

«The Committee on International Bank and Monetary Exchange, has examined the proposition made by the honorable Delegation from Chili, to the effect, that this Conference recommend, that the banking institution which may be established with branches in the capitals or principal ports of the American Republics, be assisted by these Republics with an annual subsidy of \$100,000 gold, during five years, and by exception from all fiscal taxes during the same period; and as, through the information obtained the result is, that an assistance of such a nature granted to any special banking institution, is not compatible with the provisions of the internal legislation of the greater number of the Republics represented in this Conference; and although some of them might be able to grant such assistance, they can do so under the terms of the proposition submitted for the approval of the Conference, the Committee regrets its inability to give support to the proposition referred to, notwithstanding, that it fully recognizes the justice of the reasons which led to it.

The report is now under discussion as a whole.

His Excellency Mr. Matte, Delegate from Chili.

—The first time, Mr. President, that I had the honor to speak regarding the establishment of an International Bank, in which the three sections of America are interested, I had occasion to point out that it would be advisable for this Conference to depart from the form which the first one, which met in the year 1889, had given to its resolutions; it appeared to me that it would contribute to the effectiveness of its work, to point out to the Conference, that we are here assembled, not as a scientific or literary conference, but as a gathering of diplomats and as representatives of each one of our nations, with power to sign treaties. We must not, therefore, limit ourselves to the making of declarations, more or less generous, without doing effective work, which would really unite us and bring us closer to each other.

From this standpoint, Mr. President, I have found, that the wording, which has been given to the project of the International Bank, is not within the high scope of the Conference, and in order that it be given an appropriate form, the Delegation of Chili had the honor to offer an amendment, the object of which was to oblige all the nations to contribute a subsidy of one hundred thousand dollars annually for five years.

When I had the honor to attend the sessions of the Committee, for the purpose of discussing this particular matter, I found, that some of the members of said committee objected to the measure proposed by the Chilian Delegation, because public opinion in their countries would not approve of the idea of giving a subsidy. The Committee found, however, that it would be acceptable, and that exemption taxes might be granted.

I may be permitted to call the attention of the Conference to the fundamental basis which we should maintain in our work: we came here to unite our countries by means of treaties, and we may in this manner modify the particular legislation of each country, with the previous approval of our congresses. Consequently, we ought not to repeat at each step, that the existing legislation of each country does not permit us to enter into such convention or other, because then our Congress would accomplish nothing, inasmuch as each country has its distinct legislation.

I do not think, as I have heard it stated, when

the question of the Learned Professions was discussed, that because a country had a given legislation, it would not be possible to arrive at an understanding. This appears to me to be absolutely inadmissible.

This measure has been objected to, because it is said, that it implies a special privilege and will injure other enterprises which are already established in the various countries. This objection has not the foundation which it pretends to have. In the first place, for the granting of a subsidy of half a million dollars during five years, the burden which each one of the countries imposes on itself, is relatively small: it amounts to less perhaps than \$800 for each million of inhabitants per annum.

Is that a subsidy, which may be said to confer a special privilege upon one institution to the detriment of others? By no means. The object in view in granting a subsidy, was not that of creating a privilege in its favor. Considering that this institution is obliged to establish 19 offices or branches, we ought to give it facilities and means, in order that it may be properly organized and make progress. We do not give it a permanent privilege, we only aid it to establish itself during the first five years.

Permit me to call attention to the fact, that our countries are still under the necessity of such protection, because there are many institutions which cannot exist without it, and because we cannot permit that the famous system of «laissez faire» continue to rule, when the most powerful Republic of this continent has demonstrated to us, how important and significant is such protection, if exercised at an opportune moment; because protection, although it may be a harmful privilege when it is of a permanent nature, assumes a creative character in the first epoch of the life of the organizations.

The most liberal minds, like John Stuart Mill, for example, who admits nothing except individual initiative, willingly accepts protection in the first period of existence, so that an organism may grow until it is fully developed and has vitality.

Would it be imprudent, Mr. President, for this Congress to give to each one of its resolutions the character of an agreement or obligation?

I do not know of any Congress whatever, for instance, European ones, which are the standard and should be studied so as to continue in their footsteps, in which statesmen assemble for the sole purpose of making declarations and simply casting votes.

I desire for the honor of all the Republics here represented, and of the nations which have taken part in the convocation of this Assembly, that we may not depart from this city without having accomplished effective and lasting work.

Perceiving the obstacles, Mr. President, which are in the way of my proposition, I beg to be permitted to modify its wording, because I believe that each one of the nations represented at this Conference should make concessions in the points, which do not compromise its principles, in order to procure harmony among all.

It is exactly because I seek this harmony, that I take the liberty to submit to the Conference the proposition which I am now sending to the President's desk, so that a Bank of the nature indicated may be established.

In making this new proposition, Mr. President, I have been guided by a resolution which this assemb-

ly has just adopted relative to the Pan-American Railway. In making its recommendation of said railway, the Conference has expressed itself in these terms:

(The speaker read Arts. 5th., 6th. and 7th. of the project of Resolution on the Railway.)

The Assembly will see, that it would be liable to a serious misunderstanding, if it should refuse to recommend to the governments, that for the purpose of organizing a banking institution, of such importance as the one in question, which will serve to furnish a supply of capital, the same system adopted in regard to the railway, should be followed. I ask the Conference, does it not occur to it that it would be inadvisable to contradict what was agreed upon the day before?

These are the reasons, Mr. President, why I presume to ask the Conference to kindly approve the proposition that I have had the honor to present. That is all I have to say.

His Excellency Mr. Macedo, Delegate from Mexico.—His Excellency Mr. Matte may believe me when I say that I am very sorry to be obliged to take part in this discussion, and not in support of his side of the question. Although our relations are recent, he knows the extent of my personal respect and esteem for him, and I am truly sorry not to be able to share and support, as I would desire, the opinion that he has seen fit to express to the Conference.

At the meeting of the Committee, where we had the honor of seeing Mr. Matte, for the purpose of privately discussing his amendment, the same was taken into consideration, and against it grave objections were raised, due to the fact that the interior legislation of the Republics here represented, would not permit a pecuniary subvention to be granted to a banking institution nor to exempt it from imposts for any specified time. From that moment it appeared that a recommendation in the direction presented by Mr. Matte, would not meet the approval of the Conference, as the private laws of the greater portion of the States here assembled do not permit it. On this point I must call the attention of Mr. Matte to the fact, that the interior laws to which we refer, are not in some cases secondary laws that can be modified by a simple vote of the Legislative Power of each Nation, but Constitutional laws, which we cannot ask any State to change or amend, for the purpose of legislating as suggested in the resolutions adopted in this Conference. It would be too much to ask that of each one of the States here represented.

Mr. Davis, a prominent member of this Committee, spoke very judiciously at one of its meetings and made reference to what took place in the Congress of the United States with respect to the First Conference assembled at Washington in 1889-90. At that Conference, the establishment of a Bank was recommended with concessions from all the American Republics, headed by the United States, with the object of transacting business in each one of the other countries. The Government of the United States accepted with good will, the recommendation made by the Congress assembled at Washington and the President of that Nation and its Secretary of State, Mr. Blaine who was so influential and highly esteemed, recommended to the Congress of the United States the granting of a concession or charter, as it is commonly called in English, for an Institu-

tion or Bank of that nature. Despite the legitimate influence of the President of the United States and of his popular Secretary of State, Mr. Blaine, Congress did not approve that project, and considered that there would be even national danger in the granting a concession for a Bank of that nature, and recalled for this purpose the campaign, which, the Honorable Delegates, without doubt, remember perfectly, was carried on by a certain political party in the United States, to destroy the privileges and franchises granted to the National Bank that had existed in that country.

We have before us Messrs. Delegates, the statement positively affirmed by Mr. Davis, that his Government could not accept the recommendation of the Conference.

Some similar declarations were obtained from the several members forming part of the Committee, and from some of the other Delegates. In view of this obstacle, the Committee desiring to do something practical that would be accepted by the greater portion of the Delegates here assembled, could not present to the Conference a resolution that it knew in advance would be condemned by the majority or at least by a large number of the Delegates.

Furthermore it was considered, Messrs. Delegates, that the kind of aid granted to a Bank like the one proposed by Mr. Matte, was inadequate to lend to an institution of its class the assistance that should really be given it.

This is not a question, Messrs. Delegates, of an enterprise similar to that of the Pan-American Railway, nor any other public work. In enterprises of this nature, whether they be railways, port improvements, construction of lighthouses, establishment of steamship lines, or anything of the kind, the form of a subvention may represent an assistance of real importance, because it tends to diminish, so to speak, the efforts that private industry or private capital make for the construction of those public works, or for the establishment of the improvement in question.

This does not follow with a bank; for it would be necessary, in case the Governments here represented should resolve to subsidize it pecuniarily, that such pecuniary subvention be considered as part of the capital of the Bank or else would constitute a gift to the shareholders. The former, Messrs. Delegates, would present such inconveniences as would deprive the International Bank of the practical character that the Delegation of Chili and all the others desire to give to it, because it would not be possible for all the nineteen Governments here represented to become shareholders. If this assistance is not to be in the form of a subscription of shares or of a contribution to the capital stock but in the form of a gift to the shareholders, what kind of vigilance will the Governments establish, to see that their money is not converted into profit, but applied to this or that definite object?

These arguments struck the Committee with such convincing force, that it felt itself compelled to inform our colleague Mr. Matte that it was impossible to accept his suggestion.

With regard to the suggestion made by the Honorable Delegate from Chili, to the effect that there be established in New York or some other important mercantile center, a Bank of the character referred to, and that it be aided by all the Repub-

lies of America, in any manner compatible with their domestic legislation, whether it be by means of annual subventions for a limited time, or of exemption from imposts, or any other means that may be considered proper for the purpose, this has also been considered by the Committee, and it has decided not to incorporate it in its report, because it believes that being, as it is, under the impression that the greater portion of the Nations of America cannot, in conformity with their domestic and constitutional legislation, in many cases, grant this subvention, it would not be in accord with its convictions to accept the motion of Mr. Matte, and that it would be better, as the report states, in order to do justice, to the rectitude of the Chilian Delegation, and to render practicable the Bank in question, to state that any of the Nations may do so. The proposition adopted by the Committee is ample and comprehensive and leaves each nation at liberty to assist this Bank in every way compatible with its legislation. There is nothing, therefore, which prohibits the Republic of Chili, or any others, that may be able to do so according to their laws, to grant a pecuniary subsidy, and for the reason stated, in that sense, the suggestion of the Chilian Delegation is included in the report of the Committee.

Consequently, I have the honor to ask the Conference to approve it.

Secretary Duret.—The Committee having refused to accept the new amendment proposed by His Excellency Mr. Matte, said amendment is now under discussion, under the rules, to be voted on before the article of the project of the Bank. The proposition of Mr. Matte reads as follows:

«That a Bank of the character referred, to be established at New York or any other important mercantile center, and that it be aided by all the republics of America, in any manner compatible with their internal legislation, either by means of annual subsidies for a limited time, or by exemption from taxes, or in any other manner, which may be deemed suitable for the purpose.» It is now under discussion.

His Excellency Mr. Matte.—I do not desire to impose upon my colleagues the obligation to hear me now, because we are already beyond the hour fixed by the rules.

His Excellency Mr. President.—His Excellency Mr. Matte will have the floor at the next session.

SESSION OF THE 16th. OF DECEMBER 1901.

His Excellency the President.—The order of the day will be taken up and the discussion of the proposition of His Excellency Mr. Matte will be continued.

His Excellency Mr. Matte, Delegate from Chili.—I shall be very brief, Mr. President, because I understand that the Conference is already rather tired by reason of the number of the different subjects which have been acted on, so that I shall not trespass on the time of the Delegates.

If I again take part in the debate, Mr. President, it is for no other reason, than that of rendering a tribute of respect and consideration to my distinguished friend and colleague, Mr. Macedo, member of the Mexican Delegation. As on all other occasions, I have tried to be in accord with His Excellency, whose intelligence I admire and highly respect. I believe that the distance which separates us, is not

very great, and consequently, I must try and remove the differences, which apparently exist between us, and I hope, that after they are examined, we will arrive at the desired accord.

Mr. President, the suggestions, so well advanced by my distinguished friend Mr. Macedo, in support of the report of the Committee, are three in number. His three arguments are the following: in the first place, the difficulties which the Conference would encounter in the discussion of this question, on account of the obstacles which would be raised on the part of the United States in legislating the granting of concessions for the organization of an American International Bank.

The second one is based on the fact, that the greater part of the constitutions of the American countries contain prohibitive provisions for the granting of subsidies to an International Bank; and the third one of them, Mr. President, is that it was something unusual to grant concessions to a Bank. Mr. Macedo stated that it was customary to grant concessions and subsidies to railroads and steamship lines, etc., etc.; but that it was not customary to grant a subsidy to a Bank, what ever its character might be.

I am compelled, Mr. President, to cursorily examine these three arguments. Regarding the first one of them, that is, that one which refers to the fact, that the idea of subsidizing a Bank would not be favorably received by the North-American legislation, it appears to me, that such is not the case, because the intention has not been to ask a charter of incorporation for the Bank in question from the Congress of the United States. I am aware, Mr. President, that the Congress of the United States does not easily grant a charter of incorporation, above all to a Bank; but in this case, this is not the question, because if it was, I would ask: what would be the aim of the Committee, what can be the object pursued in wanting to express a desire which cannot be realized?

This shows, Mr. President, that this is not the intention, nor is it the purposes in any manner to return to the original idea of a *Chartered Bank*, but to establish an institution of a private character, which could unite the threads of communication of credit among all the American Republics, or, in order to speak figuratively, which could stimulate the circulation of blood in all the American Republics. I do not see, Mr. President, that it would be an obstacle of any kind, that the Congress of the United States should not have granted the charter, which the First Pan-American Conference solicited. The only thing which we now ask, Mr. President, is that some private institution take charge of the task of uniting all the separate branches, in order to consolidate interests of the greatest importance for the movement of capital.

The second objection to which His Excellency Mr. Macedo has referred, is that in regard to the obstacles, to be encountered in the constitutions of the different American Republics. I, for my part, while granting the respectful homage which the words of my distinguished friend deserve, have come to believe, that there exists a confusion of ideas. I cannot believe that this is a question of constitutional provision in any country, that the legislature should have the power to grant subsidies to a Bank. I have examined the constitution of Mexico, and must say frankly, that I have not found that obstacle;

the Constitution gives the authority to legislate on banking institutions, but it neither establishes, nor prohibits anything regarding subsidies.

Mr. President, I have asked several of my colleagues, if the constitution of their countries prohibit their legislatures from granting this subsidy and from all the persons to whom I have addressed myself, I have received a negative answer, that is to say, that they permit it, and it could not be otherwise. I cannot understand why a constitution could go so far as to tie the hands of a legislature in such a manner so as to prevent its acting even in matters, which really do not form part of the fundamental mechanism of the state, because a constitution can only be composed of elements, which form the fundamental part of the social body, and should not deal with those questions of detail, which naturally are entrusted to the legislatures, who are sufficiently zealous guardians to watch over the welfare of the State.

I do not see, Mr. President, that this objection separates me from my distinguished friend: I think I can affirm, that the greater part, perhaps all of the American republics, do not present any restrictions in their constitutions against granting this subsidy.

The third of the observations made by my distinguished colleague and friend, to support his remarks, was the «unusual» character of that subvention: he said that it was not natural for a bank to receive a subvention; my distinguished colleague thought it very natural that a railway, or a steamship line should receive it, but not a bank. What are the reasons adduced by my distinguished colleagues? The Honorable Mr. Macedo has said: under what character is this concession to be made? Is this concession to be made in such manner that the subsidy is to be returned to the State in shares, or for the purpose of benefitting a private institution? Neither one nor the other; not so that the State may become shareholder, for I understand, like my honorable colleague, that it is not proper nor easy to have nineteen different States take part in the management of a bank; but I do not understand that a subsidy cannot be granted, except it be in the form of shares.

When a concession is made to a railroad, no shares are asked; when a concession is granted a steamship company, no shares are demanded. When in France it is sought to favor the development of the merchant marine and a specific subsidy per mile is granted, it is not done by demanding shares nor by remunerating shareholders. When in various countries of Europe, a premium is granted upon the exportation of sugar, for instance as in France and Germany it is granted to facilitate exportation, not for the purpose of having the State enter into private enterprises as shareholder and without the intention that the subsidy may favor such or such an individual. The object is to develop a source of public wealth, to open a field abroad, in order that the production may be consumed on a greater scale with profit to the State.

Consequently, these subsidies are not so unusual as would appear at first sight.

I believe, on the contrary, that this is the modern form of protection which does not deserve the criticisms made against the protectionism established in the tariff system, for the latter present grave difficulties, very grave inconveniences; it is founded

upon damage done to others; it yields no benefits for any one else; it is not the State that gives the subsidy; but some pay it for the benefit of others.

We know too well, Mr. President, the political agitations to which these subsidies have given rise, not to comprehend that this entails great dangers, that many times it is detrimental to economical and political interests. On the other hand, we do not desire, Mr. President, that the Recommendation made at the last Conference in this regard, be repeated in the very same words. It was then said:

«The Conference recommends to the Governments here represented, the granting of liberal concessions to facilitate inter-American banking and especially such as may be necessary for the establishment of an International American Bank, with branches or agencies in the several countries represented in this Conference.»

What have been the results, I beg to ask my distinguished colleague, of this Recommendation? Absolutely none. Are we going to repeat a Recommendation that has given no result? I think that at least we ought to derive some benefit from our meeting here; I think that we have not assembled solely to deliberate, but to do something fruitful. It seems to me, Mr. President, that if we want to obtain practical results, we ought to sign Conventions and Treaties. The Delegation of Chili has tried not to present any Recommendation; all of its initiatives have the character of Conventions. I do not doubt, Mr. President, that this is a very difficult task and a very long one; that it is necessary within a brief space of time to consider very vast interests; but we rely on the skill, the prudence, the discretion of the Delegates, and I expect from that prudence, that discretion and that skill of the Conference, that there will be found appropriate solutions for the different problems that have been presented to us and which are submitted for our examination.

Mr. President, I will now close: In endeavoring to find means to effect harmony which we seek on every occasion, because there is no possibility of arriving at an agreement if no concessions are made, we who had asked that there be stated which were the concessions that could be made, when we said that there was opposition to grant a subsidy for a fixed time we agreed that it should be stated that the Bank might be granted the subsidies, franchises and exemptions. In what then has this impaired the vague Recommendation presented, and which is nothing more than the Recommendation adopted in 1890?

Mr. President, I have not been able to understand why the Honorable Committee refused to accept the proposition that there be incorporated in the text of the Resolution, the plan of granting a subsidy, or the exemption of imports, or assistance in any other form. I cannot see that this injures any one; I do not see that the Constitutions of our countries are opposed to it, neither do I see that it possesses the extraordinary character that my distinguished colleague attributes to it.

Relying upon these considerations, Mr. President, I beg the Conference to give its assent to the Resolution drawn in the following terms: (He read the proposition inserted in page 85.)

The vague part of the Resolution has been considered and its necessary complement has been added to it.