

ed industry, that the slow economic methods, which develop industry by slow degrees, are not known, but they adopt at once the improvements and advances of the most recent machinery—we, I say, are in a crisis with regard to the shoe industry: at the time of our departure from Buenos Aires, there were more than fifteen thousand laborers without work, on account of the competition, that American shoes and hides were making to those of our own production.

To what is all this due, Mr. President? It is not I who will give the answer, it is the author of the report to which I have referred before. The causes are of various kinds: one of them is the substitution of manual labor by machinery, it happening frequently that three, four or more machines are in charge of a single workman. Another of the causes is the introduction into manufacturing of all the improvements that may be discovered in chemistry, physics and other sciences applicable to industry. After this comes as a new factor the extreme division of work, which tends every day to make specialties out of industrial operations, and as a consequence procures a considerable saving in expenses and time. The same thing takes place in the great manufactories of Europe.

In Creuzot, for instance, in the matter of iron works, every thing imaginable is being done; rails as well as cannons, tubes, columns for buildings and other things. The North American iron works confine themselves to one single subject only and in many cases not to the whole subject, but to one of its parts. The locomotives works of Baldwin utilize twenty or thirty factories: this one charged with making sheet iron, that one screws, and another one cranks: the result of all this is economy of time and a perfection not obtainable in any other manner.

Lastly, gentlemen, comes the formation of syndicates, which monopolize a given production and permit centralization, placing into one hand the management of hundreds and thousands of establishments in the same line of trade, suppressing all their expenses of management. They economize still further in the purchase of raw materials, because the absence of competition in the markets enables them to buy at their own price.

For all these reasons, the United States are in a condition to develop, to increase their commerce with the Spanish American republics, and in an incalculable ratio. And it is the establishments of this class, the banks, that will break down the barriers still existing for the exchange of our products, that constitute the real Pan-Americanism, the goal to which we should aspire. If this Conference, if this Congress, if this reunion of all our countries, is to produce any results, gentlemen, they must be economic ones. The world is governed every day more and more by interest. It is necessary that phrases, words and proclamations should disappear at some period. That has been our ruin, for that reason are we still struggling in our policy of "You get out of the way so that I may put myself in your place," as practised by the greater part of the nations of South America.

I will now resume this exposition, which is disconnected and disjointed by the precarious conditions of my health at this moment.

It may be believed, in spite of all I have said, that the establishment of a great International American

Bank, with the scope and the proportions that I have given to it, is likely to constitute a danger more or less remote, because it might possibly be converted into an instrument, not of an exclusively commercial and industrial character, but also of a political one. It is evident, Sir, without sharing the belief expressed in the Senate of the United States, when the proposition of the First Conference was rejected—that a credit organization, put in a position to control, to regulate the circulation of all these countries, may become a formidable tool. In order that this may not happen, and although I have not consulted with my honorable colleagues in the Committee, I presume that none of them will have any objection to amplify this Recommendation, so that instead of one bank, various banks may be established in the interest of the United States themselves.

I am not called upon to be the one who is to suggest the modification of the report of the Committee of which I am a member; but if according to the objections that have been made, there exists in a greater or less degree the danger or fear to which I have just now referred, I understand, that my honorable colleagues in the Committee will experience no difficulty whatever in making the Recommendation more ample, more advanced and more comprehensive, so as not to organize a single institution of credit, which might convert itself into a danger in a more or less remote future.

His Excellency Mr. Carbbó, Delegate from Ecuador.—Your Excellency: The opinions regarding the proposed International Bank have been divided into two extreme parties which are in touch on account of the unacceptable principles they have set forth.

His Excellency Mr. Matte, the Delegate from Chile, supports the expediency of subsidizing the banking institution, giving to it a great importance, which it really has; and His Excellency Mr. Casasus, a Delegate from Mexico, states that the proposition of the bank lacks the importance attributed to it, because, among other beautiful theories expressed with all the elegance of an orator of merit, he believes the commercial relations must first be favored by means of steamship and railway lines, in order that there may be some means whereby the exchange of valuables may be effected.

I do not share those opinions, even though it greatly pleases me to acknowledge the talent and high aims of my esteemed colleagues who have expressed opinions with which I can not be in accord.

The idea of His Excellency Mr. Matte, so generous and exalted, seems to me to be in contradiction with the economical principles ruling in the new world; and the idea of His Excellency Mr. Casasus, notwithstanding that it appears to be the logical consequence of the natural development of nations, is not in accordance with the progress of the present times, which does not wait now, as in olden times of Asiatic apathy, but which prepares and gives impulse, by all means leading to the same object, to the rapid growth of human energy in its numerous manifestations.

I am not, and cannot be in favor of establishing and fostering under official protection banking institutions of the character of the one under discussion. Banks that need assistance in order to be established can not inspire the confidence of credit, which can not be created through hateful privileges, nor can it

be favored by the solidity of capital, the honorability of those who handle it, and the conviction of sure benefits harvested on the productive soil of private energies.

The proposed bank is, in my opinion, Messrs. Delegates, called to be one of the best enterprises on the Continent, inasmuch as the scarcity of capital in Spanish America is so well known, that those who occupy themselves either in the exchange of values or in loans to commerce, agriculture and industries will secure good returns, as is demonstrated by the flourishing state of institutions of this kind in all our Republics, from Mexico to Buenos Aires.

If the bank has not been established before (and it is necessary not to forget that we have received an important communication from Philadelphia on the subject) it has surely not been for want of subsidies but because the American capitalists who are only beginning to explore the wide field opened to their prolific activity have not been ready as yet for an enterprise which will be of such great and incalculable advantage to all.

The subsidy proposed besides being therefore unnecessary, could not be granted by the legislatures of our country which have to protect the national interests at present existing without being allowed to give pecuniary concessions to the new institutions, because, as His Excellency Mr. Casasus, has already expressed it, would be favoring the latter to the prejudice of the former.

Therefore, I am not in favor of the motion made by His Excellency Mr. Matte, and can not be in accord with the ideas of His Excellency Mr. Casasus, in so far as they tend to take away its importance from the project under discussion and which I consider as one of those which most demands the conscientious study of this assembly.

His Excellency Mr. Casasus, statistician as he is, can not less than agree with me on the advisability of favoring the bringing in of capital into Spanish America as a problem beyond all discussion and which to be realized, to our benefit, only requires that we be able to inspire capital, that cowardly king of all times, with confidence.

Nobody can deny, Messrs. Delegates, that the progress of up to date companies has changed systems and broken old customs. Formerly it was necessary, for instance, that buildings should exist in order to erect a church, then the school and afterward the hospital. Now, houses are attracted by these elements of life, which contribute in such a way that modern cities now arise in four days.

The means of communication, to which His Excellency Mr. Casasus refers, should in truth be favored in an effective manner, but together with them it is also necessary to establish international banking institutions, because the employment of capital in our national Republics is the best manner to increase the production which is to be exported by ships and railways.

Considering the idea of an international bank little practicable, His Excellency Mr. Casasus asked the Chilean delegation for another seed which could be sown on fertile soil to obtain an abundant harvest. But I ask of what use would be this prodigious fruitfulness on our American soil, covered as it still is in its greater part by undergrowth, without the abundant capital which would afford us the means of destroying the weeds, so that the grain which is

to afford us the longed for prosperity may germinate with more profusion?

I believe just the opposite, Messrs. Delegates, I believe that the nations of the Continent gathered today in this assembly should show the capitalists of Europe and America that they are disposed to favor and guarantee the establishment of an international bank, called to be one of the most powerful factors in the progress of this Hemisphere.

I believe, therefore, that the project as a whole is worthy of our enthusiastic support which, in no manner whatever, should be of such a nature as to place the new institution in better conditions than those already existing in the countries.

And pray do not believe, Your Excellency, that my country has any immediate special interest in the proposition, because all the world knows that the banks of Ecuador enjoy both in Europe and in America, an old and well deserved renown, and that they contribute, in an efficacious manner, to the progress of the republic.

Chile, Peru, Columbia, and the Central American Republics, buy a large part of their orders at Guayaquil, either because we have an excess in the exportations which increases annually the public wealth, or because the solidity of our banks is beyond discussion.

I second the proposition simply and exclusively because I consider that it is destined to open new horizons to Spanish America.

As a consequence of what I have just stated, I believe that we must second the report of the Committee to whose consideration the motion offered by His Excellency Mr. Matte, was submitted, so that we may continue considering the best way to favor the establishment of an International bank.

His Excellency Mr. Macedo, Delegate from Mexico.—I will be very brief, Messrs. Delegates. As the Honorable Mr. Anadon, President of the Committee on an International Bank, has well said, I manifested to him my intention of addressing a few words in reply to the remarks of His Excellency Mr. Matte, for I considered that the ideas, which he has expressed in defense of his proposition, as directed to me personally, as to the one who formulated the decision of the Committee, and that they should not remain without reply, even were it for nothing else, than the respect which I have for His Excellency Mr. Matte, whose absence at this moment I deplore.

His Excellency Mr. Matte has presented substantially two arguments against the brief report, in which the Committee manifested to the Conference, that it was under the painful necessity of not being able to adopt the proposition of the Chilean Delegation.

Those arguments were the following: His Excellency Mr. Matte said, that he had not discovered in any of the Constitutions of the American Republics, the precepts to which I had alluded, in which it was prohibited that there be granted any pecuniary aid to an institution of credit, like the one which at this moment occupies our attention.

Mr. Matte is right; this is not a proper matter for Constitutions nor will there be found in them a precept in this direction, but His Excellency Mr. Casasus has already stated: that there may not be any precepts expressly prohibiting that a bank be subsidized, but there are, prohibiting the granting of subsidies to monopolies, under the guise of pro-

tection to industry. In addition, I ought to say, that there are things in the Constitutional laws of each country, which, notwithstanding, are not found in their political Constitutions.

In speaking of Constitutional laws, I have intended to refer more especially to those laws, which constitute the organization of each Nation. It has been repeated, even to satiety, in this Conference, what occurred with the initiative of Messrs. Harrison and Blaine in the United States, for the establishment of a bank with concessions from the governments. That initiative failed, not for the reason, that the American Constitution prohibits in any article the granting of concessions of this nature, but because the banks of the United States are organized in another and different manner, certain rules having been established, in conformity with which any number of individuals may constitute themselves into societies and exercise this industry under conditions that are equal to all, the legislative power of the United States considered, that this practice, which is already an organic constitutional element with that people the granting of a concession for the establishment of a bank with special privileges, was in conflict.

I believe that the same may be said with regard to many others of the Nations of America. Referring to Mexico only, the Delegates know perfectly well, because we stated something in this respect in the report, which the Mexican Delegation had the honor to present at the beginning of the sessions of this Conference, that we have a banking legislation, that constitutes a complete system. It is not incorporated in the Constitution, but it has entered into our customs to such an extent, and the Mexican legislator has had the good fortune to meet the necessities of the country and the development of this important industry, in such happy manner that it was born, has grown and has developed into prosperity with capital almost exclusively national.

Under these conditions, it also seems, Sir, that our banking law may be considered as constitutionally organic, in the mode of existence of this political organism, and that it would be impossible to grant the subsidy and the special privileges to which the proposition of Mr. Matte refers.

His Excellency has been pleased to combat the report from other points; but these not being under debate, I will reserve my reply until the report itself is submitted to discussion, since we are now occupied with the proposition of the Chilean Delegation. And in order to conclude, Messrs. Delegates, I ought to refer solely, in brief words, to the arguments of Mr. Casarus, my worthy colleague. His Excellency has done well in making his attack upon the International Bank, to use the Committee, or rather his friend Macedo as an anvil to strike upon, and in my judgment, and I believe in the judgment of the entire Conference,—taking these words *International Bank* in the sense of a privileged bank, created under the protection of all the legislations of the American Republics,—Mr. Casarus was right in qualifying it as an illusion. In fact, it is a phantom, that arose in the First Conference, and which vanished completely before the breath of reality. But I ought to state right here to the Conference, that it is not the Committee which has resurrected again that spectre that disappears at the slightest breath; the Committee did not propose it; the Committee has said, that if a bank operating in all the Repub-

lics of America, establishing branches in all their capitals be organized, it will be well received by the American nations, and if there be established uniform rules for the granting of credits and other operations, it will merit the granting by the Governments of such aid as may be compatible with their legislation; the Committee, then, does not wish to raise the official International Bank, let us call it thus; the one who has wanted to do this is Mr. Matte, and for this reason I have recalled to the Conference the ability of the tactics of my friend Mr. Casarus, who in striking at his compatriot Macedo, directed, in my opinion, a death blow to the project of Mr. Matte. His proposition says:

«The Conference recommends to the Governments represented in it the advisability of providing for the establishment of an International Banking Institution with a corresponding office or branch, at each of the capitals of the American Republics, or if preferable, at their most important ports. An annual subsidy of \$100,000 gold, for a period of five years, and exemption from all fiscal taxes for the same period, should be granted to said Banking Institution.

Each of the American Republics shall contribute to said subsidy in the same proportion and in the same manner as they do for the maintenance of the Bureau of American Republics, established at Washington.

The standing and importance of the said Banking Institution shall be ascertained by the American diplomatic agents residing in Washington.»

This, Messrs. Delegates, makes it appear very clear to me that the desire of Mr. Matte is to establish an international and official banking institution; and by virtue of the reasons expressed, I have the honor to ask the Conference again to refrain from approving this proposition.

His Excellency Mr. Walker Martinez, Delegate from Chili.—I am going to speak but a few words, Mr. President; but I have, as the Honorable Delegates will comprehend, to answer some of the remarks that have been addressed to Mr. Matte; for the truth is—using the jocular terms of Mr. Macedo,—the anvil has been Mr. Matte, not Mr. Macedo; the anvil has been Mr. Matte, who has been combated by Mr. Casarus, stating that he wanted the establishment, not of a banking institution, but of an institution not vested with that character, and by Mr. Macedo, who says that Mr. Matte wants an official Bank for all the American Republics. He has been the anvil, moreover, in that Mr. Casarus has condemned Mr. Matte, distorting perhaps, the declarations of the Committee, for wanting to attribute to him an idea that has just been affirmed by Mr. Macedo.

Mr. Casarus has said: from what fact does Mr. Matte deduce, that the American Constitutions prohibit the granting of subsidies, when the Committee has said that what is prohibited are the exemptions from imposts? And Mr. Macedo has just confirmed and repeated, that according to Mexican laws, exemptions from imposts cannot be decreed. This is the affirmation that Mr. Matte has made, this is the affirmation contradicted by Mr. Casarus, in a dialectic flight of the imagination that I am the first to applaud, when he said: this question having arisen, this impossibility, being established in the different Constitutions and in view of the fact that legisla-

tion and universal law prohibit this, the problem is solved by itself. Notwithstanding, Sir, I am of the opinion that the problem is not solved; I do not accept the theory of my honorable friend Mr. Casarus and believe that no Mexican can accept it; because Mr. Casarus forgets his banking law, forgets that his law establishes exemptions from contributions for twenty-five years for the banks founded in the Republic. I refer only to the Mexican Constitution, it being the only one, that we have been able to consult, because it is not possible to travel with a library in a valise.

I find in the Mexican law an article that says:

«Art. 121. The capital of the Institutions of Credit, the shares that represent it, the dividends declared and the different titles of credit that they may issue shall be exempt from every class of imposts of the Federation, of the States and the Municipalities, with the exception of the tax on real estate on the edifices, wherein their offices, may be established and of the imposts comprised in the Federal Stamp Law, which shall be collected in conformity with the respective laws and the provisions of the following articles.»

But there are a few additional articles, reducing the same stamp tax in favor of the banks, that is to say, establishing what Mr. Matte asked that all the Nations should do in favor of the bank proposed.

There is in addition another article, that even imposes a sort of individual tax, in the following words:

«Art. 127. Except in case of an agreement to the contrary, the fees of the experts, notaries and other persons, whose services may be subject to a tariff established by the local legislation, and who may intervene in the operations effected by the Institutions of Credit, shall be reduced to two thirds of the rates authorized by the tariff. In no case shall the provisions authorizing the increase of fees, be applied due to the fact, that one of the contracting parties is a company.»

By which it will be seen that the Mexican Nation, the Mexican law which I suppose, is not contrary to the Constitution, not only establishes the principle of exemption from taxes in favor of the banks, but even goes beyond, it extends to private work, it extends to where the notary has his special tariff for charging fees and imposes a contribution upon him.

My honorable colleagues will therefore believe that Mr. Matte has been the anvil, because he is charged with all this, because he is represented as wanting to contradict this principle of economic liberty, of which Mr. Anadon has spoken to us, when Mr. Matte has done no more, than to refer to the laws of the Mexican Republic herself.

This question is already well ventilated, but it has been shifted by Mr. Casarus, when he alleges that Mr. Matte wanted to establish an official bank. Gentlemen, in my country, and it is but natural, that everyone should speak according to the terms of his own legislation, there are no official banks: we call private banks the incorporated societies. In this sense, recollecting what happened in the Conference of Washington, wherein difficulties arose from a desire to create a bank with a charter of incorporation of the United States, and alluding to those difficulties, it said: let us found—these are the very words—a private institution of credit, whether it be an incorporated society or any other, which may extend all over there establishing offices that unite the credit of all of them.

The Delegation of Chile finds itself in the presence of a project not of its own, of a project of an industrious committee, which acts with a certain haste, and says: here we have this declaration; and according to our own judgment, we say, inasmuch as we think, as Mr. Anadon has stated, that economic relations and interests are stimulated by other interests, as we believe, that the juridic declarations are not such as will satisfy the bankers who live by gain, we say, let us make this idea more practicable, and let all nations join in promoting this institution by means of a pecuniary subsidy and exemption from taxes.

Is this idea, which is not unconstitutional in Mexico, objectionable? Can it not be realized? Well, to us it appears that we are obliged to make this declaration, which Mr. Macedo has tried to soften in such an admirable manner, when he turned against Mr. Casarus and said: of that illusion you need not speak to us, we are not responsible for it; let it be well understood that our way of expressing it is cautious; as we state, that we view the establishment of a bank with much satisfaction; do not lose sight of the fact that we only recommend, that we do not even propose, the establishment of that institution. Well, we for our part, do not wish in an assembly like this, to make declaration of a somewhat caustic character: we believe, Messrs. Delegates, if we want banks, then we should commence work upon their realization; but if you do not want them, let us destroy that illusion. We do not want any illusions, we are a Congress of Plenipotentiaries, we all have power, we all have come to sign treaties in the name of our governments, and to ask that they be ratified. For this reason I am astonished, that my friend, Mr. Anadon, who after saying with much reason that the future of the peoples of America consists in the solution of economic questions, and that we should accomplish work tending to realize the real Pan-Americanism, declares himself, notwithstanding all this, to be in complete harmony with Mr. Casarus.

Why is it that what Mr. Anadon states with so much solemnity as the future of all America, provokes the contemptuous smile of Mr. Casarus? Because the latter tells us: I am speaking with a liberty with which the Committee cannot express itself, for it has been compelled to veil its opinion and to express it only, because it had to do so, that it might be buried in the archives. But, gentlemen, by whom is the Committee compelled to sugar that pill? Who prevents it from speaking the truth with the liberty which Mr. Casarus enjoys? Gentlemen, the Committee cannot be dictated to by anybody, the Committee might very well have said: the idea is premature, the proper moment has not yet arrived; it is not practicable, it cannot be realized.

However, it has not said so, and we have desired that this idea be realized, and for that reason we proposed the manner of realizing it. Does this mean the promotion of private gain and interests? Then let us promote private gain and interests. Mr. President, for our part, we would make free to ask the Committee: when have the declarations of the Congress of Washington ceased to have value? Have they really lost their effect? If these declarations have not lost their force, if we declared theoretically, as we have done, that a bank is desirable, why do we repeat that same declaration? This is perfectly useless. I could explain to myself, that if it were