Published Every Friday
by
The Monetary Times
Printing Company
of Canada, Limited

Publishers also of
"The Canadian Engineer"

Monetary Times
Trade Review and Insurance Chronicle
of Canada

Established 1867 —— Old as Confederation

JAS. J. SALMOND
Managing Director

FRED. W. FIELD
The Editor

A. E. JENNINGS
Advertising Manager

What are South American Markets Worth?

FINANCIAL *Crisis is Being Fought There Now but the Prospects are Good for big Business Later—Why Credit Facilities are Needed There—The Bank is Forced to Take Some Risk—Steamship Connections for Canada—United States Activities.*

WAR ORDERS have given a stimulus to the export trade of Canada and this tendency will be helped during the coming fall by the export of a large crop. Other factors, such as the reduction of imports and reduced borrowing abroad, have helped to change the Dominion's adverse trade balance into a favorable one. Export business is at last receiving serious consideration in Canada. The claims of Russia as an important market for Canadian exports have had considerable prominence but since the outbreak of war it has been left chiefly to the United States to cultivate the possibilities of the South American markets, with a view of building up a large business after the struggle is over.

South America as a market for Canadian exports is the theme of a valuable handbook just issued by the department of trade and commerce, Ottawa, and compiled by Mr. H. R. Poussette, Canadian trade commissioner at Buenos Aires. It is difficult to say at this distance if the conditions which exist in South American markets are well known to Canadian exporters, but they have undergone such changes since the outbreak of the war that possibly they have not been followed in the Dominion. All of the Republics are passing through one of the most severe financial crises of their history. The European conflict may be put forward as a convenient reason for this state of affairs; but is only a contributory factor, as business conditions were in an unhealthy state prior to that event. There was much financial stringency prior to the outbreak of hostilities, and war merely intensified it. These remarks can at least be taken as applying to all of the Republics of the eastern coast and to Paraguay, Chile and Peru. Some of them are feeling it more sharply than others. Speculation has bred extravagance, and the other economic ills which usually follow upon it.

After describing commercial and financial conditions in South America in "rather drab colors," Mr. Poussette says there would be no object in attempting to disguise the situation, which is so plainly apparent. But if the present is depressing, the future contains much to inspire hope, and it is with this that Canadian exporters have chiefly to concern themselves. One factor which operates very powerfully in favor of South American commerce, is that almost without exception the exports may be classed as coming within the category of necessities or semi-necessities. There might be a difference of opinion with regard to the nitrate of soda of Chile, yet to the tillers of the wornout or poor soil, where this occurs in Europe, it is regarded as needful, and the same may be said of the copper of Chile and Peru, in its relation to one of the most important industries in the world.

Whilst all of the Republics must suffer from the shortage of capital that is likely to ensue, for a period of years, still, idle money is constantly seeking remunerative investment, and it will have many openings in South America. Another factor to be considered is that of immigration. There is much reason for believing that with the return of peace, many people of the continent of Europe will seek new homes in the western hemisphere, where they may hope to enjoy the fruits of their labor in greater tranquility, and escape from the enormous burden of taxation, which is likely to be the aftermath of the present struggle. Unless the cataclysm which has fallen upon the continent should in turn descend upon South America, it should be reasonable to look forward to a large measure of prosperity when normal conditions once more hold sway. The people of South America are receiving a severe and most salutary lesson. They are learning to economize and to do without luxuries, that not long ago were considered necessaries, and they are realizing the immense ultimate disadvantage of attempting to do too much at once. Speaking particularly of the Republics of the east coast, it may be said that they are undergoing nature's treatment for those who grow too fast, but they will recover in time and go on carefully for a period of years, then perhaps faster and faster, until there is another breakdown. Under ordinary circumstances, however, that event should take place so far in the future that it may be neglected for all present practical purposes, and in any case it will be as easily foreseen by those with far vision, as has been the present one.

It is a source of complaint on the part of many South American importers that North American shippers will not grant to them the same terms of credit as are extended by large European houses. It has been stated that a firm which can easily purchase on a three months' draft from an European exporter has not infrequently to furnish a bank credit before a United States firm will sell to it. It is convenient for the South American to have the accommodation so readily granted to reliable firms by European shippers, and it hurts his pride to some extent that so many North American firms demand to see his money before dealing with him. Lately United States exporters