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Memorandum Regarding a Congressional Appropriation for the State Department

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MEMORANDUM.

With a comparatively untrained, ill organized and inadequate foreign service, guided by a Department of State where the lack of sufficient funds and the want of flexibility have made scientific specialization and co-ordination next to impossible, this Government has for years been struggling to keep open the commercial, financial and business opportunities in the foreign field and to encourage, foster and guide the efforts of those American interests which have hitherto made foreign business a serious aim.

With the results of intense internal development, all countries are now turning their attention more earnestly to foreign trade, and there is a new era of international commercial expansion. Occupied with this, the diplomacy of today has become of the greatest practical business importance.

By a fortunate coincidence, the development of the resources of the United States has so synchronized with this world movement, that the moment when intense competition makes it well-nigh impossible for any Government to hold open opportunities unless they be availed of, is also the moment when surplus production and accumulated wealth in all parts of the United States place men of business in position energetically to assail foreign markets and to avail of foreign opportunities.

China and Latin America are recognized by the world as the regions of richest potentiality as fields for foreign commerce and investment, and it happens that China and the rest of the Far East, and Latin America, are geographically, by tradition and by common consent, two fields pre-eminently adapted for American enterprise.
In both these regions the ratio between present development, and the amazing statistics which by every law future history will record, is too well recognized to require statement. In both these fields individual effort must be encouraged, fostered and supported through the instrumentalities of the foreign service in its departmental, diplomatic and consular branches, in order that Americans may compete upon even terms with their commercial rivals. What the Government can do in this direction is very important, and is for the benefit not of any particular section but of the whole country; and will increase the prosperity alike of the merchant, the manufacturer, the agriculturist, the capitalist, and consequently that of the operative and of labor generally.

In China, for example, there is the great field for cotton goods, so important to the cotton grower of the South, as well as to the manufacturer of every section. There is there also a great market for American tobacco, for railway materials and for machinery of every kind, - indeed a market the variety and extent of which baffles estimate. If the United States is to preserve its share in the Far Eastern trade, now is the time for energetic effort.

There are corresponding conditions in Latin America, where the rate of increase in enterprise, in development, in purchasing power and in demand for foreign goods is increasing with wonderful acceleration. The Panama Canal, it is hoped, will be completed in a half dozen years, and is expected to usher in a new era in trade among the American Republics. If the United States is to have any adequate return for the enormous outlay in constructing this canal, it is now time to gain in the commerce of Latin America a strong position. If efforts be not now made, there is a very real danger that opportunities will be
pre-empted and that American commerce will fall so far behind as to make it well nigh impossible for it to overtake its rivals.

Turning from the general subject of foreign trade expansion, every one must realize what a difficult and delicate task and what a heavy burden will be thrown upon the Department of State by the new tariff law. It will become necessary to make an exhaustive expert study of tariff conditions in all the countries with which we have relations, to measure precisely their relative treatment of American commerce, to adjust differences by difficult negotiation and to inform the President of conditions which may enable him to determine upon the facts, the question of the extension of maximum or minimum treatment, and by convention or otherwise to provide therefor.

This alone necessitates considerable expansion of the work of the Department of State, particularly in the Bureau of Trade Relations.

At no very distant date there is to be negotiated a new treaty with the Empire of Japan, which will involve many matters of commercial and other importance, and will require special and exhaustive study.

The Department is officially informed that in the near future a strong American bank is to be established, to undertake banking business with Latin America. Next year there is the fourth Pan American Conference at Buenos Ayres, for which preparation is necessary. American financiers are entering upon a large enterprise for the funding of the debt of Honduras. Our commercial and other relations with Cuba and Central America are becoming daily closer and more complex, and their special study becomes increasingly indispensable. In a word, by natural evolution, the United
States has come into a position where the foreign service must be scientific, efficient and up-to-date. There has in fact been no expansion of this branch of the government at all commensurate with the change from a stay-at-home commercial policy to one of competitive expansion. In every other country in which the foreign field is as important as it is to the United States, we find in the foreign offices and in the foreign services a high degree of scientific specialization, an adequate, trained personnel, and therefore a consistent policy which overlooks no opportunity.

The present administration feels it its duty not to disguise the fact that our present machinery is inadequate and that its expansion is absolutely necessary to the material interests of the whole country, and that it lies with Congress by making the appropriation now sought, to put it within the power of the Government of the United States to render to American interests the maximum amount of proper protection and encouragement.

In the past it has been customary, when there arose a special exigency which could not possibly be met with regular machinery of the service, to employ outside assistance to take charge of occasional matters. This has sometimes been done under special appropriations and sometimes through funds appropriated to meet emergencies. In this way during the fiscal years 1906, 1907 and 1908 there have been spent some $30,000 per year for extra services and expenses. This system is most unsatisfactory, in that it entirely lacks continuity and is destructive of good administration. Furthermore it is distressingly wasteful, for the obvious reason that the person employed from outside the service is trained by a valuable official experience,
and the Government thereafter gains nothing by the training thus bestowed. With the appropriation now sought, such outside employment would be reduced to a minimum, and the Department would have regularly at its command and engaged in its work an increased number of thoroughly trained men. Today the number of men bearing the responsibility of the Department's work is so ridiculously small that they are much overworked, and it is still quite impossible for them to give the necessary specialized study to many matters of paramount importance.

It will thus be seen that the desired appropriation of $100,000 would give to the foreign service that flexibility which is obviously necessary, because the Department of State deals with varying unforeseen problems, the nature and importance of which fluctuates with changing conditions the world over. It would make possible the proper specialization in the study of American interests under complex conditions in different parts of the world, such as the Far East, Latin America, the Near East, where the spread of modern ideas is certain to open up a commercial field of great importance, etc. It would make possible the indispensable and special study of tariffs, commercial negotiations, reciprocity, etc., and it would enable the Department to do its work with its own men, whose increased experience and efficiency would be kept at the command of the Government, and withal, as will be seen from the above, the net increased cost would be trifling in itself and entirely negligible when it is considered how great are the national interests subserved.