

223  
~~225~~

DEPARTMENT  
OF STATE

1027

CONFIDENTIAL



DEPARTMENT OF STATE A/CDC/MR

REVIEWED by W. Brown DATE 8/24/61

- RELEASE     DECLASSIFY
- EXTEND     DECLASSIFY in PART
- DENY     Non-responsive info.

FOI, EO or PA exemptions \_\_\_\_\_

- TS authority to:
- CLASSIFY as \_\_\_\_\_, OADR
  - DOWNGRADE TS to  S or  C, OADR

CASE STUDY

CONFIDENTIAL  
POLICY AND FOREIGN POLICY

CONFIDENTIAL

1940

1940

LIMITED OFFICIAL USE - NOFORN

DECLASSIFIED

THE SENIOR SEMINAR IN FOREIGN POLICY

FOURTEENTH SESSION

August 16, 1971 - June 9, 1972

FOREIGN ECONOMIC POLICY

AND OVERSEAS REPRESENTATION -

FRANCE, GERMANY & THE UNITED KINGDOM

A Case Study

by

Robert S. Watson

May, 1972

LIMITED OFFICIAL USE - NOFORN  
DECLASSIFIED

0371224 1030

00782110

DECLASSIFIED

SUMMARY

Foreign economic and financial policy formulation and implementation in France, Germany and the United Kingdom is dominated and, to a large extent, controlled by the respective Ministries of Economics and Finance. Ministries of Foreign Affairs and the technical Ministries (e.g. Agriculture) usually play a secondary role except when their particular political or technical responsibilities are engaged. The main exception to these rules involves the economic and financial aspects of participation in the EEC which are handled by inter-agency committees chaired by the highest levels in each government.

Systems for overseas representation of economic and financial interests vary among the three countries. France maintains foreign economic and financial services separate from the diplomatic service while both Germany and the United Kingdom place the heaviest reliance on their diplomatic services. The role played by quasi-public and private institutions also varies. Germany uses these institutions extensively overseas while France and the U.K. make considerably less use of them.

This paper covers in some detail selected aspects of foreign economic policy formulation and its overseas representation for France, Germany and the United Kingdom. Since written material on the subjects covered is rather sparse most of this material was gathered from a series of interviews with officials of the U.S., French, German and British Governments in Washington, London, Paris and Bonn. Interpretation of these materials in this paper (which, for reasons of time and space, does not pretend to be a comprehensive treatment) is, of course, the sole responsibility of the writer.

LIMITED OFFICIAL USE - NO FORN

0371291030

05702110

DECLASSIFIED  
Table of Contents

	<u>Page</u>
<u>Summary</u> . . . . .	1
<u>France</u> . . . . .	3
<u>Germany</u> . . . . .	10
<u>United Kingdom</u> . . . . .	16
<u>Notes</u> . . . . .	23

0371291030

05702110



DECLASSIFIED

A. Foreign Economic Policy Formulation and Control

The Ministry of Economy and Finance (MEF) has basic responsibility for and, as a general rule, the decisive influence in the formulation, control and implementation of French foreign economic and financial policies and programs. The MEF's predominant position in the foreign (as well as domestic) economic policy area stems from its control of the French budget and its determinant responsibilities for the general lines of over-all economic and financial management in France. This situation reflects French centralistic theory that one member of the government should be assigned total responsibility for the country's economic and financial health -- whether this involves domestic issues of public finance, credit, prices and public enterprises or external problems of foreign trade, exchange rates and the balance of payments. These topics, the logic runs, are too vital to the country and, at the same time, too inter-related to be dealt with by several Ministers in a piece-meal fashion -- however well coordinated. A sole responsible is therefore essential -- the Minister of Economy and Finance.

The Minister's attributions are clearly specified in legislation: Law 56-870 (August 4, 1956), for example, provides that France's foreign trade "services" are the "sole responsibility" of the Minister of Economy (and Finance) who, inter alia, (1) develops over-all foreign trade policies; (2) determines which policy objectives shall be assigned to other Ministries and/or public entities; (3) issues guidelines and directives for the conduct of trade and tariff negotiations with foreign countries; (4) undertakes whatever coordination may be necessary within the government for these purposes; and, (5) assures control over, and proper implementation of, policies and programs so established. The Minister's financial policy responsibilities are specified in similar legislation.

These broad MEF functions are exercised through two operating Directions, or bureaus in the Ministry: (1) The Direction des Relations Economiques Exterieures for foreign trade and economics; and (2) the international affairs division<sup>1/</sup> of the Direction du Tresor. Each of these bureaus is headed by a Directeur (equivalent to the Assistant Secretary level in U.S. Cabinet Departments) who reports directly to the Minister or to his Deputy (the Secretary of State of Economy and Finance). The particular functions and organizations<sup>2/</sup> of these two bureaus are summarized in the following paragraphs.

The Direction des Relations Economiques Exterieures - DREE - is responsible for handling "all economic questions arising in France's relations with foreign countries .... it determines and implements export and import policies .... and establishes and supervises programs for the promotion of French exports." More explicitly, the DREE

DECLASSIFIED

(1) coordinates the activities of all government agencies with an interest in foreign trade; (2) elaborates and sees to the implementation of export and import objectives, including forecasts of national economic requirements, specific import programs and the management of quantitative restrictions; (3) analyzes all aspects of tariffs and makes recommendations, as appropriate, for action in this area; (4) organizes and controls export promotion programs, especially through over-all supervision and funding of the semi-autonomous operating agency, the Centre National du Commerce Extérieur (CNCE), which in turn is responsible for the nitty-gritty of the French foreign trade promotion and information system, participation in foreign trade fairs and exhibitions, market research programs, trade missions, etc.; (5) supervises other export promotion activities, including export credit, guarantee and insurance programs; (6) negotiates, in coordination with other agencies, and implements bilateral and multilateral trade and tariff agreements; (7) represents France in economic discussions in all international institutions (e.g., E.E.C., OECD, UN, FAO) of which France is a member; (8) develops and manages programs of technical assistance to the LDC's; and (9) operates and controls, in support of these responsibilities, the French commercial counsellor and attache system -- the Corps de l'Expansion Economique -- overseas.

Organizationally, the DREE has four main operating divisions and two service units, as follows: (1) a Trade Negotiations Division with three Multilateral Section units covering E.E.C., agricultural policy, and other international institutions and two Bilateral Section units covering Franc area and non-Franc area countries; (2) a Finance and Export Promotion Division with four units covering export credit and international coordination of export credit practices, general export finance and insurance, foreign trade tax problems, and market research and supervision of the CNCE; (3) a Research Division with three units covering general research, sectoral analyses, and import problems and trade controls; (4) an overseas Operations/Administration Division with four units covering overseas posts, personnel, general administration and information and public affairs; (5) the Technical Assistance Service, for LDC's; and (6) the Inspectorate-General of the overseas commercial counsellor/attache system (CEE).

For its part, the Direction du Tresor, mainly through the International Affairs Division (DT-AI)<sup>2/</sup> has responsibility for handling all French financial relationships with foreign countries and international institutions including the following principal specific functions: (1) management of French gold and foreign exchange reserves, operations and controls<sup>4/</sup>; (2) formulation and control of balance-of-payments policies and programs; (3) control of French Government expenditures abroad; (4) representing France in the World Bank and International Monetary Fund; (5) developing and presenting France's views on all international financial and monetary questions; (6) exercising financial control over French foreign assistance programs; and (7) managing and controlling the network of French financial counsellors and attaches abroad.

The DT-AI has two operating Sections: (1) the Financial Relations Section, with three geographically-oriented units covering, respectively, Europe, the Americas and the Middle East; Black Africa and the Overseas Territories; North Africa and the Overseas Departments; and (2) the Multilateral Affairs Section, with five units handling balance of payments; multilateral economic aid and cooperation institutions; European organizations; regulation and control of Treasury foreign operations; and, export financing and insurance. Foreign investment policy (inward and outward) is covered by the Treasury Operations Division (with naturally close consultation with the International Affairs Division).

This catalogue of the MEF's wide-ranging responsibilities and jurisdictions suggests that other Ministries of the government, for the most part, play relatively secondary roles in formulating and implementing French foreign economic and financial policies and programs -- and indeed this is the case. The consolidation of responsibilities for both external trade and finance policies in one "super-ministry" is obviously an important advantage, in terms of placing many of the coordination problems of the sort encountered in other governments in a single agency context where power to resolve conflicts of interest arising at lower levels resides in a single individual -- the Minister -- rather than being shared with other Ministers of nominally equal Cabinet rank. At the same time, however, there are occasions when the interests and positions of other Ministries, particularly the technical Ministries such as Agriculture or Transportation, must and do, for reasons of national interest, take precedence over the MEF -- but these are exceptions which tend to prove the rule. E.E.C. issues, handled by a special Cabinet-level committee chaired by the Elysee and in which the Ministers of Foreign Affairs and Agriculture have great weight, are perhaps the clearest examples of such exceptions to the general rule of MEF dominance in foreign economic and financial matters.

The Ministry of Foreign Affairs (MFA) is, nonetheless, far from disengaged in the foreign economic policy arena, circumscribed though it may be by the accepted philosophy of concentrating economic and financial powers in the hands of the Minister of Economy and Finance. In point of fact, the fastest growing<sup>5/</sup> and one of the largest bureaus in the MFA is the Direction Economique et Financiere (DEF). The DEF is organized into three divisions: (1) a General Economics Division functionally oriented; (2) a Bilateral Economic Relations Division geographically organized; and, (3) an Economic Cooperation Division which handles E.E.C., UN, GATT, IBRD and IMF matters for the Ministry.

The DEF is considered by some foreign service officers as the place "where the action is" -- or, at least, where the action will increasingly be as the somewhat stodgy French diplomatic service comes to grips with the problems of "New Diplomacy." The realization that economics, finance and multilateralism are becoming progressively more important in the conduct of foreign relations is coming slowly to the Quai -- there has not yet been a Plowden Report in France. It seems

It seems fair to say that the average French diplomat with some seniority still tends to look a bit disdainfully on economic, commercial or financial work abroad. The younger foreign service officers, on the other hand, accept assignments in these areas more readily and see in the DEF an engine for bringing about needed changes in Quai attitudes towards, and perceptions of, its tasks for the future.

The activities of the DEF involve considerable duplication and overlapping of MEF work on foreign economic and financial subjects and coordination between the two Ministries<sup>6/</sup> is as essential as it is apparently difficult. There are no permanent inter-agency committees within the French Government, short of the Cabinet itself, where general policy or operational conflicts of interest can be resolved. Most such conflicts or issues are handled on an ad hoc basis with something less than completely satisfactory results. As an example, the Quai's DEF asserts substantial jurisdictional and "expert" competence in foreign trade policy matters -- one of DREE's primary responsibilities. One of the resultant, uneasy, compromises is that the two Ministries more or less "take turns" chairing French delegations to bilateral and multilateral economic negotiations and conferences.

There is some evidence of a more fundamental problem between the two Ministries, however, in the form of increasing Quai concern with -- if not outright resentment of -- the existence of the relatively independent commercial and financial foreign services maintained by the Ministry of Economy and Finance. Pressures appear to be building for a unification of the various elements overseas -- after all, proponents argue, is there not logic in having all foreign relations, be they politically, economically, commercially or financially oriented, conducted by the Ministry responsible for the conduct of foreign relations? Internal management committees have addressed this question at least once in recent years but their recommendations (if any) have not, for understandable reasons, seen light of day. And so for the time being, French economic, commercial and financial interests overseas continue to be represented overseas variously by the established MEF and MFA authorities and in reflection of the responsibilities assigned to, and relative power exercised by, those Ministries in Paris.

#### B. Overseas Representation

The MEF, through the DREE, manages and controls the Corps de l'Expansion Economique (CEE), a community designation for France's Commercial Counsellors and Attaches.<sup>7/</sup> The CEE traces its ancestry back to a government report of 1919<sup>7/</sup> which concluded, in effect, that the French diplomatic corps had neither the taste nor the talent for economic and commercial work abroad and tasked the (then separate) Minister of Trade with organizing and operating a corps of commercial attaches to protect and promote French economic interests overseas. During the period 1919-1937 this separate service was manned by contract employees of the

Trade Minister; a system which led to a number of abuses (nepotism among them) and a lack of effectiveness in meeting stated objectives so that the attaches were transferred into the Civil Service in 1937. After the Second World War the system was reorganized and expanded through a series of laws and decrees to reach its present state.

The current "charter" of the French Commercial Counsellor and Attache system is Decree #50-446 of April 19, 1950, the major provisions of which include the following:

1. The Minister of Economy and Finance is responsible for operating the CEE whose members may be posted at Embassies and Consulates overseas and in the central administrations and related institutions of government in France. CEE members have diplomatic status when abroad and are accredited to, and act in the name and under the authority of the chief of mission or principal officer of the overseas post.
2. The Commercial Counsellors and Attaches of the CEE have several statutorily-defined functions: (a) responsibility for handling, under the chief of mission's control, all questions pertaining to French economic interests in the country or region to which they are assigned; (b) acting as the Minister of Economy and Finance's representative and technical advisor to the chief of mission to which assigned for all questions relating to French foreign trade and trading relationships with the host country or countries; (c) discharging the duties of Financial Counsellor or Attache in posts where such are not assigned; (d) through the Minister of Economy and under chief of mission control, keeping French Government agencies currently informed on all questions and developments involving trade and other economic relations between France and the host country (countries); (e) on instructions of the chief of mission, assisting in drafting, negotiating and implementing trade, tariff and related agreements between France and the host country (countries); (f) acting as the Minister of Economy's official representative in all investigations, trade fairs, trade missions and similar activities in the host country (countries); and, (g) generally, assuming responsibility for promoting the economic interests of and assisting, French businessmen, farmers and industrialists in the host country (countries).
3. Commercial Counsellors and Attaches communicate directly with the Minister of Economy (or Minister of Finance when acting as Financial Counsellors or Attaches) with copies to the chief of mission in the host country (countries).

French Commercial Counsellors and Attaches operate fairly independently within these broad terms of reference. Quite frequently their offices are physically apart from the Embassy and the ambassador's control over (as well as interest in) can typically be characterized as nominal at best. In addition to doing most of the general economic reporting from

posts where there are no Financial Counsellors (French foreign service officers do very little "economic" work). The Commercial Counsellors act as the overseas arm for the CNCE and its extensive export promotion programs. Specifically, they intervene with host governments on behalf of French businessmen in connection with tax, customs, trade control, business practice, trade mark and similar problems; assist in the defense of French business and trade interests before host country courts and regulatory bodies; develop contacts for French exporters and importers; and provide extensive market and trade information services to the CNCE and through the CNCE to manufacturers, farmers and traders in France.

At the present time French Commercial Counsellors, Attaches and staff are assigned to 180 posts covering bilaterally, or through regional assignments, every country and market of economic consequence in the world. Personnel include 156 MEF civil servants, 240 category A (contract) employees<sup>87</sup>, about 500 French clerical and research staff and upwards of 800 professional and clerical local employees. Tours of duty average from 18 months in hardship posts to about 4 years in developed countries. CEE salaries overseas are based on the incumbent's civil service rank and pay "index" and are supplemented with the allowances, leave, etc. allotted to diplomatic service officers of equivalent rank in the civil service.<sup>97</sup>

The second arm of the MEF overseas, operated through the DT-AI, is the network of Financial Counsellors, Attaches and Controllers whose existence as a separate corps also dates back to the period immediately following the First World War. The "charter" for this branch of the service is considerably less detailed than that of the CEE: Decree 58-28 (January 14, 1958) states quite simply, the operation and management of France's "financial services" abroad is the responsibility of Financial Counsellors, Attaches and Controllers nominated, controlled and instructed by the Minister of (Economy and) Finance.

The responsibilities of the Financial Counsellors at post are comparable in thrust to those of the Commercial Counsellors, albeit in the monetary, financial and budgetary fields. In addition, they assume responsibility for macro-economic reporting (relieving the Commercial Counsellors of this burden) for countries in which they are posted and, in Washington, the Financial Counsellor has traditionally also been the French Executive Director jointly of the World Bank and International Monetary Fund -- functions which, in fact, occupy the bulk of his and his staff's time. Nominally subject to the ambassador's authority, (probably less so than the Commercial Counsellors, however) the Financial Counsellor is, for all intents and purposes, completely independent of the French Ambassador (direct communication with the MEF is the rule) when dealing with World Bank and IMF matters. The Embassies and the MFA perform most of the actual administrative and house-keeping work for the Commercial and Financial Counsellors but act only as intermediaries and channels of communications when it comes to the substance of their operations in the field, not caring to challenge the MEF view of unified responsibility,

powerfully buttressed by law and tradition; and insistence that other Ministries refrain from interfering with the duties of MEF agents, be they tax collectors in the French provinces or Commercial and Financial Counsellors abroad.

It is a small group -- Decree 58-28 sets the number of Financial Counsellors at 12 and of Financial Attaches and Controllers at 13, distributed at the present time as follows:

- Washington - Counsellor and Attaches
- New York - Counsellor and Attache
- London - Counsellor, Attache and Controller
- Bonn - Counsellor and Attache
- Brussels (EEC) - Counsellor and Attaches
- Brussels (NATO) - Counsellor
- Beirut (Regional) - Counsellor and Attache
- Buenos Aires (Regional) - Counsellor and Attaches
- HongKong (Regional) - Counsellor
- Rome - Counsellor
- Rabat - Counsellor
- Saigon (Regional) - Controller
- Tunis - Attache
- Madrid - Attache
- Paris (OECD) - Counsellor

In theory, this network of jurisdictions covers the world (the Counsellors travel extensively)<sup>10/</sup> but, in practice, the coverage is thin and very selective. In any event, the French Government is highly centralized in Paris and the degree of responsibility and initiative allowed to those in overseas service (MFA as well as MEF) is narrowly confined -- on most issues and negotiations with policy significance officials from Paris will continue to take the lead.

GERMANY

A. Foreign Economic Policy Formulation and Control

Foreign economic and financial policy in Germany is clearly dominated and, to a large extent, controlled by the Ministry of Economics and Finance (MEF)-- a "super-Ministry" created by the Brandt government in the Spring of 1971 through merger of the formerly separate Ministries of Economics and of Finance. To date (May, 1972) this merger (reflecting in large measure an Economics Minister "victory" over his Finance colleague in the Cabinet at the time of the DM crisis) has been effective only at the highest (i.e., political) echelons of the Ministry. The bureaucracy below the Staatssekretar level (a position somewhere between the U.S. Deputy Under Secretary and Assistant Secretary levels) has more or less retained its previous orientations, responsibilities and organization. Thus, the Economics side of the MEF continues to be responsible, in the international area, for foreign trade policy, balance of payments, development assistance and international financial and monetary affairs while the Finance side of the Ministry retains its jurisdiction and control over the somewhat narrower (but often relatively more powerful in a negative sense) revenue, budget and fiscal aspects of foreign economic policy.

In this situation considerable duplication of effort and overlapping of responsibilities persists -- and many bureaucrats in the MEF continue to operate as they have in the past, almost as though there had been no consolidation of Ministries. The government has apparently decided not fully to integrate and rationalize the lower levels of the MEF at the present time, because of possible upsetting complications such action would have for the conduct of several important ongoing foreign economic negotiations and also because it wishes to keep open for the future the option of separate Ministries. In the meantime, serious differences of opinion between officials from the Economics and Finance sides of the house are resolved, if necessary, by the single Minister in charge of the whole. Knowledge that this must be the case, coupled with normal bureaucratic reluctance to bring issues too frequently to the Ministerial level for decision, tends probably to stimulate more compromise and conciliation among lower level officials than prevailed when there were two separate Ministries. In short, there appears to be somewhat of a "one-team" spirit emerging at the present time.

The very broad scope of MEF jurisdiction and control of German economic and financial policies and programs is illustrated by the following enumeration of specific responsibilities assigned to the Ministry's seventeen Ministerialdirektors (roughly, U.S. Assistant Secretary level or slightly below that level -- in any case, the policy level of the bureaucracy):

LIMITED OFFICIAL USE - NOFORN



Economics Side	MEF	Finance Side
- General economic policy and coordination		- Federal and State Finance
- Money and credit		- Budget
- Business enterprises, training and productivity		- Customs, sales taxes and State monopolies
- Industrial development and Berlin development		- Property and turnover taxes
- Energy policy and basic resources		- Administration
- Administrative and legal services		- Housing
- European economic cooperation		- Industrial properties
- Foreign trade and economic affairs and development assistance <u>11/</u>		- Legal, defense and other properties
		- Financial policy, debt and international finance

It is difficult for an outsider looking briefly into this large, somewhat strange, Ministerial structure to get an accurate picture of where the real "clout" is on given issues or even as to how the several units involved with foreign economic and financial policies and programs actually operate. Much of the "clout" in the overall substantive, sense would seem to rest with the Economics side of the Ministry (powers built up carefully and solidly since the days of Erhart's wirtschaftswunder) while the Finance side, like budgeteers in governments elsewhere, apparently keep pretty much to peeling a sharp eye on the purse-string aspects of policy. Coordination is seemingly extensive. If anything, there is a bit too much coordination -- a common complaint heard is that there are too many meetings at all levels on all subjects.

The German Ministry of Foreign Affairs (MFA) plays much the same role in foreign economic policy as does its counterpart in France. It exercises considerable, usually decisive, influence on E.E.C. matters when German foreign political interests are engaged but, for the rest, serves principally as the foreign arm of the MEF with relatively limited inputs to, or initiative in, foreign economic policy discussions per se. One of the MFA's seven ministerialdirektors has combined responsibility for foreign trade, development assistance and European economic integration. The Ministry also runs the foreign commercial attache systems (see below) as an integral part of the German diplomatic service. The technical Ministries (agriculture and transportation) of the government influence, and when obvious national interest, economic or political, dictates, influence foreign economic policy decisively. In recognition of this fact, the MEF organization includes special sections (both the Economics

and Finance sides) on agricultural policy and, in particular, agricultural policies in the EEC context.

In sum, the general lines of power and authority seem fairly clear -- the MEF runs the economic and financial policy and program machinery in Germany pretty much as it will, the major derogation being in the area of EEC relationships where the MFA and the technical Ministries often dominate.

It is important to note that the present content of, and machinery for, formulating and implementing foreign economic and financial policies has been profoundly influenced by Germany's postwar economic history and governmental philosophy of laissez-faire in many areas of activity. The success of Erhart's relative "free enterprise" policies during most of this period kept the government, in effect, out of many of the policy and operational areas in which the governments of France and the United Kingdom of necessity have become intimately and extensively involved. By way of contrast, for example, the U.K. has 60 government employees in Germany doing economic representation work while there are only 6 German officials in the U.K. doing the same tasks. Export promotion is a case in point -- because of Germany's highly productive and very competitive economic base, there has not (perhaps this may be becoming less true as time goes on, however) been any substantial requirement for governmental intervention or assistance in export sales programs. As a result, there is relatively little in the nature of export promotion work done directly by the German government, whether domestically or overseas. Rather, the promotion of German exports (as well as the bulk of the detailed work of promoting and protecting Germany's other economic interests abroad) is handled by "private enterprise" in the form of the German Chambers of Commerce, the Trade Fair Council and various trade associations and by semi-autonomous agencies such as the Bundesstelle fur Aussenhandelsinformation (BFA) and the Hermes credit insurance agency. The government's role in most of this is largely financial (subsidies) and protocolary (via the foreign service), neither of which requires much in the way of complex bureaucracies at home or staffing abroad additional to what might be required for normal minimum representational services.

#### B. Overseas Representation

Analysis of the German foreign service is handicapped by the fact that the German government does not publish any document comparable to the U.S. Foreign Service List or Biographical Register, the U.K.'s Diplomatic Service List or the French Annuaire Generale du Ministere des Affaires Etrangeres. Such compilations do exist, of course, but their circulation is "classified" and restricted to internal government use only on a pretty much need to know basis.<sup>12/</sup> In any event, in the Spring of 1972 there were approximately 1,200 officers in the German foreign service, with 800 posted overseas and 400 in Germany (a relationship which is kept quite constant). The 800 overseas were distributed among roughly 200 separate posts, one third of which were "one man" posts; one third were two and three men posts; and one third were four or more men posts.

Approximately one third of all German foreign service officers are classified as members of the "foreign commercial service", which staffs the Commercial Minister, Counsellor and Attache slots abroad.

This commercial service was originally (mid 1970's) recruited largely from business and business related circles in Germany but at the present time nearly all of its members are full-fledged members of the German diplomatic corps. This is to say, they are "generalist" foreign service officers without special "economist" qualifications (or industrial or business backgrounds) beyond the measure of economic literacy imparted by the two-year diplomatic service school through which all foreign service officers must pass before entering on their careers.<sup>13/</sup> It is expected that the foreign service officer will serve in a variety of assignments during his career and the "commercial service" is just one way-station along the path to Ministerial/Ambassadorial positions. Two to four year assignments to the commercial service are normal and it is unusual for an officer to spend more than four consecutive years in this particular branch of the service.

The commercial service is complemented by a modest number of officers from other Ministries. (Transfers among Ministries are rather infrequent: the German civil servant tends to be fairly immobile within the system.) There are about 30 Economics/Finance Ministry people in the Foreign Affairs Ministry (of which 5 are overseas). Other Ministries represented in the foreign service include 14 agriculture attaches, 18 labor/social security attaches; 8 scientific/technology officers; 5 development assistance aides; 3 petroleum experts and 3 financial attaches. While serving in the Foreign Affairs Ministry (at home or overseas), officers from other Ministries are actually transferred into the MFA -- they become indistinguishable, in the bureaucratic sense, from regular members of the foreign service: their pay and allowances come from the MFA budget, etc. There is, however, an "understanding" that their parent Ministry will take them back after a two to four year tour of duty in the MFA although not infrequently such officers opt to transfer permanently into the foreign service.

The rule of integration into the foreign service also covers the Financial Attache system, created in 1970 <sup>14/</sup> with incumbents now posted in Washington, Geneva and Paris. (There is also a five-man contingent of Finance Ministry officials at the German EEC Mission in Brussels.) The then separate Finance Ministry had been somewhat dissatisfied with the quality of the financial reporting done by the foreign service (specifically, by the commercial service officers) and fought a long, ultimately successful, battle to have its own people assigned abroad as financial attaches. The financial attaches are responsible for all reporting and bilateral discussions/negotiations on host country fiscal, monetary and tax matters and share the general economic reporting responsibilities of the commercial officers as well. Their channels of communication are usually through Embassy facilities and they are under the Ambassador's authority. Their instructions come from the MEF through the mechanical facilities of the MFA (i.e. as a rule without MFA comment or clearance) and, as appropriate, informal, more direct, means of communication may be employed.

The terms of reference for German foreign commercial service officers are broad: to do what they can to promote German economic and financial interests abroad. Basically this means responsibility for reporting on general economic matters. Most of the specific nitty gritty is handled largely outside the foreign service context by the Chambers of Commerce and the BFA. A breakdown of responsibilities by the three principal representational entities illustrates this situation:

1. Foreign Commercial Service: general economic and commercial reporting; bilateral and multilateral trade negotiations; reporting on major market and sectoral developments; covering trade barriers, trade practices and related legislation and controls; general contact with foreign governments and businessmen; "door opening" for German businessmen; and official representation at trade fairs.
2. Overseas Chambers of Commerce: <sup>15/</sup> general economic reports; market reports on specific products; active assistance to the overseas subsidiaries of German companies; special service on foreign trade practices and regulations; analyses of sales, distribution and other business regulations; provision of credit reports on foreign firms; assistance to German trade missions abroad; assistance to German companies in trade disputes; assistance in licensing arrangements, patent problems, etc.
3. Foreign Trade Information Service (BFA): <sup>16/</sup> publishes daily and periodical foreign trade papers covering general and specific economic and commercial subjects including detailed reports on individual products and markets, economic legislation, anti-trust laws, customs, taxes, quotas, tariff and non-tariff barriers, procurement by foreign governments and multilateral institutions; assistance to German firms in trade complaint adjustments; legal aid to German nationals in collection, arbitration and similar legal proceedings; analysis of boycott effects on German trade, etc.

The single important exception to the rule of an integrated foreign commercial and financial service pertains to German representatives (Executive Directors) to the World Bank and International Monetary Fund. These are appointed by the MEF and have traditionally been MEF or Bundesbank officials. They maintain direct contact with the MEF and do not use Embassy channels. Unlike his French and British attache colleagues in Washington, the German financial attache has no responsibilities or jurisdiction relating to German interests and representation in the IBRD and IMF.

The character of German economic and financial representation abroad is likely to be influenced considerably over the longer run by the recommendations in a report of a distinguished commission on Foreign Service Reform <sup>17/</sup> issued in March 1971. Much along the lines of the Duncan report in the U.K. (see below), the report stresses the shifting environment for the German foreign service, in particular, the emerging new look in bilateral and multilateral economic and commercial relationships which will necessitate new orientations and new emphases in representing German economic and financial interests abroad. The Commission recommended an upgrading and refocussing of commercial work abroad on analytical and contact activities, leaving normal commercial and credit information services entirely to the overseas chambers of commerce and the BFA. It also called for a substantial expansion and qualitative improvement of the foreign commercial corps and, in particular, an increase in training opportunities to enhance the skills needed for coping with the problems of the

"New Diplomacy." In response to this, the government is currently making an effort to create an adequate reserve of officers within the foreign service to permit more training programs. Officials of the MEF have indicated, in this connection, great interest in the Department of State's Senior Seminar in Foreign Policy and materials on the Seminar for possible adaptation to German circumstances are being provided in response to a MEF request.

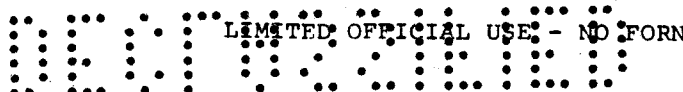

  
 UNITED KINGDOM

A. Foreign Economic Policy Formulation and Control

The British Treasury has dominated the formulation of both domestic and foreign economic policy -- in the broadest sense of the words -- since 1947 when Sir Stafford Cripps succeeded Hugh Dalton at the Treasury. The concentration of economic power in the Treasury's hands has persisted despite (and perhaps because of) the fact that "the organization of the (other) economic ministries has varied, often with dazzling rapidity, according to the whims, personality <sup>18/</sup> problems and public relations requirements of different governments." One of the more important in the series of events leading up to the consolidation of overall economic power at the Treasury was the abolition, in December, 1969, of the Department of Economic Affairs and the transfer of its "macro-economic" policy functions to the Treasury. Thus, at the present time the Treasury's dominant policy role stems from its control, on the one hand, over the government's purse strings and, on the other hand, from its responsibilities for setting the parameters of general economic policies, including balance of payments management and its responsibility for assuring overall coordination of policy amongst all Cabinet Ministries.

This is not to say, however, that the relative position of the Treasury in the formulation of foreign economic policy is absolutely clear-cut -- quite to the contrary -- "one preliminary difficulty in outlining the work of the Treasury is that, because of its great age, it is one of the few Whitehall departments whose functions are not defined by statute . . . [and] . . . as a result, its powers and responsibilities have always been the subject of confusion and argument." <sup>18/</sup> Some functions such as foreign trade policy, are assigned to other departments of the government, but these responsibilities tend to be more on a secondary plane and the policies formulated and implemented by these other departments, at home and abroad are clearly constrained by, and subject to, the broad guidelines and controls provided by the Treasury. <sup>19/</sup>

It is fair to say that the British Treasury restricts its control of foreign economic policies to the broadest level, avoiding direct involvement in most of the detailed aspects of policy and implementation. The only important exception would seem to be international financial and monetary matters and balance of payments generally, over which it rides close herd. This is partly because of preference and partly because of its staffing pattern. The Treasury staff is strikingly small -- something in the neighborhood of 200 senior level officials in all and a total staff, including clericals, of about 1,000 persons (compared with a total U.K. Home Civil Service staff of about 480,000). Obviously, the 200 top staff of the Treasury cannot be involved in all of the details of policies ranging through international financial reform, domestic wage negotiations, regional economic development taxes, and the budget. Treasury influence on such matters as development aid is exercised only at the point of budget formulation. Implementation is left largely to the foreign assistance section of the Foreign Office (formerly the Overseas Development Ministry). The same tends to be


  
 LIMITED OFFICIAL USE - NO FORN

true for export promotion and trade policy as well; with more detailed application of policy left almost entirely up to the Department of Trade and Industry (DTI). While such so-called coordination is effected through the Cabinet Economic Committee and a host of formal and informal inter-agency committees, the fact remains that on key issues of economic strategy, domestic and foreign, the Chancellor of the Exchequer (and his instrument, the Treasury) calls the shots.

The organization of the U.K. Treasury reflects its mix of domestic and foreign responsibilities and suggests the broad range of interests the rather limited number of officials must pursue. Since early 1970 the Treasury has been organized into three main "groups": a Finance group, concerned with public finance, monetary stability, balance of payments and the foreign exchanges -- and, in coordination with the Bank of England responsible for international financial and economic questions including U.K. policy vis-a-vis multilateral institutions; a Public Sector group exercising the Treasury's control function over all Government spending agencies and public entities; and the National Economy group, responsible for macro-economic policy, coordination and overall economic management including medium-term strategy, incomes policy, prices, wages and the like.

Within this framework, the Treasury does not, as a general rule, take an active part in the formulation and implementation of policies at secondary levels such as foreign-trade policy,<sup>20/</sup> which is the province of the Department of Trade and Industry (DTR), created in October 1970 through the consolidation of most of the functions of the Board of Trade and the Department of Technology. DTI operates the U.K.'s foreign economic representation efforts (through the diplomatic service), including the export expansion programs (within general guidelines set by the Treasury) and many of the export financing arrangements such as those of the Export Credits and Guarantee Department. DTI also handles trade policy in general (still within the broad guidelines of the Treasury and with political guidance from the Foreign Office) and enjoys a relatively free hand in this area.

The recent dissolution of the British National Export Council (BNEC) and its replacement by the British Overseas Trade Board (BOTB) has clouded the foreign trade policy picture considerably. The BOTB is a hybrid organization made up, on the one hand, of businessmen and numerous bilateral trade committees formerly under the BNEC and the BOT and, on the other hand, of DTI officials. Lord Thorneycroft chairs the BOTB, and the DTI's Minister of Trade acts as President. Whether the BOTB will limit its activities to trade promotion per se -- its original charge -- or will attempt to get into other trade policy areas, is not at all clear at this point. Nor is it clear how the BOTB will actually operate. The impact of this peculiar experimental combination of businessmen and civil servants on U.K. trade policy determination and implementation is yet to be seen.

The Foreign Office and Commonwealth (FCO) input to economic and financial policy is, as a general rule, of secondary importance, given the very high national priority ascribed to trade promotion and the resolution of balance of payments problems by the British Government. Generally speaking, the FCO contribution to foreign

economic policy debates is limited to the political implications of policy proposals. The FCO, however, has built up a considerable staff 21/ of economic specialists (within its "generalist" foreign service corps) and its involvement in foreign economic and financial policy formulation can be expected to increase over the longer run.

#### B. Overseas Representation

This combination of policy and operating responsibilities is not directly reflected in the system for overseas representation of the U.K.'s commercial, economic and financial interests. Basically, foreign service officers perform nearly all of the U.K.'s economic, commercial and financial work overseas on the basis of policies formulated in London by the Treasury, DTI and to an extent, FCO. The very significant fundamental commitment of the British diplomatic service to overseas economic work stems from the government's acceptance of the recommendations, first, of the Plowden report in 1964 22/ which led to the unification of several independent services into a single foreign service and, second, of the emphasis given in the Plowden report, reinforced by the Duncan report in 1969, 22/ to the high priority the foreign service should give to promoting U.K. economic and commercial work overseas. The following excerpts from these two reports summarize the philosophy and status of U.K. overseas representation overseas on economic and commercial matters:

#### Plowden Report:

" . . . the problem of earning our living in the world has become more difficult. It is now a major pre-occupation which influences all our international actions and attitudes. An alert and efficient diplomacy can exercise an influence disproportionate to physical strength but it cannot operate effectively on the basis of prolonged economic weakness. The strength of our diplomacy depends on and must be related to our economic strength. The survival of Britain, let alone her influence, depends on trade. The work of our representatives overseas must be increasingly dedicated to the support of British trade. Economic and political motives intertwine throughout our foreign policy and have always done so; but economic and commercial work has now assumed a position of fundamental importance. It must be regarded as a first charge on the resources of the overseas Services. . . .

"Our basic views on economic and commercial work . . . are that it should be regarded as a first charge on the resources of the new Diplomatic Service and recognised by members of that Service as an important, though not exclusive, specialisation. Members of the Service should be given special training for economic and commercial work and be reinforced by officers seconded from the Board of Trade and other Departments.



"Economic and commercial work are two sides of the same coin. An officer in a commercial appointment overseas is at his most useful in trade promotion when he has thoroughly grasped the economic background to his work. Equally, an officer reporting on economic developments in a country overseas can easily become academic without the realities of day-to-day commercial and business affairs to guide him. There must be some division of labour between individual officers at a post but we are convinced that it is right in principle for economic and commercial work to be handled in the same section of our overseas Missions. . . .

"Our commercial services overseas must have as their main object the promotion of British exports. This they do mainly by providing firms in Britain with information about markets and export opportunities overseas, by supplying advice on agents, by publicising British goods and services and, above all, by giving advice and assistance to travelling representatives of British firms. To carry out these tasks successfully, commercial staff overseas need to have a wide circle of acquaintance not only in the world of commerce but in the sphere of government. They should spend much of their time visiting local firms and trade organisations and seeking out market opportunities for British goods. They must also make it their business to know the ins and outs of local tariff and import regulations. These are the tasks on which the great majority of firms and business organisations in this country expect our commercial services overseas to concentrate. We believe this is right.

"The second main task of commercial staff is to keep Whitehall informed about the economies of countries overseas. In this way, Departments are able to assess the prospects and viability of other countries or groups of countries, to discern broad economic trends and consider their impact on our own position and policies. Such reporting is essential. It should be designed to interpret developments of political, economic or commercial significance. What is required from posts overseas is not just an assembly of factual material but an attempt to place what is happening in perspective as seen from their own vantage point . . . ."

Duncan Report

"It might be argued that with the increasing importance of economic matters in Britain's relations with other countries the Foreign and Commonwealth Office will eventually have little useful function to perform if these matters are dealt with entirely by other Departments. As we see it, however, the particular expertise of the Foreign and Commonwealth Office lies in dealing with other countries and this will remain a central requirement into the foreseeable future. The Foreign and Commonwealth Office must have small sections covering economic, as well as other specialized matters, but these should not build up into rival "empires" to existing Departments. We see every reason for it to continue to perform this coordinating function. The political, economic and commercial strands will be increasingly interwoven overseas. The matching organization at home does not call for a transfer to the Foreign and Commonwealth Office of the responsibilities of other Departments but for concentration on its coordinating functions.

"We had to start by looking again at the traditional order of priorities and considering how far they were affected by the change of circumstance. Nothing that has happened could of course affect the first priority of external policy which is to maintain the security of this country, and our representation overseas will continue to have an important part to play in this. However, the balance of their workload should now reflect the clear precedence that belongs to the commercial objective in the day-to-day conduct of Britain's relations with other countries.

"There are other aims of policy, some of them of high importance, but they cannot be effectively pursued if the balance of payments is not put right. The Committee has therefore given special attention to the organization of our commercial services and has considered how these might be reinforced to add vigor and direction to the export effort. The implication of this re-ordering of priorities is not that other major policy aims must invariably be sacrificed whenever they conflict with our commercial interests. It would be foolish, for instance, to suggest that in the midst of a crisis on Berlin which happened to coincide with a British week in Germany the latter ought to be the chief preoccupation of the Ambassador and his staff. The question is rather how in ordinary circumstances the total diplomatic resource ought to be divided between the competing demands on it. We consider that to achieve a substantial and continuing surplus the design of British representation overseas and the distribution of its effort among its various tasks must reflect the towering importance of this aspect of policy." 10/

LIMITED OFFICIAL USE NO FORN

The acceptance of high priority for economic and commercial work has been described as one of the most radical and profound attitudinal changes in the history of the British diplomatic service. Experience in commercial slots is now a virtual prerequisite to advancement for British foreign service officers and, as a consequence, the commercial "specialty" within the generalist foreign service context is actively sought after. While there is some "seconding" of officers from the DTI to the diplomatic service, this practice appears to be diminishing in importance. 23/ In late 1971, 23 percent, or 455, British foreign service officers were engaged full time in commercial work with a considerable number of other officers having commercial activity as an important subsidiary function (especially in the smaller posts). Although FCO facilities may be and are used, the DTI maintains its own direct channels of communication with the diplomatic service officers serving, in effect, as that Department's "arm" overseas.

As a general rule, the U.K. Treasury shares the philosophy common to other home Ministries that responsibility for representing its interests overseas should and, in most instances, can be done by the Diplomatic Service. Consequently, it has no dogmatic position with respect to assignment of its own officials abroad. The Treasury's stated concern is that its interests be effectively represented overseas and in support of this there is a conscious and continuing effort in Whitehall to upgrade the Diplomatic Service's expertise in an exposure to economic and financial matters. One method of doing this which has become increasingly frequent in recent years has been through the assignment of foreign service officers to the Treasury for periods of two to three years providing on-the-job exposure to Treasury responsibilities and interests and building up, within the Diplomatic Service, a cadre of trained officers capable of handling specialized economic and financial tasks abroad.

There are, however, instances where the particular interests of the Treasury require assignment of its own officials abroad. During the early postwar period when the sterling balances were a major preoccupation of the British Government, there were a number of U.K. Treasury representatives abroad, in the Far East, the Middle East and South Asia especially, charged mainly with dealing with this problem. The last vestige of this network disappeared early in 1972 with the return to the U.K. of a Treasury official who had been posted to Kuala Lumpur for the purpose of representing U.K. views to sterling holders in Southeast Asia.

The major U.K. Treasury posting overseas has traditionally been in Washington, D.C., beginning during the Second World War with a large Treasury and Supply Delegation, and later with the combined U.K. representative to the World Bank and the International Monetary Fund. The Chancellor of the Exchequer is responsible for naming the U.K. Executive Directors to these two institutions and historically these responsibilities have been jointly vested in one official concurrently serving as a Minister at the British Embassy as well as head of the U.K. Treasury and Supply Delegation. Although there have been exceptions (e.g. Lord Cromer) when the U.K. Executive Director has not been a Treasury official, the present situation is typical of the pattern followed during most of the postwar period with Mitchell (Treasury) being the Executive Director of both the

IBRD and the IMF and (Minister in the Embassy and head of the U.K. Treasury and Supply Delegation) with his Alternative Director for the IMF coming from the Bank of England and his Alternative Director for the IBRD coming from the development division (formerly Overseas Development Ministry) of the FCO. Mitchell is assisted in his Embassy responsibilities by a Foreign Office officer (with Treasury training) for the "economic" work and by a Treasury officer for the residual "Treasury and Supply Delegation" functions.

Other current U.K. Treasury overseas postings include a senior level officer deputy to the U.K. Ambassador to the OECD and a junior level officer assigned to the U.K. group accredited to the EEC Mission in Brussels. The former Financial Counsellor at the U.K. Embassy in Paris has been replaced by a Diplomatic Service officer (with Treasury training) while the Financial Counsellor at the U.K. Embassy in Bonn, nominally responsible to the Treasury, is a London City merchant banker temporarily assigned to that post. (Current planning is for U.K. Treasury representation at the EEC be raised to a senior level when the Mission becomes fully accredited and staffed. Finally, there is a Treasury officer at the U.N. Mission representing the U.K. on the technical side of U.N. budget and fiscal matters. At the present time there are no plans for expanding the number of Treasury assignments abroad although there is a possibility that one or two other positions might over the longer run be considered. Recent tendencies to reduce Treasury's overseas postings have not been deliberate, rather it reflects the decline of bilateral business which made it important to have Treasury personnel overseas. In any event, assignment of Treasury officials abroad (apart from Washington) has usually been more to improve reporting and to enhance liaison on technical financial matters rather than any reflection of jurisdictional differences with the Foreign Office.

U.K. Treasury people overseas have diplomatic status and are nominally subject to the local Ambassadors, with the exception of the IBRD/IMF Executive Director who, when fulfilling those functions, is responsible to and communicates directly with the Treasury in London. Reporting is usually done through Embassy channels although direct correspondence with the Treasury in London is not infrequent.

Finally, the U.K. Treasury follows a deliberate policy of requiring its top officials to travel extensively to sterling and non-sterling area countries periodically. The purpose may be to transact business but is rather largely one of "showing the flag" abroad. This is one of the principal methods by which these officials keep posted on current developments and problems overseas.

DEFENSE FOOTNOTES

France:

- 1/ This was the former Direction des Finances Exterieures, which was merged with the Direction du Trésor in June, 1965.
- 2/ Adapted from Statistiques et Etudes Financieres (No. 245, May, 1969), with modifications based on conversations with Ministry officials.
- 3/ One of three Divisions in the Direction du Trésor. The other two cover financial activities (central and local government finances, banking and credit, financial markets and construction finance) and Treasury operations (industry financing, nationalized enterprises and miscellaneous financial assistance, agricultural and commercial financing, economic and social development funds and foreign investment). Management of the financial counsellor/attache system abroad is handled by a separate service "attached" to the Directeur of the Treasury. It is worth noting that the Direction du Trésor discharges its broad domestic and international responsibilities with a professional and clerical staff of only 300 in Paris and less than 150 overseas.
- 4/ For most purposes, the Bank of France serves as the agent and technical advisor in these matters, under general guidelines provided by the Minister of Economy and Finance.
- 5/ A relative term when applied to the Quai d'Orsay -- the new entrant class of foreign service officers averages only fifteen per year. The DEF currently numbers approximately 100 foreign service officers, plus supporting staff.
- 6/ Economic and financial coordination problems also naturally arise between the DREE and the DT-Al within the Ministry of Economics and Finance but these appear to be of lesser substantive importance than the inter-agency MEF-MFA issues. There are nonetheless some pressures in the Ministry's bureaucracy (especially DREE) for merging the commercial and financial counsellor systems. One amusing, probably apocryphal, story has the French commercial counsellor in the Middle East writing a lengthy report on financial markets in Aden as a counter to a report on the automobile market in Ethiopia composed by the Middle East financial counsellor (solely to justify a lengthy and expensive sojourn in Addis Ababa).
- 7/ There had been short-lived experiments with a separate commercial foreign service in the late 1800's but since the turn of the Century the French diplomatic service had been doing the commercial work. Perhaps the most prominent alumnus of this side of the service was the poet and playwright Paul Claudel who at one time was French commercial attache in Florence.
- 8/ Usually, employees on short-term contract. French Ministries are authorized to employ such personnel overseas only and do so fairly extensively. In addition to the operating and staffing flexibility the procedure allows, the Ministries avoid the expense and rigidities inherent in regular civil service appointments.

23  
LIMITED OFFICIAL USE - NO FORM

- 9/ There is no separate "foreign service" per se in France. All professional government employees are in a unified civil service system. Recruitment is also unified since graduates from the State operated Ecole National d'Administration (ENA) supply most of the new entrants to the elite upper echelons of the civil service (the "hauts fonctionnaires"). ENA classes number only 50 or 60 each year, but the recruiting needs of the Ministries are modest: as already noted, the MFA recruits 15 annually (10 from ENA), and the MEF recruits 5 annually for the Commercial Counsellor service (3 from ENA) and but 3 (usually all from ENA) for the Financial Counsellor service. Graduates from the intensive two-year course of ENA are generalists par excellence but in no sense of the word are they qualified professional economists. Because there is virtually no reserve or redundancy in the MFA or MEF, because perhaps of parsimony in the budgeting system and because also of inbred confidence in the capabilities of the generalists who via ENA or otherwise, reach the "haut fonctionnaire" echelons, there is, apart from an occasional week's seminar, virtually no organized training for junior, mid-career or senior level officials in the foreign economic and financial policy Ministries. The need for recyclage exists, however, along with growing interest in doing something about this "regrettable" situation -- in the future.
- 10/ Including frequent consultations in Paris and an annual meeting at the Ministry for all Financial Counsellors and Attaches.
- Germany:
- 11/ There is a Ministry for Economic Cooperation (MEC) in the Cabinet but it is considered by many to be in the fifth wheel category of utility -- the decisions on overall spending for foreign aid and on specific development credits are made basically by the MEF (with some Foreign Ministry inputs) and the credits themselves are implemented by the semi-autonomous Kredietanstalt für Wiederaufbau. The MEC's (not unimportant) principal function is supervising Germany's technical assistance programs abroad. MEC interests overseas are handled by regular foreign service officers -- there are no aid "missions" as such. This Ministry, which would like and keeps pressing, unsuccessfully, for wider responsibilities in aid matters, is retained largely for domestic political reasons and because, some observers claim, its disappearance might adversely affect Germany's image in the developing world.
- 12/ Why this is so is not at all clear -- the writer was told variously that it was because (a) of "silly outmoded rules"; (b) of the need for preventing bureaucratic jockeying for positions best filled by "rational personnel management practices"; (c) the desirability of protecting FSO salary levels, allowances and perquisites from the prying eyes of their colleagues and/or politicians; (d) it was too expensive to print such relatively unnecessary documents; (e) there was no logical reason for publishing the material, etc. Some of the "internal use only" organization computations are in fact highly coded and without names -- understandable perhaps only to the personnel and administrative experts of the Foreign Affairs Ministry.

- 13/ This school offers both academic and in-service training. Classes, and thus the number of recruits to the foreign service, average between 20 and 25 annually (the 1972 class of 40 is exceptionally large).
- 14/ By terms of the budget law for that year. The MFA budget provided for these slots initially in Washington and Geneva denominated: "Botschaftsrats Als Finanz-Referenden", and not the source from which appointees will come -- it is "understood", however, that the Economics/Finance Ministry will provide the officers to act in these jobs.
- 15/ 28 "recognized" overseas chambers of commerce with 47 branches. The chambers currently receive an annual subsidy from the German government of 6.6 million DM.
- 16/ The BFA has 40 correspondents abroad working full time reporting to it on a wide range of economic and commercial subjects. It does virtually all the "responsive" work for the foreign commercial service -- inquiries to posts are normally referred back to Bonn for BFA action.
- 17/ See Bericht der Kommission für Die Reform des Auswärtigen Dienstes (Bonn, March 1971) and Embassy Airgram A1240, December, 1969. It is understood that most of the Commission's recommendations have been accepted by the government and are in the process of being implemented.

United Kingdom:

- 18/ Quoted from Samuel Brittan, Steering the Economy - the Role of the Treasury (Penguin Books, London, 1971).
- 19/ There are significant problems of coordination between the Treasury and the relatively independent-minded Bank of England but these are outside the scope of the present study.
- 20/ EEC matters, as in France and Germany, are handled by a special group at the highest level of government which includes the Foreign Office, Treasury, DTI and the technical Ministries such as Agriculture. The decision-making processes in this forum, and relative weights of the foreign policy and technical Ministries are comparable to those in France and Germany already described.
- 21/ The FCO currently has separate economic units dealing with commodity problems, European economic integration, financial policy, development assistance, foreign trade and export promotion.
- 22/ These reports, Report of the Committee on Representational Services Overseas (Plowden) Cmnd. 2276, February, 1964 and Report of the Review Committee on Overseas Representation (Duncan) Cmnd. 4107, 1969, provide comprehensive reviews of the U.K.'s overseas representation services, particularly with respect to economic and commercial activities, which, because of their ready availability, are not covered in detail in this paper.

23/ In contrast with some other governments, officers in the U.K. Home Departments are usually reluctant to accept and do not actively seek overseas assignments apart from quick trips to conferences and meetings where particular types of expertise are needed. The general situation seems to be that those individuals who wish to serve overseas for the government select the Overseas (Diplomatic) Service at the outset of their careers, and the rest choose the Home Civil Service. There is some thought currently in the U.K. that these two services should be unified, however: "The case for unification (of the Home and Overseas Civil Services) is particularly strong now that the commercial and economic aspects of diplomatic work are so heavily emphasized. Under present arrangements these tasks are bound to seem chores which few diplomats can carry out with first-hand knowledge. Equally, officials in home departments too often have to speculate, with no real background understanding, about the overseas implications of British policies. Such a unification would widen the horizons of both branches and would have a genuine effect on social class barriers in the one area of Whitehall where they still exist. The very ferocity with which (this) proposal is so often resisted shows how near the bone it reaches . . ." (Brittan, op.cit., pp. 26-27)