

**BUENOS AYRES.** In April, 1904, this Province virtually repudiated 81 per cent. of its public liabilities. The La Plata government is seeking to evade its obligations by an Act of Congress of which a leading financial authority in London says:

"This Act is an attempt to override a financial contract in favour of bad debts against the victimized creditors."

**BRAZIL.** The Vice Consul at Rio de Janeiro recently reported:

The law in force here relating to recovery of debt facilitates inequitable and secret settlements between unscrupulous traders for the purpose of damaging non-resident creditors."

Brazil has a shady reputation for deficits and debt.

The fact of the lenders of money to these South American States being foreigners—mere Britishers mostly—is known to be considered almost a full justification of debt due to them being repudiated.

**PERU.** This State does not pay its debts, but in December last decided to borrow a further sum of \$3,000,000 to buy armaments. This was sternly condemned by London financiers who advised Peru "to rehabilitate her damaged credit" before borrowing any more.

**COSTA RICA,** as we recently showed, after cutting down the bonded debt and issuing new bonds at rates reduced from 6 and 7 to 4 and 5 per cent. defaulted on these, then, after a further reduction, defaulted again in 1901 and has made no payments since. The government is now proposing to have all the arrears of interest reduced from 6 and 7 to 3 and 2½ per cent.

**COLUMBIA,** in 1873, compromised the debt of \$33,150,000 for \$13,500,000, with lower interest. This State runs a bank which buys claims against the government at a heavy discount, then shares in the theft, as profits so made must be regarded.

**SAN DOMINGO,** is a persistent defaulter. The United States is to assume control of the Custom Houses and apply 55 per cent. towards the State's debt.

**BOLIVIA** is having litigation over an effort to practically repudiate the State bonds.

**ECUADOR** has given endless trouble to bondholders.

**NICARAGUA** has a record as a repudiator, of which a recent instance occurred.

**THE PUERTO CABELLO RAILWAY** tried, recently, to reduce the interest on debentures issued under an arrangement made in November last from 7 to 5 per cent. Appeal having been made to the Courts, the new scheme was declared invalid.

A few quotations from a recent London Stock Market List of Prices Current will show in what estimation South American securities are held.

State.	Rate of interest.	Present price of bonds, etc.
Columbia .....	6%	40
Costa Rica .....	5	50
Guatemala .....	4	35
Nicaragua .....	4	80
Paraguay .....	..	45½
Uruguay .....	3½	68½
do Railway .....	6	24
Venezuela .....	3	46½
Argentina, int. gold loan .....	4½	96
Brazil, gold loan .....	4½	90
do bonds .....	4	86½
Peruvian Corporation .....	4	44½

In most cases the low rate is contingent on the interest being paid, otherwise the interest is to be from 2 to 3 per cent higher.

South American States have reduced defaulting to a system. "Base is the slave that pays" is a general principle in those Republics. Why such large loans have been made to these governments is, to a large extent, because of the high rates of interest offered. But another cause has been the necessity of securing the good-will and help of the government in acquiring concessions of land, etc., for ranching, sugar plantations, mining, tropical fruit growing and other enterprises. The Liebig Extract of Beef Co., for instance, which draws its supplies from ranches in Argentina, and from states owned by English firms in other regions,—are sent enormous supplies of tropical products. English capital indeed is the financial basis of South and Central American and West Indian industries of all classes.

But why investors who have no interest in these Republics, except as money lenders, should have been so ready to accept such doubtful securities as they issue, is not easy to understand. Surely, Canadian capital might be far better employed and far more safely and, in the long run, more profitably invested in this Dominion than in building up enterprises in lands where the standard of commercial and of public honour is below par.

**MONTREAL STREET RAILWAY CO.**

The statement of above company for May naturally shows a considerable increase of earnings as the summer is harvest time for such enterprises.

The total earnings were \$236,399 against \$220,154 in May, 1904. The net earnings were \$101,706 against \$93,512 a year ago, showing an increase of \$8,193. The increase of \$6,107 in fixed charges reduced this so as to leave the surplus \$2,086. For the 8 months since October 1, 1904, the net earnings were \$43,905 more than in preceding period 1903-4, and fixed charges \$20,577 greater, the result of the operations for the 8 months being a surplus of \$23,327. The improvements being extensively made in the road bed are very costly, but, in the long run, will inure to the benefit of the company.