great obsession has been the glorifying expansion of the foreign section of the Bureau of Foreign and Domestic Commerce, until he persuaded Congress to weld it into a separate and distinct Foreign Service of the Department of Commerce paralleling in every one of its commercial duties those of the Foreign Service of the Department of State; and all this in spite of the fact that Doctor Klein had been a Commercial Attaché himself and knew only too well the hopeless duplication of work abroad and the resultant demoralizing official friction. These results have been attained almost entirely through unworthy propaganda, inferentially at the expense of the Consular Service.

These may seem plain words, but it is time for plain speaking, and this ever-recurring, vexatious question should be threshed out in the open once for all, now that President Roosevelt and Secretary Roper have had the courage to raise it. It cannot be denied that charges have been repeatedly made in and outside of Congress that

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the Department of Commerce has for years carried on a clever and persistent, if somewhat questionable, propaganda in both the press and its own publications lauding the accomplishments of its foreign trade agents to such an absurd extent that members of Congress, Chambers of Commerce, national trade organizations, and our business men generally have been misled into believing that these Commercial Attachés and Trade Commissioners are indispensable, and that they have performed miracles in the extension of our foreign trade that those of us who have been in almost daily contact with them abroad know to be the veriest boah. Incidentally, their very existence implies that there must be commercial work that the Consular Service is failing to perform. This charge may be true, but it could never be justified, if the Department of State were given additionally for such work a fraction of the large sums that are annually appropriated for Commercial Attachés and Trade Commissioners, their separate offices, staffs, office equipment, cabling costs, travelling expenses, etc., etc.

Without in any way intending to criticize individuals, the fundamental contention of this article is that Commercial Attachés are not only superfluous and often harmful to our interests abroad, but--and this is the crux of the whole matter--that those appointed in and since 1914 are not, and never have been, in any sense trade experts, and it is proposed to prove this beyond question by their own biographical sketches as appearing in successive Registers of the Department of State down to date.

Because we call a man a Commercial Attaché does not necessarily make him a commercial expert in the ordinary acceptance of that designation, while it must certainly be assumed that both Congress and our whole country, when the salaries of these officials were appropriated, understood that the appointees would be men of at least a reasonable amount of practical trade experience. As a matter of fact, however, by their own biographical statements, not a single one of the 10 original selections in 1914 appears to have had any such experience, but they had been, respectively, a physician, two professors of economy at minor institutions, a railroad employee and member of the Philippines Constabulary, two consuls, an engineer and newspaper man, an employee of the Department

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of Commerce, a railway constructor and engineer, and a school superintendent in the Phillipines.

The same general trade inexperience characterized the next 8 men that were sent abroad, except that one had been a salesman for a condensed milk concern. Had these 18 appointees possessed the presumable commercial qualifications, they could never have been secured for the then salaries of \$4500. to \$5000.; while those that could have met the requirements of the impossible instructions given them at the time would already long since have been at the head of large American corporations. But something must have been radically wrong when, of the first 12 Commercial Attachés appointed under the Act of July 16, 1914, only 4 were still in the service by November, 1918. The other 8 must have been either unfit for the work or too fit for the salaries.

The case of our present Commercial Attachés, in which we are particularly interested naturally, seems to be no better than that of the original 18. There seem to be 39 of these covering every capital of the world, some being assigned to more than one country. With the exception of those in Czechoslovakia and Turkey, their autobiographical sketches appear in the Register of the Department of State of January 1, 1932, and show in almost all cases a marked lack of previous commercial experience, as follows:

<u>Country.</u>	<u>Previous Avocation of Commercial Attaché.</u>
Argentina.	Professor small college, consul, mining, with Am. Corp. in London.
Austria.	Editorial and business work with magazine.
Albania.	Field engineering, with developing Co. in U.S.
Belgium.	No trade experience.
Brazil.	Teacher, cashier, mgr. of fruit Co., with trading corp. 1 year.
Canada.	Newspaper work, accounting, librarian.
Chile.	Commercial activities in South America 8 years (as subordinate).
China.	Cashier, bookkeeper, teacher.
Colombia.	Newspaper and advertising.
Costa Rica.	Secretary, lawyer, with commercial firms in Lat. Am. 20 years.
Cuba.	Clerk in consulates and with firms in Cuba.
Denmark.	Chemist, chemical engineer.
Ecuador.	Clerk.

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<u>Country.</u>	<u>Previous Avocation of Commercial Attaché.</u>
Egypt.	Clerk, teacher.
El Salvador.	Lawyer, newspaper correspondent, private secretary.
Estonia.	Salesman.
Finland.	Clerk, sect'y & administrative ass't in mfg. plant.
France.	Supt. mines & mfg. plant, ass't. mgr. engineering corp., advt'g.
Germany.	Industrial chemist, principal of schools, Y.M.C.A. work.
Gt. Britain.	Engineering, consulting engineer.
Hungary.	In business 1919-1920, clerk 1925.
Italy.	Newspaper and Commercial work.
Japan.	Clerk, Claims adjuster with R. R. Co.
Mexico.	Supervisor of schools, Instructor in Hist., Clerk, Prof. for. trade.
Netherlands.	Code expert, traffic, export & branchmgr. & purchasing ag't.
Norway.	Salesman, adv. mgr. & sales mgr. with firms.
Poland.	Bank clerk, mining & cattle, Navy & merch. marine, Assoc. professor.
Portugal.	U.S. Navy & Veterans Bureau, Asst. Prof. Economic Geography.
Rumania.	Bank president, lawyer.
Siam.	Newspaper work.
Spain.	Teacher, principal of high school, instructor in junior college.
Sweden.	Clerk in Dept. of Commerce.
Switzerland.	Instructor in modern languages.
Union of S.	
Africa.	Teacher, law practice, rep. of elec. Co's 2 yrs.
Uruguay.	U.S. Navy, Rep. of U.S. Lines.
Venezuela.	Clerk in Department of Commerce.
Yugoslavia.	Law Clerk & secretary, newspaper work.

It would be difficult to find, it is thought, a list of previous avocations less related than the above to expert or practical commercial work in the foreign field, and it would seem little less than an imposition upon the American public, and especially the American taxpayer, to pretend that such inexperienced appointees are capable of telling our large export industries how to run their business abroad, when it is considered that such industries are nearly all already represented in the important trade

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centers of the world by their own agents or branches. If political sponsors insist that these men be retained in a "government job" of this sort, then let them by all means be incorporated into the staff of the Consulate General as subordinate employees answerable solely to the Department of State.

But, even if these gentlemen, or any others to be appointed in the future, were high-class commercial experts, even if they were not superfluous in their duplication of the most ordinary routine consular duties, even if they were not seriously expensive, and even if in their activities they did not at times play at cross purposes with both the diplomatic mission and the Consulate General, as they almost invariably do, they are still often a positive detriment. Every conscientious and fearless consular officer in the execution of his frequently restrictive and burdensome instructions is bound to incur the displeasure, and even in some cases the enmity, of members of the local business community, and especially of the American colony, and it is here that the Commercial Attaché becomes the center around which revolve the sore-heads and disgruntled spirits of the place, playing off the Commercial Attaché against the Consulate General, with injury to the influence of both and often to the harmony of the colony. Concrete instances of this could readily be substantiated.

In a word, it would seem difficult to cite a single direction in which Commercial Attachés can be considered an advantage to our Government, especially now that all of our senior consular officers at capitals have already been, or could be, given also diplomatic status enabling them to deal in commercial matters with heads of government.

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June 15, 1932.