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April 28, 1939.

Personal and Confidential

Dear Mr. Farrell:

It gives me a great deal of pleasure to be able to tell you that the President has decided, on the recommendation of the Secretaries of State, Commerce, and Agriculture, to send to the Congress, as a measure under the Reorganization Act, a plan for the consolidation of the Foreign Services of Commerce and Agriculture into that of the Department of State. The plan will be accompanied by a message giving the background of this measure. I am not able to say with any definiteness when this plan will be presented to the Congress, but I am inclined to think that it will be some time during this coming week. It is likely to be sent to the Congress together with other plans for interdepartmental reorganization.

I think there are few in this country who are more familiar with our foreign trade problems and our general problems abroad than you are, and few who have been able to be of such real constructive help as you have been. This question of the Foreign Services has been a very difficult one for years, and has in recent years, in spite of the coordination agreements between Commerce and State, been troublesome. The existence of these three Foreign Services has led to serious inconveniences in the conduct of our foreign relations and to friction between the Departments in Washington and between the men in the field, as well as to very inefficient and expensive duplication of effort. The problem has been receiving constant attention by the three Departments and increasingly they have come to the conviction that there is only one real solution in the interest of Government, of business, and of agriculture, and that is the consolidation of the Services under the direction of the Department of State.

The Honorable
James Farrell,
26 Beaver Street,
New York, New York.

I think

I think I need not tell you that my own interest in this matter has not been a departmental one. Although I have been in the Foreign Service of our Government for twenty-five years and now almost two years in the Department of State in Washington, I have never been able to feel myself a departmental officer. I have always tried to view our problems from the point of view of our Government and our people as a whole. It is out of this objective attitude that I can say with full conviction that there is no solution to this problem which is adequate other than the consolidation of the Services. The conviction grows out of experience on three continents and at a number of posts.

Although the consolidation has been under consideration for a number of years, it has been under very active consideration, as you know, during the last year. During the last months the Secretaries of State, Commerce, and Agriculture have gone into the matter most carefully and objectively. The President, as you I am sure know, has a very definite knowledge of our foreign problems, as well as of the machinery for the conduct of our foreign relations. He too has felt that something should be done to strengthen this machinery at a time when our country has as difficult problems to face in the foreign field as in any period of our history. Unfortunately, too, we cannot look forward to less troubled times in the foreseeable future, and certainly in the economic field it will take many years before really normal relationships are established. In such a period it is necessary, not only for Government but for business and our people generally, that we have the strongest possible representation abroad. This consolidation is going to enable us to present a solid front abroad in our foreign representation.

I can assure you that there will be no lessening of the services to government, business, and our people in general. On the other hand, the whole objective of the plan which the President is submitting to the Congress is to strengthen our foreign representation and the services it can render to all elements of our population. I am convinced that it will strengthen our position.

There are, of course, some business men and perhaps some agricultural interests who may believe that the consolidation will mean a lessening of the service to business and agriculture in the foreign field. You and I have spoken of these misapprehensions and we know how difficult it is to

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clear them up in a short time. Nevertheless, I feel that those who are responsible and who know must have the courage of their convictions and proceed in doing what they know the situation calls for. I am convinced from my wide acquaintance with responsible business men throughout the country with whom I have gone into this matter, particularly during the last year, that they realize that this step is an essential one. I know that among the people of the country who have a broad knowledge of our foreign affairs and the conduct of foreign relations there is a definite conviction that this is a step which must be taken even though there may be some criticism. I am sure that Secretary Hopkins and Secretary Wallace realize that in certain business and agricultural circles they will be criticized for this action in agreeing to this plan for consolidation. I can assure you that they have gone into the matter most carefully and have studied every aspect of the problem. In spite of the fact that they realize there may be some unfavorable comment, they have come to the conviction it is their duty to see that this important step is taken.

I think you will be interested to know that practically every member of Congress whom I happen to know and has a knowledge of this problem has come to the conclusion that this consolidation is one of the wisest and most constructive steps which can be undertaken under the reorganization program. I have had, during the past year, many members of Congress speak to me about this and say the time has come, in spite of some of the misapprehensions existing among our people, for this important step to be taken in strengthening our foreign representation through the consolidation of the Foreign Services under the Department of State. You will be interested to know, too, that practically every member of the Foreign Service of Commerce and Agriculture who has any knowledge of the consolidation plans is very much in favor of the consolidation.

The decision of the President and of the three Departments to join in this recommendation to the Congress under the Reorganization Act is still confidential and will not be known until some time next week when the President will be sending further reorganization plans to the Congress and of which the consolidation of the Foreign Services will be one. I have felt, however, that in view of the conversations which we have had with you and of the interest which you have taken in our problems, I ought to tell you about these plans for I believe that you will agree that when government is trying to put into effect good business practice in

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government, business should give government a chance to see what it can do. You have such a broad knowledge of these problems and have taken such a constructive interest that I have wanted you to know what is being planned.

When the details of the plan are known, and they will, of course, become public when the plan is submitted to Congress, I am confident that every business man who will take the pains to really study the plan will agree that it is a constructive step. What I fear is that out of existing prejudices and misconceptions there may be some really responsible people who will make adverse criticism of the plan without taking the trouble to acquaint themselves with it. There are men who will not do this sort of thing about their own business who will take that attitude with respect to the acts of Government. What I do hope is that you will exert that very great influence you have in seeing that there is no ill-considered or prejudiced criticism, but that comment will be reserved until the plan has been studied objectively.

I understand that the United States Chamber of Commerce, or rather the International Section of the Chamber, are having a meeting in Washington next week and that you may be here. I hope very much that I may have the privilege of seeing you while you are here. Unfortunately, I am not able to accept the invitation to be present at the dinner on Monday evening, May 1, as I have a long-standing engagement that evening to meet with the Foreign Service Buildings Commission, which meets only once a year. This Commission, which is composed of three Cabinet members and the Chairman and ranking members of the House and Senate Committees on Foreign Affairs, has charge of our program for building offices and residences abroad for the Foreign Service. As the program falls among the many things with which I am charged in this Department, it is, of course, necessary for me to be at that meeting, but I regret that this will be one of the first dinners of the Chamber that I have missed for some years.

I have inflicted a very long letter on you but I have been free to do it in view of the very great interest which I know you have always had in these problems. I look forward very much to the privilege of seeing you next week. In view of the fact that this decision of the President and of the Secretaries of State, Commerce, and

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Agriculture to consolidate the Foreign Services remains confidential until the President sends the message to Congress, I should appreciate your keeping what I have said to you in confidence until the message is sent to the Congress.

Cordially and faithfully yours,

P. S. - In view of the great interest which Mr. Thomas, of the Foreign Trade Council, has always shown in these problems, I feel sure you will not mind my sending him a copy of this letter to you, which I am doing. I am also sending you herewith a copy of a memorandum which I have prepared giving the background of consolidation and which has so far not been given any circulation. The memorandum therefore should be considered as a confidential document until after the President's message on consolidation has been sent to the Congress, but I feel sure that you will be interested in looking through it.