

A Business Trip To S. America

Some Observations by a Prominent Canadian Business Man
on Effect of Bad Packing, Inadequate Consular Facilities
High Exchange on a Promising Export Trade.

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at the Montreal Canadian Club.

I believe that the trade opportunities in South America under existing conditions are such that it is possible for Canada to take advantage of them, and I shall try to point out some of the ways in which this may be done. I am sure that all Canadians will recognize the limitations under which they labor and study how they may be overcome.

I got a through boat from New York to Valparaiso, which took twenty-six days. We disembarked at Colon for a couple of hours and then went on to Callao, Peru, the seaport for Lima. We left out Guayaquil on account of the Yellow Fever. Panama was formerly one of the pest-holes of the world but it is now one of the healthiest of places. They have not yet cleaned up Ecuador, but General Gorgas has now been engaged by the Government of Ecuador to clean up Guayaquil, and that country, one of the richest and most prolific in proportion to its population, will be open to development. I know one very prominent American concern that had an establishment there, the Grace Company, which withdrew entirely from trading in Ecuador because they thought it was not right to sacrifice the lives of their young men to obtain trade in that country where the mortality was so high.

We disembarked at Callao and one of the interesting things there was our first sight of goods being taken off the ships. It was a sad sight to see. Much of the merchandise was coming from the United States and the evidence of the complaints of which we have often heard of inferior packing was right there to be seen; valuable goods were absolutely ruined with the cases insufficient to protect the goods. That is the first thing that made me realize how little we knew of what the goods had to go through.

Overwhelming Hospitality.

We were met, when we arrived there, by two groups of friends who knew of our coming, and this gives me my opportunity to say to you that if you ever go to South America you will be absolutely overwhelmed with hospitality from your landing to your departure. The people there have a lot more time to be nice than we have and they are much more polite than the people in the States.

I suppose you know that in Peru it never rains. It actually never does rain except once in about five years when they have a very heavy shower, and then they have a terrible time because the roofs of the houses are not designed to protect them from rain and when this shower comes the houses are apt to dissolve in mud. I had the great pleasure of being met by some gentlemen with whom we established connections and they took me to see their Machine Shop; it was right out in the field and there was a floor of baked mud with the sides wide open. These young men were educated in the United States and they were operating this machine shop and they did some very wonderful work, particularly in rehabilitating of German boats which had been interned during the war. Their shop consisted of posts with galvanized iron and entirely open on the sides. I said "What do you do when it rains?" and the young man replied, "But it never rains."

Lima lies fourteen miles from the Coast. I was taken up to that city in a certain make of American car—and I noticed only two kinds of cars, one was a Marmon which was sold by this concern, and the other was the inevitable Ford.

Early Shipment and Good Service.

The point I wish to emphasize is that early shipment and satisfactory service is the basis of foreign trade. Those getting in early and establishing their business are apt to hold their trade because the people there are much more lath to change their sources of supply than in most countries.

I had the pleasure while in Lima, of visiting a cotton mill operated by the Grace Company. I was told that it was the most complete cotton mill in the world; not only is the cotton raised in Peru and of a very superior quality but they also convert it and carry it through all the processes and turn out the finest quality of finished fabric; they even make an imitation watered silk out of it.

I hoped to visit the sugar plantations but I had no time. As you know, Peru, at the present time, is producing ten per cent of the sugar produced in Cuba and this is a very important item. Peru is also rich in petroleum of a high quality. This product is controlled there by the Canadian Imperial Oil Company and not only are they able to supply the requirements for local uses but the balance is shipped to California where it is used to raise the grade of the asphalt base. There is great opportunity for development there.

A Little Revolution.

I had a little touch of an experience there which gave me the first line on what a Revolution is like in South America. I was going through the streets in Lima—they are very narrow and much like the streets in Lower Town at Quebec. We suddenly saw a crowd or a mob of people rushing down the street shouting "Viva Leguia!" Viva Leguia!"; the crowd came along and took the President and put him in jail and then they gave him forty-eight hours to get out of the country. That is what they call a Revolution, but it did not cause anybody any trouble at all beyond what I have described.

The next thing I will speak of is that we went on down and stopped at the first port South of Peru and we had our first experience with the Pacific swell. The ocean there was very clear yet the total amount of rise and fall, without any wind or storm, is about fourteen feet; that means, when you try to disembark from the boat on the ladder you simply have to hang on and wait until the boat comes up to you and step into it. That is the thing that makes it absolutely impossible for them to tie the ships alongside the wharves and therefore everything has to be disembarked into lighters and the lighter is going up and down and the boat is rocking and the goods are dropped by means of slings and they are receiving the most severe usage. It is not infrequent to have such a combination that some goods—heavy machinery, for instance—go through the bottom of the lighter and are lost and this is sometimes very awkward. Heavy machinery often consists of many packages of the different parts and if one case is lost the whole shipment may have to be held up until they can replace the lost parts.

Package Numbers Essential.

In doing this South American trade you have to know exactly what is in each and every package so that by giving the package number you can get the same pieces that the other contained. can cable for a duplicate of that package and get the same pieces that the other contained. That is very important and there has been much

complaint against American shippers in that respect.

The various coast ports at which we stopped on the way down were all very interesting. We struck the Arica-Patna district, which is the Alsace Lorraine problem of South America, and there we had our first experience of a real desert. We took a railroad motor car and went from Arica to Patna fifty miles through the desert, where we saw some wonderful mirages. We also noticed on this desert the remains of an old battle cruiser three or four miles from the coast, deposited there by a tidal wave many years ago.

Now we come to Chili. Chili is very much like Canada, it is three thousand miles long and a hundred and twenty-five miles wide; that is, the boundary line is the apex of the Andes Mountains and between Arica and the coast is the intermediate range of Cordilleras; between the two is the valley, the agricultural district. This means that the central part is very barren but rich in mineral resources and nitrates. When I was there in February or March the shipment of nitrates had practically ceased because the enormous shipments for the purpose of manufacturing munitions had suddenly ceased and in many cases they had to dissolve these nitrates for agricultural purposes. Now, inasmuch as about forty per cent of the entire revenue of Chili comes from nitrates duties things were in a very bad shape, but things however will right themselves because these nitrates are of very great value for agricultural purposes, but the Government of Chili had become very extravagant during the period of extraordinary prosperity and the situation had become critical.

High Exchange Kills Trade

We are at present very much interested in the Exchange situation. The normal Exchange of the Chilean peso or dollar was three and a third pesos for an American dollar; now, at the time we were down there, we got five and a half pesos for an American dollar, which was more than sixty per cent over normal. See what effect that had on the merchants there, because no one would pay that Exchange and the people would not buy goods. A friend in Valparaiso said to me, "Here is a Cadillac Car which I sold for seventeen to eighteen thousand pesos formerly; my customers thing this is the price and will not pay more but for that car, at the present rate of Exchange, I have to charge them twenty-seven thousand pesos, as a result I have the goods on my hands and they become stagnant."

Of course this kills trade for the time being but still it means that it is a splendid thing for the country, just the same as I think the present Exchange rate is a splendid for Canada because the people will import less from the other countries; people will live more economically and it will encourage manufacturing in Canada.

Now, Chili has two out of the three largest copper mines in the world; one back of Antofagasta, with a steam plant burning oil, located on the East Coast and transmitting power back one hundred and twenty-five miles at an elevation of twelve thousand feet by means of electric current. The other great copper mine is the Braden Copper Mine, owned by the same interests. Our visit to the Braden Copper Mine was most spectacular and enjoyable. We made this trip to Santiago, thirty-five miles, where we took the narrow gauge railway which in thirty-six miles climbed to an elevation of over ten thousand feet with over one hundred curves of less than one hundred feet radius, along the edges of cliffs and we were all only hoping that the car would stay on the track. When we got up to the Mine the Manager apologized for the two chauffeurs we had and said that his two best men were away and he was worried to know whether we would get through or not.

Crossing of the Andes.

The crossing of the Andes is a very interesting trip but it does not begin to compare in any re-

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