

Mr. President I would make some further observations; but I prefer to abstain from them. The resolution has a defect, which, in my judgment, is worth the trouble of being amended. It reads as follows:

«The Second International American Conference is of opinion that a great banking institution established in New York, or other important commercial center, with branches in the principal cities of the American Republics, would stimulate the commercial relations between North, Central and South America, and if such institution establishes uniform rules relating to credits and commission charges, etc. etc. . . . .»

It seems to me, Sir, that it is rather serious to establish as a principle that the Bank would have to adjust by uniform rules the granting of credits and the collection of commission because these will have to be in conformity with the economic condition of each country. It would be impossible to attempt to exact such a thing in an absolute manner. At first it was established in a much more strict manner; reference had been made to a uniformity of interest, which cannot be accepted. The uniformity of interest, the uniformity of commission and the uniformity of granting of credit is impossible, because each country has its peculiar conditions; in one country, interest may be fixed at a certain rate, and in another it may be placed at a different one. Consequently, I would like to see this point, at least, cleared up, which, as I see it, is rather delicate, in not allowing that this institution should have a uniform organization from the United States to Santiago or Buenos Ayres. The rules that ought to be followed in loans of capital, vary not only with countries, but with the States, and even with individuals. This is a delicate point, and I am of the opinion that it is worth while being taken into consideration.

I do not wish to abuse any longer the kindness of the Conference and will close my observations.

*His Excellency Mr. Casasus, Delegate from Mexico.*—I will only abuse the attention of the Conference for a brief time in order to reply to his Excellency, Mr. Matte. The Conference, I feel sure, will pardon me for laying aside for a moment my duties as Secretary and entering into this debate. My excuse is the importance of the subject, and the necessity, as it seems to me, of going into it a little more deeply, even at the risk of dispelling that illusion the International Bank.

Probably the Committee in making its report did not present all the arguments that might have been adduced against the proposal submitted to the Conference by the Chilean Delegation, fearing, perhaps, that it might destroy the illusion which may have been engendered in the mind of all, by the proposal to found a bank of this nature, which, in my opinion, will do nothing that is new for the nations where it may establish its branches, and will, on the other hand, if subsidized, work an injury to existing rights and interests, a thing which the Committee has probably desired to avoid.

I have not the same reasons as the Committee for following the course laid down by it, and in consequence am entirely free to state my opinions on this subject in the hope that they will be shared by the majority of my honorable colleagues.

In answering his Excellency Mr. Macedo, his Excellency Mr. Matte has classified his arguments under three heads, and has answered each one in turn.

I will follow the same order as Mr. Matte and will analyze one by one the points on which he has touched and the observations which he has adduced under each of the several divisions.

Mr. Matte thought he observed, that the Committee had been influenced in its rejection of the Chilean proposal by the fact that the government of the United States would meet with insuperable obstacles to the granting of special privileges to an international Bank, and in this respect he makes a very important statement. The object is not, he says, to establish an International Bank, or in other words an international institution of credit, but a private bank which will open branches at the capitals of all the American nations in order to improve the relations between that commercial center of the United States called New York and the Republics of Spanish-America and I say that this statement is most important for the reason that, while it is conceivable that certain constitutional principles might be abrogated in each one of our several countries for the sake of institutions of credit of the kind contemplated in these conferences, it is by no means admissible, as I will prove later on, that the same thing should be done, when the only result would be to place a trifling subsidy in the hands of a private banker.

His Excellency Mr. Matte, finds fault with his Excellency Mr. Macedo on the score that the latter was inaccurate when he affirmed that the political constitutions of the nations of America constitute an impediment to the approval of the proposition submitted to the Conference by the Delegation of Chile.

His Excellency will pardon me if I suggest that there has probably been some confusion of ideas on this point, which are intended to respond to the ideal which has been pursued in all the Conferences, it is inexplicable that such should be done, as I will demonstrate at the proper moment and session, when it is a question of doling out a trifling subsidy, to a private banker. Unquestionably the Committee never intended to affirm that the Constitutional laws of the several American nations forbid the granting of certain concessions or pecuniary aids to given enterprises. Probably the Committee in adducing this argument referred principally to the proposed exemption from taxation contained in Chile's resolution. And it is evident beyond the peradventure of a doubt, that all, or nearly all, of the constitutions of America are adverse to a proposal that would tend to exempt from taxation, not a certain class of industry in general, but to one particular industrial. All the Constitutions of the countries of America, nay, of all civilized countries, lay down equality in the matter of taxation as one of the fundamental principles of political liberty, and we should be simply nullifying that basic principle of Democracy if we were to exempt from taxes, not, as I have stated, a special class of enterprise in which heavy capital is to be invested, but a particular individual.

It is useless to reply to a question conceived in such terms. The principle of Constitutional Law involved must remain inviolate, and all that we have to do is respectfully to bow to it.

I think that I have clearly shown that if any error was committed by his Excellency Mr. Macedo, in the presentation of his arguments (and I do not remember that there was) there was certainly no error on the part of the Committee when it stated that it would be necessary to modify the constitutional en-

actments of the majority of the nations of America, if this proposition were to be considered, involving as it does a violation of the basic principle of equality in the matter of taxation.

The third heading refers to the objections which have been urged against the Chilean proposal to subsidize an International Bank, on the ground of the «unusual» character, to use Mr. Matte's words, of such a proceeding.

Called upon as I am to combat the ideas of his Excellency Mr. Matte, I could not and ought not to employ the same words, as they might be reproached with harshness if used by me. But they are the very words of His Excellency and I am not the first one to make use of them. There can be no doubt that the project of the Chilean Delegation, far from tending to favor the interests of the several countries of America, would be in open conflict with existing interests in all those countries, seeing that its object is not to create an institution of credit properly so called, not to organize a bank which by means of branches will stimulate new commercial exchanges between the United States and the other Republics of America, but to enable a private banking firm to engage in that business. From this point of view all justification for a subsidy disappears, as it would be a blow aimed at all the private bankers now operating in each and all of our several countries.

What are the transactions which are to be affected by an International Bank having its headquarters at New York and branches in all the important countries of Spanish-America? Probably its chief business would be the granting of credits and dealings in international exchange.

It does not seem to me that the former warrants the granting of any subsidy, of any whatever. Credit has been and is constantly granted to merchants and manufacturers, not only by bankers but by commission houses, with whom they may have dealings. Anyone who has products to ship abroad, any one who seeks advancements, even though they be considerable, for the development of his private business, can already find bankers who will accommodate him. A banker seeking to engage in similar operations has no claim surely to be encouraged or stimulated by being assured beforehand of part of the profits which he ought to own wholly to his own efforts.

Let us now consider the second of the fundamental transactions of such a banking firm, namely, international exchange. International exchange is merely the operation whereby the value represented by the money of one country is converted into the money of another. The definition explains how and when that operation can take place. International exchange would be inconceivable if we did not presuppose the existence of commercial relations giving rise to it, or in other words, the existence of the necessity of paying a debt in the money of a country other than that in which the debtor resides.

Wherever commercial relations exist, international exchange must also exist and international exchange will necessitate the creation of banks to effect such exchange.

Can it be doubted that in all the important cities of America there are already banks that do a daily exchange business with banks in New York and in some of the European capitals?

We find, then, that present necessities are met by

existing banks, and the creation of a new bank, enjoying a subsidy, to compete with them, would merely place them at a disadvantage and I cannot see the justice of aiding the latest comer to the detriment of those who are already in the field and have had to overcome popular habits and customs in order to build up the national credit.

It might be said, however, that there would be some advantage in establishing a bank that would not only foment the relations of the countries of America with New York, but also of those countries with one another. But we must undeceive ourselves. The resulting benefit is to be enjoyed by those nations that are not at present in a position to transact an exchange business with one another. With respect to the American market their needs are satisfied; all of them have intimate relations, and effect daily transactions, with that market. Therefore, the creation of relations between the branches established in such countries of America as at present have no commercial transactions with one another, but which may have such transactions in the future would, at the best, be the one and only advantage incidental to the establishment of an International Bank.

But even granting that advantage it must be owned that it would be of very slight importance, for banking relations between points where they do not at present exist are or ought to be subordinate to commercial relations, and, before establishing banks to do an international exchange business, we ought first to make an effort to create commercial relations where they do not exist. *Prius est esse quam taliter esse.* If commercial relations are a prerequisite for international exchange, so that the latter cannot exist without the former, it is useless to endeavor to promote that exchange if we do not seek previously to facilitate the reciprocal interchange of products between the countries of America.

If Mr. Matte, on behalf of the Chilean Delegation, invites us to do something practical we ought to devote our attention to a more practical object than the International Bank. The Conference has duly appreciated the intelligent efforts of the Chilean Delegation to introduce measures of importance tending to create something which would be lasting and perpetuate the name of the Conference among the nations of America. We are of the same mind and applaud those efforts, though we would be glad to see them directed in another channel. Therefore, His Excellency, Mr. Macedo, suggested that instead of granting subsidies to banks or banking firms it would be better to grant them to steamship lines destined to develop international traffic or to railroads which would develop that traffic on a more extensive scale even than steamship lines. I think that his evident intention was to indicate that we ought to simulate our commercial relations rather than our banking relations.

Let us therefore devote our efforts to that end and we shall have performed a lasting work, if, as suggested by Mr. Matte we abandon the barren waste of ideality, and go where we may harvest abundant crops, taking care only to give the grain to him who will use it to the best advantage and to the greatest benefit for all. (Applause.)

*His Excellency the President.*—The hour fixed by the Rules having passed, the floor at the next session belongs to His Excellency the Delegate from the Argentine Republic, Dr. Lorenzo Anadon.

SESSION OF THE 18th., OF DECEMBER, 1901.

*His Excellency Mr. Anadon, Delegate from the Argentine Republic.*—Mr. President: When I asked for the floor at the last session to follow His Excellency Mr. Casasus, I did so under the impression, that my honorable colleague in the Committee, Mr. Macedo, was not present; and in the fear that some of the objections made against the report of the Committee would remain without an immediate reply. My honorable colleague in the Committee Mr. Macedo, stated to me afterwards, that he desired to reply himself to Mr. Matte so that I am constrained to abstain from touching upon the amendment proposed by the honorable Delegation from Chili, in order to refer exclusively to that most brilliant address of His Excellency Mr. Casasus, Secretary General of the Conference.

Happily for me, I am, generally speaking, almost in perfect accord with the conclusions of Mr. Casasus, and I say, happily, because his reputation is that of a recognized authority on this subject, a learned teacher, a writer, some of whose works on economic subjects treat precisely on Banks and Institutions of Credits, with the most ample and advanced views: my differences with him are only of detail; in economic matters, I belong the same as he, to the liberal school, and I am, the same as he, an adversary of subsidies, of monopolies of an activity artificially forced upon industry or circulation.

Mr. Casasus, in order to refer only to the respective part of the general report of the Committee, remarked, that the proposed institution would have only two important functions: the granting of credits and operations of international exchange; he was under the impression, that at the present time, in all the American countries, all those who might have products to export to foreign countries, if they desire that the most ample credits be granted to them as advances, would easily find parties to assist them.

I understand gentlemen that the assertion of His Excellency Mr. Casasus does not really represent what occurs in the American markets, and I refer especially to those of South America, being those of which I can speak with more perfect knowledge. The banks and institutions of credit established in those markets, are all organized with European management, and it is quite natural that they should have European tendencies, that have a propensity to develop and cultivate the exchange of commercial relations of those markets with the old Continent. And when I am speaking of the European tendency and management impressed upon these establishments, let it not be understood, that I propose to dissuade the Spanish American countries from promoting more frequent, more intimate and more complete relations with Europe; on the contrary, gentlemen, we could not do so, without being renegades to the civilization to which we owe our origin, and to all the achievements implanted in these countries by the old world, we could not follow I say, any other example, but that of the United States. In the United States, that enormous display of activity, of the progress of credit, has not been brought to its flourishing condition by their own initiative, they have not been of spontaneous creation. It was European capital, European immigration, European science, which have put their impress upon this movement. But, gentlemen, these conditions which to-day exist in the Spanish American markets strictly speaking,

can only be said to be complete in that which refers to international exchange. It is true, that today in almost all cities of Spanish America, letters of credit on any commercial center of the Continent may be obtained; but the same thing does not take place, when it is a question of operations relative to the extension of credit. This is the principal reply that can be made to the otherwise decisive arguments of Mr. Casasus.

In the United States, goods cannot be bought on time, at least not by the merchants of South America. I do not know what happens in Mexico and Central America; but as far as South America is concerned, purchases cannot be effected on time; the American trade is on a cash basis, and the same thing happened at the time of the First Conference as today; there do not exist the facilities for operations to which Mr. Casasus refers.

What is the result of all this? That the commerce of the United States with the countries of the South (I repeat that I only refer to South America), that the trade of the United States with those countries is confined exclusively to those products which are mutually indispensable, but there is none in those, which can be bought on time in Europe, and in many instances even at a higher price. I have an example, which will help me to illustrate this case: in the Committee on Commerce to which I belong, some days ago the portion of the report which the Argentine Delegation had the honor to present to this Conference referring to this matter was spoken of and His Excellency Mr. Pepper, of the United States, thought it strange, that it was stated in said report that Argentine wools, after the Dingley Bill, which prevented their introduction into the United States, were bought largely by American manufacturers in the markets of Europe with the consequent addition of commissions and freight; nevertheless, such is a fact. The Argentine Delegation has not invented this assertion, nor is it a product of its imagination; a special investigation made by a competent official of the Argentine Republic, who purposely went to the United States, is what furnishes the ground for our assertion. The practical result, then, is that these credit facilities are only facilities for the purchase of letters of credit, but that there are no discount operations, that there are no advances, that no operations are made on time.

It is true that there are many institutions of credit now existing, which were established after the Conference of 1890, and that in this sense, the eleven years elapsed since then have not passed in vain. Since that time, some advance has been made, commerce and industry have made suitable preparations everywhere, but the supply of the necessary capital has been obtained. It may be said that the recommendations of the First Conference have today the same importance, the same urgent necessity, that they had in 1890.

The Committee of the Conference of Washington said then, that with the exception of that of the Committee on Transportation, none of the subjects submitted to its examination and intended for the development of commerce among the nations of America, was more important than that relating to the establishment of the International American Bank.

The Committee of this Congress thinks, that those words may be repeated with the same reason; some institutions exist it is true, but many are still want-

ing, which would unite the small capitals together, which would regulate the circulation, stimulate industrial activity, which would exercise, Mr. President, the same functions, that with the applause of all lovers of economic liberty the banks of Scotland are effecting. I need not explain to His Excellency Mr. Casasus what are the functions of those banks. In one of the books which he has written, and which I have perused, I have had the opportunity to refresh my former knowledge and to acquire new ideas. These banks, in a soil, perhaps the most unproductive of Europe, in the least propitious surroundings for industrial activity; for commerce and production have performed real prodigies; those banks have resulted in converting that sterile soil into one of the richest and most prosperous regions of the world. By what means, Mr. President? By giving facilities in the granting of credits, in order to use the identical words of Mr. Casasus. Those banks were not exposed to crisis, to the violent commotions which overproduction periodically brings about in all the great markets of the old world; they have not been exposed to those great periods of crisis which frequently effect the cash resources of the banks, and whenever the manufactories did not call for the idle capital, then they established branches in the agricultural districts, in order to stimulate cattle raising, fishery and other small industries, until in the end its notes were received in preference to the rest by the most humble inhabitant of the country.

This is the ideal, which I desire for Spanish American people, and I hope it will be realized, principally through the recommendations of this Conference if my honorable colleagues are inclined to give their votes for that purpose; because, what is occurring at the present time? The bankers of the old world establish themselves and take possession of the great commercial centers, make their operations of international exchange, but do not occupy themselves with the development of each country because that is not their business.

I do not desire that they should do so; these banks, these old institutions are those which the First Conference contemplated and which ought to be respected even now, because they are called upon to promote this development.

What, then, has prevented, that this Recommendation be realized and that it produce its proper results? The reason has already been stated: the want of laws favoring the establishment of that institution, or better expressed, the resistance that was encountered in the North American legislation against the forming of great institutions which require a charter of incorporation. And furthermore the recommendation of that Conference, in spite of the influence of President Harrison and of Mr. Blaine, was rejected by the Senate of the United States, which seemed to see in it a danger, which I cannot explain to myself and the extent, of which I cannot measure. But in the end, that resistance to the Charter of Incorporation, necessarily will have to disappear with the development of the commercial relations of the United States with the several nations of America; but in order that this may happen it is necessary that the barriers which the Spanish American products encounter in the markets of North America should disappear. It is necessary, that the doors should be opened widely, as they are in their greater part in the old world, for all the

countries of America because it is to the interest of Europe to welcome and increase that enormous industrial development, which we all contemplate with satisfaction. That is to say, whatever may be the influence, tending to remove that Chinese wall that the McKinley tariff has established, this latter must disappear.

In as much as I have referred to the industrial movement of the United States, I am going to be guilty of what possibly may be an indiscretion; but I am bound to refer to a work which I have had occasion recently to read and which I have at hand; it is an essay, Mr. President, that treats of the development and the industrial activity existing in the United States; I refer particularly to the motives by which certain economic phenomena are governed, that for the want of positive knowledge on the subject, it may be said, have not found any explanation, either in the old world or in South America. The author of this essay is His Excellency the President of this Conference, and the work is a report submitted to the Government of Mexico on the occasion of the meeting of the International Commercial Congress at Philadelphia two years ago; from this report it can be learned, why the United States succeed in competing advantageously in certain products with those countries, in which the respective industries had found their real field of action, and it is demonstrated, for example, referring to wheat, that the soil in the United States produces less than in France, that is to say, a less amount of wheat in the same area, and that in spite of this, and of the fact, that American wheat pays considerable freights in its introduction into Europe and high duties which almost prohibit its introduction into the French markets, it can, notwithstanding all this, be sold at a less price than French wheat.

Something similar happens with iron and steel. England up to the last years, has been the classical country of iron and coal. It appeared impossible, that these articles could be introduced into England—and be imported into that country under advantageous conditions, because otherwise it would not be profitable—and nevertheless it is a positive fact it is not only iron and steel manufactures which are imported from the United States, but even pig iron to supply the factories of England.

The same may be said of watches. American watch-makers have converted this article, which was one of high price and luxury, reserved for the wealthy classes of Europe, into one of common use, possessed even by the very last workman of every region of the world.

But there is something more, and this is an example furnished by our own country, that completes and is the basis for the conclusions at which Mr. Raigosa has arrived. Our country is one of the greatest producers of hides in the world; only Australia competes with us and she does not reach the amount of our production; I do not include the United States, because they consume their total production of hides and besides have to import. Well, we, the unrivalled producers of hides in the world, who send them to Europe at the lowest prices imaginable, who have a tanning industry perfectly developed and provided with the most modern improvements known in Europe, we, who have a very advanced shoe industry—because this is an advantage of the countries who possess an artificially creat-