

# INJURY TO LATIN-AMERICA BY WAR

Countries in That Section are Very Sensitive to Disturbances in Europe

## RELATIONS NATURALLY CLOSE

Brazil Was the Most Seriously Affected, Owing to the Stoppage of Loans.—West Coast of South America Was Least Affected.

Philadelphia, Pa., May 6.—Among the speakers at the closing session of the annual meeting of the American Academy of Political and Social Science, was Dr. E. Pratt, Chief of the Bureau of Foreign and Domestic Commerce, who presented a very exhaustive and interesting paper on "Trade Conditions in Latin-America as Affected by the War." In part, he said:

"Let us consider in the brief time at our disposal three sets of facts: (1) The general economic situation of the Latin-American countries; (2) the immediate effects of the European war upon the Latin-American countries; and (3) the recovery, if any, which has been effected up to date.

"The great sensitiveness of Latin-American countries to disturbances in Europe was graphically illustrated two years ago, when the trouble in the Balkans was sufficient to cause a decided depression over practically all of Central and South America. It can be realized how tremendously the great war, involving all the major Powers of Europe, has affected the economic and commercial life of the various South and Central American countries. Although they are separated from the scene of hostilities by 7,000 miles of ocean, they were much more severely affected than the nations contiguous to the warring nations. The commerce of Latin-America was cut in half; immigration ceased; industry was temporarily paralyzed; thousands of men were thrown out of employment, and all public improvements, except the absolutely indispensable, were completely suspended.

"The reason for the strong and sudden check to every line of activity is to be found in the closeness of the ties that have heretofore bound all the countries of South America, and to a less extent those of Central America, to the great European nations, England, Germany, France, Spain, Belgium and Italy. It is only recently that the United States has awakened to the strength of those ties and has come to realize the growing countries to the south of us are much more closely related to Europe, except perhaps in form of government, than they are to the United States.

### Financial and Commercial Ties.

"The ties between Europe and Latin-America are of two kinds, financial and commercial. In both they have been strengthened because of the basic fact that the interests of Europe and South America have been reciprocal. Europe has capital to invest; South America needs capital for development. Europe has manufactures and coal to sell and Latin-America has an abundance of both to dispose of. It is this fundamental reciprocity of commercial interests that has caused the Latin-American countries to feel so heavily the shock of the war.

"In at least three of the largest countries immense loans involving millions of dollars were in process of negotiation at the outbreak of the war. The impossibility of getting further loans has called a halt on nearly all important projected public improvements and private enterprises.

"The nitrate, coffee, cocoa, hides, tin and rubber of South America have been largely marketed in Europe. On August 1 the European market practically ceased to exist. The vast producing sections of South America were without an outlet for their products. Their chief sources of income were unobtainable or saleable only at greatly reduced prices. The only hope was the United States, which at first could absorb but limited quantities of products, the consumption of which had heretofore been world-wide.

### Nature of Exports.

"But all sections of Latin-America do not suffer to the same degree from the lack of a market for their products. Some products are in great demand. Argentina exports cereals, hides, meat and wool; Uruguay, grain, wool and other livestock products; Paraguay, hides and forest products; Chile, nitrates, copper, wheat and wool; Bolivia, tin, rubber, silver and copper; Peru, sugar, rubber, cotton, silver and copper; Ecuador, cocoa and tobacco; Colombia and Venezuela, coffee, gold and hides; the Guianas, sugar; Brazil, coffee, rubber, hides and cocoa. Of these cereals, meat, wool, sugar and copper are in great demand across the sea. The other products are in little demand and have been left in the hands of the miners and planters. The result is that in a few sections the currents of trade are again running strong; and optimism prevails, while in others trade, finance and enterprise are still marking time, with small prospects of marked revival until the war ends.

### South and Central American Commerce With Europe and the United States.

Items.	United States.	Principal Countries Europe.
Argentina, 1913—		
Imports .....	14.7	72.9
Exports .....	4.7	56.4
Corn (a) .....	0.4	27.3
Wheat (a) .....	0.4	46.8
Wool (a) .....	10.2	88.3
Oats (a) .....	0.1	78.7
Meats (b) .....	...	...
Brazil, 1913—		
Imports .....	15.7	62.3
Exports .....	82.5	48.4
Coffee (a) .....	42.1	39.6
Rubber (a) .....	50.4	49.6
Ox hides (a) .....	3.6	89.6
Venezuela, 1913—		
Imports (c) .....	38.5	46.8
Exports (c) .....	28.7	57.5
Coffee .....	31.2	68.0
Cocoa .....	14.3	44.3
Peru, 1913—		
Imports (c) .....	28.8	63.1
Exports (c) .....	33.2	63.3
Copper (d) .....	...	...
Cotton (d) .....	...	...
Sugar (d) .....	...	...
Chile, 1913—		
Imports (c) .....	16.7	67.5
Exports (c) .....	21.9	70.4

Nitrate .....	21.4	71.8
Copper .....	55.8	43.2
Wool .....	0.04	99.1
Bolivia, 1912—		
Imports .....	9.3	64.5
Exports .....	0.5	98.9
Tin .....	0.02	99.8
Rubber .....	2.3	97.4
Ecuador, 1911—		
Imports .....	23.6	59.88
Exports (c) .....	23.6	64.40
Cacao .....	19.2	72.80
Hats .....	18.9	72.18
Coffee .....	31.9	22.40
Uruguay—		
Imports, 1910 .....	10.6	70.24
Exports, 1912 .....	5.4	65.91
Wool, 1910 .....	3.3	84.34
Hides and skins, 1910 .....	17.3	74.98
Meat and meat ext's, 1910 .....	0.2	34.78
Paraguay, 1912—		
Imports .....	6.0	68.12
Exports (c) .....	0.01	60.64
Oranges, tangerines, and oil of petit grain (e) .....	...	...
Hides (f) .....	...	...
Timber (f) .....	...	...
Colombia, 1913—		
Imports (c) .....	28.3	57.38
Exports (c) .....	55.0	27.92
Copper (f) .....	...	...
Hides (f) .....	...	...
Bananas (f) .....	...	...
British Guiana, 1912 (year ended March 31)—		
Imports .....	25.9	49.38
Exports .....	20.3	25.39
Raw sugar .....	23.7	13.58
Balata gum .....	13.3	30.74
Rum .....	...	89.54
Dutch Guiana, 1911—		
Imports .....	26.1	1.90
Exports .....	40.8	5.77
Balata gum .....	19.6	.65
Sugar .....	52.2	1.49
Cacao .....	93.3	2.52

(a) Figures for 1912. (b) Figures for 1914 meat shipments show United States took following per cent. of exports: Frozen beef, 11.2 per cent.; chilled beef, 17.9 per cent.; mutton, 12 per cent.; lamb, 15 per cent. Practically all the rest went to Europe. (c) Figures include gold and silver. (d) In 1909, the latest year of record, the United States took 81 per cent. of Peru's exports of copper, 10 per cent. of cotton and 8 per cent. of sugar. (e) Includes so-called "optional orders." (f) Figures of exports by articles and countries not available for a recent year.

### Sectional Conditions.

"In normal times the River Plate section is the region of the greatest commercial activity. For example, in 1912 the total import trade for the continent of South America was \$965,123,000, the import trade of the River Plate countries was \$427,533,000, out of a total South American export trade of \$1,173,829,000. These countries had \$518,070,000. Out of a grand total trade of \$2,143,953,000 for all of South America, the River Plate was credited with \$945,603,000, or almost half. In spite of their strong commercial position, these countries were at the end of July in no position to withstand the shock of a catastrophe, such as this war in Europe.

"The news of the European conflagration practically put a stop to all business activity. The large meat-freezing establishments stopped work and discharged practically all their employees. Public improvements discontinued. The efforts of Argentina to raise a loan of \$77,000,000 for the purpose of reorganizing the sanitation system of Buenos Ayres were frustrated. It was later necessary to float a loan of \$15,000,000 in the United States to pay back advances which had been made in connection with this work.

"It will be unnecessary to consider the immediate effects of the war on Uruguay, they were in general similar to those of Argentina.

### Effects of the War Upon Brazil.

"The immediate results of the war were, as in Argentina, the paralysis of industry and shipping and the suspension of all foreign trade. The shutting off of imports was beneficial, as it helped to regulate exchange and enforced economy. The drop in the export trade, however, especially in coffee, was little less than disastrous. It is upon the sale of this crop that not only the individual prosperity of the planters depends but also the maintenance by the Government of the exchange rate on its paper. Shortly after the beginning of hostilities the rate of exchange began to decline, and from a normal rate of 16 pence, or 32 cents, per milreis it fell to 11 pence. The decline of exchange was materially assisted by the authorization of an issue of \$80,000,000 of new paper money, although the country was already carrying a heavy load of inconvenient paper. Observers at present regard the issue of still further amounts of paper money as inevitable, and if this comes to pass the exchange rate will receive another downward thrust.

"Commercially Brazil benefited greatly in the months following the outbreak of the war through its heavy trade with the United States. This alone prevented the entire loss of one-half or three-fourths of the foreign trade. There was a considerable falling off in the exports of everything except sugar.

### Principal Exports From Brazil.

	—August and September—	1913.	1914.
Coffee, sacks .....	2,732,378	1,229,083	...
Do, value .....	\$39,623,697	\$14,348,077	...
Rubber, pounds .....	9,691,652	9,949,351	...
Do, value .....	\$5,474,913	\$4,348,294	...
Yerba mate*, pounds .....	28,835,708	24,240,779	...
Do, value .....	\$2,407,054	\$1,556,662	...
Hides, pounds .....	9,738,116	5,178,912	...
Do, value .....	\$1,596,423	\$509,540	...
Cacao, pounds .....	13,032,969	6,082,292	...
Do, value .....	\$1,523,680	\$630,673	...
Cotton, pounds .....	9,181,079	1,115,820	...
Do, value .....	\$1,183,038	\$145,916	...
Tobacco, pounds .....	8,176,084	1,559,396	...
Do, value .....	\$934,502	\$202,792	...
Skins, pounds .....	1,425,913	1,127,092	...
Do, value .....	\$753,713	\$495,958	...
Sugar, pounds .....	188,379	5,083,458	...
Do, value .....	\$6,177	\$157,734	...

\* Paraguayan tea.

"The exports of Brazil for the five months of the year following the beginning of the war were only \$76,000,000, as compared with \$164,000,000 for the corresponding period of the previous year, although the export trade up to August had been about normal. Imports for this period showed an even heavier decline, amounting to only \$42,000,000, as compared with \$127,000,000 for August-December, 1913, and \$137,000,000 for the corresponding period of 1912. It should be noted, however, that the imports had fallen off in the first part of the year, amounting to \$130,000,000 from January to July, as compared with \$200,000,000



CONTROLLER THOMAS COTE.

Whose plan for a municipal tramways service for Montreal, prepared by Mr. G. R. MacLeod, has been submitted to the Board of Control.

### Emergency Measures.

"The almost desperate situation in which Brazil was placed called forth a number of emergency measures. A bank holiday and a moratorium were declared. The latter was twice extended and lasted until the middle of March. The Office of Conversion, which maintained a gold reserve for redeeming a small percentage of the currency, was closed. The semi-official Banco do Brazil, however, was permitted to exchange notes for gold, and did so to such an extent that a reserve of \$50,000,000 on July 31 was reduced to about \$30,000,000 on March 1. The issue of the \$80,000,000 of paper referred to was authorized, and steps were taken looking to the prevention of the exportation of gold from the country.

### Still Seeking a Way Out.

"These measures did not, however, remove the fundamental difficulty in the situation. This difficulty was the unsound financial position of the Government, which for several years had been covering annual deficits by new loans, and which on the failure to obtain the proposed loan from Rothschild & Co., found itself without the means either of meeting its obligations abroad or satisfying creditors at home. The Banco do Brazil was forced to ship considerable amounts of gold to England to cover exchange requirements and could give no assistance to the Government in meeting its interest obligations. The result was that the Government was unable to pay \$7,000,000 worth of treasury bills due in London, August 21, and was obliged to fund these obligations by issuing new one-year bills at 107, with one per cent. commission for the exchange. Again in October the Government was unable to meet interest and sinking fund payments on its external debt and was forced to fund these also into new loans, secured by a guarantee on the customs revenue. Finally the floating debt due to creditors in Brazil itself could not be paid, thus intensifying the seriousness of the business situation. No way out has yet been found, and it is this situation which, more than any other, even including the lack of a market for coffee and rubber, is causing the pessimism in the business circles in Brazil.

## CARFARE SHOULD PAY COST OF OPERATION

But There is no Sacred Stipulated sum --- May be any Figure Named

### EXTENSION OF FRANCHISE

Provisional Committee Suggests Some Considerations Which Should Enter into the New Contract Now Proposed.

The question of the nature of the contract, if any, that should be entered into by the city when it comes to consider the extension of the Franchise desired by the Montreal Tramways Company, is one that vitally affects the people of the city in every walk of life.

Naturally the subject has been given a great deal of thought by those most competent to do so, and a few guiding principles have been set down by a number of representative citizens as follows:

#### Streets Belong to the City.

Only so that a service urgently required by the people may be rendered at the least cost to the people are private corporations permitted to conduct their business in the streets (instead of acquiring their own rights of way).

If a company is able to put its own interest or convenience first, the people will not get the benefit of this saving. The fitness of the streets for other uses is certain also to be impaired. Therefore the public must retain continuous control, and not abandon that control in favor of the company, especially over a long period.

#### Fair Bargain All Round.

The City should render absolutely secure the capital invested in furnishing the people with a street railway service. Also, the City should require only such a service as would be certain to leave, out of the revenues collected, a fair interest return to investors, whether shareholders or bondholders.

The amount of the capital actually invested should be at all times so well known that at any time the city could acquire the property by paying that value, or the company could require the City to take it at that value.

#### What a Ticket Pays For.

There is no sacred rate of carfare. It may be three cents, five cents, six, eight or ten tickets for a quarter, or any other named sum.

Whatever it is, it should be just enough to pay for the service given, plus the interest on the capital invested.

There is no excuse whatever for making a bargain under which company promoters secure a winning chance of making fortunes for themselves, over and above, at the expense of the people who have to ride on street cars.

#### Providing for Extensions.

If the revenues that come in should be more than required for these purposes, there are several ways to serve the public interest. One way is to reduce the fares. No company could

ever do this if left to itself, therefore the people must retain a control which would enable them to do it. Another is to extend the distance over which a single fare will carry a passenger.

Or extensions may be ordered in districts open for settlement, but not yet thickly settled.

Or something may be set aside for meeting rapid transit problems whose coming can be foreseen.

Street Cars Follow Community's Growth.

It should not be left to the company to say where and on what terms extensions of the system will be made.

With us in Montreal, the single fare privilege has been extended to places outside the city and withheld from places inside the city.

A five cent fare has been substituted for the regular schedule between the old city and what are now Notre Dame de Grace and Rosemount Wards.

There are two, and three, fares paid, by some people whose homes are within the city.

Extensions have been denied to places within the city.

All this because the city parted with the control it ought to have retained, and made the company master in the city's house.

When extensions of a street railway system are practicable, every extension should be made with due regard for the city's growth and with careful concern for the rights of all.

The dweller in a humble shack has the same right to just treatment as the proprietors of a powerful land company.

Experience shows that street car companies not subject to public control, do not hesitate to favor extensions in districts where directors, shareholders, or others associated with the management will profit by the resulting increase in land values.

Continuous public control is needed to avert this discrimination.

City's Interest Must Come First.

When a company has a contract under which it can take for its shareholders all the profit it can make, it has an interest in avoiding extensions.

By compelling the people to limit themselves to the use of existing track mileage, it is able to increase the earnings from each mile of track.

There is a point beyond which this should not be permitted, because it inevitably intensifies the evils arising from congestion in cities, and prevents a city's normal outspreading. Once security of capital and adequacy of return thereon are guaranteed by the public, the public should be the judge of when extensions should be made. Only by preserving continuous control can it exercise this right.

People and Their Street Cars.

Fairness to the people requires that they be given at all times the best street car service that can be furnished out of the company's revenues; and at the lowest rate of fare adequate to the purpose.

Fairness to the company requires that capital actually employed in providing this service be guaranteed against loss and assured a fair rate of return.

Fairness to both requires that there be continuous control and regulation, designed equally to satisfy the public and to secure the investor.

Citizens Asked for Support.

The following provisional committee invite your active support in their endeavor to have these principles given practical effect.

Alex. Falconer, 157 St. James street, George Lyman, 157 St. John street, C. H. Walsh, 326 Board of Trade Building, Theo. H. Wardworth, 168 Cote St. Antoine Rd., Rev. F. R. Griffin, 53 Trafalgar avenue, H. J. Trihey, Merchants Bank Building, W. J. Gear, 25 St. Sacrament street, W. M. Birks, 16 Phillips Square, Maxwell Goldstein, Royal Insurance Bldg.

AN UNCHANGED SITUATION REPORTED IN WOOL REVIEW.

Boston, Mass., May 6.—The situation in the wool market showed no change during the week. There was quiet business in foreign wools but domestics were quiet. Total sales for the week ran about 1,750,000 pounds, 75 per cent. of these being Australian and Capes, the balances in domestic being pulled and secured. There is a distinct feeling in the market that fine wools will continue for a long time to be valuable property.

Coarse wools, which have been most desirable for army cloth purposes, have remained high because of the war. Wools around the world are 50 per cent. higher than the average price.

Cotton goods are increasing in strength. The knit goods business holds strong. There is a strong feeling that the export trade in this line is going to increase wonderfully and that manufacturers in this country are going to do a large business all around the world. The whole spirit in the textile trade is optimistic.

BRITAIN ENTERTAINS NO DOUBT AS TO VALUE OF MORGAN'S SERVICES.

London, May 6.—Premier Asquith paid the banking house of Morgan & Co. a compliment in the House of Commons yesterday afternoon by saying that the British Government "have no reason to doubt the value of the services" of this firm.

The appointment of the Morgan Company as the sole agents in the United States for British Admiralty and War Office requirements, the Premier said, was made on January 15, after full consideration.

John J. Mooney, a Nationalist member for Newry, Ireland, pressed Mr. Asquith for a disclosure of the rate of the commission received by the Morgan firm, and he asked for a reconsideration of the terms under which the banking house purchased the supplies, but he got no satisfaction.

Northwest Healy, Irish Nationalist member of the Irish House of Commons, suggested that Great Britain owed an "unpardonable obligation" to the firm, and the Prime Minister sealed the suggestion with the compliment already given.

PARIS HOTEL'S PROFITS CUT.

Paris, May 6.—The losses caused by the war to the Paris hotels are illustrated by the annual report of the Grand Hotel. It shows that the profits for the year 1914 were 12,315 francs (\$2,563), compared with a profit of 1,126,264 francs (\$225,253) for the previous year. The only class in Paris which has not suffered is that of fortune tellers, whose profits have been enormously increased owing to the demand from women anxious to learn the fate of their loved ones at the front.

More than sixty fortune tellers, varying from the elegantly dressed society seer to the poorly clad diviner from coffee grounds, appeared in court and were fined 15 francs (\$3) and costs each.

REGULAR BUTTERICK DIVIDEND.

New York, May 6.—The Butterick Co. declared its regular quarterly dividend of 3/4 of 1 per cent. payable June 1 to stockholders of record May 17.

## CIVIC CARS WOULD COST 49 MILLION

Controller Cote Submits Report Estimating Expenditure Necessary for Municipal Service

### COULD EXPROPRIATE M. T. CO.

Even if Existing Lines Were Taken, However, an Outlay of \$30,000,000 Would Be Needed for Improvements.

That it would cost Montreal \$49,000,000 to build itself a municipal tramways system, exclusive of the cost of acquiring all or part of the present company, was the principal feature of a report submitted to the Board of Control by Controller Thomas Cote yesterday afternoon. If the existing lines were taken over, says this latest contribution to the transportation troubles of the city, an outlay of \$30,000,000 would still be necessary.

The report, which was prepared by Mr. G. R. MacLeod, one of the city engineers, was in part as follows:

"It is extremely difficult to determine just what mileage of tracks would be necessary, because many of the new lines would have to compete with existing lines of the Tramways Company, and would, therefore, operate at a disadvantage. Routes, aggregating about 100 miles of track (single) or 50 miles of double track, supplemented by 10 miles of subways for the more central parts of the city would probably be required. The total cost of this system is estimated at approximately \$49,000,000.

"If the Montreal Tramways Company, with more than 220 miles of track and over 1,000 cars, cannot serve the population adequately, it could be fairly contended that a municipal system, with less than half this trackage and cars, would serve even better perfectly, but this fact would not justify heavier expenditure for additional tracks and cars, except in newly-developed territory. The net earnings on such a municipal system would not be likely to pay the interest on the investment for years to come, because the city would be operating in conjunction with the company and could not obtain the revenue to which the city would normally be entitled.

"To eliminate this competition the city would have to expend a further large capital to acquire the properties of the company.

Alternative Plans.

"To accomplish the latter purpose, two alternative schemes might be considered:

"1. Purchase at once all the lines of the company, paying not only the value of all the tracks, buildings and equipment, but the value of the twenty years of unexpired franchises, varying in residual periods from 8 years to 47 years.

"2. Purchase the properties of the company piecemeal, on the date of expiration of each franchise.

"Scheme No. 1 would necessitate a heavy outlay of capital, but would in the end cost the public much less than it would to carry out Scheme No. 2, because the latter involves the building of surface tracks and subways lines, power stations, car barns, etc., a large part of which would be superfluous as soon as the city could begin to buy