

raise \$35,000,000. To compel the owners to sell, a prohibitory export duty of \$2.50 was imposed. Most of the owners succumbed and accepted provisional certificates at two years' date for the value of the property as determined by experts. A few still resist. The result has been that the export of 1875, amounting to 6,537,380 cwt., has fallen, in 1877, to 4,278,800, but the price has risen from \$45 to \$60 the ton. The Government has, however, failed to raise a loan, and, therefore, the compulsory sellers will probably have to accept promises to pay. Were the Government honest, payment would soon be made, for they have no difficulty in finding contractors willing to mine and deliver the nitre of these public mines on board ship at \$1.37 to \$1.50 per quintal, while its selling price is \$3.

The policy of the Government would, therefore, be eminently successful were it not that Peru, fortunately, does not monopolize the nitre of the world. The nitre beds extend beyond Peru into Bolivia and across the narrow Bolivian coast into Chili. The Antofagasta beds—worked, as already stated, by Chilians—now yield one and one-half million cwt. yearly, and an exploration of the Chilian portion of the Atacama Desert by Pissis has revealed the occurrence, at Taltal, of very extensive deposits. The treaty of 1874, between Chili and Bolivia,

exempting the products of the Antofagasta Nitre Co. from the payment of all duty, completely frustrates the Peruvian scheme, for her restrictive measures simply raise the price for the benefit of her rivals, while their unlimited production tends to depress it. She sees no remedy but war, which she hopes will result in her either possessing herself of the whole nitre coast or compelling Chili to adopt her commercial policy. Her conduct is as unjustifiable as would be that of Great Britain were she to fix a quarrel and go to war overtly to maintain the principles and enforce on other nations the practice of free trade.

The result of the war must depend in great measure on the resources of the belligerents. Chili has the advantage of having already occupied as much of the enemy's country as she probably wishes to retain. She can therefore stand on the defensive on land—and on her fleet and its good crews for offensive warfare. When on its peace footing—

The army of Chili consists of
2,000 Infantry,
804 Artillery,
712 Cavalry.

3,516 men. In addition to this, her National Guard, an effective Militia, numbers 24,287 men.

Her fleet comprises the following ships:—

| NAMES OF THE SHIPS. | Tonnage. | Horse Power. | Cannon. | Officers. | Crew. | Marines. | Total. |
|-----------------------------------|----------|--------------|---------|-----------|-------|----------|--------|
| El Almirante Cochrane, Iron Clad. | 2,032 | 500 | 8 | 32 | 193 | 40 | 265 |
| Valparaiso " " | 2,032 | 500 | 8 | 32 | 193 | 40 | 265 |
| Abtao, Corvette | 1,051 | 300 | 5 | 17 | 104 | 25 | 146 |
| O'Higgins, " " | 1,100 | 200 | 7 | 19 | 118 | 25 | 162 |
| Chacabuco, " " | 1,100 | 200 | 7 | 17 | 118 | 25 | 160 |
| Esmeralda, " " | 800 | 200 | 12 | 31 | 137 | 25 | 193 |
| Magallanes, " " | 645 | 200 | 4 | 13 | 94 | 26 | 133 |
| Covadonga, Gunboat | 412 | 140 | 2 | 13 | 74 | 16 | 103 |
| Ancud, Steam Transport | 500 | 120 | 1 | 8 | 38 | 6 | 52 |
| Independencia, " " | 140 | 120 | | 4 | 22 | | 26 |
| Valdivia " " | 700 | 300 | | 3 | 23 | 11 | 37 |
| Tolten, Training Ship | 240 | 80 | | 6 | 28 | | 34 |
| Thalaba, Store Ship | 940 | | | 2 | 7 | 12 | 21 |
| Totals | 11,692 | 2,860 | 54 | 197 | 1,149 | 251 | 1,597 |