# ARGENTINE REPUBLIC.

## EXTRACTS FROM MESSAGE OF PRESIDENT OF ARGENTINE REPUBLIC.

*Mr. Lord to Mr. Hay.*

No. 186.] LEGATION OF THE UNITED STATES,
*Buenos Aires, May 10, 1902.*

SIR: I have the honor to transmit copies in Spanish of the message[a] read by his excellency the President of the Republic, Lieut. Gen. Julio A. Roca, at the opening of the sessions of the Argentine Congress on the 8th instant, and to inclose herein copy in English of its most important passages taken from the Standard of the 9th instant.

The message is a plain document that deals in a general way with the affairs of the country. It is quite hopeful, even optimistic, in sentiment, but contains little but what was already known. Its delivery was awaited with much interest by the public in the expectation that it would be full and explicit on two points deemed of vital importance at this time, namely, international relations and the financial situation. Especially was there a good deal of curiosity to know the status of the negotiations carried on through the friendly mediation of the British Government to bring about an agreement for limitation of armaments between the Governments of Argentina and Chile, but the general way in which this matter is treated in the message was a great disappointment. It is probable that the President would have been more explicit as to the state of such negotiations had not the untimely death of Dr. Alcorta, minister of foreign relations, occurred, which doubtless had the effect to put its consideration temporarily in abeyance, rendering it inconvenient to do more than refer to such negotiations in a general way.

Upon the question of limitation of armaments, the President says:

> Happily, it appears that a better and more cordial understanding will be established in our relations with the Chilean Republic, negotiations having been opened in Santiago through the friendly mediation of the British Government for the rational limitation of the armaments which are pressing on both countries, with great prejudice to their credit and well-being.

The circumstances which led to the suggestion for a mutual limitation of armaments seem to have arisen from conditions prevailing in Argentina and Chile materially affecting their credit and welfare. Both countries have incurred heavy expense for the equipment and maintenance of largely increased army and naval forces. Chile has recently contracted for two formidable warships involving a heavy cost with the object of putting her navy upon an equality with the

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[a] Not printed

Argentine navy, whereupon Argentina, not to be outdone, contracted for two war ships larger in size and perhaps more formidable at a like heavy cost in order to continue and maintain her naval superiority. The costly expenditures incurred on account of war and naval preparations is paralyzing industrial activity and commercial enterprise. Both countries are largely in debt and confronted with a deficit. Both have appropriated their conversion funds which had been set apart for a specific purpose, and which, it would seem, should have been preserved inviolable. Neither is able to make a foreign loan without paying a high rate of interest and giving guarantees to meet the additional expenses which their war policy is incurring, and both Governments know and their people know that the only remedy to which either can resort to meet existing financial conditions is to levy fresh taxes of some description, notwithstanding nearly everything that can be taxed is now taxed to the utmost limit. The weight of taxation already imposed bears heavily upon the energies and activities of the people. The outlook is not promising, business being dull, wage employment scarce, and failures frequent. With this condition of affairs confronting them, Argentina and Chile fully realize that their war policy is fraught with ruinous consequences to their credit, their Governments, and their people, and that the dictates of wisdom and common sense demand that some means should be devised of stopping costly expenditures.

In Chile as in Argentina, the British people own large and valuable property interests of various descriptions, much larger in the latter than in the former, * * * and they are anxious, even eager, to have a peaceful solution of pending difficulties, believing that its effect would be to relieve business depression and improve the financial condition of both countries.

Looking at this condition of things, it would be reasonable to suppose that Argentina and Chile would be in a favorable state of mind to listen to any suggestions having for their object the curtailment of expenses and leading to a better and more friendly understanding. The purchase of the two war ships by Chile, involving a heavy expense, was certain to be followed by a like increase in the naval force of Argentina, and this circumstance, in connection with those to which I have referred, seems to have led to the suggestion that the best way to stop further expenditures was for both countries to agree upon a mutual limitation of armaments.

It is supposed that the Chilean Government hinted to Mr. Lowther, the British minister at Santiago, that it would view with pleasure his intervention in favor of disarmament. Mr. Lowther, by letter, communicated this information to Sir William Barrington, the British minister in Buenos Aires, who at once tendered his good offices to the Argentine Government with a proposition for disarmament, embodying, it is said, the canceling of orders for the ironclads which the Argentine Government then had under consideration. It is understood that the Argentine Government refused to entertain this proposition. And, at this stage of the negotiations, it is also understood that the British Government had absolutely nothing to do with the proposition. These events occurred sometime between the 15th and 30th of April. In the meantime Mr. Concha, the Chilean minister, who had been on a leave of absence, returned to Buenos Aires and immediately placed himself in communication with the Argentine

Government and, as I understand, offered a proposition more restricted in its terms and to the effect that no further armaments should be made, and that the two countries should restrict themselves to those already ordered. At this time the Chilean Government had already ordered two ironclads, and it is supposed that, if the Argentine Government should accept the proposition to make no further armaments, Chile would have equal, if not greater, naval strength than Argentina. If this supposition is true, the Chilean Government was under a wrong impression, for the Argentine Government had already ordered the construction of two ironclads which would continue her naval supremacy.

About this time General Mitre, who now stands high in the councils of the Argentine Government, wrote an article for La Nación, an influential newspaper, edited by his son, taking the ground that the Argentine Government should not interfere in Pacific coast troubles.

This article exerted a great deal of influence, but considerable opposition was expressed to its views, as a lively feeling of sympathy has always existed here in favor of Peru and Bolivia since their war with Chile. The Mercurio, of Santiago, noticing this article, stated in substance that, if it should be the policy of the Argentine Government not to interfere in the affairs of the Pacific, it would open the road to good feelings and be a guaranty to better relations between both countries. The Chilean Government has always maintained that the Argentine Government should not meddle in the affairs of the West coast. * * *

Referring now to the negotiations pending, after the proposition for a limitation of armaments had been initiated as above mentioned, the British Government tendered its friendly mediation, and the negotiations since have been conducted by its respective ministers under its auspices, as appears in the Presidential message.

These are the facts and circumstances, as far as I am able to gather them, leading to the initiation and connected with the progress of these negotiations, which have been conducted with much reserve, rendering their ascertainment difficult. The result of such negotiations, which were temporarily interrupted by the death of Dr. Alcorta, are now awaited with much interest and curiosity.

The financial portion of the message fully sets forth all matters connected with the debt revenue, etc., and is decidedly optimistic in tone. The President evidently does not share the fears entertained by the people with reference to the financial condition of the country. This portion of the message has attracted a good deal of attention and provoked some criticism as to its statement. The President refers to the steps being taken toward the settlement of the boundary question, to the policy of the Government in favor of arbitration, and also refers in complimentary terms to the army and navy, and states that the ministry of agriculture intends to forward colonization and settlement of the country. Outside of the financial statement, there is nothing of particular importance in the message. The President has evidently held in reserve much that he would have more fully and definitely stated if the delivery of his message had come later.

As the message was so meager in its reference to the negotiations now pending for limitation of armaments, I concluded that it might be of interest to detail the facts and circumstances as I understand them.

I have the honor to be, etc.,

WM. P. LORD.

[Inclosure.—From the Standard, May 9, 1902.]

*Extracts from the President's message.*

*Senators and Deputies:*

I come to open your ordinary session under the sorrowful impression caused by the unexpected death of Dr. Amancio Alcorta, minister of foreign affairs, whose disappearance from among us has profoundly afflicted the whole country, which loses in him one of its noblest, most constant, and most disinterested servants.

The Republic is at peace with all sovereign states. The boundary questions have been already settled, or are in the way of being so, in the regular course established for the purpose in the respective conventions.

In order to draw closer our relations with the civilized world, and especially with the countries of America, we have celebrated several arbitration treaties which will, in due course, be submitted to you for consideration; and we have assisted at the second international congress, held in Mexico, all the States of the continent being there represented, and where the delegates of this country faithfully represented our international policy.

We have, in fact, a foreign policy sanctioned by a long tradition, in accordance with which we have invariably sought, either by direct agreement or by arbitration, a friendly settlement of all our differences and this policy has never been altered, even by the extreme exigencies of war or victory.

This invariable course of conduct should also have its influence in the pacific termination of all other differences, although they may arise from incidents or complications which, by arousing national sentiment and awakening natural distrust, force us to increase our military strength, as has happened on several occasions, putting the patriotism and vigor of the country to the test. No state has a right to consider this course in the light of hostility or offense, as it is simply dictated by self-defense, considering the precedents on record, our respect for the independence of others, and the sentiments of justice and international fraternity which we have always endeavored to diffuse in this part of America.

We can thus consider at an end the last boundary question which we had with Chile, which was submitted by both sides to His Britannic Majesty for arbitration. A distinguished expert sent by him is now surveying the territory in dispute, and his report will precede the award on this last territorial question bequeathed to us by the colonial régime.

The just expectations of the two peoples directly interested in this long boundary dispute and those of the nations that have large commercial interests at stake in them will be sorely defrauded if, once the award is given, all distrust and uncertainty do not vanish, and we can not have full enjoyment of the benefits of peace, thus reestablishing between the two countries the cordial and frank relations that should never be interrupted.

FINANCE.

The financial situation at the beginning of the presidential period toward the end of 1898 was difficult and complicated. At that time Congress passed a law authorizing the Executive to contract a loan of $30,000,000 gold, guaranteed by the proceeds of the alcohol tax and without specified limits of interest and amortization, voting a lump sum of $4,000,000 gold per annum to cover the service. The product of the loan was to cancel the floating debt.

The loan, however, was not carried through because the proposals did not satisfy the Government. Meantime, as it was indispensable to meet heavy obligations, a plan of unification of the public debt was laid before Congress, but I deemed it advisable to withdraw it, even after the sanction of the Senate had been obtained, in view of the opposition on the part of the public.

This plan having been replaced by the projects submitted to and approved of by you in the same year, the Executive has availed itself discreetly of the resources which accrued, thereby vanquishing the difficulties and attending to obligations which had their origin either in the past or proceeded from extraordinary circumstances. In order to appreciate with exactitude the actual situation it is necessary to consider the difficulties with which it was surrounded.

The revenue has been greater than in other years and greater than the estimates. The latter, according to the budget, were calculated at $62,300,000 paper and $37,991,718 gold, whereas the revenue returns were $62,341,306 paper and $38,244,638 gold, giving a surplus of $600,000 paper over the estimates and of $850,000 paper over the revenue of 1900.

The gold revenue for years past has shown almost a constant increase, but the paper revenue has fluctuated. The latter in 1897 stood at $61,000,000, dropped to

$50,000,000 in 1898, only to expand again to $61,420,000 in 1899, which figure has been exceeded in the last two years.

The budget fixed the expenditure for 1901 at $92,466,605 paper and $26,025,175 gold, and the expenditure effected was $23,835,847 gold and $91,160,225 paper.

The surplus of gold revenue over the gold expenditure was sufficient to cover the deficit in paper and leave a net surplus revenue of about $4,000,000 paper.

By decrees of the Executive $380,327 paper was spent on post-office and telegraph service and on the Sociedad de Beneficencia de la Capital.

In the finance report you will find other data relating to sums paid in virtue of special laws.

The home consolidated debt on December 31, 1901, stood at $89,610,983 paper and $17,863,000 gold. But in the paper debt is included $8,200,000, served by the National Bank ($7,000,000) and by the province of Tucuman ($1,200,000). The gold debt is almost purely nominal, comprising $12,698,400 of the free banks law, which, held by the Banco Nacional, return neither interest nor amortization. As the Banco Nacional in liquidation is debtor of the National Government to a much larger amount, the Government can withdraw and burn these bonds, and it is advisable that this be done. In the gold debt also figures $1,514,500, served by the National Mortgage Bank.

It is shown, therefore, that the home debt of the nation really amounts to $81,410,983 paper and $3,268,000 gold.

The amortization effected during the year amounted to $7,689,500 paper and $74,500 gold, but as some bonds were emitted corresponding to withdrawal of national-bank shares and consolidation of floating debt, the reduction really on the year only amounts to $3,853,000 paper and $74,500 gold.

The foreign debt apparently on December 31, 1901, stood at $386,451,295 gold. In reality it is much smaller. In the above sum is included $46,487,468 gold, of which the service is paid by the provinces of Buenos Ayres and Santa Fe and by the Banco Nacional. Furthermore there is included $29,858,371 gold in bonds, the property of the nation. Besides this the provinces of Cordoba and Entre Rios contribute with the amounts specified by the budget to the service of their debts.

Discarding, therefore, these partial amounts which do not properly constitute a debt or national burden, it can be said that the total foreign debt of the nation is in round figures $300,000,000, which will be constantly reduced by regular amortization.

The Executive has spared no effort to prepare and assure better credit for the nation, neglecting no economy which could be conciliated with proper administration and the exigencies of military organization. The service of our public debt has been most punctually attended to and will be continued as one of the most sacred compromises of the country. There are certain extraordinary items of expenditure which will require extraordinary appropriations, and the minister of finance will in due course lay before you the projects which have been prepared to this end. Every plan in this respect must be based upon the reduction, to utmost possible extent, of our ordinary expenditure. Our rule should be to suppress what is not necessary, to reduce even what is useful, and postpone what is not urgent and indispensable until the pressing difficulties of the moment pass.

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## COMMERCE.

Every day sees our commercial and industrial action extending, in spite of various calamities. Our production in all its branches is increasing considerably and the sources of public wealth are intact. The balance of our commercial and industrial movement is always favorable. Our imports and exports in 1900 totaled $268,000,000 gold, and in 1901 they were $281,675,000 gold—say a round increase of $14,000,000 gold. In 1900 our exports were $41,000,000 more than our imports, and last year the difference was $53,700,000. Our exports in 1900 amounted to $154,600,000. Last year they were $167,700,000, an increase of $13,000,000.

In the $167,700,000 are included our estancia products, more than $90,000,000—that is, $20,000,000 more than in the preceding year. And this increase is all the more remarkable since the exportation of live stock was necessarily reduced in consequence of the closing of British ports. On the other hand, frozen and preserved meat exports rose and the export of wool shows an increase of $16,675,000 gold over the figures of the preceding year.

The decrease in agricultural products is insignificant when compared with these figures. It is only $5,800,000.

If our wheat exports show a considerable falling off, the exportation of other grain shows an increase that almost makes up for the falling off in question. Our total agricultural exports were $71,596,000.

The returns for the first quarter of this year are not less favorable. Our exports and imports total $84,296,000, our exports being $29,000,000 more than our imports. In 1901 the surplus for the same period was not more than $17,000,000. It is noticeable, in this first period of the year, that our cattle products more than make up for the passing falling off in our agricultural products, and principally wheat, owing to the bad harvests in Cordoba, Santa Fe, and Entre Rios. Notwithstanding, there has been a very perceptible improvement in the value of other agricultural products, particularly linseed.

Our inland, fluvial, and coasting trade shows a healthy increase. In 1900 it was $50,221,000 gold. Last year this figure was $64,621,000 gold. The increase of our trade with the South is deserving of special notice, for this trade was in 1901 $4,160,000; that is, double the figures of the preceding year.

All these figures go to prove that the country possesses in its sources of expansion and development ample means to overcome those unavoidable crises to which young nations are exposed owing to their overconfidence in the vigor of their force and natural riches.

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CHILEAN IMBROGLIO.

Of late years the Republic has been put to the severest tests in economic and financial matters and in affairs of an international character, and it has dominated them all or is doing so with prudence and energy.

The nation now rests on firm foundations and is easily recovering from the profound crises through which it passed, having acquired in them painful but useful experience for the future, for there is no evil nor public misfortune that does not teach an advantageous lesson. It was thought that the Argentine people had given itself up exclusively to commercial speculation, to the desire of lucre and gain, and that it had become enervated in those noble moral faculties that constitute the soul of a nation, but the threat or suspicion of a danger from abroad was sufficient to rouse it and to make it reveal all the energy and military strength which it is capable of displaying.

The economy of the country has not suffered from the great efforts made to acquire the armaments demanded by the circumstances.

Happily, it appears that a better and more cordial understanding will be established in our relations with the Chilean Republic, negotiations having been opened in Santiago through the friendly mediation of the British Government for the rational limitation of the armaments which are pressing on both countries with great prejudice to their credit and well-being.

The vigor of a people can be best appreciated in difficult moments, and as we have never weakened or retroceded in adverse circumstances, we ought to have more confidence than ever in the future destinies of the Republic.

With this conviction, and invoking the favors of Divine Providence for your deliberations, I declare open the legislative period of 1902.

JULIO A. ROCA.

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## ADJUSTMENT OF DIFFICULTY BETWEEN ARGENTINE REPUBLIC AND CHILE.

*Mr. Lord to Mr. Hay.*

No. 191.] LEGATION OF THE UNITED STATES,
*Buenos Aires, June 3, 1902.*

SIR: I have the honor to inclose herewith, in copy and translation, the texts of the peace agreements entered into and signed at Santiago on the 28th ultimo by the representatives of Chile and the Argentine Republic. These documents are four in number, namely:

1. A political convention declaring the international policy of the two Republics;
2. A treaty of general arbitration;
3. An agreement for the reduction of naval forces; and
4. An arrangement for having the boundary line between the two

countries, when determined by the arbitrator, carried into effect by engineers appointed by him.

The treaty of general arbitration is an agreement to submit to arbitration every dispute of whatever nature and from whatever cause that may arise, provided they do not affect the precept of the Constitution and can not be settled by direct negotiation. The agreement also includes the appointment of His Britannic Majesty as arbitrator, whose award is to be final, its execution being confided to the honor of the two Republics. The terms of this agreement are wide and comprehensive, and would appear to include all controversies that can possibly arise between the two Republics.

The reduction of the naval forces contemplated by the agreement will relieve both countries from a heavy outlay of expense which each was about to make in the acquisition of new iron-clads. It is also agreed in substance that a diminution of their respective fleets shall be effected within a year, and that neither Government is to increase them during the term of five years without giving notice eighteen months previously.

The agreement with reference to the boundary line between the two countries secures the execution of the award without the risk which might arise from differences of opinion between Chilean and Argentine experts.

Concerning international questions affecting Pacific coast matters the declarations of policy of the respective representatives of the two Governments in the preamble or convention was made an integral part of the agreement.

These agreements seem to give general satisfaction to the people here, and they will doubtless be ratified by the Argentine Congress.

It is stated that the President will not present them to the Senate for their consideration for a few days, owing to the necessity of having to wait until the messenger arrives with them and the papers connected therewith from Santiago.

I have, etc.,

WM. P. LORD.

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[Inclosure.—Translation.]

The Chilean minister of foreign relations, Señor Don José Francisco Vergara Donoso, and the envoy extraordinary and minister plenipotentiary of the Argentine Republic, Señor Don José Antonio Terry, having met in conference in the Chilean ministry of foreign relations for the purpose of agreeing upon the rules to which shall be submitted such disputes of whatsoever nature as may disturb the friendly relations which exist between the two countries and of thus rendering permanent the peace so far preserved, notwithstanding the periodic alarms that have arisen from the protracted question of boundaries, the minister of the Argentine Republic declared:

That the intention of his Government, in conformity with international policy which it had always observed, was to endeavor in every instance to settle questions with other nations in a friendly manner; that the Government of the Argentine Republic had carried out this policy successfully, adhering to its own rights and respecting to the fullest extent the sovereignty of other nations without concerning itself in their internal affairs or their foreign questions; that, in consequence, it was incapable of entertaining thoughts of territorial expansion; that it would continue in this policy, and that he made these declarations, now that the moment had arrived for Chile and the Argentine Republic to remove all causes of disturbance in their international relations, with the belief that he was giving expression to the public sentiment of his country.

The minister of foreign relations declared, in return, that his Government had held and now holds the same high principles that the minister of the Argentine

Republic had just given expression to in the name of his Government; that Chile had given numerous proofs of the sincerity of its aspirations by incorporating in its international agreements the principle of arbitration as a means of settling questions with friendly nations; that, respecting the independence and integrity of other States, it, too, entertains no thoughts of territorial expansion except such as may result from the carrying out of treaties now in force or hereafter to be negotiated; that it would continue in this policy; that, happily, the question of boundaries between Chile and the Argentine Republic had ceased to be a menace to peace now that both countries were awaiting the speedy decision of His Britannic Majesty; that, in consequence, in the belief that he interpreted the public sentiment of Chile, he made these declarations, thinking, as did the Argentine minister, that the moment had arrived for removing all cause of disturbance in the relations between the two countries.

In view of this uniformity of principles, it has been agreed:

First. To draw up a general arbitration treaty which shall guarantee the fulfillment of the declarations cited.

Second. To include in the protocol the present conference, the import of which shall be considered an integral part of the arbitration treaty itself.

In witness whereof they have signed two copies of this document, the 28th day of May, 1902.

J. A. TERRY.
J. F. VERGARA DONOSO.

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The Governments of the Argentine Republic and of the Republic of Chile, animated by the common desire of settling by friendly means any question that may arise between the two countries, have resolved to draw up a general treaty of arbitration, to which end they have constituted ministers plenipotentiary, viz:

His Excellency the President of the Republic of Chile, Señor Don José Francisco Vergara Donoso, minister of state in the department of foreign relations;

His Excellency the President of the Argentine Republic, Señor Don José Antonio Terry, envoy extraordinary and minister plenipotentiary of that country:

Who, having communicated their respective plenary powers, which they have found to be full and sufficient and executed in due form, have agreed to the stipulations contained in the following articles:

ARTICLE 1. The high contracting parties bind themselves to submit to arbitration every difficulty or question of whatever nature that may arise between them, provided such questions do not affect the precepts of the respective constitutions of the two countries and that they can not be solved through direct negotiation.

ART. 2. This treaty does not embrace those questions that have given rise to definite agreements between the two parties. In such cases the arbitration shall be limited exclusively to questions of validity, interpretation, or fulfillment of these agreements.

ART. 3. The high contracting parties designate as arbitrator the Government of His Britannic Majesty or, in the event of either of the powers having broken off relations with the British Government, the Swiss Government.

Within sixty days from the exchange of ratifications the British Government and the Swiss Government shall be asked to accept the charge of arbitrators.

ART. 4. The points of controversy, questions or divergencies shall be specified by the high contracting parties, who may determine the powers of the arbitrator or any other circumstance connected with the procedure.

ART. 5. In the case of divergence of opinion, either party may solicit the intervention of the arbitrator, who will determine the circumstances of procedure, the contracting parties placing every means of information at the service of the arbitrator.

ART. 6. Either party is at liberty to name one or more commissioners near the arbitrator.

ART. 7. The arbitrator is qualified to decide upon the validity of the obligation and its interpretation, as well as upon questions as to what difficulties come within the sphere of the arbitration.

ART. 8. The arbitrator shall decide in accordance with international law, unless the obligation involves the application of special rules or he have been authorized to act as friendly mediator.

ART. 9. The award shall definitely decide each point of controversy.

ART. 10. The award shall be drawn up in two copies.

ART. 11. The award legally delivered shall decide within the limits of its scope the question between the two parties.

ART. 12. The arbitrator shall specify in his award the term within which the award shall be carried out, and he is competent to deal with any question arising as to the fulfillment.

ART. 13. There can be no appeal from the award, and its fulfillment is intrusted to the honor of the signatory powers. Nevertheless, the recourse of revision is admitted under the following circumstances:

1. If the award be given on the strength of a false document;
2. If the award be the result, either partially or totally, of an error of fact.

ART. 14. The contracting parties shall pay their own expenses and each a half of the expenses of the arbitration.

ART. 15. The present agreement shall last for ten years from the date of the exchange of the ratifications, and shall be renewed for another term of ten years, unless either party shall give notice to the contrary six months before expiry.

The present treaty shall be ratified and the ratifications shall be exchanged in Santiago, Chile, within six months from date; in witness whereof the plenipotentiaries of the Argentine Republic and of the Republic of Chile have signed the present treaty and caused it to be sealed with their respective seals in duplicate in the city of Santiago, the 28th day of May, 1902.

J. A. TERRY.
J. F. VERGARA DONOSO.

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The Chilean minister of foreign relations, Señor Don José Francisco Vergara Donoso, and Señor Don José A. Terry, envoy extraordinary and minister plenipotentiary of the Argentine Republic, met together in the Chilean ministry of foreign relations, have agreed to set forth in the following convention the various resolutions, adopted with a view to limiting the naval armaments of the two Republics, resolutions which have been made through the initiative and the good offices of the Government of His Brittanic Majesty, represented in Chile by its envoy extraordinary and minister plenipotentiary, Mr. Gerard A. Lowther, and in the Argentine Republic by its envoy extraordinary and minister plenipotentiary, Sir W. A. C. Barrington:

ARTICLE 1. In order to remove every source of anxiety the Governments of Chile and the Argentine Republic desist from acquiring the war vessels they have in course of construction and from making fresh acquisitions.

Both Governments agree, moreover, to reduce their respective fleets, for which purpose they will continue to negotiate, until they arrive at an agreement productive of a discreet equipoise of their respective naval forces.

This reduction must be made within twelve months from the date of the present agreement.

ART. 2. The two Governments bind themselves not to increase their naval armaments, without previous notification of eighteen months, during a period of five years. This clause does not affect the fortification of coasts and ports, and either Government may acquire any floating machinery for that particular defense, such as submarines, etc.

ART. 3. The sales to which this agreement may give rise shall not be made to any country having questions pending with either of the contracting parties.

ART. 4. With a view to facilitating the transfer of pending contracts, both Governments bind themselves to extend for two months the term stipulated for the delivery of their respective vessels in construction, for which purpose they will give the necessary instructions on signing the present agreement.

ART. 5. The ratifications of the present agreement shall be exchanged within sixty days from date, and the exchange shall take place in Santiago.

In witness whereof the undersigned sign and seal in duplicate the present convention in the city of Santiago, the 28th day of May, 1902.

J. A. TERRY,
J. F. VERGARA DONOSO.

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*Agreement (for collocation of boundary marks).*

Met together in the ministry for foreign relations of Chile, the minister of that department, Señor Don José Francisco Vergara Donoso, and the envoy extraordinary and minister plenipotentiary of the Argentine Republic, Señor Don José Antonio Terry, duly authorized and acting in accordance with the boundary treaty of July 23, 1881, the protocol of May 1, 1893, the agreement of April 17, 1896, and the acts

of September 15, 17, and 22, 1898, in order to avoid any difficulty in the actual demarkation of the boundary line between the two countries in the first part submitted to the decision of His Brittanic Majesty, do agree, in the name of their respective Governments, to ask the arbitrator to name a commission which shall fix in the territory in question the boundary marks which he shall order in his decision. In witness whereof they sign this agreement in duplicate, in Santiago, the 28th day of May, 1902.

J. A. TERRY,
J. F. VERGARA DONOSO.

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*Supplementary communications.*

SANTIAGO, *May 26, 1902.*

MR. MINISTER: In view of the advanced stage already arrived at in the process of settling by arbitration the boundaries between our respective countries, a stage which permits us to believe that the decision will soon be rendered, my Government, ever animated by the desire that this protracted question be settled as soon as possible, would be extremely gratified if your excellency's Government, in case it intends to avail itself of the right to present a new deposition, would do so in such form as will not prevent the arbitrator from rendering his decision within the present year.

Awaiting your exellency's reply with reference to this point, I take pleasure in renewing to your excellency the assurances of my most distinguished consideration.

JOSÉ FRANCISCO VERGARA DONOSO.

His Excellency Señor Don JOSÉ A. TERRY,
*Envoy Extraordinary and Minister Plenipotentiary of the Argentine Republic.*

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SANTIAGO, *May 28, 1902.*

MR. MINISTER: I have the honor to acknowledge the receipt of your excellency's note, dated the 26th instant, in which you are pleased to inform me that in view of the advanced stage already reached in the process of settling by arbitration the boundaries between our respective countries, your Government, ever animated by the desire that this protracted question be concluded as soon as possible, would be extremely grateful if the Argentine Government would cooperate in this connection in such manner as in its judgment seems most suited to facilitate the task of the arbitrator and to enable him to render his decision within the current year.

In reply, Mr. Minister, it gratifies me to inform you that I have received instructions from my Government which enable me to state that it is animated by the identical considerations with those given expression to by your excellency, and that it is disposed to facilitate the task of the arbitrator so that he may give his decision within the period already indicated, to which end it will take the necessary measures.

It also gratifies me, Mr. Minister, to improve this opportunity to reiterate to your excellency the assurances of my most distinguished consideration.

J. A. TERRY.

His Excellency the MINISTER OF FOREIGN RELATIONS OF CHILE.

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SANTIAGO, *May 28, 1902.*

MR. MINISTER: The second part of article 1 of the agreement entered into for limiting the naval armaments of Chile and the Argentine Republic says:

"Both Governments agree, moreover, to decrease their respective fleets, to which end they will continue negotiations until they arrive at an arrangement that will bring about a suitable equality between said fleets. This decrease shall be effected within one year from the date of the exchange of ratifications of this agreement."

This Government understands that the differences which may arise with reference to the execution of the clause cited are to be settled by the arbitrator in conformity with the dispositions of article 1 of the general treaty of arbitration concluded on this date.

Hoping that your excellency will kindly inform me of your Government's opinion on this point, I take pleasure in renewing to your excellency the assurances of my high consideration.

JOSÉ FRANCISCO VERGARA DONOSO.

His Excellency Señor Don JOSÉ A. TERRY,
*Envoy Extraordinary and Minister Plenipotentiary of the Argentine Republic.*

SANTIAGO, *May 28, 1902.*

MR. MINISTER: I have had the honor to receive your excellency's note of even date, in which you inform me that your Government interprets the second part of article 1 of the agreement on limiting armaments to the effect that any difference of opinion which may arise and which can not be arranged within the year between the chanceries shall be a matter for general arbitration, conformably with the treaty this day concluded.

In reply, it gives me pleasure to inform your excellency that my Government gives the same interpretation to the clause in question.

I renew to your excellency the assurances of my distinguished consideration.

J. A. TERRY.

His Excellency the MINISTER OF FOREIGN RELATIONS OF CHILE.

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*Mr. Lord to Mr. Hay.*

No. 200.] LEGATION OF THE UNITED STATES,
*Buenos Ayres, September 1, 1902.*

SIR: Referring to my No. 191, of June 3 last, I have the honor to inform you that on Sunday, August 24, an official Te Deum was celebrated in the cathedral of this city in commemoration of the signing by Chile and by the Argentine Republic of the peace agreements therein referred to. The Argentine war ship *San Martin* left yesterday the port of Bahia Blanca en route for Chile with the purpose of effecting the exchange of ratifications.

I have, etc.,

WM. P. LORD.

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## REFUSAL TO EXEMPT OPERATORS OF CENTRAL AND SOUTH AMERICAN TELEGRAPH COMPANY FROM MILITARY SERVICE.

*Mr. Hay to Mr. Lord.*

[Telegram.—Paraphrase.]

DEPARTMENT OF STATE,
*Washington, December 21, 1901.*

(Mr. Hay directs Mr. Lord to informally inquire if Argentine Government would exempt operators of Central and South American Telegraph Company, employed at stations on land lines between Buenos Ayres and Chilean frontier, from military conscription.

Such exemption would seem to be appropriate, the services of the operators being necessary and publicly useful.)

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*Mr. Lord to Mr. Hay.*

[Telegram.—Paraphrase.]

LEGATION OF THE UNITED STATES,
*Buenos Ayres, December 23, 1901.*

(Mr. Lord reports that under the new military law recently enacted the minister of war is unable to grant the exemption of operators as suggested in Department's telegram of 21st instant. On account of abuses, the clause under which such exemptions were formeriy authorized was omitted from the present law.)

*Mr. Lord to Mr. Hay.*

No. 161.] LEGATION OF THE UNITED STATES,
*Buenos Ayres, January 7, 1902.*

SIR: I have the honor to confirm your telegram[a] of the 21st ultimo, and to inform you that, immediately upon its receipt, I called upon the minister of war, Col. Pablo Riccheri, and stated to him the substance of your cablegram, and inquired whether, in view of the nature of their services, the Argentine Government would exempt such operators of the Central and South American Telegraph Company from the conscription of men born in 1878 and 1879. The minister expressed the opinion that he did not think such exemption could be granted under the present law. He then stated in substance, after examining the law, that it was not possible to do so under any of the exemption clauses. I asked him if there was not some general clause investing the Government with the power to exempt in particular cases which could not be classified under exemption heads, and he answered that the clause under which such exemptions were formerly authorized was omitted from the present law on account of the abuses which had grown out of it. He expressed much regret that he was unable to be of service in the matter, and a willingness to render any aid in his power by way of leaves of absence to such operators to remain at their offices.

To-day I called at the ministry of war office to inquire with reference to the zones in the territory of the Republic to which the mobilization of the conscripts of 1878 and 1879 applied, and I was informed that such mobilization had been postponed until the 6th of March next. In view of the present peaceful solution of recent difficulties between the Argentine Republic and Chile, it is possible that such mobilization may be abandoned or indefinitely postponed.

I also confirm my telegram[a] of the 23d ultimo in reply to yours of the 21st, above referred to.

I have, etc.,

WM. P. LORD.

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## PROTECTION OF CUBAN INTERESTS BY UNITED STATES CONSULAR OFFICIALS.

*Mr. Lord to Mr. Hay.*

No. 192.] LEGATION OF THE UNITED STATES,
*Buenos Ayres, June 16, 1902.*

SIR: I have the honor to confirm the Department's cablegram[b] of May 24 last, and to report that, in compliance therewith, I immediately communicated to the minister for foreign relations the request therein contained, and that the Argentine Government at once granted the desired permission.

I have the further honor to inform you that I have suitably acknowledged the courtesy of the Argentine Government and have instructed the United States consuls within its territory to use their good offices in behalf of the Government and citizens of Cuba until further notice.

I have, etc.,

WM. P. LORD.

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[a] Printed ante.

[b] Printed, page 6.