ground of huge Indian speculative groups, now the pit from which the Indian government extracts in a few months over $35,000,000 of silver, more than one-quarter of the world's supply, and even then the tale of complications is by no means complete.

There are the periodic payments for the Chinese indemnity and the remitting homeward of interest on Chinese loans. The former, being payable in gold by the Chinese government, necessitates the fixing of the exchange at the appointed period, even though the Chinese government in deferring payment, and the fixture of that exchange must be made so as not to be to the disadvantage of the creditor.

The eminent firm of dealers from whom we have already quoted, say in a letter dated at London, May 15: "The tendency has been distinctly good. Not only have buying orders for covering and otherwise, been sent from China, but the Indian bazaars also have been purchasing moderate amounts in this market. This has been a feature for some weeks, for the Indian 'bull' syndicate was feeding locally the demand from the bazaars, as well as a good deal of that from China. Probably, therefore, though the London market has recently been rather restricted, it has not been because demand was small, but rather because the stock of speculators is being somewhat reduced by sales in the East, and orders have been diverted from London."

But remembering that the Chinese loans just subscribed in Europe have ultimately to be expressed in silver, in so far as their proceeds go to China in actual cash, we are probably safe in assuming that the price of silver will go higher before very long. One great feature in this market which must not be overlooked is the fine trade year India is enjoying, which may hinder some of the bazaar dealers from unloading unexpected supplies of silver at unexpected times.

SOUTH AMERICAN DEBTS

There was a good deal of hardihood about the appeal of President Estrada Cabrera of Guatemala to the Washington authorities against the expressed intention of Great Britain to dispatch a warship to his country for the purpose of enquiring into the long deferred payment of interest on bonds. It had, of course, never been intended to make what is commonly known as the Monroe doctrine a shield for those who repudiated just debts to hide behind. Mr. Knox, a former U.S. Secretary of State, had attempted to make use of the doctrine by way of insisting upon having all dealings of Europeans with recalcitant American nations pass through his Department. But his claim never had been allowed as a principle, because of the implied over-lordship of the United States.

The Democrats now in power do not desire any intervention between creditors and debtors, preferring that Europe should deal directly with South American nations indebted to it. In any case, this is what would eventually come about, unless the States agreed to become debt-collectors for the world in general.

But Guatemala had no case upon which to go to appeal as against the British bondholders. In 1895 that country had specifically pledged two-thirds of the export tax on coffee to the service of the loan of $7,-214,000. Subsequently the announcement was made that the coffee tax had been hypothecated as security for other loans. Since 1895 no interest has been paid to the unfortunate bondholders, and interest on the deferred interest also ceased in 1899. It was perfectly indefensible that Guatemala should be paying interest on these subsequent borrowings from the securities pledged to the payments of obligations on the 1895 loans, while paying nothing to those English investors from whom they borrowed in that year.

Accordingly, patience being no longer a virtue, but rather a sign of weakness, the British cruiser AEolus was dispatched to Guatemala. The bulldog was showing his teeth in his own determined way, and Washington having failed President Cabrera, he cabled to London an assurance that the two-third export tax on coffee had again been definitely set aside for the loan, and that the annual million dollar revenue from that source would more than meet the regular claims. In other words, Guatemala capitulated, and agreed for the future to pay the interest on the money she had borrowed. There is to be no further alienation of the security, and arrangements will be made about arrears as soon as possible. The price of the Bonds at once experienced a sharp rise in London.

President Cabrera is reported to have approved of the plans of a New York syndicate to loan his country enough money to clear off all outstanding indebtedness, and to reform the national currency which is antiquated and bad. He will permit the syndicate to establish a National Bank at Puerto Barrios, through which the development of Guatemala will be financed. This plan is probably feasible enough, and possibly there will be no objections to it.

At any rate Guatemala now becomes a solvent nation, and thanks to Britain's wardogs, the republic of Honduras is the only South American country in default. It is expected that before long Honduras also will elect to walk in the ways of honesty, and that the stigma which has long blemished the southern portion of this hemisphere will be removed entirely.

Our London Letter

London, Eng., May, 1913.

By W. E. Dowding.

WHY LOANS HAVE FAILED

The unobservant public has been rather puzzled over the statements that some recent attempts to raise big loans have "failed." Even when associated with the best-known financiers' names heavy proportions have been left on the underwriters' hands. Some of our most popular journals are suggesting that the prospectuses are not advertised widely enough. There is