

the United States but other governments whose delegates signed the treaty did not ratify it, and so the treaty failed.

Since that time the arbitration views of the United States Government have received a great set-back in the rejection by the Senate of the United States on May 5, 1897, of the Treaty of Arbitration with Great Britain signed in Washington on January 11th of the same year. It seems to me that if the United States are not willing to enter into a general plan of arbitration with a nation at least as powerful as themselves it is not likely that they will do so with smaller and weaker nations. I am sure, however, that the arbitration idea will be developed, beginning in a limited way, until finally, possibly after some centuries, it may supersede war.

*Mexico on the Treaty of General Arbitration.*—The Mexican Government did not look with good-will, for obvious reasons, upon the idea of forced and unrestricted arbitration; and as Article XXI. of the treaty of February 2, 1848, between Mexico and the United States provided ample arbitration with this country, Mexico thought it prudent not to have it extended any further, and instructed its delegates accordingly. We did not intend, therefore, to take any part in the discussion on this subject, but only to cast our votes in accordance with our instructions when the question came up. But when the Mexican Government heard that several South American nations were disposed to go much farther than Mexico in the premises, not wishing to appear in disaccord with her sister Republics, it authorized its delegates to extend the scope of arbitration, but not to accept it without limitation.

I had, however, to give up the intention of taking a passive position on this question, because the Secretary of State requested me particularly to prepare a draft of arbitration, which, in my opinion, would be acceptable to the Mexican Government and the Latin-American States which were not disposed to accept arbitration without limitation. I stated to him, with all candor and sincerity, the obstacles which were in the way of my drafting a project which I was not sure would have the support even of my own Government; but, in order not to disregard his repeated requests, and because I thought that I might possibly draft something which would be acceptable to all, I consented to take up the matter and to speak on the subject with several of my colleagues. Soon afterwards, however, I found that the difficulties in the way of coming to a general agreement were insurmountable, and I wholly gave up the attempt. When the report of the committee was discussed in the Conference the Mexican delegates expressed only the opinion of their Government, and voted in accordance with their instructions, when they had specific instructions, or with what they understood to be the wishes of their Government on new points regarding which there had been no time to receive instructions.

There were besides some subjects connected with arbitration which were looked upon in a very different way by Mexico and the South American nations. I refer to boundary questions, and, in fact, to all territorial questions. In the immense territorial area, very thinly populated, of the South American nations, their people being of a homogeneous race and having the same religion, habits, and language, and those nations not having, as a general rule, clearly marked territorial limits, the boundary questions which have sprung up among them are relatively of little importance. A district of land practically uninhabited does not diminish in any perceptible manner the domain of the nation that may lose it, nor increase greatly the power of the nation which may acquire it, nor make any material change of language, habits, education, social condition, and political status of its inhabitants. This is not the case as between Mexico and the United States, because they are countries inhabited by different races, speaking different languages, having different customs, religions, and habits, and because the proportion of population, wealth, and material strength between them constitutes a very different condition of things. The boundary disputes in South America have generally been decided, and with a great deal of reason, by arbitration, and its statesmen hold the view that, if arbitration is good for anything, it is good to end such disputes. Perhaps it is the best way to solve them in any case; but to make arbitration obligatory as to all questions, including boundary difficulties, which may arise between Mexico and the United States, would be equivalent to placing Mexico in an unfavorable position. Therefore so broad a stipulation, which is not only desirable, but even necessary, in South America, might well not be accepted by Mexico. This explains why Mexico did not follow her sister-Republics in the whole length to which they were willing to go on this subject.

Subsequent action by the United States on the subject justifies the position of Mexico in this case. The United States has had since the arbitration treaty was signed, serious questions threatening war, with various countries, as with Chili in 1891, growing out of the Valparaiso riot which resulted in the wounding of some sailors of the United States cruiser *Baltimore*. Chili proposed arbitration to settle that difficulty, and it was not accepted by President Harrison. In a later question which unfortunately could not be settled by peaceful means, arbitration was again proposed and refused by this government. The reason that questions affecting the honor of a country are not fit subjects for arbitration was not mentioned in either of those two cases, but I have no doubt that it was the controlling reason which decided the policy of this Government in both instances, and that was exactly the position assumed by Mexico on the subject in the Pan-American Conference when arbitration was discussed.



*Reciprocity Treaties.*—Reciprocity treaties have a great rôle to perform in the development of commercial relations between the Spanish-American nations and the United States, but, unfortunately, public opinion is not yet prepared in this country to accept them. The subject of reciprocity is far more complicated than it appears to be, since it has become connected with the protection and free-trade questions which are now so earnestly agitated in this country. The United States, as an eminently Anglo-Saxon nation, has always followed, although sometimes with slowness, the footsteps of the mother-country, in many cases even going beyond her; and, although thus far they do not seem disposed to accept free trade, which has done so much to secure the commercial preponderance of England, I have no doubt that before long they will not remain behind Great Britain in this regard; but as the ultra-protective policy prevails here at present, it is not possible to establish and maintain reciprocity successfully. The United States, from an agricultural country which it was a few years ago, has reached the condition of a manufacturing one, and in this stage is making very rapid strides. Now when the production of manufactured articles is exceeding the needs of the home market, the foundation of the protective system is receiving a great blow; production is now cheapened; new foreign markets are now sought for the surplus products; and when all this is attained, this country will be a great commercial nation. Reciprocity treaties will represent the transition between these two stages, and until the second is fully attained there will be many difficulties in the way.

The fate of the reciprocity treaty signed with Mexico in 1883 demonstrates the correctness of this view. That treaty, which was initiated by this Government, was made with a country contiguous to it for nearly two thousand miles, inhabited by twelve millions of people, who produce, in proportion to their population, very few manufactured articles, but who have all the elements of soil, climate, and labor necessary to produce the raw materials needed by the manufacturing industries of the United States. That nation, too, is connected with the United States by four trunk railways built by United States companies, which are really extensions and feeders of the trunk lines of this country. It is clear that, if reciprocity could not be established with Mexico, much less can it be adopted with the other American nations, which have not as favorable conditions, excepting perhaps Brazil, which has developed a very large trade with the United States. It has been found impossible to carry out the reciprocity treaty with Mexico, which was intended, by the exemption of duty on Mexican sugar, to open new sources of production and trade. Moreover, the tariff Act of October 1, 1890, intended to close this market to the chief article of Mexican export—silver in lead-ore,—an

industry which was developed by the construction of railroads in Mexico, this ore being the principal article that they transport, and which was encouraged and increased by the capital and skill of this country.

The main reason why the reciprocity treaty with Mexico was not put in operation was the opposition to receiving, free of duty, Mexican sugar, notwithstanding the fact that, as compensation for such advantage, Mexico made valuable concessions to this country; and yet in the Tariff Bill enacted October 1, 1890, foreign sugar was exempted from all import duties, without any compensation or advantage in favor of the national production of other articles.

Reciprocity was, undoubtedly, the subject most fully considered in the Conference, and the one which commanded the most earnest attention. The committee agreed as to the difficulty of establishing a customs union, in the sense of a *Zollverein*, and as to the desirability of making reciprocity treaties to promote trade between the respective countries. On the latter point, however, the committee was divided, as the Brazilian, Colombian, Venezuelan, Nicaraguan, and Mexican members of it recommended the negotiation of such treaties, not upon a uniform basis, but in accordance with the circumstances and needs of each country, while the Argentine and Chilean delegates thought it officiousness on the part of the Conference to make any such recommendation. The Argentine Government had favored reciprocity treaties, as in 1875 it proposed to the United States the negotiation of one, and the same suggestion was renewed by the Argentine delegation to the chairman of the United States delegation in the Conference, as stated in the discussion by Señor Saenz Peña, an Argentine delegate who was a member of that committee, who also favored reciprocity personally, but he did not think that the Conference had authority, under the law convening it, to consider the subject of reciprocity, as it was not mentioned in the program of its labors. He therefore did not sign the report of the majority, and made with Señor Alfonso a minority report.

The essential difference between the views of the majority and the minority of the committee was that the majority thought that they ought not to discourage the negotiation of reciprocity treaties, even if this was only for the purpose of leaving on the United States the responsibility of their failure, while the minority preferred not to commit itself to any given policy, leaving the whole matter to the respective governments, although in reality they seemed convinced of the advantage of such treaties and wished to negotiate them.

The discussion on this subject in the Conference was carried on mainly between the delegates of the Argentine Republic and of the United States, who were members of the committee; but the economic policy of both countries rather than that of negotiating reciprocity



treaties was the subject really discussed. The Conference finally approved the recommendation of the majority in favor of such treaties, and refused to give a vote against customs union, because they regarded this as a step which might be misunderstood, in the sense of acting against one of the objects of the law convening the Conference, and because the United States delegates were among the first to acknowledge the impracticability of such a union. The minority had to reconsider the abrupt manner in which they rejected the customs union.

Mr. Blaine attached a great deal of importance to this matter, and the deep interest he finally took in it was only revealed several months after the adjournment of the Conference. Conscious of the many advantages which would accrue to his country by the negotiation of such treaties, he did all that was in his power before the Committee on Ways and Means of the House of Representatives, which was at the time preparing the tariff bill approved by the President, October 1, 1890, to induce it to leave the duties on sugar as a good basis to negotiate such treaties. The official and private utterances of Mr. Blaine, which soon afterwards were made public, show very plainly the great importance he attached to the subject, and the interest he felt in it was so great that he even went so far as to antagonize his own political party. For the failure of reciprocity treaties he, therefore, cannot be responsible. The Argentine delegates, who were not aware of all his efforts, very likely thought that he was indifferent to this matter, but subsequent events have shown that this was not the case, although I understand that he did not favor free wool, which was what they desired.

Mr. Blaine's suggestions in favor of reciprocity made to the Committee on Ways and Means of the House of Representatives, with a view to favor reciprocity with the Latin-American countries, were not accepted, and instead of that, sugar, which was the principal inducement that the United States could offer to those nations, was placed in the free list.

Instead of the commercial reciprocity, as understood in the treaties with Canada, concluded June 5, 1854, with the Hawaiian Islands on January 30, 1875, and the unexecuted treaty with Mexico of January 20, 1883, namely, the admission into the United States free of duty of commodities produced in the Latin-American countries paying high duties under the tariff bill, and *vice versa*, which was equivalent to a partial free trade applicable only to a few commodities, and which was what Mr. Blaine recommended to the Committee on Ways and Means of the House of Representatives, Congress approved a measure which was really retaliation instead of reciprocity, namely, that whenever the President should be satisfied that the government of any country producing and exporting sugars, molasses, coffee, tea, and hides, raw

and uncured, or any of such articles, imposed duties or other exactions upon the agricultural or other products of the United States, which in view of the introduction of such articles into the United States he might deem to be reciprocally unequal and unreasonable, he should have the power to suspend the free importation of such articles into the United States, for such time as he should deem just, and to levy a duty upon the same, which was specified in Section 3 of the Tariff Act of October 1, 1890.

I can say with perfect certainty that none of the Latin-American countries ever established import duties with a view to discriminate against the United States, and that if sometimes they levy high duties on commodities from this country, which are paid also by similar commodities from other countries, it is because they need such duties as revenue to defray their public expenses, and in no manner are they intended to discriminate against the United States or to act as an obstacle to the trade with this country.

The United States succeeded through their able diplomacy in making reciprocity agreements with Brazil on January 31, 1891, and Spain in behalf of Cuba and Porto Rico on June 16, 1891. As the largest portion of the sugar and coffee imported into the United States came respectively from Cuba and Brazil, the other American countries which exported those products had either to enter into similar reciprocity agreements or be subject to a differential duty, and many of them had to accept the very slight advantage offered by that tariff. The European nations which had colonies in America producing sugar and coffee had also, for the same reasons, to enter into similar arrangements.

Mexico, Colombia, Venezuela, the Argentine Republic, Hayti, and other nations did not enter into any diplomatic agreement,—some, like Mexico, because they thought there was not sufficient compensation in the reciprocity provisions of the tariff, and others, like Colombia and Venezuela, because they depended almost exclusively on their import duties and could not possibly reduce them. President Harrison issued a proclamation on the 15th of March, 1892, levying differential duties of three cents per pound on the coffee imported from Colombia, Venezuela, and Hayti.

I have reason to know that neither of the countries which entered into such agreements were at all satisfied with them, and in fact the Brazilian agreement was the source of great dissatisfaction to the people of that country and of severe censure to Señor Mendonça, the Brazilian Minister in Washington, who negotiated it. Señor Mendonça stated that Mr. Blaine had promised him that he would not make reciprocity agreements in so far as sugar was concerned with any other country, which would have given to Brazil the monopoly of the sugar trade with



the United States, this being the principal inducement which the Brazilian Government had to accept the agreement; but when this fact was brought unofficially to the notice of Mr. Blaine, he denied having ever made any such promise.

President Cleveland was understood not to be in favor of the reciprocity agreement, but he could not take upon himself the responsibility of nullifying them by a mere executive act. This object was attained however, by the tariff bill of August 28, 1894, which terminated said agreements by ignoring them.

Sections 3d and 4th of the tariff Act approved on July 24, 1897, now in force, gives a larger scope for reciprocity agreements, but even that does not have enough inducement for the American countries to enter into such agreements, and I am not aware that so far any has been made.

There is an impression in this country that the Latin-American nations were very well satisfied with the reciprocity agreements and that they were very anxious to renew them, but I know that impression is ungrounded. Some of the American republics have the impression that through reciprocity they may obtain a very large reduction of duties, as compared with other nations, on the sugar imported to the United States, and that is the reason why some of them are favorably disposed to make such agreements.

The result proves very clearly how little the real condition of things was appreciated by some of the manufacturing nations of Europe, when they feared that the outcome of the Conference might be the negotiation by the United States of reciprocity treaties with American republics that might interfere with their own existing commercial relations.

*Lasting Results of the Conference.*—I consider as the lasting results of the Pan-American Conference; the railway project, out of which came a Railway Commission which has done very important work; the Monetary Commission, which led to the meeting of the Brussels Conference, although its result so far has been nugatory; and the organization of the Bureau of American Republics.

I will speak especially of each of these three subjects, and before ending this paper I will mention others which the Conference took up but which were not quite as important, namely, the Montevideo Treaties and Commercial Nomenclature.

*Intercontinental Railway Project.*—The Committee on this subject appointed by the International American Conference recommended that a special International American Commission of engineers should meet in Washington to ascertain the routes, determine their true length, estimate the cost of each, and compare their respective advantages for the purpose of deciding upon the construction of an international railway connecting all the nations. That recommendation, which was approved by the Conference on February 26, 1890, appears

in Appendix No. 8 to this paper. The Railway Commission met in Washington and had its first session at the Department of State on December 4, 1890.<sup>1</sup>

The Commission held eighteen other sessions between December 4, 1890, and the 22d of April, 1891, and eleven of the American nations were represented by delegates, who remained as the final representatives of their respective countries.<sup>2</sup>

The Commission, after organization and the appointment of the necessary committees, determined to send as many surveying parties into the field as the state of its funds would permit.

Before the Commission adjourned they left the work to be done in the hands of the Executive Committee, composed of five members, of which Mr. Cassatt was the chairman. The business of the central

<sup>1</sup> The following commissioners were present at the first meeting of the Commission: Mr. A. J. Cassatt and Mr. Henry G. Davis, representing the United States; Señor Don Leandro Fernández, representing Mexico; Señor Don Clímaco Calderón, Señor Don Julio Rengifo, and Señor Don C. Frederico Párraga, representing Colombia; Señor Don Matías Romero, representing Ecuador; Mr. John Stewart, representing Paraguay; and Señor Don Manuel Elguera, representing Peru.

As several of the representatives of the American Republics had not arrived at Washington when the Conference met, the Secretary of State authorized their diplomatic representatives to represent their respective countries, and in that capacity the following gentlemen were present at that meeting: Señor Don Jacobo Baiz, Consul General and Chargé d'Affaires of Guatemala; Señor Don Nicanor Bolet Peraza, Envoy Extraordinary, etc., from Venezuela; Dr. Don F. C. C. Zegarra, Envoy Extraordinary, etc., from Peru; Señor Don J. G. do Amaral Valente, Envoy Extraordinary, etc., from Brazil; and Señor Don Anselmo Volio, Chargé d'Affaires of Costa Rica, met at the invitation of the Secretary of State, to witness the proceedings, in the absence of the Commissioners from these countries.

The Mexican government sent to the Commission an engineer, but the Ecuatorian government did me the honor of appointing me their representative, notwithstanding I was not an engineer, until the special representative sent by that government reached Washington, so I was not present at all the meetings of the Conference.

<sup>2</sup> The following is a list of the permanent delegates to the railway convention: Argentina, by Señores Don Carlos Agote, Julio Krause, and Miguel Tedín; Brazil, by Señores Don Pedro Betim Paes Leme, Francisco de Monlevade, and Francisco Leite Lobo Pereira; Colombia, by Señores Don C. Frederico Párraga, Julio Rengifo, and Clímaco Calderón; Ecuador and Peru, by Señor Don Leffert L. Buck; Guatemala, by Señor Don Antonio Batres; Mexico, by Señor Don Leandro Fernández; Paraguay, by Mr. John Stewart; Salvador, by Señor Don Benjamin Molina Guirola; the United States, by Messrs. Alexander J. Cassatt, Henry G. Davis, and Richard C. Kerens; Uruguay, by Señor Don Francisco A. Lanza, and Venezuela, by Señor Don Luis J. Blanco. Señor Hector de Castro was appointed Secretary in January, 1891, but resigned to take effect June 30, 1892. Lieut. R. M. G. Brown, U. S. Navy, was appointed Executive and Disbursing Officer, March 10, 1891, and on the 20th of December, 1892, the Executive Committee unanimously elected Capt. E. Z. Steever, U. S. Army, who had been serving in the office as engineer since April 1, 1891, Secretary of the Commission; the duties of said position to be performed in addition to his other duties.



office at Washington has been conducted by Messrs. A. J. Cassatt, President, R. M. G. Brown, Executive Officer, E. Z. Steever, Secretary. The amount of money on hand only warranted the despatch of three such parties, viz.:

Corps No. 1, composed almost entirely of officers of the U. S. Army, under the command of Capt. E. Z. Steever, U. S. Army, was to proceed to Central America and survey a line from the western boundary of Mexico through Guatemala, Salvador, Honduras, Nicaragua, and Costa Rica, then through the Isthmus of Panamá into Colombia until it should meet Corps No. 2, coming northward. Corps No. 2, under the direction of Mr. William F. Shank, was to proceed to Quito, Ecuador, and thence survey northward to Colombia and through that Republic and the Isthmus of Panamá until it should meet Corps No. 1 coming from the north. Corps No. 3, under Mr. J. Imbrie Miller, in conjunction with Corps No. 2, was likewise to proceed to Quito and thence survey southward through Ecuador and Perú to Lake Titicaca on the confines of Bolivia. As already stated, the above three parties were the only ones actually despatched to the field, but the scheme of the Committee on Surveys included three other parties which, if funds permitted, were to be sent out at a later date. Party No. 4 was to enter the field by way of the port of Antofagasta, Chile, and, proceeding northeasterly, was to begin its surveys near the city of Oruro, Bolivia, working towards La Paz, Bolivia, Puno and Cuzco, Perú, until it should meet Party No. 3 coming southward. Party No. 5 was expected to commence its surveys at Huanchaca, Bolivia, and work to the neighborhood of Potosí, crossing the river Pilcomayo, entering Brazil by way of Corumbá, and extending its surveys via Coxim until a connection should be made with the railroads having communication with the capital, Río de Janeiro. Party No. 6, commencing its work at Potosí, Bolivia, was to follow the course of the Pilcomayo River and proceed towards Asunción, Paraguay, thus making connection with the railroads of that Republic and of Uruguay.

The several parties sailed from the United States in the spring of 1891, and after remaining in the field from one and a half to two years, returned to Washington, and several years were then devoted to the preparation of the necessary maps, reduction of the data collected, and the preparation of the reports of the chief engineers. Each party reported the feasibility of constructing an intercontinental trunk-line, although the ease with which such a line could be constructed would, naturally, vary in different countries, according to the character of the region traversed and the obstacles to be encountered. In Central America the construction would be comparatively easy and at a moderate cost. This would be true to a greater or less extent through Colombia and into Ecuador, and through the latter Republic well into

Perú; but in the southern section of Perú, where but one route was surveyed, many difficulties were encountered, owing to the deep chasms formed by several rivers, the direction of which being nearly at right angles to the proposed road, maximum grades would be necessary. However, there are a number of alternative routes which present less difficulties, although requiring a longer development. In Central America, the line from Ayutla, on the Río Suchiate, to Río Savegre, in Costa Rica, would be in length about 890 miles, of which 187 are already built. A proposed location from the Río Savegre through the Isthmus of Panamá and Colombia to Quito, in Ecuador, would be 1663 miles. From Quito, through Ecuador and Perú, to Puno, on Lake Titicaca, the location proposed would be 2170 miles, of which 151 miles are already built.

The Commission has already published the *Minutes of the Commission* in both English and Spanish, a book of 132 pages with a map; *Preliminary Report of the Executive Committee*, in both English and Spanish, with five maps, dated January 31, 1893, and the *Report of the Committee on Trade and Resources*, in English, which documents have already been distributed; in addition it has printed, in both English and Spanish, the report of Corps No. 3, and its accompanying portfolio of maps, the report of Corps No. 2 and a portfolio of maps accompanying the same, and has nearly finished the report of Corps No. 1 and its portfolio of maps. When all these reports are finished a condensed report of the Commission proper will be prepared, giving a summary of the work accomplished and results attained, part of which is now in the hands of the printer.

*Monetary Union.*—The action of the Conference on this important question was a step backward. The law of Congress which convened it submitted to the Conference the consideration of the advisability of "coining a silver coin of the same weight and fineness, which would be a legal tender in all the American nations." The Conference decided to recommend the convening in Washington of another special commission for the purpose of deciding about the coining of one or more coins, without stating the metal of which they should be coined, of the same weight and fineness, to be used in the nations represented in the Conference, without stating whether they should be a legal tender in all the countries. A majority, if not all, of the Latin-American nations preferred the basis laid down in the convening law, but they had to yield on this point so as to act in accordance with the United States, whose delegates, excepting one, Mr. Estee, were decidedly opposed to the coining of legal-tender silver money.

In accordance with the recommendation of the Pan-American Conference to the effect that an International American Commission should be especially convened for the purpose of considering the question of a