

SOME OBSERVATIONS ON THE PROTECTION AND
PROMOTION OF AMERICAN TRADE ABROAD, ON
THE AGENCIES OF OUR GOVERNMENT ENGAGED
THEREIN AND THEIR RELATIVE SIGNIFICANCE
AND PARTICIPATION IN THIS WORK.

The large deficit in the national budget, the decreasing tax returns and the obvious necessity for the exercise of the greatest economy in the expenditures of all Departments and activities of our Government, as well as the now well recognized fact that certain activities of our Government have been expanded beyond actual or proper needs and that between others costly duplication exists, are factors which have made necessary a careful examination of all these activities as a part of a program of re-organization, consolidation, contraction and elimination.

As even during the most severe economic depression and of economy in public expenditures certain activities of Government must continue on former and perhaps in an enlarged scale because of their essential importance during such a period, it is obvious that uniform horizontal or vertical percentage cuts cannot be applied safely in the public interest to the appropriations which may have heretofore been provided by Congress for them, for this would result in cutting to a dangerous extent careful spending and necessary Services of the Government and not bringing about the economies necessary in the public interest in those Departments and activities which have been over-expanded or which for one reason or another have been receiving too large appropriations. Every separate activity of Government must be carefully examined in order to determine what place it holds during such a period as that through which our country is now passing, so that the measures of economy will bring about the necessary reductions in expenditure without injuring essential Services.

For a Government whose activities cover so wide a field as ours, such a discriminating examination of expenditures is one requiring time and painstaking effort and very accurate and in some cases detailed knowledge of particular activities. This discussion will be confined to one very narrow phase of this subject and will cover one aspect of the activities of our Government abroad, the so-called trade promotion activities on behalf of our industrial and agricultural interests.

The importance of the foreign trade of the United States to our manufacturing, agricultural and financial interests as well as to labor, is too well recognized to need any emphasis. Our exports of manufactured goods which before the war were largely looked upon as a minor feature of our industrial establishment, have under the present organization of industry become essential to the health and profitable conduct of many of our most important industries. Foreign markets for our cotton, tobacco,

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wheat and other agricultural products have been for many years essential to the health and development of our agriculture. Both the opportunity for employment and the financial returns of labor in the United States have been favorably affected by this export of manufactured and agricultural products. It has therefore been recognized that an essential and important activity of our Government is the promotion and protection of this trade abroad. That such efforts of our Government cannot be restricted to a harmful degree during times of depression, needs no argument, as practically every section of our population at home is now directly interested in and benefits directly or indirectly by the volume of our export market. It is in times of depression that the trade relations between states are disturbed by obstacles which do not exist in normal times, such as contingents, quotas, exchange restrictions, unstable currencies and barter agreements. Important, therefore, as the activities of our Government may be in ordinary times in the protection and promotion of our trade, it is in times of depression that these activities become even more vital to our people and that the agents of our Government acting in the protection and promotion of our trade have responsibilities and a volume of work greater than in normal times, *that is in trade protection.*

What are the agencies of our Government used for the promotion and protection of our export markets abroad? The longest in the field and the most active and widely spread of these agencies are the diplomatic and consular representatives of the Department of State which together are known as the Foreign Service of the State Department. In more recent years their activities have been supplemented in the field of trade promotion by the Commercial Attaches and Trade Commissioners of the Department of Commerce comprising the Foreign Service of that Department. In comparatively recent years these agencies have been further supplemented by the Agricultural Attaches of the Department of Agriculture. Before examining the statutory functions and activities of these three Departments and of their agents abroad in the interests of American trade, it will be worth while to distinguish between trade protection and trade promotion activities, as these are in reality two separate and distinct fields.

At the outset of any discussion of the activities of our Government abroad on behalf of our industry and agriculture, it is necessary to emphasize that trade protection can be and is primarily only a function of one of these Departments, that is of the Department of State through its Foreign Service. As there has been a good deal of confusion of thought in this respect and popular misapprehension to the effect that

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agents of other Departments than State are concerned with the protection of our trade interests abroad, a brief discussion of a few fundamental principles and facts will be interesting. The Constitution provided for the appointment by the President of diplomatic and consular officers, and it places the conduct of our foreign relations in the President who, under statutes which have been enacted by Congress in accord with this Constitutional provision, conducts the foreign relations of our country through the Department of State and its diplomatic and consular officers stationed at foreign capitals and in important trading and commercial centers abroad. The Department of State is the only Constitutional and statutory instrument through which the President can conduct our relations with foreign states and officials. In order to enable the Department of State to carry out this Constitutional and statutory function, Congress almost immediately after the formation of our Government provided for the sending of diplomatic and consular representatives to those foreign capitals and cities where the interests of our Government required the presence of one of its agents. In the earlier years of the Republic our diplomatic officers were concerned largely with purely political matters, but our consular officers were from the beginning more particularly our commercial agents and have been exercising trade protection as well as trade promotion functions for almost 150 years. One of the principal duties of our diplomatic and consular officers abroad has always been, as it increasingly is with the growing diversity and complexity of our trade relationships, the protection of the interests of our Government and our citizens abroad and this includes the protection of our commercial, agricultural, industrial and financial interests. If, therefore, our Government has any problem involving the protection of its interests in a particular country abroad or if an American firm or individual needs protection of its or his interests in that country, this involves representations to, or conversation with, the appropriate officials or persons in that foreign country. This protection work under our Constitution and statutes must and can only be done through the officers of the Department of State in the foreign field and the practice of our Government in this respect is that which is always prescribed by international law and usage.

Of the two functions, therefore, trade protection and trade promotion, both of which are so important in connection with our foreign interests and trade, trade protection may at the outset be considered as separate from the problem to be discussed in this article. With respect to trade protection there can

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be no room for duplication between the Department of State at home or its officers abroad with the activities of any other Department or its officers which it may have in the foreign field, as neither under our Constitution and statutes nor in accord with international practice can officers of our Government abroad other than those of State assume functions in connection with the protection of our interests. As the purely political relationships between states, except in isolated instances have increasingly lost their significance in modern times, and as practically all the relations between countries are now based on economic and trade factors and as the inter-relationships and inter-dependence of trade have increased so tremendously in the last few decades, it is not necessary to quote any figures or facts to show how increasingly important the Department of State has become as a part of our Government, and how tremendously the work of the Department at home and of its Foreign Service officers in the field has increased through the growing responsibilities involved in the increased volume and complexity of the problems connected with the protection of our interests. It has already been pointed out that in times of depression most countries in the protection of their interests place obstacles in the way of foreign trade and it is therefore not surprising that the various tariff measures, import restrictions, quotas, contingents and exchange regulations have made the trade protection activities of the Department of State and its officers abroad greater than ever before in our history, and it is in such a time of depression as the one through which our country is passing that the activities of this Department and its officers become more important and vital than ever as a means of conserving our established interests and as one of the essential instruments towards finding the way out of the depression.

There are evidences that there has been and is in the public mind in the United States, considerable confusion as to the activities of the officers of the various Departments of our Government abroad and an impression, for example, that the officers of the Departments of Commerce and Agriculture stationed abroad are concerned with the protection of our industrial, agricultural and other interests. The brief analysis which has just been made of this situation will show that this popular impression is not correct as this protection work is being done and can under the Constitution and statutes be done only by the Department of State and its officers and that this trade protection work cannot be shifted by any statutes which we might enact, to the officers of another Department as under international usage and practice such work can only be done by duly

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accredited diplomatic and consular officers of our Government.

In order to clear up these misapprehensions further, as well as to give a more concrete idea of what is involved in the trade protection work of the Department of State and its officers, it would undoubtedly be interesting to cite actual examples of such trade protection work, but to give an adequate picture of these activities is not possible in this discussion. In connection with the tariff measures which are being almost daily taken in these days, our diplomatic and consular officers must keep our Government promptly informed by mail and cable of the actual tariff changes, of the effect which they will have upon specific articles of American origin, and make recommendations as to what representations may or may not usefully be made by our Government. After the interests affected at home have given due consideration to these changes and the Department of State has decided what representations may be made, the diplomatic and consular officers receive the appropriate instructions with respect to the steps to be taken. In connection with quotas and contingents, the duties of diplomatic and consular officers are many, not only to see that in the establishment of such quotas and contingents there is no discrimination against American goods, but also to watch the administration of these quotas and contingents and on behalf of American exporters and affected firms to see that their interests are protected. The exchange restrictions which are in effect in so many countries, affect not only the exportation of our merchandise, but also the movement of money which many of our citizens have abroad. Hundreds of such individual cases are being currently handled for persons and firms by our diplomatic and consular officers. Upon the zeal, discretion and good sense of our diplomatic and consular officers, and upon the relationships and contacts which they have been able to establish in the country and cities to which they are accredited, depend to a large extent the effectiveness of these protection measures, and the daily work involved in such protection measures these days is greater than it has been at any previous time in the history of our Government. The industries, trades, firms and individuals who have been compelled to have recourse to the good offices of our diplomatic and consular officers abroad, can bear ample testimony to the effectiveness of the trade protection work devolving under the statutes on the Department of State.

There remains the question of trade promotion activities of our Government abroad, and there are three separate Departments of our Government which are interested in this matter and who have agents in

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foreign cities effective in this field; the consular officers of the Department of State, the Commercial Attaches and Trade Commissioners of the Department of Commerce, and the Agricultural Attaches of the Department of Agriculture. The promotion of our export trade has been recognized from the beginnings of the Republic as is definitely shown from the fact that although consular officers of the Department of State have many statutory functions in addition to those in connection with trade protection which have already been mentioned, and in fact perform under the statutes functions for practically every Department and independent board of our Government, it has always been recognized that one of their principal functions is also the promotion of our trade in the country to which they are accredited. We started to send out consuls during the first years of Washington's administration and our consular officers are now stationed in something less than 400 capitals and important commercial and strategic centers in every part of the world. The various functions which they perform in connection with the conduct of our foreign relations and the protection of our trade and interests in general and the many and diverse functions which they perform for practically every Department of our Government, make it necessary for them to be persona grata to a high degree in the district in which they live and to maintain very close and as favorable contacts as possible with the officials of the Government as well as with leaders in industry, finance and in practically every form of business and activity in their districts. In the establishment of these contacts the position which the officer has as a consul under international law and local usage is of material assistance to him. The consul is therefore particularly well placed to serve as a trade promotion officer and as he is not considered as a purely commercial agent and his presence as such is not resented, although it is nevertheless clearly recognized in the district in which he acts that one of his functions is the promotion of the trade of his country.

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The peculiar fitness of consular officers for trade promotion as well as for trade protection work, has therefore been recognized and utilized from the very beginnings of our Government and it has always been one of the principal functions of consular officers to prepare for the Department of State reports on the opportunities for the introduction of new industrial and agricultural products from our country and to keep our Government informed as to market conditions both as to the possibility for the importation of American goods and to show the competitive power of goods exported from the district with which American goods have to compete in other markets. For

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considerably over 100 years our Government depended entirely upon consular officers for interesting commercial, economic and market information from abroad and the Foreign Service of the Department of State remains still the largest source of trade promotion material and information. It may not be too much to say that it is through the work done by our consular representatives over a period of so many years that the basis of our great export trade was firmly laid and that it was through them that the exporting interests of the United States found the most valuable arm to assist them in establishing themselves abroad.

The trade promotion material in the form of reports and other data which was forwarded from consular officers throughout the world, went to the Department of State in Washington which distributed it to interested Departments and organizations which could utilize it. But as our interest in foreign trade became more widely spread and a matter more vital to individual firms and industries, and as our growing industrialization at home made all these problems more important from an administrative point of view, there was established by Congress a new Department known as the Department of Commerce and in this Department there was set up a Bureau known as the Bureau of Foreign and Domestic Commerce, the primary object of which was to disseminate within the United States, important economic and commercial data received from abroad and at home. The establishment of the Department of Commerce as a separate Government organism in 1905, was an altogether natural and desirable development, and the establishment within that Department of the Bureau of Foreign and Domestic Commerce in 1912, was particularly important. There had been lacking in our Government, machinery in Washington, a Department which concerned itself specifically with our growing commercial problems and in the Department of Commerce there was an important place for a Bureau which should act as the assimilating and distributing agent for important material from at home and abroad. The officers of the Department of State, because of their distribution in practically every capital and commercial center abroad, were ideal agents for the protection and promotion of our trade interests; but the Department of State is not, and its organization should not be one for the distribution of commercial and economic information in a country so great as ours. The establishment of the Bureau of Foreign and Domestic Commerce in the Department of Commerce was an important and valuable development in the steps which our Government has taken in the promotion of our trade interests abroad, as it provided a carefully organized Bureau to distribute information and data which had heretofore been received from diplomatic and consular

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officers and which had not been given previously adequate publicity and distribution. The establishment of this Bureau, however, was not intended to in any way displace or replace the work which consular officers were doing in the promotion of our trade abroad but merely to provide an assimilating and distributing agency, and the establishment of the Bureau did not in any sense decrease the trade promotion activities of consular officers but rather emphasized the importance of these activities in making available in a more effective form the information received from them.

The Act establishing in 1912 the Bureau of Foreign and Domestic Commerce in the Department of Commerce, gave it the power, however, to send agents abroad to be known as Commercial Attaches, to supplement in certain strategic capitals the trade promotion activities and information gathering Service of the State Department agents, that is diplomatic and consular officers. It was not the original intention that these Commercial Attaches should be sent to all capitals or that the Bureau of Foreign and Domestic Commerce should establish its own information gathering agencies abroad, but that consular officers of the Department should, as in the past, remain the principal information gathering agencies in the foreign field for our Government and for our industrial and agricultural interests. As was however inevitable in any such organization set up by a Government, the expansion of the Attache Service of the Bureau of Foreign and Domestic Commerce was rapid, and it now has Commercial Attaches and Trade Commissioners in practically every capital in which we have a diplomatic and consular establishment, or both. The Bureau was of the opinion that the commercial interests of the United States abroad had become so great that it was no longer possible to leave the whole of these reporting activities on foreign markets to consular officers, and it was hoped through this Service of the Bureau to send abroad to capitals men who had been particularly trained to make special investigations in certain lines of trade.

In this connection it is necessary to note that the Commercial Attache has no trade protection functions as it has already been shown that under the Constitution and the statutes trade protection is a function purely that of the Department of State and its officers. The Act creating the Foreign Service of the Department of Commerce, therefore, specially provided that Commercial Attaches and Trade Commissioners are not public ministers, that is that they have no function abroad in any way involved with the conduct of foreign relations, and as trade protection is essentially a problem of foreign relations, the Commercial Attaches

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and their establishments in foreign capitals have purely trade promotion functions.

As the Department of State has in all capitals either a diplomatic or a consular establishment, or both, and as consular officers perform under the statutes and have been since the beginnings of our Government certain trade promotion functions, there was bound to be a duplication between the trade promotion activities of consular officers and of Commercial Attaches. This undoubtedly led to greatly increased cost of our trade promotion activities to our Government, for the setting up of the office of the Commercial Attache with its necessary staff for purely trade promotion effort, meant the setting up of a separate office to perform a function which under the statutes was already also being performed in the consular establishment in the capital and which establishment could not be dispensed with and whose trade promotion activities could not be given up because they were carried on conjointly and concurrently with the other activities of the consular establishment which gave it special opportunities for trade promotion work. Aside from the duplication involved between these two establishments of our own Government in the capital in trade promotion matters, the existence of these two separate establishments engaged in the same work in foreign capitals has given cause for a great deal of misunderstanding with foreign Governments and with foreign firms which find it difficult to understand what the internal arrangements of our Government in this respect are. There was an increasing tendency on the part of the Bureau of Foreign and Domestic Commerce to concentrate so far as possible the trade promotion activities of our Government in the office of the Commercial Attaches, and the Foreign Service of the Bureau of Foreign and Domestic Commerce received very liberal support from Congress which enabled it to grow until the establishments in some foreign capitals have reached very considerable proportions. This program was extended beyond capitals and the Bureau began the establishment of offices of Trade Commissioners in cities other than capitals where consular officers were already functioning.

This duplication of effort in the trade promotion field between consular officers and those of the Department of Commerce in capitals and in other cities abroad, became so apparent and was so obviously not in the public interest and imposing unnecessary expenditure on our Government, that it came to the attention of Congress and was the subject of consideration in the Appropriations Committee. As a result of this consideration of duplication, an agreement was arrived at between the Departments of State and Commerce which is known as the coordination agreement and is now in effect in most capitals abroad. As a

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result of this coordination agreement the Department of Commerce has closed practically all of its offices which it had established outside of capitals, but continues to maintain its establishments in large and small capitals. This agreement calls for the closest cooperation between the Consul General or Consul in foreign capitals and the Commercial Attache, so that to the extent that is possible with the existence of two separate establishments, duplication of effort is avoided in trade promotion activities. While the agreement has done a great deal of good and has removed certain duplication, it has not materially decreased the cost of trade promotion work to our Government. It has not been possible for the Department of State to decrease the size or the cost of its establishments in capitals or other strategic cities, as the trade promotion activities of its officers are carried on conjointly with their trade protection activities which are a statutory function, and with their manifold other duties as consular officers for the Department of State and for other Departments. In fact the responsibilities and actual volume of work of the State Department establishments in trade promotion matters, even under the coordination agreement are heavier than before. The operation of the coordination agreement has shown that trade promotion activities of our Government cannot be carried out effectively solely by officers of the Department of Commerce but that under any coordination agreement, no matter how close the cooperation may be, the part which consular officers play in trade promotion work cannot be diminished unless an office of the Department of Commerce were to be established in practically every city in which we now have a consular establishment. As the establishment of Department of Commerce offices in these cities would not make it possible to close a single consular establishment or to materially decrease its staff, it is obvious that the solution cannot be found in that direction. It would mean tremendously increased cost to our Government of these purely trade promotion establishments in so many more cities and the placing there of officers of our Government who cannot under international law and usage enjoy the same status and favorable position for trade promotion enjoyed by consular officers. The solution therefore, both in the interest of efficiency and economy, must lie in the greatest possible utilization as in the past, of consular officers in trade promotion work.

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Although the coordination has been extended to practically all capitals and under it the existing establishments of the Bureau of Foreign and Domestic Commerce in capitals have been relieved of a very considerable amount of work, no appreciable contraction has as yet taken place either in the number of the

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establishments of Commerce or in the staffs maintained at the respective establishments.

The third element in the promotion of our foreign trade abroad are the Agricultural Attaches of the Department of Agriculture. A few years ago the Department of Agriculture felt that the importance of conditions abroad to our agricultural interests at home made it desirable that it should have certain trained observers abroad, and there was therefore established by Congress the Foreign Service of the Department of Agriculture, composed of Agricultural Attaches and Assistant Agricultural Attaches. This Department, however, has ever since its formation depended very largely upon the Department of State and its officers abroad for information concerning agricultural conditions in other countries and has been satisfied with the service rendered by the State Department and its officers. The object in sending these Agricultural Attaches abroad was not so much to send into the foreign field new information gathering agents, but a certain number of specially trained observers who might be able to assist consular officers in various fields in their reporting activities and who could keep the Department of Agriculture informed with regard to major trends from the point of view of specially trained observers in agricultural matters. Agriculture has therefore been very conservative in the establishment of its Foreign Service and the number of officers which it has sent abroad has been very limited. It maintains, for example, only four Attaches in European capitals and only one in South America, and continues to depend very largely upon consular officers for information concerning agricultural conditions and markets, and as this service for so many years has been found by Agriculture entirely satisfactory, it is not believed that any expansion of its activities is contemplated.

There has, however, shown itself in both the Departments of Commerce and Agriculture a tendency to send abroad in addition to these Attaches, so-called "specialists" in particular lines such as tobacco, grain, forestry, moving picture, machinery, etc., and it has happened that in the same capital abroad the Department of Commerce has had a so-called "fruit specialist", while in the office of the Agricultural Attache in the same city there was a specialist in the same line. The sending of these specialists in addition to the Attaches, was largely the result of pressure from various organizations interested in a particular trade. The wisdom of sending specialists abroad in any Department in trade promotion matters, has always been questioned, for if our Government engages in trade promotion activities it is obvious

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that all trades and all industrial and agricultural interests are entitled to the same degree of assistance. The sending of a specialist in a particular industry or article at Government expense, irrespective of the Department to which he may be attached, is therefore favoring, with the tax-payer's money, a particular industry or section of our people, and if in all due justice this program were properly carried through, it would mean the sending abroad of an indefinite number of specialists to practically all foreign countries, and the expense of it would be so tremendous that no Government could be rich enough to contemplate it. What may be called the absurdity of sending these specialists abroad was forced upon the Departments of Commerce and Agriculture themselves when it was noted that they had specialists in for instance tobacco or fruits, of the two Departments in one capital. A good many of these specialists have now been withdrawn from the foreign field by both Departments and it is becoming increasingly recognized that the place of the specialist is in the Department at home rather than in the field. Consular officers have for many years been reporting satisfactorily on tobacco, grain, machinery, fruits, moving pictures and on the thousand and one different items which enter into our foreign trade. This reporting need not be done by a technician and by a specialist, but by an officer who has the necessary contact, the necessary knowledge of the language, and who enjoys the peculiarly advantageous local position to get information without causing prejudice or arousing antagonisms. The place of the specialist, then, is not in the field but in the Department at home where these consular reports can be examined by him and if found lacking in certain respects, the necessary indications can be transmitted to the consular officer and the resulting reports will be found to be adequate. The place of the specialist should be that of an adviser, counselor and constructive critic in the interested Department at home where a single specialist in a single line can give to the whole Foreign Service abroad the technical advice needed. Both from the point of view of administration and of expense and from the practical considerations involved, the sending of technicians and specialists to the foreign field cannot be justified and if special industries or trades desire the sending abroad of such technicians for selfish reasons, the public interest cannot permit that the funds of tax-payers be used for such discriminating endeavor on the part of particular trades. If there is any need for specialists abroad that can be justified out of Government funds, it would not be for such specialists stationed permanently abroad in the offices of Commercial or Agricultural Attaches, but on temporary details for a very specific purpose.

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There are therefore in certain capitals as a result of existing legislation and practice, three offices doing trade promotion work, each maintaining a separate establishment including quarters, clerks, telephone, messengers and other incidentals and personnel necessary to their upkeep. There is for example in London, the office of the Consulate General which takes care of the large volume of statutory consular activities and in which the trade promotion work of the consular establishments in the United Kingdom centers. There is the office of the Commercial Attache who maintains a very considerable staff which includes Trade Commissioners specializing in specific lines. There is the office of the Agricultural Attache to which also are attached certain specialists who in some cases have covered exactly the same field as specialists attached to the office of the Commercial Attache.

In spite of the coordination agreement existing between the Departments of State and Commerce with respect to trade promotion work, and in spite of the almost general friendly cooperation which exists between Consular Officers, Commercial Attaches and Agricultural Attaches and in spite of the efforts which are made by these officers to avoid duplication in the trade promotion field and while a great deal has been accomplished in this direction, there is still obvious duplication on the part of our Government in this field which requires recognition and appropriate action under the reorganization measures which may be undertaken by our Government as a part of the economy program.

The Bureau of Foreign and Domestic Commerce of the Department of Commerce in Washington is, as has been shown, a very useful and necessary organization. There have been established in it so-called Commodity Divisions in which a personnel has been built up with the idea that it be specially qualified because of its understanding of specific American trades, to be able to handle material received from the field and to give it proper and effective distribution to interested American firms, organizations and individuals. To these Commodity Divisions of the Bureau have been going the reports received from consular officers of the Department of State abroad and from the offices of Commercial Attaches of the Bureau itself. In order to facilitate the prompt distribution of the large volume of trade promotion reports prepared by consular officers, these reports are from most parts of the world now going directly to the Bureau through the supervisory Consulates General and Commercial Attaches abroad instead of through the Department of State. It is in the various Commodity Divisions of the Bureau that this information from abroad can be assimilated and coordinated and given proper distribution in an efficient way in the United States.

In order to give this information from the field

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the best as well as the widest distribution and to make really discriminating use of it, the Bureau found it desirable to build up in various important cities of the United States, district offices of the Bureau which are used as distributing centers for given areas, the idea being that these district offices can be in closer touch with important firms and individuals interested in receiving such data, than the Bureau in Washington. In certain cities, instead of opening a district office of its own, the Bureau formed cooperative arrangements with the Chamber of Commerce which performed for the Bureau the same functions as a district office. Although the object which the Bureau had in mind in opening these district offices was a good one, the wisdom on the whole of this policy has more recently been questioned, as the opening of certain district offices brought about the same condition in some cities of the United States which had been created by the opening of the offices of Commercial Attaches and Trade Commissioners in foreign capitals and other cities. Just as the opening of the offices of Commercial Attaches and Trade Commissioners in foreign capitals and other cities abroad placed in these cities an additional establishment of our Government doing exactly the same trade promotion work which was already being done by our consular establishments there and which could not be dispensed with, so the placing of these district offices in certain cities in the United States meant the establishment of a Government office doing the same work which was already being done by the foreign section or export department of the already existing, privately supported Chamber of Commerce. The same problem developed in both the home and the foreign field; in foreign capitals there was competition between, and duplication of effort by establishments of different Departments of our Government in the trade information gathering service, while at home it was duplication of effort between the Government Department and the voluntary organization of merchants and manufacturers, in the trade promotion material distributing field.

There has been, among those interested in the trade promotion activities of our Government, a growing conviction that just as offices of Commercial Attaches were opened in certain foreign capitals where they may not have been needed, so district offices of the Bureau were opened in the United States in certain cities where they represent an unnecessary expenditure of our Government and have only led to difficulties. That this problem is receiving careful attention seems to be indicated by the fact that the Bureau is decreasing the number of its district offices in the United States and is increasing the number of Chambers of Commerce with which it has cooperative arrangements. It is a grave question and one worthy of close examination as to whether the Bureau needs

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any district offices in any city, even in the larger centers. The voluntarily supported Chambers of Commerce in practically every city of any importance in the United States, are so well conducted and have in almost every case an organization able to handle with discrimination information from the foreign field. There is a growing conviction that it would be more desirable to have built up in all of these Chambers of Commerce in strategically located cities in the United States, an export or foreign division to which the Bureau in Washington can send the information which it is now transmitting to its district offices. As Chambers of Commerce are voluntary and privately supported institutions the membership of which is made up of the firms and individuals interested in this information from abroad, and as these organizations are entitled to the information which the Bureau has available, the present system of maintaining district offices is largely equivalent to our Government keeping up in many cities at the expense of the tax-payer, an establishment which is in direct competition with a privately supported organization which is in every way equipped, or which can easily be adapted, to perform the same purpose without any cost to our Government.

It is interesting and fundamental in this connection to note that in the opening of district offices the Bureau of Foreign and Domestic Commerce may not have always been acting on its own initiative but has been acting under pressure of certain local interests which were able to secure sufficient political support which made it necessary for the Bureau to establish an office. It is the same type of pressure from particular interests which may have influenced the sending abroad of so-called specialists by the Departments of Commerce and Agriculture. It is also interesting to note that it is through these district offices that the rapid growth of the Bureau of Foreign and Domestic Commerce and its foreign and home services have been made possible. Appreciable services have been rendered to our exporting interests through the information received from Consuls and Commercial Attaches abroad which reaches the interested parties largely through the district offices. As the information reaches the inquirer through the district offices which are, and which are well understood to be, offices of the Department of Commerce, there has been the ever increasing impression even in well informed business circles ~~that~~, that this information from the foreign field comes solely from the Department of Commerce and its officers abroad. Members of Congress from various sections of the country have therefore had impressed upon them by local interests, the undoubted value of the service which is being rendered, ^{and} being under the impression that the information from the

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field which they found so valuable, comes solely or almost entirely from the foreign agents of the Department of Commerce, there has been strong support in the Committees of Congress and on the floor of both Houses, of the appropriations for the Bureau. Because of the means through which the information from the field is distributed, our public has become confused as to the dual origin of this material and the relative part in trade promotion activities played by consular officers and those of the Department of Commerce. There has grown up the erroneous impression that matters of trade protection and promotion are practically solely in the hands of officers of the Department of Commerce and that the Department of State which continues to play in reality the preponderant part in this field, has only an indirect and vague interest in it. That this impression should have become so general has been a misfortune, for it has resulted in what is now believed to be an undue increase in the appropriations of the Bureau of Foreign and Domestic Commerce while those of the Department of State have been almost without support from industrial and agricultural interests although it is really officers of that Department who do all the trade protection work and who still do, in spite of the establishment of these other Services, a great majority of the trade promotion work. This statement, because of the existing misapprehensions, requires amplification and justification.

One of the principal services rendered by the Department of Commerce through the Bureau of Foreign and Domestic Commerce and through the district and cooperative offices in the United States, is the furnishing of credit information with regard to foreign firms, together with very complete information concerning the activity, organization and general reliability of the firms. These reports are known as World Trade Directory Reports and are prepared exclusively by consular officers. That consular officers are the ones to do this work is obvious, as they are found not only in capitals but in all the important commercial and strategic centers of the world, while Commercial Attaches are established only in capitals, and consular officers have consequently the close contacts which make it possible to get, without extra cost to our Government, this intimate information which is of such vital importance to American firms. Tens of thousands of these World Trade Directory Reports are prepared by consular officers every year and transmitted to the Commercial Intelligence Division of the Bureau of Foreign and Domestic Commerce, which makes this information available to business men in the United States, and hundreds of thousands of these reports prepared by consular officers are on file in that Division. When an American business man wishes to sell goods to a

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firm in any part of the world or wishes to buy goods from a firm even in the most outlying place, he naturally desires to have as complete information as possible concerning it. He can get it by writing to the Bureau of Foreign and Domestic Commerce in Washington which in the majority of the cases already has this information on file and can give intimate and complete data concerning the activities of the particular firm, let us say in Tahiti or in Java as well as in Germany or Italy, by return mail. If a report on the particular firm should not be on file, a request goes out at once to the appropriate consular officer for the data. These reports on file in the Bureau in Washington are religiously revised at least once every two years or as often as changed circumstances in the situation of a firm make desirable. It is not necessary to emphasize the importance of this one function performed by consular officers for the import and export interests of the United States, but it is necessary to emphasize that at least 98% of these reports made available to American business men are furnished by consular officers in all parts of the world and that the only function of the Department of Commerce in this connection is to act as the repository and the distributing agent in the United States of ~~of~~ these data. The impression nevertheless is quite current in the United States, and perhaps natural, that as this information reaches interested persons through the Department of Commerce and its district offices, it is prepared by Commercial Attaches abroad of that Department, when in fact no more than 2% of the reports come from the officers of Commerce in the field and the circumstances are such that they could not properly furnish such reports without tremendously increasing the cost of the operation of the Bureau and its Foreign Service.

Another of the vital functions which is performed for American interests abroad by consular officers, is the preparation of so-called Trade Lists which are lists containing the names of important firms manufacturing, importing or distributing specific articles. These lists give not only the names of the firms, their specific activities and their standing, but a World Trade Directory has usually also been prepared for every firm in the list and is in the files of the Bureau in Washington. Whenever a manufacturer or a distributor of an article in the United States desires to enter the market in any part of the world, he need only write to the Bureau of Foreign and Domestic Commerce in Washington which send him a list of the selected firms which he can address and will furnish him with all the information which he could desire concerning these firms themselves. The preparation of these Trade Lists, as in the case of World Trade Directory Reports, is solely a function

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of consular officers, and as in the case of World Trade Directory Reports at least 98% of the Trade Lists which are found so useful by American firms, are prepared by consular officers and they are the only officers of our Government abroad so placed that they can advantageously and in connection with their other activities, properly do this work. The impression nevertheless exists among firms in the United States using this material, that it is gathered through the Commercial Attaches of the Bureau abroad.

The so-called Trade Opportunities which the Department of Commerce publishes and makes available to interested firms in the United States, reporting demands for particular articles and commodities, are gathered for the most part not as is generally understood by interested persons in the United States by officers of the Department of Commerce, but by consular officers. It would be difficult to establish accurately the percentage of these Trade Opportunities furnished by consular officers and by Commercial Attaches, but a conservative estimate is that at least 75% come from consular officers.

As has already been brought out, consular officers have for almost 150 years been the chief source of the information with regard to conditions in foreign countries and markets, not only for the Departments of State, Commerce and Agriculture, but for the other Departments of our Government and independent boards. In spite of the establishment of the Foreign Services of the Departments of Commerce and Agriculture, the commercial and economic reports furnished by consular officers and given publicity and distribution by the Departments of Commerce and Agriculture, still form the major part of the material received from the field. It may be conservatively estimated that at least 85% of the trade promotion material in the form of reports which is distributed by the Departments of Commerce and Agriculture, comes from consular officers.

It has been the desire in the discussion up to this point of the trade promotion and trade protection activities of our Government abroad, to set forth certain conditions and facts and to clear away certain misapprehensions which exist in the popular mind with respect to these functions. In resume this discussion has shown that in the field of trade protection and representations of all kinds in behalf of American trade and interests, there can be no duplication in the foreign field between the Department of State and its officers and those of the officers of other Departments, as these matters are solely a function of the Department of State, and that the misapprehension

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which has existed so largely that other Departments than State can do and do this work, has diverted popular support from the State Department which is actually and solely responsible and doing this work. It has been shown that in trade promotion work in which the consular officers of the Department of State and the Attaches of the Departments of Commerce and Agriculture participate, the great majority of the trade promotion work continues to be done by consular officers, but that because this work done by consular officers is given publicity and distribution by other Departments, there has grown up in the United States a very general opinion that this work is being done by these other Departments and their officers in the foreign field.

The result of this misunderstanding and misapprehension has been in many ways disadvantageous to the public interest, for it has led to popular support being given to the distributing Departments at home and to their Services abroad, and to a contraction of the support given to the Department of State and its officers who are really responsible for the collection of this material. The obvious concrete result in administrative practice has been that the financial support which has been given to the Departments of Commerce and Agriculture which are largely distributing in their function, has been liberal and adequate and in the increasing opinion of many, more than adequate, while the Department of State and its Foreign Service have not received the appropriations necessary to meet the increasing load placed upon them. The popular misapprehension has led to the building up of separate establishments, principally of the Department of Commerce in certain foreign cities, which are not necessary and which in some cases have grown to unwieldy proportions, while the establishments of the Department of State in these cities actually responsible for and doing the greater part of the work, have suffered through the lack of necessary funds. It is the object of this memorandum not to criticize adversely any steps which may have been taken with all good intentions, but merely to state certain essential facts which should, in the public interest, have long since been better understood so that the problems of trade protection and trade promotion may be viewed in the light of actual conditions. It is not the intention to state that the presence of officers of the Departments of Commerce and Agriculture in certain capitals abroad may not be desirable in the public interest, but to point out what part such officers of other Departments than State can and do actually play under Constitutional and statutory provisions in the trade protection and trade promotion field abroad. What officers and what establishments these other Departments may properly

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have in the foreign field in the public interest, is a question for Congress to determine after due deliberation and an examination of the actual circumstances.

Under the reorganization measures which our Government is contemplating in the interests of economy and efficiency, due examination will undoubtedly be made of the activities of our Government abroad in the trade protection and trade promotion field. The actual measures taken will have to be based primarily on the interests of our Government and people and the real and most efficient performance of the end desired rather than on the basis of misapprehensions which may exist with regard to present conditions. A major and basic consideration which must be borne in mind as has been shown in the foregoing discussion, is that trade protection work can only be done by officers of the Department of State, that is, diplomatic and consular officers, in accord with the Constitution and Statutes and with international practice. Any endeavor by statute to place the whole or a part of this trade protection work in the officers of a Department other than State abroad, could only result in weakening our own activities in favor of our interests as such action would not be in accord with accepted international practice throughout the world as merely statutory effort on the part of our Government to change such practice would be unavailing. We cannot by our own statutes change the activities or procedure of foreign governments which procedure in actual practice governs the results to be attained in trade promotion activities. Further, the activities of the Department of State and its diplomatic and consular officers in the protection of our trade and interests have always been so thorough and so satisfactory that no change in the present statutory and international practice need be considered desirable or contemplated. It is only necessary that public opinion which in later years has come to believe that such protection functions are performed by officers of other Departments also, be corrected in this respect and that misapprehensions which exist and which show themselves even in speeches in Congress, be dispelled.

The second major consideration which is fundamental in an examination of the trade protection and trade promotion activities of our Government abroad and in reorganization measures which may be undertaken, is that the Department of State, because of its statutory function of performing certain duties abroad for almost every other Department and independent board of our Government, must maintain in capitals and in the principal commercial and strategic centers of the world a State Department establishment with

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appropriate Foreign Service officers and staffs. These State Department establishments in the form of diplomatic missions and consulates, are absolutely essential in the public interest and no matter what action might be taken with regard to trade promotion activities, such as placing these activities exclusively in the officers of another Department abroad, these establishments would have to be maintained wherever they now exist and with the same staffs, in order to do the other work which is imposed upon them. The taking away of the trade promotion activities of consular officers, for example, and placing these activities solely in the officers of the Departments of Commerce and Agriculture, or both, would not make it possible for the State Department to close a single consular establishment for that reason, but it would involve on the contrary, the opening of many new offices for these Departments and a tremendously increased appropriation for them with what is practically an assured decrease in the efficiency of the service rendered. No increased appropriations could enable the Departments of Commerce and Agriculture to do as satisfactorily the trade promotion work which is now being done by consular officers, as it has been definitely shown by experience that the peculiar position enjoyed by consular officers under international law and practice and the place which they are able to make for themselves in their respective districts, can not be enjoyed by officers of other Departments.

It must further be emphasized that consular officers of the Department of State are men chosen most carefully by that Department because of their education and background and what is believed to be proved fitness for all types of work which they have to do, including trade promotion work. In this connection it has often been mentioned as a reproach that consular officers as officers of a Department primarily interested in the conduct of foreign relations, cannot be expected to be interested in, or to be sufficiently efficient in trade promotion reporting and activities. This again is a popular misapprehension of a recent date, as the Departments of Commerce and Agriculture as well as the other Departments of our Government which have for over 100 years used and distributed the reports of consular officers will bear testimony to the excellence and adequacy of these reporting activities. Our consular officers, although not trained technicians in any particular line of commercial reporting, are all required to develop a facility and particular ability in all types of commercial, economic and political reporting. It has already been shown that for these reporting activities abroad experience has developed the fact

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that trained technicians are not necessary in the field except in very few and isolated cases, but that the place of the technician and specialist is in the respective Departments in Washington, who offer their constructive criticism to the men in the field. The same qualities which are necessary and indispensable in an officer reporting on political conditions, are necessary in one reporting on economic and market conditions. Our consular officers have to learn not only to perform properly their routine duties under the law for so many Departments, which are imposed upon them by statute, but to adequately protect our shipping interests and those of our seamen, to issue passports and to perform various duties in connection with our citizenship laws, to grant visas to aliens proceeding to the United States for a temporary or permanent stay, to perform notarial and invoice services, to issue bills of health to vessels and keep our Government informed concerning related conditions abroad, to be of aid and assistance in many ways to travelling Americans and to those domiciled in their respective districts, to make representations to foreign officials and firms and individuals in the protection of the interests of our Government and our people, to make themselves persona grata as a fundamental necessity for the proper performance of all their duties, to interpret in a really American and adequate way to foreign peoples our institutions and our practices, to report accurately and faithfully and adequately on all matters in their respective districts which may be of interest to our Government, and also to do this trade promotion work which has been one of the primary functions of the Service since its inception immediately after the formation of the Republic. They do this trade promotion reporting and work in addition to their political and economic reporting, in connection with all this other work which they have to do, and the fact that they do it conjointly with all this other work has not been shown in practice to be a reason, as has been believed by some, that they do it less well. As a matter of fact it is the multiplicity of contacts and the multiplicity of work which they do and the position which they enjoy as a result of this work, which makes them all the more the indicated officers to do most efficiently the trade promotion work which may be properly undertaken by our Government abroad.

Any reorganizations measures which may be taken by our Government involving or touching upon the foreign establishments of various Departments of our Government abroad, must therefore take into account the peculiarly advantageous position of the Foreign Service of the Department of State, and this

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position must continue to be utilized to the full advantage of our Government and of our commercial, manufacturing, agricultural and financial interests and of our people in general. In the appropriations which are given to the Department of State for the maintenance of its home and foreign organization, the unavoidable responsibilities and duties of its Foreign Service can not be neglected, and a proper conception should be arrived at of what the real opportunities of service abroad are for such establishments and offices of other Departments than the Department of State, which Congress may consider it desirable to continue to be maintained in the foreign field in the public interest.

It has not been the intention in this discussion of this single aspect of the work of our Government abroad to criticize the activities or the expenditures of any Department of our Government, for while there may have been undue expansion of the activities of certain Departments and their officers in the foreign field and even in lines which may not have a statutory basis, this over-expansion and consequent waste of tax-payers' money may be as much due to ill-advised pressure from, and misunderstandings existing among, certain trades, organizations and persons in the United States, as from overly-ambitious aims of these Departments themselves. That over-expansion exists and that there is overlapping of functions and duplication of work between the representatives of various Departments abroad, is nevertheless so obvious that no study of reorganization measures in the interests of efficiency and economy would be complete without a careful examination of this particular problem in the foreign field. The Departments maintaining representatives abroad are State, War, Navy, Commerce, Agriculture and Treasury, but this discussion has been confined to the problem of trade protection and trade promotion in which the greatest wastage and duplication exist as between the trade promotion activities of consular officers and of the Attaches of Commerce and Agriculture. A careful study of the activities of all of the officers of our Government abroad will undoubtedly make it possible to bring about a reduction in the expenditures in this respect, of Commerce, Agriculture, War, Navy and Treasury. In all of these Departments with the exception of Commerce, the reduction in expenditures possible will not be material, but when such reorganization measures are taken they will undoubtedly include a more careful delimitation of the activities of all the officers of these Departments, as there has been a tendency on the part of practically all of them to expand their fields of action. The Department of State is the only Department of our Government performing functions abroad which, although it is the first in the field, has never increased the scope of

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its activities. Its activities today are what they were at the beginnings of our Government and not a single new function has been undertaken by the Department except by statute, and the very important development in the volume of the work which it has to do as well as in its importance, has come about through the natural growth of our Government and our people and the importance of our foreign relations and interests rather than through the taking on of new activities.

In the particular field of trade promotion in which the most obvious and costly duplication exists, the remedy would seem to lie in closing the offices of Commercial Attaches in ~~certain~~ of the less important capitals, and centering this trade promotion work exclusively in the consular establishments already existing there and which can adequately take care of this work in most cases without any increase in officer or clerical personnel or any other increase in cost to our Government; in decreasing the staffs in the offices of the Commercial Attaches in capitals to more reasonable limits and to centering the trade promotion work in the respective areas in the consular establishments in the country and in the supervisory Consulate General, retaining the Commercial Attache as the liaison officer in the capital between the diplomatic and consular establishments in the country. The American personnel in the Foreign Service of Commerce which would be released in this way from the foreign field could undoubtedly be used to advantage either in the Bureau of Foreign and Domestic Commerce in Washington or in such district offices which the Bureau may find it advisable to continue maintaining in the United States, and there would seem to be no reason for not, and certain advantages in, maintaining an officer of the Bureau in the cooperative Chambers of Commerce in the United States where this officer could serve as the liaison between the Chamber serving as a distributing unit and the Bureau in Washington and act in an advisory capacity both to the Chamber and to the Bureau in matters relating to foreign trade from that particular area of the United States. The increased efficiency and smoothness of operation which would be attained in the foreign field and the economies to our tax-payers are so real and so apparent to those who have given this matter careful attention, that it would seem that conditions of expediency should long since have brought about an examination and adjustment of this problem. The economy in public expenditure which is now so absolutely necessary in all activities of Government, now makes an examination and adjustment of this matter imperative, and the facts set forth in this discussion are presented in the hope that certain basic considerations shall not be lost sight of and that certain dangerous popular misapprehensions may be dispelled.

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