

Chile Presidente (Alessandri) Inaugural address, 1921

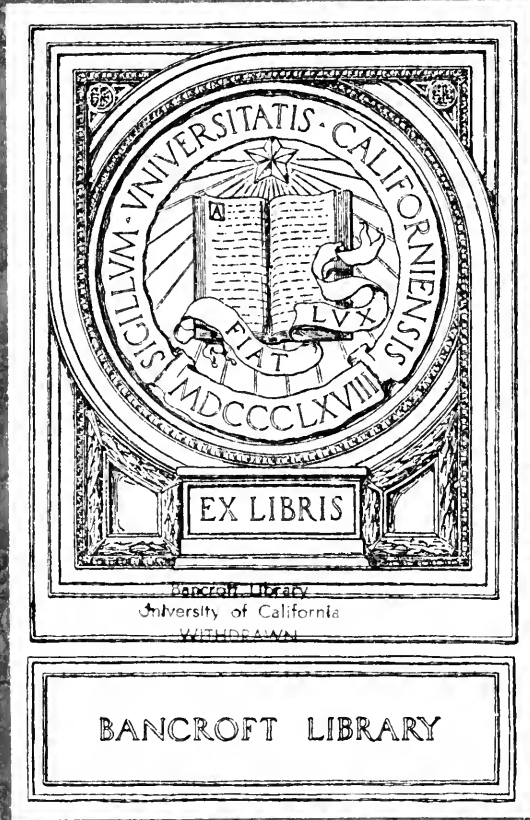
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INAUGURAL ADDRESS

OF

His Excellency, Don Arturo Alessandri,

President of the Republic of Chile,

READ AT

THE OPENING OF THE NATIONAL CONGRESS,

SANTIAGO DE CHILE,

JUNE THE FIRST, 1921



POLICE DEPARTMENT PRESS OF SANTIAGO, CHILE.

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President of the Republic of Chile,

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Chile. Presidente (Alessandri)



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1921

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INAUGURAL ADDRESS

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His Excellency, Don Antonio Alzamora

President of the Republic of Chile

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THE OPENING OF THE NATIONAL CONGRESS

SANTIAGO DE CHILE

IN THE CITY OF SANTIAGO



POLICE DEPARTMENT, OFFICE OF THE CHIEF OF POLICE

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FELLOW-CITIZENS OF THE SENATE
AND HOUSE OF DEPUTIES:

I have arrived at this post of honour and responsibility after an active and energetic electoral contest, the most active, perhaps, recorded in the history of our country.

The result of this election does not represent the triumph of a man, because, considering the magnitude of the civic contests of our era, the men within them are mere accidents moved by the impulses of opinion, following ideals and defending aspirations and programmes.

The political struggle and its results to which I refer obey profound causes, which have their roots deep in our organization and which require to be brought forward in order to find within them the courses which the administration recently initiated must strive for and follow.

It is a palpably unquestionable fact that of late the country has been suffering from a lack of initiative, of effort and of definite plan directed towards an ideal on the part of the Government of the Republic.

Some political parties of traditional importance, split up into infinitesimal fractions for reasons proper to their historical evolution, have been losing their objective, often forgetting their ideals and programme, and this relaxation of some organizations which should form the starting point from which strong and definite courses are taken in democracies, has been turning them towards anarchy and disorder which have disturbed the tranquil and progressive march of public affairs.

Gift B
H. S. President
June 6, 1932

It is also an historic fact that there have existed inequalities and privileges in our social system, since, whilst the laws have been generous for many, they have not bestowed on others all they had a right to expect as citizens of a Republic of equality and freedom, in which justice and right alone should be the common measure for the great and for the humble.

The economic forces of the country and their wise and energetic development have not received all the attention necessary in order to fortify these riches in such manner as to concede equally the well-being derived from them to all classes.

Primary instruction, which at last has received a vigorous impulse from the ruling powers, and which will make of our country an honoured and true democracy, must wait many years before its influence is felt.

The national proletariat which represents an efficient economic factor and a social force of unquestionable value and importance, has not hitherto been favoured by all the laws necessary for its protection and which are to raise it in its physical, moral and intellectual level.

This historic situation of our country, which is seen, is felt and cannot be denied, has engendered an intense and irresistible force of reform and renovation.

We are spectators of a solemn moment of energetic and definite evolution. The political and electoral movement to which I have already referred, expressing these aspirations of renovation and reform, represents this evolution, and the fact eloquently.

I am glad to give my testimony to the honourable manner in which the difficulties to which the presidential campaign gave rise were solved and the ample liberty, absolutely honest and sincere, which was allowed by the Government in the last elections of March; they are matters of satisfaction for our country and testify to the solidity of its institutions, the love of order, and respect for law and justice which foreshadow days of greatness and prosperity for our land.

These considerations, rapidly outlined, should serve as a precise and obligatory indication for the orientation of the defined and vigorous march which should and will be followed by my administration.

Foreign relations

Since taking charge of the Government, I have given my preferred attention to the cultivation of our foreign relations, giving to them as is traditional in this branch of Chilian politics, a frank and unalterable direction towards concord and harmony.

The attitude of the Chilian Delegation to the League of Nations has amply fulfilled the expectations of the Government.

The commemoration of the fourth Centenary of the Discovery of the Straits of Magallanes afforded an opportunity to various friendly powers to send special missions representing them on this occasion, and the Government has had the pleasure of duly entertaining them.

On this occasion His Majesty the King of Spain gave proof of his affection for this country, which merits the due recognition of the Government, by confiding his representation to one of the best known members of the families reigning in that noble county.

The transfer of Presidential power in December last was also an occasion for certain Governments to send special missions which by their presence aided in solemnising the new governmental period, and so laid us under the obligation of expressing our sincere thanks.

It has been especially grateful to me to organise with the co-operation of Congress, the Embassy bearing the expression of the affection of the Government and people of Chile, to the Republic of Brazil in order to return the visit made to us some time ago by the Minister of Foreign Affairs of that country.

Our Embassy has in like manner returned the salutation brought to us by the then Minister of Foreign Affairs of that Republic of Uruguay, who is today its illustrious President.

Our Minister has also made an official visit to the Republic of Argentina on the occasion of the celebration of the National Anniversary. The enthusiastic greeting which these three countries have bestowed upon our Minister of Foreign Affairs has been so spontaneous and so affectionate that they merit the special gratitude of the Government and people of Chile. I comply with my duty in giving a public testimony of our sincere thanks towards these three sister countries, placing it on record that the expression of the sentiments of loyal and profound friendship with which the Government and peoples of the three countries have favoured us, signify that these three great peoples, linked together by ties of a common origin, ideals and mutual moral interests, are closely united with our own in carrying on together the work of reconstruction indicated by the new horizons opening before humanity and towards which the aspirations of progress of all modern peoples are tending.

On July 28th of the present year Peru will celebrate the Centenary of her independence, a glorious date which represents the emancipation of a people and its new birth to a life of progress and liberty.

Chile, which brought to this great work of redemption and of life the precious tribute of the blood of her sons, is unable to attend this feast of contraternity and American rejoicing, since it has not yet been possible to remove the obstacles which keep her apart from the sister Republic, to whose aid she has ever gone in times of difficulty.

We have not been able until now to obtain the fulfilment of the Treaty of Ancon, the execution of which has never been opposed by our country, which is to day, as always, disposed to honour the solemn promise which it signed.

It is the inflexible resolution of my Government to eliminate the only foreign difficulty still pending, and, inspired with a deep sense of international justice which recognises the right of the inhabitants of Tacna and Arica to choose a definite nationality for their homes, it considers that the moment has arrived to consult their will and accept their verdict.

We shall adjust our conduct to the spirit of the Treaties and to the sound principles which, as a result of the recent war, have produced in Europe the consolidation of political groups that during many centuries lived in uncertainty with respect to their true nationality. And, convinced that at the same time as we execute a sovereign right, we shall, by so doing, lend valuable service to the great cause of continental concord, we shall carry into effect this resolution with inflexible firmness, whatever may be the difficulties its execution may give rise to; certain that by so doing we shall serve both our country and the South American continent, since both require to dedicate themselves to the fertile life of work, free from difficulties, broils and foreign conflicts that produce anemia, anarchy and the weakness of the peoples that suffer them.

Pan-Americanism is a political ideal and a noble aspiration of continental interest which my Government will serve with sincerity and energy. Unfortunately, in many South American countries there still exist misunderstandings which it is my ardent desire to see disappear in order that absolute peace may reign, with cordialty and harmony in all the continent; to the end that, united in a sentiment of mutual love and concord, our peoples may fight together for American progress and for the good of humanity.

As it is my resolution to bring to bear on our part all the assistance possible to dissipate the only shadow that still obscures our horizon, I believe that the continent, recognizing and respecting the sovereignty of the peoples, would receive with joy the solution of the boundary difficulties between Peru, Colombia and Ecuador,—an almost eternal litigation which holds in suspense the definite sovereignty of a vast and very rich territory of 683,611 kilometers in area. The same may be said with respect to the differences existing between Bolivia and Paraguay.

Before the immense extension of the territories represented in these conflicts our frontier dispute shrinks into insignificance, referring as it does to an area of scarcely 23,306 kilometers of sterile country of little value. The great

interests of the continent demand that all the peoples within it should unite in a common aspiration to terminate these disputes and bring about a reign of peace and prosperity.

The present organisation of the Ministry of Foreign Affairs does not fulfil the actual requirements of the Service, nor does it afford any guarantee of efficient action within its department of business. It is indispensable that the office should be given the modern elements of study and investigation, and the organisation necessary for this class of public work which, withdrawn from the influences of internal agitation, should have in charge the maintenance and defence of the interests of the country abroad.

The Government proposes to give form to a project which will fill the more urgently needed requirements and for the despatch of which your cooperation will shortly be requested.

The increasing commercial development which accompanies the progress of modern peoples renders it necessary to lend preferential attention to our consular system in order to render it capable of improving commercial relations and maintaining the Government fully informed with regard to the mercantile proceedings of other countries, whose experience may be of advantage to our own, at the same time fomenting the interchange of products, which, at the present day, is the basis of the energy and progress of nations.

The Government will take opportune measures of an administrative character in this respect, paying special attention to the information supplied by its consular functionaries and will shortly submit to Congress certain projects designed to improve the service.

Colonization

That all the national land should contribute in a practical and efficient form to the economic activities of the country is a matter of serious attention to the Government. Such participation can be effected by means of an adequate system of colonization which, whilst increasing our production, would give work to a vast number of our fellow citizens

who to-day are engaged in a bitter struggle for existence, and who lose their best efforts for lack of means calculated to insure their due efficiency as immediate factors in the production of wealth.

For this purpose it is essential to complete as soon as possible the survey of the land appropriate for colonization, in order to determine once for all the boundaries of state and private property, and that territory of doubtful ownership.

Complementary to this necessary measure, and equally imposed by the urgency of the case, is the constitution of a special tribunal having proper powers for the rapid termination, once and for all, of these uncertainties, and the placing on a sound basis of property in the southern provinces of the Republic.

The Government has regarded with positive interest the aspirations of the said provinces in regard to the consolidation of control over their real property; it accepts and identifies itself with the project presented in the year 1912 by the Commission of Senators and Deputies which devoted study to the matter and it asks you for its immediate despatch, in the certainty that by so doing you will perform a great service to the country, giving stability to property and putting an end to much litigation that absorbs and renders useless great productive forces, and at the same time, putting the Government in the position of being able to undertake a methodical and reasonable plan of colonization, terminating in this manner the unfortunate regime in which we live to-day with enormous extensions of unproductive territory, unproductive because it is unknown to whom it belongs, or because its possession is disputed by opposing interests.

Government and powers of Congress

Our Political Constitution, venerable for its antiquity and for the great services that it has given in the past and still gives to the country, urgently requires a revision of a general nature which, without altering essentially the sys-

tem it has created, shall adapt it to the requirements of to-day.

At the time of its promulgation and for many years after, a limited number of persons, animated by a common spirit, administered at their will the Government of the Republic, with complete freedom from all popular intervention and from that irresistible force which impels and gives vigour to modern democracies, and which is called *public opinion*. These small groups of citizens directed and carried out the politics of the country, and dominated without counterpoise in Congress and Government. Under such circumstance it was not possible for conflicts to arise between the public authorities, and there was no need to fear for the security of the State or the stability of its institutions from this cause. But these may be produced to-day when the old political staff, few in numbers, compact and homogeneous, has been replaced by another much more numerous and also less disciplined, and when, in order to govern, it is necessary to resort to combinations, not always too stable, of parties and of groups.

To-day it may easily occur, as has already happened more than once, that the opposing tendencies rule in the two houses of Parliament, and that both desire to impress their elected courses on the Government. It may also happen easily, as it has done, that a President of the Republic, elected by the Republic, elected by the popular vote, with the responsibility of carrying out a determined programme, finds himself face to face with a House in which the elements vanquished in the conflict dominate and are hostile, naturally, to the realization of this programme.

From such anomalous situations, however little the opposing claims may be pushed, may arise grave perils for the public order, and even when, by discretion and patriotism, it is possible to avoid the latter, they will always disturb the Government, weaken its action and force it to adopt a policy of daily and objectionable compromises.

The fundamental statute of the Republic ought to have efficient means of solving conflicts between the different powers

in the State and for facilitating the prosperous conduct of Government. The laws should adapt themselves to the period in which they have to be applied and to the customs of the people whose lives they regulate and, if our constitution in the past has not presented difficulties in this respect in consequence of the conditions, of society and the form in which our political activities have developed, a duty is imposed to-day upon our patriotism to support the necessary reforms, acting with elevated and serene views, in order to guarantee, above all, public order and social peace and tranquillity.

The necessity of foreseeing and remedying the evils to which I have referred imposes, in my opinion, the need of depriving one of the branches of Congress, that which least directly represents the national will, of its political powers; leaving it as a merely revising and modifying body; assigning to it functions which, in spite of being necessary in every well organised country, in ours lack an adequate organization to apply them.

It is also a matter of some urgency that the President of the Republic, for once at least during his term of office, should be empowered to dissolve the House of Deputies and appeal to the sovereign popular will to resolve the ideals and aspirations at issue in the conflict that may have arisen.

System of elections

The laws relating to the elections of the President of the Republic also call urgently for revision. The grave defects from which they suffer have not made themselves apparent until of late years, because hitherto there have been no true presidential elections among us, with the free and ample exercise of the national will: but, since this factor has entered and made its claim heard in the elections of the First Magistrate of the Republic, the defects of the present system have made themselves evident in their reality and nakedness.

It is sufficient to recall the fact that already on three occasions within the last twenty years they have seriously

threatened the public tranquillity, and have, in fact, suspended the normal national life. The adoption of the direct vote in these elections, besides being more in conformity with the democratic rule that we follow, would suffice to correct this anomaly. The mechanism of the Constitution which supplies the place of the President when temporarily or permanently impeded in the discharge of his duties, is also very imperfect. It permits the delivery of the exercise of supreme power, on unforeseen occasions, for a long period, to persons entirely lacking the sanction of popular will. This deficiency might be supplied by the election, at the same time as the President, of a Vice-president.

The Tribunal for the Revision of Powers, established by the Chamber of Deputies by the law of February 8th, 1906, and made applicable to the Chamber of Senators by the law of February 21, 1914, has given such excellent results, that it would manifestly be of advantage to embody it in the Constitution and to grant it power not only to revise powers but to cover elections, examine claims and resolve cases which may affect the elected persons or which may arise subsequently, in order in this manner to restore honesty and political morality, and guarantee absolute respect for the popular will.

Decentralization of Government

One of the reforms most urgently called for refers to administrative decentralization. Our fundamental Charter created a robust and vigorous central power from which are derived and from which diverge the vital forces that apply from end to end of the Republic. It was a necessity dictated by the needs of the time of its formulation. The maintenance of public order and the embryonic development of the country in those days also demanded it; but to-day, its great growth, the advance of all its activities, both moral and material, make the idea of centralization absolutely impracticable in the nation. As a result of the system, grave congestion is produced in the central power and a general weakness affects the interests of the country in the rest of the Republic.

It is neither possible nor fitting that the Chief of the State should have to busy himself with the minor administrative details of the most remote regions of the country. This has brought about, as its natural consequence, the neglect and abandonment of the gravest and most important regional services.

I have had the opportunity of visiting the country from one end to the other and with profound regret I have noted that there is a lack of roads for the transportation and distribution of its wealth, that there are inadequate schools, prisons, hospitals, and public establishments for the most imperative and pressing local requirements. I blame nobody for this state of things, but at the same time. I affirm it to be a consequence of the regime of centralization in which we live.

It is now necessary to modify or put an end to this situation which is in conflict with the development and growth of the country, and which is placing obstacles in the way of that progress which is the dearest wish of every Chilean.

The hour has arrived to contemplate with seriousness and boldness the political and administrative decentralization of the country. Give autonomy to the provinces, give them their own personalities, in order that they may have direct interest in the election of their authorities; in the spending of the revenues that are allotted to them, to attend to their own local public services. Let us reserve the action of the central power for matters of general interest, for affairs that touch the well-being and progress of the country as a whole, and let us deliver the administration and the management of local and regional affairs to the province as an organism having its own life. Let us remove the congestion of the central power in this way by the removal of innumerable minor affairs that drain it of its energies which are so necessary for affairs of general interest; and, creating the personality of the province, habituating it to the care and management of its own affairs, let us invigorate the greatness of the country as a whole, basing it upon the greatness and prosperity of the provinces and departments that compose it.

Separation of the Church and State

Many other Constitutional details call for reform. It will be sufficient to cite. Article 4 (formerly 5), and others which bear relation to it, with the object of insuring the free exercise of religious faiths and of realizing, with due respect to all religious beliefs, the separation of Church and State and the secularization of all the institutions.

The State is the representative of all and owes confidence to all. For this reason it must respect the conscience of all on the base of tolerance for all creeds and religious groups, in order that freedom of thought may be sincere, complete and effective for all its citizens. The State, which is the representative of the Community cannot and should not, within a full criterion of toleration, protest or shelter one religion rather than another; on the other hand it should encourage respect for the human conscience whatever may be its manifestations, at the same time insuring that religious beliefs, of whatever kind, do not interfere with or disturb in any way the acts of national life. We must so manage that the political parties direct their efforts towards the social necessities of the moment for the individual conscience.

Proposed changes in the Constitution

There should also be reformed Clause N.º 3 of Article 5 and Article 6. to surround with greater guarantees the concession of certificates of naturalisation; N.º 2 of Article 8 to suppress the unjust and antidemocratic suspension of citizenship for domestic servants; N.º 3 of Article 10 to dissipate the scruples which prevent some spirits from accepting the establishment, now very necessary, of progressive taxation; Article 21 to supersede the prohibition of the personnel of public education from undertaking parliamentary functions and to permit of these functions being remunerated; N.º 1, 2 and 3 of Art. 18 to make the law periodic that authorises the collection of taxes and the Budget law as one single law, and that the Congress may not increase the expenses arranged for by the Government or alter those authorised by spe-

cial laws; Article 45, to fix a lower quorum for the sitting of the houses of Parliament and for the transaction of business, but not for deliberation. I think also that it would be as well to do away with the Conservative Commission and the Council of State in order to simplify our political procedure, transferring their powers to other public corporations.

As soon as the urgent tasks of the hour permit, I hope to have the honour of submitting to the deliberation of Congress a reform of the Constitution on the bases that I have outlined above, in order to adapt our fundamental Charter to the needs of our political evolution and the historic moments through which we are passing.

There are other reforms relating to our political procedure for which I ask the patriotic cooperation of the representatives of the people; of the parties and of public opinion in general.

The event of 1891, supplementing the deficiency and interpreting the dispositions of our fundamental Charter, established the Parliamentary system as a fact. I do not wish to destroy that, which deeds have established, but considerations of the highest national interest induce me to insist on soliciting the civic co-operation of all in insuring that the parliamentary system works within its proper orbit and does not degenerate into a disturbing element in the government of the country.

It is the proper function of a parliament to dictate laws and put them in action; there is evident convenience in the fact that the laws should be as little as possible regulative in character; that they should limit themselves to the enunciation of general and fundamental principles, which would facilitate their discussion and give them the necessary elasticity in their application, to the infinitely numerous modes and circumstances presented by the highly complex social phenomena of modern life.

Fiscalization should limit itself to the demand that the Executive Power should maintain itself within the orbit of its Constitutional and legal attributes, and that it should always exercise its powers with due prudence and discre-

tion, and always for the good and the progress of the Republic.

It is, however, essential to prevent, at all costs, the interference of Parliament within the strictly governmental sphere of action. The invasion of the powers of the Executive by Congress brings with it disturbances of every kind, weakens the organization of the Republic, tends towards anarchy, and is the principal source of disorder openly protested against by public opinion throughout the country.

Let us seek the order and progress of the nation in the harmonious working of the powers of the State, each one within the radius of its attributions, of prudent concord and harmony. The dictatorship of the Executive is to be condemned under all forms, but the irresponsible and collective dictatorship of Parliament it equally to be condemned.

Let us adopt the patriotic resolution to render it impossible to fall into either of these extremes, and by so doing we shall have served properly the highest and most sacred interests of the Republic.

This invasion of Congress of the territory properly belonging to the Executive has continually produced ministerial instability, a very great evil which, if there is not energy sufficient to condemn it, there should at least be energy enough to impede it. I appeal to the patriotic sentiments of the members of Congress asking them on this solemn occasion, before the country, to cooperate with me in the work of true national redemption, which is, to give stability to our Cabinets, sacrificing to this elevated ideal of good Government, passions, interests and even legitimate ambitions.

Those who have at any time formed part of a government know that public business, by reason of its complexity, requires time for its study, capacity to master it and character to carry it out. Ministerial instability brings about, as its natural and logical consequence lack of knowledge within the Government, of national problems, ignorance of its necessities, and absolute lack of directive force to impel affairs upon their proper course, and to take the indispensable resolutions that affect the life of the country. If the collective

effort of will on the part of men and parties does not suffice to satisfy this demand of public opinion, it will be necessary to reform our Fundamental Charter, rendering the holding of the post of Minister of State incompatible with that of any legislative function, in such manner that parliament members when elected Ministers lose their investiture and have to stand for a fresh election: or, otherwise by substituting parliamentary rule for representative or presidential, so that in the formation of Cabinets only the administrative efficiency of the Ministers will be regarded, no other considerations, parliamentary or political, being taken into account.

Parliamentary discipline is also essential, as well as that of the parties; for without it parliamentary rule, which implies a great advance in the government of peoples, far from being a fount of progress and prosperity, degenerates into an element of anarchy, disorder and unrest. The inflexible resolution to put the public interests before all has more effect on the habits and customs of the people than the laws themselves. It is needful that we forget our dissensions and remember that we must be only the chief servants of the national interest.

As parliamentarians and members of the Government we have on our shoulders the responsibility of such great interests, having to govern and to direct the rest, and it is incompatible with this that we should lack the necessary force of character to govern ourselves in our passions and interests, for assuredly, whoever lacks the energy to govern himself ought to renounce the right of governing others.

It is absolutely necessary, also, to give our parliament a truly democratic character which shall, once for all, obtain the definite reform of our parliamentary procedure, establishing the closure of debate by simple majority, because the spectacle that we often witness of seeing projects of such importance as to affect the public welfare obstructed by the will and effort of some single member.

Let us resolutely mould our customs to these ideals, let us carry out the reforms here suggested and we shall have

obtained for the country the greatest of benefits and earned the gratitude of our fellowcitizens.

Geological changes show themselves at the surface of the earth in strata superimposed like the pages of a gigantic book, and one can trace them in the transformations effected by the slow and patient processes of evolution. In the same manner the transformations and cataclysms which have been suffered by humanity, calling themselves «The French Revolution», «The Destruction of the Roman Empire», or «The Reformation», or the like transcendental events, represent a profound change in the bases of human society. Each one of these periods or steps through which humanity has passed on its irresistible path towards progress, is marked by a complete alternation in the material order of things or in the moral and intellectual. Each shock brings up a renewal of ideals, of propositions, of aspirations, which ever go accompanied by an improvement and an advance towards the greater well-being of the whole community.

“The Organization of Labour”

The great war which has just finished, and of which we were interested spectators, has occasioned the rise of a new humanity, redeemed by sorrow, now that its consequences have reached to the confines of the universe, and together with reforms of every kind there has awakened a sentiment of concord and harmony among men.

The Treaty of Verssailles, of the year 1919, which established the League of Nations to which we also belong, has created, in part 13, section, 1.^a new law, which it has designated «The Organization of Labour». By this means it is designed to make the protection and organization of Labour one of the fundamental bases upon which to build the internal and external peace of nations. The Treaty looks upon it as being necessary to suppress the injustices, the hardness and privations existing between men, to secure peace and order by the equilibrium of all laws and duties on the basis of justice and social solidarity.

The Treaty of Versailles, in the chapter referring to this matter, part XIII, Section I «Organization of Labour» reads as follows.

It is held that the Society of Nations has for its object to establish universal peace, and that this peace can rest on no other basis than that of social justice.

It is held that conditions of Labour exist which imply for a great number of persons injustice, misery and privations that tend to engender discontent to the extent that peace is put in peril together with universal harmony, and it hold also that it is necessary to ameliorate these conditions; for example, with regard to hours of labour, a maximum day's and week's work fixing, the conditions of contract for manual labour, the fight against «slacking» the guaranteeing of a wage sufficient to insure decent conditions of life, protection of workmen against general or occupational sickness, accidents, etc., the protection of children, young people and women, old age and sickness pensions; defence of workmen's interests when employed abroad, the recognition of the principle of association, the organization of technical and professional education and other like measures.

It is further held that the failure to adopt a human regulation of Labour on the part of any nation whatsoever, is an obstacle to the efforts of the other nations desirous of ameliorating the lot of the working people in their own countries.

Moved by these considerations and by sentiments of justice and humanity, as well as by the desire of insuring lasting peace throughout the world, the Contracting Parties agreed to found a Permanent Organization charged with the task of working for the realization of the programme outlined in the preamble which I have just read to you.

The same Treaty that establishes this organization in a permanent form, makes it consist: 1, of a general conference of representatives of the League of Nations, and 2, of an International Office controlled by a directing Council.

These organizations form an integral part of the League of Nations, to which we also are joined by Treaty, and in fulfillment of which we took part in the Labour Conference celebrated in New York in October, 1919. We ought to have attended that held in Genoa in October, 1920, and we shall be present at the one to be held during the present year in Geneva, in accordance with our international obligation, and take our share in the humanitarian evolution which the civilized peoples of to-day are endeavouring to further.

In accordance with these principles of social justice, the Government has been occupied with several projects and their presentation to Congress for the expression of its opinion, relating to the reform of the law of Workmen's Accidents, the Eight-Hour Day, the regulation of the work of women and Children, the improvement of working conditions with respect to Health and Safety, the creation of an Office and Inspection Department for Labour, which shall establish the regulations affecting dismissal, Workmen's Insurance and common law in the region of the north.

This work, presented in sections, has finally been consolidated and amplified, adapting it to the necessities of our national life, in a project of a Labour Law Code; which I have brought forward for your consideration and study, and the prompt despatch of which I ask of you as an expression of your approval of the social solidarity that is to-day demanded by humanity as a whole, and which will establish peace and order among us on the foundations of justice and right.

Code to regulate labour contracts

The Code which I have brought forward for your consideration legislates on labour contracts, which have not as yet received due attention from our existing laws, and expresses all the rules necessary to guarantee the terms of contracts in which a free man lends to another his energy and skill. Special rules are included to cover individual and collective contracts, declaring with due precision the reciprocal rights and duties of the contracting parties. Special attention is gi-

ven to the hiring of workmen, establishing specific rules to prevent the frequent abuse occasioned by their being taken from their homes under a promise of work and wages which have no foundation in fact and which occasions cruelties and disturbances of all kinds.

Rules are also laid down determining the form in which wages are to be paid, a minimum wage being laid down, together with the conditions under which it is determined, in order that there may no longer be among our workers those who lack the indispensable means of attending to their personal necessities and those of their families.

The law, representing the State, should protect the lives of the citizens and provide the means necessary to insure that none lack the elementary resources for their subsistence and that of their offspring.

There is insured, also, to the worker, a moderate and regular participation in the profits, in order to create mutual interest between capital and labour, and to establish, on the basis of reciprocal profit, definite harmony between capitalists and workers, as the immovable foundation of the greatness and economic prosperity of the country.

Regulations are established for the limiting of the hours of work, to protect women and children, to impose a weekly rest, to adopt all the measures of hygiene and security for the workman; the right of association is recognised, such as aim at the physical, moral, intellectual and cultural improvement of the worker: the right to strike is recognised whilst at the same time clauses of an energetic and serious character are included, having for their object the protection and right to work of those who do not desire to participate in strike movements.

Legislation is proposed dealing with workmen's dwellings in the Nitrate regions, mining, agricultural and urban centres. Due compensation is indicated for accidents on the basis of professional risk, tribunals of conciliation and arbitration are created to further the harmonious settlement of the difficulties that unfortunately arise between capital and labour, in order to prevent, as far as possible, the strikes

that so profoundly damage national production, with grave detriment to the general interests of the country, and especially to the working classes themselves.

Workmen's Insurance and Inspection of Labour

Workmen's Insurance is also organised on a scientific and efficient form, to help the worker in case of sickness, accident, old age or unemployment.

Finally, the legislation proposed creates the Inspection of Labour in a way in which it can attend efficiently to all the situations, legal questions, etc., arising out of the Code referred to, which also contains clauses designed to protect private employees a class of persons for whom, as soon as possible. I propose to bring under the shelter of the community and the law to which they have right.

As will have been gathered from the brief account which you have heard from me, the Labour Code follows the tendencies of civilized humanity. In it is sought a definite solution of the existing differences between capital and labour, as the necessary means of increasing the production of the country in all forms and manifestations of its economic activities.

The Government trusts that, being yourselves convinced of the justice of such legislation, you will lend it your patriotic and distinguished aid in cementing social peace and order on the base of the equilibrium of reciprocal rights and duties.

The present Government, as I have said, and once more repeat, is ready to listen to all petitions affecting justice and social improvement, but at the same time it will be inflexible in demanding and imposing the maintenance of public order and respect for all the fundamental rights upon which depend interests that are guaranteed by our laws.

The Government accepts evolution, it will protect and aid every idea representing improvement, physical, intellectual or moral, of what ever kind that means the greater well-being of the people, but it rejects and restrains every

act tending to disturbance, violence and disorder, or which attacks any form of right.

This administration bases itself on the concord, harmony and mutual assistance of every social element, to find, in the co-operation of all, the precise and necessary result—the welfare of the community; for this reason it condemns with energy the misguided preachers of hate, the sowers of mistrust, who poison the relations of those in high position with those below and *vice versa*. No attention should be given to any ideas tending to separate men from each other when a Government exists which has the inflexible resolution to dispense equal justice; to give to each that which is his due, and to apply equal laws to every inhabitant of the Republic for the very reason that he is one.

Let us undertake together, Government, legislators, citizens, rich and poor, the work of social redemption, of solidarity and of harmony, proceeding with elevation of spirit; let us promote together the happiness of the Republic. So shall we obtain tranquility and well-being for all within the sphere of their respective activities. These ideas, which I have sustained and served throughout my whole life, are the same which, I upheld when I came forward to ask the votes of my fellow citizens; they are those which I have maintained before the country, and they are those which I am under obligation to carry out. In this same place, in the solemn act of the Convention of April 25th. 1920, in presenting my programme, I finished by saying:

I wish to be a menace for reactionary spirits, for those who resist just and necessary reforms; they are the propagandists of disturbance and discontent.

I wish to be a threat for those who strive against the principles of justice and right,—a threat against those who remain blind, deaf and dumb in face of the evolution of the moment; who do not understand the needs of to-day for insuring the greatness of the country; for those who do not know how to love it and to make sacrifices to serve it.

I shall be, finally, a threat for all who do not truly understand what is meant by love of country, and who, instead of

preaching solutions of harmony and peace, provoke divisions and sow hatreds, forgetting that hatred is sterile and that love alone is productive the living seed of the prosperity of peoples and the greatness of nations.

Ministries of Agriculture and Labour

A necessary adjunct of this work of social justice and solidarity is the prompt despatch of the law creating the Ministry of Agriculture and the Ministry of Labour and Social Prevision which, already approved by the House of Deputies, awaits the legislative approval of the Honourable Senate.

Notwithstanding the painful situation of the National Finances, I make bold to ask for the immediate despatch of these two reforms since at the present moment they are absolutely indispensable.

The creation of these organizations under these circumstances embodies ideas of public benefit, since they are concerned with essentially productive work which it is desirable, at all costs, to intensify and increase. This object will be attained by creating a superior service especially destined to protect, shelter and defend agriculture, which is passing through a critical period. The national production also requires for its intensification an efficient organization to deal with the wage earners and their defence as an economic factor, and which will tend to prevent the great disturbances occasioned in the industrial world by frequent and disastrous conflicts between capital and labour.

Anti-alcoholic legislation

There will shortly be presented for your consideration a project to combat alcoholism which also effectively touches the defence of our race, as an economic and social factor.

The national vine cultivation represents a source of great riches. It has been built up under the protection of law and of public opinion.

Its destruction at the present moment, would mean the aggravation of the economic crisis that is afflicting us, and would reduce to poverty a considerable number of our

fellow-citizens who live by it. It is the duty of the public authorities to solve this grave problem, one of the most important that engages their attention, on the basis of a prudent harmony between the interests of the industry and the unavoidable necessity of saving the race from the gravest of perils, the worst of evils that brings in its train every kind of morbid physical and moral consequences.

To this end, seeking of an equation of harmony that will satisfy the interests to be conciliated, the project I have mentioned is directed, and it will shortly be brought before you for your study and deliberation. In it are included clauses which tend to provide suitable physical recreations and all kinds of sports to which the Government will lend its special favour and attention with a view to combatting alcoholism and invigorating the race.

The General Directory of Health and its subordinate officers exercise their functions in an efficacious manner, rigorously applying the Sanitary Code in energetic defence of the lives of our fellow-citizens.

This set of regulations has obtained the good results expected of it, in spite of the fact that its services are still in a rudimentary state, and that it lacks resources for proper application. I shall have the honour to present during the legislative period now beginning certain projects of a sanitary character destined to supply these deficiencies.

Sanitary Measures

Due to the energetic and constant action displayed by the General Board of Health it has been possible to extirpate, almost entirely, among other epidemics, typhus fever, which has caused such ravages among us. With equal energy the epidemic of smallpox that has broken out again within the territory of the Republic is being attacked, and lymph, sera and other products to impede the spread of different diseases, are being elaborated. I have the intention of contracting a bacteriologist equipped with the latest knowledge in the scientific developments of the study, since it is the plain duty

of the Government to defend with resolution the lives of the population.

The sanitary condition of the country is satisfactory. The sanitary stations of Arica and Valparaiso have worked with success, preventing the introduction into this country of infectious complaints from abroad. Our representatives took honourable place in the Sixth Sanitary Congress of the American Republics, held in the city of Montevideo in December last.

The Government will continue to give every attention to all the services which deal with the health and hygienic state of the public, and will continue with every kind of administrative measures that may be necessary, to combat the social evils that weaken, undermine and destroy the race, directly affecting future generations, which should be born strong and vigorous; for upon them depends the future greatness and prosperity of the Republic.

The Government proposes to study thoroughly a project of reform in our charitable legislation, on the scientific basis of the Public Aid Department, since it is a function and duty of the State to attend to the sick and disabled as a measure of social defence, and to pay to the community the tribute of aid and assistance which all owe to those who fall in the battle of life when fighting for the common welfare.

The reorganization of these services on this basis, with technical officers adequately equipped for their mission is indispensable, and it is necessary also to procure, by some means, the funds required by this important branch of administration.

Projects of hygiene

The paving of the Capital, in order to improve its hygienic conditions is being actively pushed forward, and projects are in hand to deal with the outlying quarters of the city. Obligatory drainage service is being installed in different zones, to terminate once for all with the *acequias* (open drains) which are centres of infection. It is also intended to extend this benefit to other towns throughout the country that are in need of it. The Government intends also to obtain and per-

fect the services of domestic water supply to all the towns of the Republic that lack this essential element of life and health. There have already been put in operation the three new services of Illapel, Molina and Bulnes, and the work continues in Arica, Pisagua, Coquimbo, Serena, San Felipe, Los Andes, Rancagua, Curicó, Concepción, Coronel and Puerto Montt.

I recommend to you especially two projects of this nature which are awaiting your consideration, and which refer to the paving of all towns with a population higher than 10,000 inhabitants.

Post Offices and Telegraphs have continued their work in due order, though it is to be regretted that these services have not been given all the amplitude and development required, owing to the rigorous rule of economy imposed upon all branches of the Administration by the precarious state of the public Finances.

The Office of Statistics has opened a section relating to National agriculture, that has produced, and still produces, satisfactory results. During the last three years it has been able to inform the Government with precision and punctuality regarding the area sown and the more important agricultural products, the prospects of the crop the amount of the harvests and the excess probably available for exportation, with an exactitude that has exceeded the most sanguine expectations at the time when this department was created. This office lends great assistance to the solution of the important problem of subsistence, in harmony with international commerce.

Census returns

The census of the population of the Republic, carried out on the 15th of December last, left the painful impression of an insufficient increase in our population, which has only reached 502,803 over the previous census, representing an annual increase of 1.18%. This circumstance throws into high relief the necessity of defending the hygienic conditions of our centres of population to cope with the alarming infant

mortality and the high proportion of adult mortality as a consequence of the abandonment in which the sanitary services have been left

Corps of Carabineers

During the past year the Corps of Carabineers has reached the highest development of its services. By law 3739 of February 25th of the present year, an increase of 1,014 men with their officers has been made, thanks to which new squadrons have been organised in Coquimbo, Valparaiso, Santiago, Rancagua, Talca, Concepción and Valdivia, whilst the ranks have been reinforced in the Nitrato districts, the Coal mining regions and in Punta Arenas, At the same time a new organization has been given generally to the body, dividing it into four regiments, assigning one to each zone of the country.

With very good results, the body has attended to police duties throughout the whole of the railway system and has replaced the police in different rural centres.

In spite of the increase indicated above, the Corps of Carabineers has not been able to attend to all the petitions received from different parts of the country almost daily, and it will be desirable, as soon as possible, to complete the organization of the Corps by forming new squadrons in the provinces of Tacna, Atacama, Curicó, Linares, Maule and Bío-Bío, so that each province may have a unit of Carabineers which will insure tranquillity in the rural districts and in the smaller centres of population.

I maintain today in all its parts this conception which harmonizes with the profoundest conviction of my soul, and you may understand from this how intense is my interest and how firm is my resolution to consecrate to this public service all the zeannecessary to insure that the law may indeed produce all the great benefits which the country has to expect from it.

With equal interest, with equal devotion, I shall occupy myself during my term of office to the advancement of se-

condary and higher education to the fullest extent permitted by the resources of the State.

The greatness and prosperity of a country is essentially based on the diffusion of education which, as a moral force, converts itself into an irresistible spiritual power which determines its progress in every field of effort and activity.

The education of woman

The determined efforts of my Government in favour of education in general will decidedly tend to advance that of women, which is destined to constitute a powerful factor of the moral, intellectual and physical culture of the people. The education of woman is imperatively demanded by the present requirements of human society. To educate the woman, the mother of the future, is to insure the instruction of generations to come.

I am glad to express satisfaction with the manner in which the personnel of the Liceos for Girls have served the numerous pupils who have received their teaching.

I am determined also, by all the means in my power to insure that our University represents the elevated ideals which it is called upon to fulfill within the functions of the State. It is to be desired that our University, endowed with self-governing powers and its own staff, withdrawing itself somewhat from its present work of preparing professional men, should convert itself into a true laboratory of scientific experiment in every branch of human knowledge, in order that, as in other countries, the day may come in which it will be the fruitful source of light and intellectual life whence radiate the definite cultural impulses of a true and solid national progress.

It is also my desire to encourage the formation of regional Universities which, like that of Concepción, will spread science and teaching throughout the whole country, facilitating in this manner the education of many students who lack means to settle in the Capital.

Armed forces

The armed forces of the Nation have continued their time-honoured tradition of discipline, of study, and efficient work, and they are the object of decided interest on the part of my Government, not only as the guarantee of internal and external peace, but as institutions of a highly educative character.

Their material progress has been attended to by the acquisition of necessary elements which had become indispensable, and to their physical and moral advancement by the organization of services of hygiene, of prophylaxis, and civic education, that will uphold in our soldiers the ideal of a healthy mind in a healthy body

Social Hygiene

I have had the great satisfaction of creating the Service of Social Hygiene within the Army on strictly scientific bases, in conformity with the ideas of the most advanced nations adding prime importance to the element of prevention—an adequate education, the formation of good habits, obligatory prophylaxis—without prejudice to the most complete elements of diagnosis and treatment when such may unfortunately be necessary. The control of this service has been handed over to a special section of the Sanitary Directory of the Army, beginning with the second division, to be extended later to the rest. I am convinced that with foresight and appreciation of its importance you will give every possible aid to this measure of reform, in order that our armed institutions may daily become better schools of sobriety, good manners and customs among the people, and efficient factors in the salvation of our race.

The courses of Scientific Gymnastic Exercises, carried out in the Institute of Education and General Headquarters, will contribute to the same end, as will also the primary schools of the different Army Corps in which 92% of their 6033 pupils have been taught to read and write.

By law of the Republic a definite organization has been given to the Sanitary service of the Fleet. That of the Army awaits the benefit of a similar organization to give stability and stimulus to the medical staff and the resulting guarantee that the military personnel will be adequately attended to. A project of law with this object in view will shortly be submitted to you.

Another pressing need of the Army is the construction of good barracks. The Nation, in requiring military service of all its citizens, is under obligation to furnish them with at least decent and hygienic accommodation. The Government, without compromising the situation of our finances, is studying a project to be submitted to you in due course.

A further project, shortly to be presented, deals with the reform of the antiquated Military tribunals in respect to their rules of procedure and penal laws. The subject is being studied by a Commission appointed for the purpose by the Government.

The machinery has arrived in good condition and will shortly be erected, for the manufacture of rifles and explosives in Chile, with advantage and economy.

In furnishing our arsenals with these expensive machines, I consider that they should not be wholly devoted to the construction and preparation of war-material, but should be so utilised as to be of benefit to industrial development and commerce in general.

Military aviation

I am glad to be able to give a good account of the progress attained by military aviation and the prospects which are opening before naval aviation, both counting on good instructors and adequate material and, above all, on the enthusiasm and patriotic self-devotion of our young pilots. The victims who have fallen, to whom I render my tribute of admiration, give a guarantee of progress, for sacrifice is ever a fruitful seed among virile peoples.

An Artillery and Infantry School has been established, a well justified aspiration of our army in its capacity scientifi-

cally and methodically. For some time past there have been before you, awaiting consideration, a number of projects affecting the armed forces in their ever increasing development, I ask you to give your kind attention more particularly to projects concerned with the scale of pay, to that which regulates the retirement and pensions of the Army and Navy, and to that which recognises and constitutes the Chilian Red Cros; and further I would emphasise that which relates to the improvement of the status of subofficials and recognises their right to retire after 20 years service. These devoted public servants deserve to receive the attention that they have long claimed. The benefits of the law relating to workmen's dwellings should also be made extensive to them.

The Navy continues its traditional path of progress, and as ever, its personnel is a shining example of discipline, force and work. The acquisition of new elements has served as a stimulus to those devoted servants of the Nation to continue working for the greatness of the country.

In response to the continual attention bestowed upon them by the Government, the different schools on land and afloat have continued their regular course of instruction with notable success. Congress has recently dispatched a law presented by the Executive reorganising the sanitary service of the Navy, satisfying thereby an imperative necessity of this department which in future will be able to develop in the manner which its importance demands.

The Government has taken decided interest in the encouragement of Naval aviation, and to this end has contracted in English instructor who will have under his charge the preparation of the necessary personnel.

In view of the authorization given to the Executive by law N.º 8 of September last, work on the new dock in Talcahuano has been carried on, formerly stopped by reason of difficulties arising out of the European war. It is satisfactory to note that all the cement to be used in these works will be of national manufacture, equal in quality to the best foreign product, and at a lower price, to the great advantage of the national industry.

There has been taken account of in the Budget such resources for the Navy as the condition of the Finances permits, for the improvement in the conditions of life among the workers.

Further, as it is necessary to reform Military Law in ist reference to the land forces, so it is also necessary to reform our antiquated legislation in respect to the Navy, in order to adapt it to the requirements of our day.

The Agricultural Institute at the Quinta Normal has opened its courses with 289 pupils, an indication of the interest taken in these studies and the stimulus which is given by the construction of the new edifice fitted with the most modern and complete installation, implies for the students.

The services of instruction and encouragement of Agriculture have visibly improved. A Publicity and Propaganda section has recently been added in order that information on the latest advances and improvements may be distributed among Agriculturalists.

Export of fruit

The first experiment made in the exportation of fruit to the United States of North America is a clear proof of the importance of this branch of commerce, which is destined to have very great effect in the extension and improvement of fruit culture, for which the central region of the country is exceptionally well adapted. Every effort will be made to follow up this experiment with others in order that this commercial current may be definitely set flowing.

National industries, which attained a notable state of development during the war, have been affected by the general crisis and by the necessity of meeting foreign competition which has risen again with the renewal of world commerce, and has renewed the markets that it held before the war.

The recent law placing the ad valorem tax of 50% on imported articles has come to protect our industries at a difficult moment. It is unfortunate that the urgency of the need to find greater resources for the Revenue has prevented hi-

thereto the study of a complete reform of the Customs House regulations, as proposed by the Government to satisfy the wishes of industrials.

The Government has recently taken various measures with the object of giving preference, in purchases by the State for public works, to machinery, products and articles of national manufacture.

I attribute the highest importance to the development of industrial education and the protection of our industries. I have complete faith in the industrial future of the country and that to this factor is linked the improvement of economic and social condition of our fellow citizens.

To further this object I shall give preferential attention to the assistance of the School of Arts and Crafts, to the creation of new Technical schools and to the task of placing the professional staff on the same advantageous footing as that of the secondary and higher institutions.

I hope that during the present year it will be possible to begin work on a proper building for the Industrial School of Chillan with workshops and adequate installations, and that shortly also the same will be done in Temuco. The Government also contemplates the creation of new technical schools in Valparaiso, Concepcion and Valdivia.

Mining education and the professional training of women will also receive from my Government efficient support.

It is unfortunate that adequate reasons prevent us from conceding funds that have been asked for the creation of a normal course to train professors for the professional schools. I shall ask your assistance for this next year. Without competent masters and until the condition of the staff is improved it will be impossible to make effective progress in this branch of teaching.

The Iron Industry

The result of the first trial with the Iron Furnaces of Corral has been satisfactory, and I hope that, as soon as the situation becomes normal, it will enter on regular work.

The Government will give to this company and to others interested in the development of the Iron Industry in Chile, every facility and privilege. In this way, I have conceded to Messrs. Otto Lenz and Paul Guerich the use of a considerable extension of woodland and water rights representing over 400 cubic metres per second, for the establishment of the iron industry in the province of Llanquihue.

The Unemployed

In spite of the efforts made and the money expended, the problem of the men left unemployed by the crisis in the Nitrate industry still awaits solution. This problem, arising out of the suspension of work in the Nitrate Oficinas, has been the object of my special attention.

The Labour office, since January of the present year, has placed in different works or industries 30,444 workmen. There are in Santiago, also 9 shelters with some 10,127 people in them. It has been necessary to put up another shelter in Limache, for fifteen hundred people whose arrival from the north is expected. In the towns of Tarapacá and Antofagasta and in other parts of the Republic there still remain a considerable number of operatives without work.

I have personally attended to the conditions under which the people are housed in these shelters, with the endeavour to ameliorate, in the best form possible, the painful situation to which they have been reduced by the Nitrate crisis. The Prefecture of Police of Santiago and its staff have cooperated with praiseworthy self-denial in this work of humanity and justice.

I fulfil a pleasant duty in bearing witness to the efforts of the Red Cross which its distinguished personnel, made up of ladies of our society, has lent and continues to lend, generous help in the shelters.

Many of these unemployed have been occupied in public emergency works, attended to by funds voted for the purpose by Congress in February last. A project for the making and repairing of roads, when the studies upon it are completed, will be able to supply work to double or triple the

number of men. From these funds have been renewed the work on the School of Engineering and Architecture, the National Library, the Historical Museum, the School of Medicine and Maternity of the San Vicente Hospital whilst sums have been set aside for the provision of potable water, school buildings and payments for Railway contract work.

The Government has expended great effort on the Law relating to Roads of March 5th, 1920. Shortly, a lengthy set of regulations will be enforced dealing with all the roads in the country and steps will be taken to constitute the local Juntas Departmental and Communal Juntas and for the convenient collection of taxes. This law, however, will only begin to show its full effects in 1922, in the present year only a part corresponding to four per mil of the territorial tax and four per mil of the additional tax being received in the second six months of 1920. Through the difficulties in collecting the tax during the first year, it will not yield more than 1,000,000 pesos. On the basis of the taxes already received the special budget for roads for the present year has been approved.

The public works in progress continue, subject to the natural disturbances occasioned by the crisis. These disturbances have made themselves felt in the works of the greatest utility, as for example, the irrigation canals. The government, in agreement with the canal constructors, will dictate the measures required to permit of these works being concluded.

The difficulties with the contractors having been solved, work on the railway from Iquique to Pintados has been resumed, also on the Water Supply for Iquique, the contractors now having all the material, piping etc. necessary to permit of these works being carried through without obstacles or delays. I am now occupied on the study of the port of Iquique, which as the complement of the railway, is necessary to supply if the full results hoped for are to be obtained.

The Directorate of Public Works still lacks the law fixing the status and salary of its staff. This situation ought not to continue, treating as it does with a staff called upon to deal

with important State interests. I ask you for the prompt despatch of the law, together with that relating to pensions and retirements.

Reforms in State Railways

The normal course of the State Railways has been seriously disturbed of late by causes common to the whole world, especially the high price of fuel, material and labour. The result of its working, from the financial standpoint, which and been satisfactory since the Law of reorganization of 1917, has become steadily worse, occasioning of late years, constantly increasing losses, which it is essential to stop.

The Government is of opinion that the moment has arrived in which to seek in an energetic manner some solution of the railway problem, which disturbs the general economy of the country, under conditions aimed at by the law of 1894, in which the Railway stood on its own footing and at the same time constituted an efficient factor of progress in the economic development of the nation.

The Government considers it necessary to reform the law of 1914 and to adopt the following measures:—

1. Give full autonomy to the Railway to administer its affairs with liberty and independence, similar to a private company;
2. Reform the law in the sense that the Council be composed of salaried officials;
3. Give the Railway all the rolling stock and equipment necessary for it to attend properly to the needs of the service;
4. As soon as possible, electrify the first section, and all those which have the necessary motive power;
5. Contract specialists for some branches of the administration and especially for the book-keeping and transport departments;
6. Adopt the system of sliding tariffs and nominate a special commission to settle this point scientifically and practically;
7. Finally, establish a plan of transport, obtain the interest of the employees by giving them participation in the

profits of the business, give also the right to obtain coal mines and wood for sleepers in order that these articles may be obtained at the lowest possible price.

These and similar measures are absolutely necessary to save our railways from a very difficult situation. It is necessary that our agriculturalists, industrials and people in general should resign themselves to higher rates since however painful this measure may be, it will be better than having no railways at all, or to see this important service of the State pass into foreign hands by lease or sale.

The Police Force

It is an urgent and imperious necessity that a Directorate General of the Police Force should be created to make all throughout the Republic one body with its respective grades and ranks and with definite rules governing its distribution and promotion, in order to remove this service, which is of so great an importance for the maintenance of order and public security, from all influences outside of the functions which it is called upon to discharge.

I shall submit shortly to your consideration a project of law relating to this matter. I impress upon you its prompt despatch with all the emphasis demanded by a reform of such vital importance, which deals with the indispensable improvement of this service and which is designed to prevent political motives influencing the police body which should be a safeguard and shelter for every citizen, of whatever party or shade of opinion.

A statute is also in active preparation which shall fix the regulations to which the appointment and promotion of government employees should conform, so that a staff can be appointed having the necessary guarantees for the future of its members, based on their merits, efforts and the justice of their needs.

I recommend to you, with all earnestness, the despatch of the project concerned with the retirement and pension of public employes, presented to the Senate by the Senator for Valdivia, Señor Yáñez. This project, approved by the go-

vernment, in its general outline, is designed to fill a need, to improve the condition of the employee and to relieve the national treasury of the heavy obligations implied by honorary pensions and administrative retirements.

The Marriage Law

The law of civil marriage, which has been a vindication of the powers of the State, met with serious obstacles to its application during many years, to the evident prejudice of the legal constitution of the family due to antiquated, exaggerated prejudices that opposed it without due reason.

Fortunately a distinguished citizen, at the same time an honoured prelate, rules today the destinies of the Chilean Church, with high ideals and sound patriotism which present generations are grateful for and which will be justly remembered in history. This illustrious ecclesiastic has terminated the anomalous situation that existed, recognising the authority of the State and putting an end to difficulties consequent on the irregular constitution of those Chilean homes that had been victims of the conflict.

In order to avoid future difficulties, there is evident need to sanction by law, within the bounds of mutual courtesy and respect, the actual situation.

I am glad also of the occasion to give my public testimony in recognition of the fact that the present head of the Chilean Church has been inflexible in prohibiting and condemning the participation of ecclesiastics in the burning and agitated conflicts of militant politics. By so doing he has satisfied the desire expressed in this sense by the country for long years past, and the parties that have upheld this opinion have responded nobly and patriotically to the discreet attitude of the Metropolitan, by abstaining from mixing up the Church with recent political controversies, not with standing the ardour and energy that has characterised them.

It would be well worth the trouble, as I have already said, to take this opportunity of delimiting the field of action, to establish the proper relations between the temporal and spiritual powers.

It would be easy to-day to find solutions of concord and harmony, as happened in 1874 when the Law of Organization and Attributes of the Penal Code was dictated, with the sole aim of making impossible in this country religious differences that embitter souls, raise the passions and produce anarchy and disorder, leading into sterile fields the energies of the people, who require all their forces to devote to reconstruction and to be able to face the multiple and complex problems of modern life.

I desire to eliminate definitely all religious questions from the political conflicts, not in any spirit of hostility towards any creed, but rather to remove this sentiment completely from civil and temporal discussions in order that absolute liberty of conscience may be permitted on the basis of sincere and honourable toleration. In this manner honour will be paid to the principles and tendencies ruling among the great majority of civilized peoples, and it will be impossible for men or parties to make use of the moral power of religion for their own ambitions or personal ends. This inevitably provokes the attack of opposed ideas, a definite reaction among antagonistic parties which draw against one another this moral power as a weapon in the fight.

Our Codes, which establish precepts of law in the civil, commercial, penal and mining circles, in the main reflect the ideas and customs of a social medium different from that of the present day, and they do not correspond to the state of evolution of the moment.

A methodical, scientific and orderly revision of these laws is called for, in order that the natural inconveniences of a legislation that is not moulded entirely to the needs of the new environment in which it operates. My Government is studying and will continue to study these reforms with care and patience, and will submit them in due course for your consideration and approbation. In the meantime, I recommend to you with earnestness the prompt despatch of the project submitted to the House of Senators by the President of that illustrious body Don Luis Claro Solar, which aims at improving the status of women and at correcting certain re-

gulations relative to illegitimacy, which in our times have become a flagrant injustice and an inexplicable anachronism.

The Organic Code of Tribunals also demands immediate despatch, which, having years ago been submitted to the Sovereign Congress, still remains without solution.

I recommend to you with equal emphasis the prompt despatch of the project reorganising the service of Common Law, drawn up by the commission designated for the purpose by the Government and submitted to you on the 5th of November last. This project touches a question of the greatest social interest and importance, impossible to leave to one side any longer, since it may be said that owing to the faulty constitution of our Common Law Courts, only a minority of citizens at present enjoy the favours of justice.

The greater proportion of the population, those who lack means, who lack the resources necessary for the defence of their rights, live in a disadvantageous situation which cannot be allowed to exist any longer in a country which needs to base its order and progress on the foundation of common justice, that shall be impartial and within the reach of every legitimate claimant.

The reforms in the laws affecting matrimony and civil registration, contained in the project of the Government, pending the decision of the Honourable Senate, tend to restrict the limits of jurisdiction of the respective offices, which today are hampered in legalising the marriages of persons isolated in hospitals, monastic establishments, prisons etc. in order, so far as is possible, to give the benefits of legitimacy to children and to assure them the rights of life. It also aims at amplifying the law in order to permit of marriages being celebrated in a greater number of places, to facilitate its celebration and also to avoid the expenses and complications affecting the re-marriage of widows.

I confide in your giving attention to this problem of great social interest, a character which it holds in the estimation of all who desire the legal constitution of the civil status of the citizens.

The application of the dispositions of law N.º 3390 of July 15th 1918, have brought about a notable decrease in the re-

venue derived from the appeal Court, principally in the form which makes it necessary that the Supreme Court is divided permanently into two halls.

This idea, reduced by a Senator from a more complete project presented by Government, should be soon converted into a law, to regulate the work of that high tribunal, leaving for later on, when the resources of the State permit of it, other measures which would imply an indispensable improvement in on Tribunal of Justice, such as the reintegration of the fifth Ministry in those Courts of Appeal made up of one Court only, the increase in the number of the staff of the Court of Appeal in Santiago, and the creation of various courts of Justice.

The project presented by the Government to improve the Corps of Gendarmes in the prisons is of great urgency, together with that of the repair and reconstruction of the prisons themselves. As I have stated elsewhere, in many towns of the country these edifices are in a deplorable state, notwithstanding which, it will be necessary to wait until the financial condition of the state improves before doing much to solve this important problem.

State Education

Primary instruction has developed along satisfactory lines, so far as funds have been available for the purpose of attending to it.

The Budget sets aside for this service the sum of \$25,161,181 of which \$2,882,994 is to devoted normal schools.

There are 3,276 schools open, an increase of 85 over the figure for last year. The scholars in the schools number 330,059, or 13,683 more than in 1919. The average attendance, 198,838, shows an increase of 15,299 over the former year.

The teaching staff of the schools numbering 7,455, includes 46% of normalists, a figure representing an important advance and improvement in the preparation of the professors, since two years ago the proportion only reached 41%.

With regard to the school buildings, 2,177 were rented, 544 lent by private persons, and as many more by the Trea-

sury. Of the last, 19 constructed under the Education Law, which a total capacity of 2,660 pupils, were handed over for service in the same year, 1920. There are working, also, 15 normal schools for teachers, 6 for men and 9 for women, with a total of 1,950 pupils, a figure 173 higher than that of 1919. The number of normalists graduated was 331. Attached to these institutions are fifteen day schools, with 2,865 pupils and an average attendance of 2,358.

The State, also, so far as the means at its disposal allowed, attended to adult education, maintaining 29 night schools for men and women, with 5,391 pupils.

Industrial Schools

Considerable activity has been manifested also in primary instruction in connection with branches of education which put the pupil in immediate contact with life, such as manual crafts of different kinds, domestic economy, agriculture and others.

In 1920 there were 796 workshops open for teaching sewing and 344 of other manual arts such as carpentry, box-making, book-binding etc.; in all 241 workshops more than in 1919. 94,180 pupils received instruction, men and women, or, 20,431 more than in the previous year. The lace-making shops, an art which will be of great advantage in enabling women to gain their own living, were 59 in number, with 1,626 pupils. Sixteen new centres for teaching domestic economy, making the number up to 50 were also opened, 17,832 pupils profiting by the opportunity of gaining knowledge indispensable for the woman in the home.

Vocational education, the new branch of primary instruction which tends to direct the boy or girl into a business or profession in harmony with their abilities and which enables them to take care of themselves, counts on two new schools, bringing the total up to 7, with 2,026 students, or 508 more than in 1919.

The professional teaching of the masters has also been an object of special attention in 1920, prominence being given

to instruction in technical matters by means of a series of courses in manual crafts, domestic economy, agriculture, drawing, music etc.

Obligatory Primary Education

Since the 27th of February of the present year the Law of Obligatory Primary Education has come into operation: a law which, besides increasing and equalising the opportunities of all Chilians for receiving education and fitting them to take efficient part in civic life, has completely reorganised the service of Primary Education. A great part of the time of the Government and that of the Scholastic authorities has been taken up with the task of duly applying the law. It is a pleasure to say that, thanks to these efforts, it has been possible in spite of the shortness of the time, to put into operation some of the law, and to apply them without great obstacles so far as means have permitted. It is also satisfactory as showing the goodwill of the people, to be able to state that even before the formation of the necessary organizations to render the law operative, the nation has responded to the propositions of the legislative and the hopes of the Government, since 87,859 pupils more than in the same month of 1920 having been enrolled, whilst the registers show an increase of 54,676 in the average number of attendances.

Throughout the whole field covered by the attention of Government there is probably nothing which has a greater claim to its preference than that of facilitating the means to make effective the Law of Obligatory Instruction. It includes an obligation, not only for the father of a family, but also for the State. It is in other words, a primary duty for us to provide the resources necessary for its carrying out. In this respect, therefore it is essential to attend to school construction, a work which has already been begun with satisfactory results. Without suitable buildings, in hygienic conditions and adapted to scholastic requirement, a goodly part of the efforts of the teacher are wasted, and many new ideals which it is desirable to carry into practice, in harmony with educational progress, are impossible to realize.

In the same way, it is necessary, on a much wider scale than formerly, to provide for the education of the adult, a work giving immediate results, and which undoubtedly tends to the improvement of our democracy.

It is desirable also that the necessary attention be given to manual and vocational education with a view to bettering the methods of teaching, and so strengthen this bridge between the school and real life, by preparing the individual for economic efficiency.

In discussing the Law of Compulsory Education in the Senate, in the session of August 4th, 1919, I said:

«Primary Instruction, on these foundations, is the only force sufficiently powerful to raise the moral level of the population, to raise it from its moral and physical decadence; it closes the tavern and the prison, raises and purifies, draws our fellow-citizens out of the moral and physical slough into which they have been thrown by ignorance,--the result of our fault and negligence.

«In this manner we may make our country great, and for this reason we must give instruction to our people. Nor must we forget that, thanks to ignorance, the child of illiteracy, we are only half a democracy, since this plague spot in our organism, known as electoral bribery, the sale of human souls, carries to the highest posts in the land only those fortunate persons whose means permit them to attain them.

«It is impossible to be present at these human markets without blushing. None the less, so enervating is the effect of environment that we have reached the point of living tranquilly with this abuse to which it appears that we are acclimatized.

«Nobody protests, the press is silent, no opinion is aroused, in Parliament one hears no reproaches or desires for better things; the evil goes on, it increases, reaches its highest point. To end it, as it must and can be ended, it is sufficient to educate the people, and we shall become a true democracy, self-conscious, great and prosperous.

«Let us not forget, then, that we are in the presence of a law of liberty, destined to extinguish the last of slavery, the slavery of ignorance.

•We are in the presence of a law of public relief which will raise our people from the unsounded depths of moral and physical degradation, to the elevation of a democracy conscious of its aims, of the progress that is its due, so long as the ideals that guide it are noble and generous. •

I ask my fellow-citizens to aid the Government by their cooperation, supporting, as a matter of grave public necessity the calls made upon them by the unfortunate but inevitable rise in railway rates.

There has been much discussion in the press and in political circles with regard to the deficiencies of this service, but in strict justice we must recognise the fact that this department has never received the resources necessary for the great extension which it has reached.

Lacking the necessary equipment and taking into consideration the extent of the lines, it will be impossible definitely to solve the problem so long as there are no transverse outlets for merchandise coming from the south, for which purpose it will be necessary to construct the ports of Valdivia, Lebu, Puerto Saavedra and Constitucion. Without proper equipment and ports, capable of relieving the central line, this problem, in itself difficult and complicated, cannot be solved. Let us give to the State Railways the resources necessary for their transformation and let us replace by effective assistance the atmosphere of pessimism which has hitherto surrounded the service.

The necessity of permanently securing the traffic and exploitation of the international lines from Arica to La Paz and the Transandine via Juncal, require me to call your attention to the projects of law which, with this end in view, I have had the honour of submitting to you. I especially call attention to the latter, that relating to the unification of the latter, that relating to the unification of the Transandine railways in the Chilian and Argentine sections. By so doing government obligations will be fulfilled, personal communication between Chile and the Argentine will be facilitated, the prohibitive tariffs ruling to-day will disappear, and the great sacrifices made by the country to establish commercial intercourse between the two countries will be justified.

It is a great desire of my Government to construct a railway uniting the port of Antofagasta with the town of Salta in the Argentine Republic, and if possible, Caldera with Tio-gasta, and also Lonquimay with Zapala, in the south, in order to cheapen the cost of living in the north, open markets for our products in the south and, in a word, to encourage commercial currents between the two sides of the Andes,— currents which should exist as the logical consequence of the neighbourhood, diversity of products and common interests which unite Chile and the Argentine Republic.

International commerce

International commerce in 1920 amounted to \$ 1,246,600,307 gold, corresponding to imports: \$ 455,078 and exports: 791,521,373; figures higher by \$ 55,754,739 and \$ 474,517,319 than in 1919. During the first four months of the present year the customs houses received in imports and exports the sum of \$ 43,799,007 gold. In the same period of the past year the customs house receipts were \$ 53,115,550 gold. The above totals show a decrease of revenue for this year amounting to \$ 9,316,543 gold as compared with an equal period of the previous year.

It is to be noted that the sums received for export dues during the first four months of the present year were \$ 40,112,963 gold for the same period of last year. On the other hand, the import dues for this year reached \$ 17 millions 78,754 gold as compared with \$ 11,794,794 for the same period of last year.

The foreign debt at December 31st. 1920 was reduced to twenty-eight millions three hundred and fifty thousand seven hundred and thirty two pounds sterling.

The internal debt was reduced by the same date to \$ 5,739,000 gold, and, taking into account the \$ 150,000,000 of paper money in circulation, to \$ 155,739,000 pesos. The internal debt in notes corresponding to municipal bonds, mortgage loans, Treasury bonds, on December 31st. 1919, amounted to 69,797,044 pesos, and was increased by the same date of last year to 95,149,690 pesos.

The details of this debt and the State Guarantees in Gold and in paper money will be found in the Report which will be presented to Congress by the Minister of Finance.

The loan raised in the United States for 24 million dollars was effected with complete success under the conditions detailed in the Report corresponding. I make the sole comment that this operation represents for us recognition of the solidity of our credit and the faith inspired in foreign commercial circles by the traditional exactitude with which we comply with our international obligations. We have thus created a new bond of commercial interest which will strengthen our cordial and fraternal relations with the great American nation, the material and moral greatness of which inspires the respect and consideration of the world.

Nitrate

The disturbance of the nitrate industry produced by the outbreak of war affected the fiscal balance of 1915 with the following deficit:

1915

Deficit in gold.....	\$ 49,227,843
Deficit in paper.....	56,383,143

The increase in the consumption of nitrate caused by the war greatly improved the state of affairs in the year 1916, which closed with a surplus, as shown below:

1916

Surplus in gold.....	\$ 14,844,825
In currency.....	28,339,446

The exportation continued to increase during 1917 and that financial year ended with the following surplus:

1917

Surplus in gold.....	\$ 22,946,178
Surplus in currency.....	18,856,472

These excellent results of the finances of 1916 and 1917 permitted, after the payment of all the ordinary expenses of the nation, without unnecessary restrictions, the deficit of 1916 to be reduced by December 31st of the latter year, to \$ 4,947,132.

The year 1918 opened with with unprecedented prospects for the industry, the highest level of exportation ever recorded in the history of the country being reached, 64 800,000 Spanish quintals, and accordingly, as may be understood, the financial year closed with a large surplus, as shown below:

1918

Surplus in currency.....	\$ 15,588,216
Surplus in gold.....	5,167,548

It may be asserted without fear of contradiction that the three previous years were those of the greatest prosperity ever known in this country, due entirely to the great consumption of nitrate caused by the European war.

The demands fell during 1919, without any precautions having been taken during the years of abundance to lessen the effect of the lean years to follow, and we again see this year close with a deficit:

1919

Deficit in currency	\$ 52,790,304
Deficit in gold.....	25,229,770

Discounting this deficit from the surplus of 1918, it is reduced to \$ 37,202,088 currency and \$ 20,062,221 gold.

This was the sum laid upon the financial operations of 1920, from its beginning, in spite of the fact that during this year the exportation of nitrate reached the high figure of 60,273,957 quintals, and the year closed with a deficit as follows:

1920

Surplus in gold.....	\$ 4,883,673
Deficit in currency.....	61,976,378

Leaving the surplus in gold and adding the currency deficit of 1919, we arrive at a total deficit on December 31, 1920, as show in the official balance sheet, of

1920

Deficit in gold.....	\$ 15,178,547
Deficit en currency.....	99,178,466

There are four factors that have determined this financial instability.

Firstly: the deficit of 1919; secondly the costs imposed on the country by the mobilization, which, according to treasury accounts reached 28 million pesos, including the budget expenses directly due to it; thirdly, the increases of salary recently authorised; and fourthly, the purchase of new naval units at a cost of £ 1,430,000, which would not been of substantial importance were it not for the other three factors.

In consequence, the present administration, which entered on its duties on December 23rd, 1920, that is to say, eight days before the end of the year, has to devote all its energy to the economic reconstruction of the country, the re-establishment of the financial equilibrium, and the payment of the deficit produced by former events.

For this difficult and painful task it solicits the patriotic co-operation of all Chilians, since apart from the difficulties which this presents we struggle against the difficulties occasioned by the coincidence of an alarming decrease in the exportation of nitrate as the natural result of the paralización in the consumption of this article.

Patriotism, which should animate every Chilean, demands the cessation of mutual recriminations, charges and counter-charges, and the recognition of the fact that there lies upon every citizen, and principally on the shoulders of the men of the Government and legislators, the unavoidable civic duty of devoting every effort and all their intelligence to the work of restoration, which assumes the magnitude of a problem of public salvation. On the background of this sombre outline it is necessary to indicate the financial prospects of the present year.

1921 Budget

The Budget approved for 1921, discounting the expenses covered by special funds, amounts to a total of \$ 298,937,421 currency and \$ 52,600,954 gold.

The expenses authorised by different laws for payments due in 1921, amount to 16,930,233 pesos currency and 1,077,433 pesos gold. The total obligations for the present year, therefore amount to:

Currency.....	\$ 315,867,655
Gold.....	33,878,397

This represents the total expenditure to be met by the Treasury in 1921, always supposing that no further law authorizing expenditure or other form of outgoing occurs during the year.

To determine the probable revenue with which the State is to pay the expenses referred to, it is necessary to rectify the calculation which served as the base on which the Budget was draw up, which was the estimated quantity of Nitrate to be exported.

From the data in possession of the Government, it appears that up to date, 13 million quintals have been exported, and it is known that a further 15 millones have been sold, which will bring up the exportation only to 28 million quintals.

The Government fears that this figure will not be exceeded, unless the negotiations begun and actively continued, are brought to a fortunate termination, which might bring exportation up to 43 million quintals.

On the base of an exportation of 28 million quintals, the total revenue to be derived from this source in gold would amount only to 54 million eight hundred and ninety-seven thousand pesos.

In consequence, taking the other sources of income serving as the base of the budget as being presumably accurate, we shall have 225 million 465,900 pesos revenue incurrency and 54,897,000 pesos in gold,—figures which, compared with the sum of the expenses I have referred to, will give an excess of one million pesos in gold and a deficit of 90 million 400,000 pesos currency.

Adding this deficit to the 99 millions 178,466 pesos of the currency deficit of 1920, we shall have a total deficit of \$ 189,578,466 currency.

Deducting the excess of one million pesos gold from the 15 millions 178,547 of the previous deficit, this will be redu-

ced to 13 million 178,47 pesos. These figures represent the deficit to be expected at the close of the present financial year always supposing that, as I have said, the exportation of salitre reaches 28 million quintals, that the other estimated revenue is not less than that calculated on, and that no emergency demands unexpected expenditure.

I have spoken with the frankness, which I consider the chief magistrate owes to the opinion of the country. A grave situation presents itself, and in order to confront it, the Government asked for, and obtained, from the National Congress the dispatch of thierent Law affecting Stamps and Documents, the new Tabacco impost and the increase of Customs House dues, but this is not sufficient, and however painful it may be, it is necessary to impose fresh taxation. In fact, I have requested the prompt despatch of the law on inheritance and income, which is under consideration, and which complies with the principle of social justice, imposing on each person a tax proportional to his income in satisfaction of collective requirements. It is necessary also to introduce modifications in the present property tax, which has many unjust anomalies leading to the decrease of revenue that should be derived from this source.

All the citizens of a country, of whatever class, quality or condition, who own property within the territory of the Republic, should contribute their due quota to the expenses incurred for the good of the community, and strictly speaking, no one should enjoy the common benefits without contributing towards them.

The projects of taxation alluded to, though heavy in appearance, will not suffice to restore the financial balance and normalize the public expenses, for which reason I have brought before you the project of a Loan for \$ 50,000,000 gold an 100,000,000 pesos currency.

This loan will imply the covering of the deficit for a term of yearse, just as a private person does who finding his income diminished from accidental causes, resorts to his credit for the time being, cancelling his loan from future receipts.

Many objections may be advanced against the project referred to, but the fact remains and cannot be overlooked, that in order to carry on the vital services of the Nation, and to normalize its working, it is absolutely necessary to obtain funds that the ordinary revenue cannot produce by any means, and the only means of supplying the deficiency known to man lies in the resource to internal or external loans of some kind.

Apart from what I have shown, in order to improve the financial conditions it is necessary, before all, to overcome the crisis in the Nitrate industry, and to this the Government is giving constant attention.

The Nitrate Problem

As you are aware, there exists in Europe a stock of about nine hundred thousand tons, which finds no purchasers, in consequence partly of the difficult commercial situation occasioned by the war, but chiefly as the result of the very grave error of having placed the price too high.

On the Chilian coast there is a stock amounting to about one million three hundred thousand tons of refined nitrate.

The problem presents two aspects; the one that of finding a market for the nitrate already refined and which is either in Europe or in Chile; the other relating to the measures to be adopted for the future, to avoid, if possible, the repetition of a situation that is occasioning such disastrous consequences in our finances and in the general economic state of the country.

To deal with the first aspect of the problem, the Government has requested the cooperation of the purchasers of the stock of salitre in Europe and of the Producers in order to arrange some means by which, facing a natural loss, new markets may be opened to the fertilizer by a prudent reduction in price.

As you will understand, the stock of nitrate being for the most part abroad and in possession of foreign owners, the Government is not in a position to make use of coercive measures, and it is further desirable to take no steps in the present unfortunate circumstances calculated to prejudice for

the future the great purchasing power represented by the present holders of the stocks. For these reasons it has not yet been possible to arrive at any definite settlement, though the government is confident that it will soon be able to do so.

With regard to the other aspect of the problem, which looks to the future of the industry, the Government considers it a duty to state that artificial fertilizers now constitute formidable adversaries of our product. It is a fact that cannot be denied and that is confirmed by trustworthy official information, that the processes working in different countries produce an article of very good quality and which hitherto was able to compete in price with the nitrate, Chilean nitrate.

In consequence, following the fundamental laws of the commercial struggle, it is absolutely necessary to transform the commercial procedure followed up to the present by the national industry, on the basis of fixing a minimum stable price that will permit it to compete favourably with artificial manures.

It is universally known that to insure the success of any article in a given market, no other factors are necessary but good quality and low price. No one disputes the good quality of salitre; if we can find the solution of the second formula the problem will be solved. The Government believes that the best way of settling the difficulty would be for the State to purchase the salitre, paying the cost of production to the producer in order that he can continue working, and for the State to sell it, fixing the price at a sum sufficiently modest and reasonably lower than that asked by its competitors. What the Government wants is absolute control over prices, in order to dispose directly of the article under conditions favourable to the consumer.

In exchange for this right, the State, which at present receives a fixed tax representing in many cases double or triple the profit to the producer, renounces this impost, substituting for it an equal share of profits with the producer, which would represent also, a more equitable tax on the said profits.

This project has met with the resistance naturally opposed to any new idea, especially such as goes against vested inte-

rests, but the Government has the firm conviction that the proposal will make way for itself in public opinion and will finally be adopted.

Some oppose the system on the grounds that every Government is a bad merchant, but we have never contemplated the formation of a staff of employees to sell the article. Since there are commercial channels already established for the marketing of the article and firms with adequate assistants, it is natural that the Government should proceed with due discretion in the utilization of these forces and elements, availing itself of them and only reserving the one object that it is pursuing, the absolute control of prices to insure that they are sufficiently low. Certainly, with our conception of the laws, which ought to enunciate simple and general ideas we have always contemplated leaving alone the practical work of selling, subject to the considerations expressed above.

But the reserved right to fix the price would permit the Government to defend nitrate from the competition of artificial fertilizers, prevent the speculation of the middle man which raises the cost to an imaginary figure and settle the market, to the great benefit of the country and of the producer. The interests of speculators in nitrate are always opposed to national interests and to those of the producer the precise object of the project is the defence of these legitimate interests.

Furthermore, there has always been great difficulty in selling nitrate on consignment or locally, which would greatly facilitate the consumption on account of the enormous exploitation capital required by an oficina, that requires the immediate re-embursement of the cost of material elaborated in order to continue producing.

This project foresees and attends to this necessity, supplying in the cost, the value of production and insuring to the State itself a power adequate to finance an enterprise of such magnitude.

On the other hand, the harmony of interests between the Producer and the State promoted by the project, by community of profit constitutes a reciprocal guarantee for both,

insuring the success of the common enterprise. The project aims at effecting four well defined ends: Firstly, to render the price stable at the lowest possible figure: Secondly, to prevent all speculation in Nitrate; Thirdly, to facilitate and make possible sales on the spot; Fourthly, to decentralise the sales by means of the permanent establishment of stocks in different countries, consigning the article to responsible hands.

The Government, as I have already said, does not think that the last word has been spoken on this project, but maintains its efficacy and utility, and will continue to maintain it until some better plan presents itself which shall guarantee the defence and future prosperity of the industry, which is so closely united to our revenue and the general economy of the country. The Government will proceed prudently in the matter, seeking a solution in harmony with the interests of the producers.

Nationalization of Insurance

I consider also that the Government ought to nationalize the industry of insurance against every kind of risk, and thus obtain a considerable revenue in compensation for the monopoly which would be handed over to the National Companies.

I shall shortly submit to your consideration a project of law embodying definite ideas in this respect, and which would imply a large revenue to the State.

I have now placed before you the measures proposed by Government to aid in facing the very grave financial situation which has been received as a sad heritage by the new administration; that is to say, new taxation, rigid economy, external or internal loan, control of the nitrate industry; and finally, nationalization of Insurance on the basis of State participation in the profits.

Fixing the Exchange

The stabilization of money is a national aspiration. It has been one of the ideas which the country had in view when it favored the present speaker with its votes and it is an idea which I shall tenaciously pursue throughout the whole of my constitutional term.

But the value of the money and its stability are the inevitable result of the economic vitality of the nation, and cannot be produced by measures solely artificial or legislative. It is necessary to prepare the country with boldness and resolution in order to attain the ideal so justly desired and demanded.

Before all, it is necessary, to obtain a fixed and stable currency, to produce order and equilibrium in the national finances. There can be no monetary stability in face of a budget deficit. The present Administration, which as I have already proved to you, has taken over the public finances with a deficit amounting to fifteen millions one hundred and seventy-eight thousand five hundred and forty pesos gold and \$ 99,178,466 paper, and must cancel this deficit before it can proceed to the great work of fixing the value of the money.

It is necessary, also, to impose a rigorous regimen of economy in the public expenses and make this economy extend also to private expenses, This problem cannot be solved by the government or by the public authorities by themselves; the co-operation of private individuals is also necessary through economy in their expenditure, principally with regard to articles brought in from abroad. Every dollar that leaves our country is a factor in the weakening of our money, and for this reason, if private persons are not sufficiently self-denying to impose upon themselves the obligation of economy, the State can and will impose it on them by means of laws prohibiting the entrance into the country of useless articles and which come under the scope of sumptuary regulation.

Rights, private initiative, even when implying the free exercise of any faculty, may be and should be limited when they affect the supreme interests of the community. Bancroft Library

It is with this limitation of individual rights that every person pays society for the benefits and well being that he enjoys in it. Our Political Constitution also permits the power of limiting individual rights when the national interest requires it.

Banking and Insurance

It is necessary also to reform our Banking Law with a view to the nationalization of this industry, as in the majority of civilized countries. This does not signify an act of hostility to foreign banks, but, as in other countries our laws should require that, in order to be established, they should have an effective capital in the country and should leave in it the greater portion of their profits. Under our present regimen, Foreign Banks may establish themselves without capital, and with no other function than that of absorbing money in the form of profits which are part of our national economic vitality, and which, like all capital that emigrates, signifies an unfavourable influence on our international accounts.

I affirm the same with respect to the Insurance business, which, nationalized, would be a source of State revenue and would leave within the country profits which would not have to go out, and which for no reason should be allowed to go out, since they represent money paid by our merchants in prevision of any accident.

It is also necessary to protect national industry and to intensify our production by every means and in every possible way, in order to strengthen the economic energies of the country. For this purpose a mass of legislation and administrative regulations are required, and above all, the assistance of all citizens in practical and efficient form. To this end harmony between capital and labour should be sought, by means of mutual and reciprocal agreements between masters and workmen to avoid conflicts leading to strikes that destroy the national wealth.

So far I have laid before you projects of law of the utmost urgency, designed to bring about these results, but besides these, the master must adjust their proceedings in such manner as to obtain respect for their rights by respecting the rights of the workmen, under the obvious consideration that the latter shall duly attend to their duties.

It is equally necessary to construct every kind of productive public works, and despatch, once for all, the project relating to the National Mercantile Marine, which, equally

with the legislation relating to foreign Bank and Insurance Companies, will impede the emigration of capital in the form of profits.

A Central Bank

Finally, among all the measures directed towards the stabilization of Money, a preferential place should be given to the despatch of the project of the Privileged Bank or Central Office, which, already passed by the House of Deputies, awaits the legislative sanction of the Senate, where it is being studied by a commission of all parties and persons well versed in affairs of this nature.

It is necessary to create this central organization which is lacking among us, in order that, fulfilling the function of the Bank of Banks, it may form a secure refuge to which these may apply, by means of rediscounts, duly guaranteed, to obtain emergency funds when necessary. In this way credit will be given stability, because the Banks being in condition to turn over their portfolios, the peril, which frequently presents itself under our present regimen, of their being overthrown by a sudden and unexpected run of people demanding back their deposits, will be avoided, and they can calmly satisfy their creditors, in the security that, if circumstances demand it, they can obtain emergency funds.

Countries do not require at all times the same amount of circulating medium. Its volume varies with the needs of the moment, and it is necessary that there should exist an organization which should automatically augment or restrict the said circulating medium, in conformity with the actual needs of the market.

Further, the organization created by this project to which I am referring, will have the exalted and necessary function of administering the State funds, of being a Government bank, in order that the difficulties existing for years past between the State and private Banks may cease; a situation which has been unduly prolonged and which presents grave difficulties of many kinds. The existence of this organization will also render impossible the issue of paper money in an experimental form, in benefit of private Banks, to the pre-

judice of the country in general, as has occurred among us in the case of issue later than 1898.

The lack of this organization brings about the strange anomaly that the Government plays the part proper to private Banks, and is continually effecting operations of this character in relation to the said institutions of credit, which usually carry off large profits from the money that belongs to all and which should benefit all, if these operations were carried out by an organization such as I am recommending.

In the same way it is necessary to complete the project existing in the State. The Government will propose in the discussion the measures necessary to give to the Central Bank the power of intervening in questions of exchange, and for delivering to it definite control over Letters of Exchange, to impede speculation and thus to kill this cause of monetary instability, which if it is not the only determining cause of the fluctuations in the international value of the money, is at least a predominant factor in the brusque oscillations of rise and fall.

The measures relating to the immediate convertibility of the currency note established by the project, may be postponed in view of circumstances already referred to and which would make the operation a disaster at the present moment, but in exchange let us create this organization which is necessary to give order and regularity to credit and the management of treasury funds in the banking relations of the State. Once created, it will be easy to endow it with the faculties referred to, as the necessities of the country require them. Ours is now one of the few countries of the world that lack such an organization, and you will earn the gratitude of your fellow-citizens by dictating this law which is so greatly required under present circumstances, and which embodies the character of a measure of national salvation.

It is also necessary to dictate stringent regulations with reference to speculation in international exchange, and in the money market, since these games of chance not only have a grave effect on the community, but divert funds that should be applied to productive industries urgently needing encouragement.

The projects presented to this end, by different members of Congress, in general with the approval of the Government, will be duly pushed forward, the right of comment and suggestion being reserved.

To sum up, to carry out the national desire for a stable currency, it is necessary:

1. To pay off the deficit and obtain equilibrium in the Budget expenditure of the Nation.
2. To maintain a rigid economy in the State and in private expenditure.
3. To reform our Banking business with a view to its nationalization.
4. To Nationalize Insurance of every description.
5. To intensify the national production and protect national industries.
6. To carry out every kind of productive public works.
7. To dictate laws in protection of national capital as in the case of National Mercantile Marine.
8. To severely repress speculation of every kind.
9. To establish the Central Bank, with every power for the stabilization of currency.

Port Works

The port works under the charge of the Finance Ministry have progressed without interruption, in spite of difficulties owing to the financial conditions.

In the Port of Valparaíso, contracted for in 1912, with Messrs Pearson and Son for the sum of \$ 32,763,630 gold of 18d, money has been invested, up to the end of 1920, to the sum of \$ 21,200,000 and by the end of 1921, \$ 25,300,000 will have been spent, equivalent to 80% of the total amount contracted. In consequence of the war the works have not proceeded with the expected rapidity, and it has been necessary to allow the contractors a prolongation of three years and a half, the works being due for delivery on November 20th, 1922.

The contract made with Don Augusto Galtier for the fundamental work of the port of San Antonio for the sum of \$ 9,832,000 gold, was successfully terminated in 1917, and

the work definitely handed over. The war, which affected the date of termination of these works did not stop them, however.

The complementary works of San Antonio port, begun in 1918, are tried out by the national administration, and it is satisfactory to state that it has been possible to carry them out with an economy on the estimate. They will shortly be completed, and further work authorised by the Minister of Finance will be effected during the present year.

On the 4th of September 1917 a law was dictated (N.º 3,132) authorising the construction of the Antofagasta Port Works, and in conformity therewith public tenders were asked for, and a contract was entered into with the Chilean engineer Don Luis Legarrigüé, for the sum of \$ 22,689,301 gold.

The installations are now completed and the construction of the breakwater has commenced, 100 metres of this mole having already been constructed.

The work of improvement of the culverts and roads in the quebradas of Valparaíso have been proceeded with, and the work in the Quebrada San Agustín will shortly be completed at a cost of \$ 250,272 gold of 18d. In the same way the tunnel which will carry off waste water from the Cabritería quebrada is practically finished, opening directly to the sea to the east of the Audes Fort, and by means of which the complete change of the channel of water from the Delicias stream will be accomplished and an end put to the damage frequently occasioned by floods to the populous quarter of that name in Valparaíso.

By law N.º 3,352 of Feb., 13th of 1918, the work destined to improve the Valdivia river has been authorised, the sums set aside for that purpose being paid annually.

These works, begun in 1919, have been continued in spite of the fact that the dredge was placed at the disposal, of the Navy, the necessary constructions have been effected to canalise gradually the waters of the river, in accordance with the project drawn up years ago by the engineer, don Eduardo Reyes Cox.

The project of law designed to regulate the programme of port work throughout the country is still awaiting the consideration of Congress. This project, approved by the Chamber of Deputies, deals with the port of Iquique, Constitucion, Lebu, Talcahuano, Puerto Saavedra and Valdivia.

I recommend to you the early despatch of the law in order that work of such national importance may be put in hand as soon as the finances of the country permit.

The utilization of the port works at San Antonio has already begun with excellent results, the movement in 1920 amounting to 131,401 tons, in spite of the difficulties and strikes in the coal regions which lessened considerably the movement in the port.

It has become necessary to push forward and prepare for the exploitation of the different ports in which the State has undertaken work fixing definite courses for their development, for which reason it will be desirable to despatch the project of law presented to the House of Deputies

FELLOW CITIZENS OF THE SENATE AND HOUSE OF
DEPUTIES:

I have laid before you the facts with the frankness due to you as my distinguished colleagues in the work of directing the national destinies, and due to the public which has entrusted to me the treasure of its dearest hopes.

I have also sketched out the courses which my Government will impress upon them during the five years of my administration and which loyally and honourably correspond to the ideals that have carried me to this elevated and responsible position.

Governments should have determined objects, precise ideas, and I consider that it is impossible to leave the future of the Republic to political vicissitudes and ministerial changes, for which reason I have endeavoured to manifest to you my views on the different subjects and projects of interest to the national vitality; to the end that all colleagues in my administration shall seek the harmony of opinion and

unity of view necessary to give due vigour and energy to the action of the government.

I have pointed out to you, without disguising their gravity, the evils that are undermining the country, and I have indicated the remedies which, in my judgment, are appropriate for each complaint.

In these circumstances it only remains for me to remind you that the moment for rapid and decisive action has arrived,—action without vacillation and without fear.

There is within me a faith that tells me that the good star of my country will raise it triumphantly from its sad but transitory prostration. This same faith assures me that with all our political differences, there rises in the Chilean soul, always ardent, always noble, the sentiment of patriotism that will place above all other ideals the good of the Republic.

I appeal to those sentiments that dominate in the members of Congress to ask the valuable assistance of their self denial and their wisdom, in order that the deep desires of the people may be translated into generous laws, that social harmony may be based on wide foundations of justice, and that the weakened veins of our economic organization may be restored to full vigour. Such are the cardinal points to which I would direct your gaze.

I am certain that I shall not call in vain at your door when I ask you to aid me to save the Nation in moments of peril and difficulty.

I know, moreover, that with your efficacious and fruitful action, united with my energetic, constant and decided efforts, the results expected by our patriotism will be attained, demanded by the civic strength of our race, our progressive spirit, the good name of our country and its honourable traditions.

ARTURO ALESSANDRI.





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