

1205

URGENT - FROM UNDER SECRETARY WELLES FOR GENERAL WATSON -
TO BE CONVEYED TO THE PRESIDENT AT THE EARLIEST OPPORTUNITY
TODAY.

The President has given the Director of the Budget instructions that the plan for the consolidation of the Foreign Services which he has approved is to be submitted with other interdepartmental plans on Wednesday, May 3. Under the provisions of the Reorganization Act itself this means that the actual reclassification of the Foreign Service officers of Commerce and Agriculture transferred to State cannot actually be effected until the following fiscal year - that is, after July 1, 1940. If the plan for the consolidation is sent down on Monday, May 1, the consolidation can be effected in the fiscal year beginning July 1, 1939. It is of major importance that it be possible to do this as the men in Commerce have not had any increases in salary for three or four years and if it is not sent down on May 1 but on May 3, their status remains in the air during the entire fiscal year and they cannot be reclassified as Foreign Officers of State until July 1, 1940. It has been found that even if the Congress, by an affirmative vote, approves the plan before the end of the 60-day period, it does not change the effective date.

Leaders in the Congress who are vitally interested in
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1205

-2-

this consolidation plan and who favor it and whose attitude on other plans ^{may be largely} ~~is largely~~ influenced by their favorable attitude on the consolidation plan for State, Commerce, and Agriculture are deeply concerned over this and are interested in seeing the consolidation plan sent down on Monday, May 1.

Mr. Welles is of the opinion that this should be brought immediately to the attention of the President who may wish to instruct the Director of the Budget either to send the consolidation plan for the Foreign Services down on May 1 separately, or to have the whole interdepartmental plan submitted on Monday, May 1, instead of Wednesday, May 3, as now contemplated and instructed.