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*Received*

AIR MAIL

México, D. F., México  
December 26, 1944.

My dear Friend:

I have a very pleasant trip back here and returned to Mexico City Friday noon the 22nd. Although we have just passed the Christmas holiday, I am sorry to say that I have been hard at it during the holidays as have a good many of my people here.

There is one matter which I hoped to have an opportunity to discuss with you while I was in Washington, but my own time was taken up with the particular matters which took me to Washington, and it was necessary for me to return here last Friday because of some work I am engaged on. I knew too how much occupied you were with all the detail involved in getting out from one job and getting into another. I would have therefore had a real hesitation in encroaching on your time last week.

I am taking the liberty of writing you briefly about the matter which I wish to discuss with you, but it is, I believe, one on which you have very well defined views already, and I think you know mine. One of the things which gives me greatest concern these days is the machinery for the conduct of foreign policy, and you and I know that that machinery has to be the very best we can have. There are those who think that the conduct of economic policy can be separated from political policy and that the conduct of economic policy can be diffused in various agencies without disadvantage to our Government. There are those who perhaps really think that the conduct of economic policy can be best carried through through an agency other than the Department of State.

I have

The Honorable  
W. L. Clayton,  
Assistant Secretary of State,  
Washington, D. C.

I have been with the Department of State for almost 31 years, and as you know during that time I have given practically equal attention to the political, economic, and administrative factors involved in the conduct of our foreign relations. I am sorry to say that I am one of the few in the Foreign Service who has given equal attention to the three phases of the work. We have, however, increasingly a body of men in the Foreign Service who have done this same thing, and there isn't any doubt that we have today the best Foreign Service of any government. This does not mean to say that it does not have to be still further strengthened.

One of the things that I have learned is that you cannot conduct political policy in a vacuum and that political policy in our times has to have its basis in economic factors. The conduct of foreign relations therefore involves a combination of political and economic policy, and you cannot separate the two by having the one in one department and the other in another, or having one set of men carrying on our political work abroad and another one economic. We have learned this lesson at home, I think, through bitter experience and at least through long experience. At least some of us have learned it. Some of those who are new, however, to the Government and who do not know the long history behind our foreign relations and the practice thereof may with the very best intentions have the opinion that the conduct of political policy can be in one department and economic policy in another. I am convinced that this is unsound, no matter how well meaning the proponents of the idea may be. Experience has taught us the contrary.

I think we have an extraordinarily appropriate opportunity for bringing about certain changes in our administrative practice, which the war created, and which even during the period of the war can again be normalized. There is this definite intention on the part of certain people to build up the Foreign Economic Administration into a permanent organism of government and to even go so far as to have it have its own foreign service. Behind this idea there are, I am sure, some well meaning people, but behind it also are those who are endeavoring to build up and maintain a situation for purely selfish reasons in order to maintain their positions for the long range.

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In my opinion the time has come when the functions of the Foreign Economic Administration should be merged into the Department of State. There may be certain functions of the Foreign Economic Administration, all of a temporary nature, which might be carried on by a skeleton FEA during the duration of the war, or which might be transferred to some other permanent agency of government than the Department of State. Certainly the Department of State cannot go into the buying and selling end, which is of a very definitely temporary character.

When, however, it comes to the formulation of economic policy, and the conduct of economic policy, whether it is at home or abroad, it has, in my opinion and out of my experience, to be centered in the Department of State. I believe that the President is fully convinced of this also, and it seems to me that with a man of your capacity coming into the Department it is a most appropriate time to bring about this change and these major decisions in administrative policy and practice. I have not discussed the matter with Secretary Stettinius, but I feel sure that because of his sound knowledge of business and practice, and of administrative procedure, his thoughts will most likely run along the same line.

I am taking the liberty of writing you because I have reason to believe that a rather definite effort will be made by some in the FEA and by certain persons outside of it to build it up into a permanent agency of government which would have charge of the formulation and conduct of economic policy. I have reason to believe that there are those who wish to create for the FEA a permanent organization abroad. I can think of few things which would be more disastrous for us in the difficult post war years into which we are moving. I can think of few things which would handicap us more than that in the conduct of our foreign policy and of our relationships with other states.

The President is fully familiar with this situation, and he realizes the administrative phases thereof as well as the policy phases. In 1937 when I was asked to come back as Assistant Secretary of State, one of the things that the President charged me with was the consolidation of the then Foreign Service of Commerce and of Agriculture into that of the Department of State. Both Commerce and Agriculture had started to build up their own foreign services through Commercial and Agricultural Attachés, and I believe in complete good

faith--

faith--certainly at the outset--but the bureaucratic pressure which developed in a very few years worked in the sense of trying to develop these services into practically independent operations of our Government abroad. The result was confusion at home and abroad and confusion in our relationships with other governments. Difficulties arose between the Departments at home which we altogether unnecessary. American business and agriculture finally realized the undesirability of the arrangement, and although it took me almost three years to carry through the President's instructions, we finally succeeded in getting a consolidation of the Foreign Services of Commerce and Agriculture into that of the State Department in the second reorganization act, which you will recall. It has worked very well.

Those who are trying to build up the FEA into a permanent agency of Government with its separate staff abroad on a permanent basis are not familiar with this long background and with the lessons which we have learned. They do not appreciate what difficulties they might be causing, with the best intentions in the world.

I know that you are familiar with this situation, but I have wanted to write you to tell you that it is my very real belief that the present reorganization in the Department and your coming in in charge of economic affairs provides really the most effective opportunity we have of bringing about even today and before the end of the war the decisions in principle, and the carrying through in practice, so far as war conditions permit of these fundamental lessons which we have learned.

I know that I am bringing coals to New Castle with the thoughts which I have so inadequately expressed in this letter, but I have wished to be very brief as I know how occupied you are. I have not hesitated to write you, however, because this particular problem of the most efficient machinery for the formulation and conduct of foreign policy has been one of my principal preoccupations for over thirty years, and the thoughts which I have expressed, perhaps not so clearly, are the result of my experience and, I am sure, of others who have given this matter the same study.

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May I assure you that it is my very real desire to collaborate with you in the important and difficult tasks which you have assumed. May I say again how fine I think it is that you have shown a willingness to give this further great service to our country. To me it will be a very real source of satisfaction to be of any help to you in this task which may lie in my power.

With all good wishes,

GEORGE S. MESSERSMITH

GSM: hmb