

CUBA'S COMMERCIAL REQUIREMENTS

INTEREST RATES ON FARM LOANS

Hints to Canadian Traders as to Methods—Europeans
Suit Customers—One Successful Merchant
from DominionSubject Attracting Attention in Canada—Average Rate
Paid in United States—Bankers and
Mixed Farming

A large number of Canadian merchants have asked the trade commissioner at Havana whether or not the reciprocity treaty between Cuba and the United States is an obstacle to them in approaching the Cuban market. As this idea seems to prevail in Canada a quotation from an annual report made by United States Consul-General at Havana Mr. James Linn Rogers, which appeared in a former report on this question, may again be inserted. This should be carefully read by all Canadian merchants who entertain the hopes of entering the Cuban market, remarks Mr. A. T. Quilez, acting Canadian trade commissioner at Havana, as the circumstances which then inspired Mr. Rogers are the same as at the present time and will remain the same for many years to come:—

"Even a hasty study reveals how dependent Cuba is upon the outside world. In foodstuffs she purchased to the amount of \$16,073,473 from the United States and \$19,211,078 from the rest of the world in the fiscal year of 1908, this meaning that the American corn, flour and other cereals were more than offset by Indian rice and Canadian flour; that her codfish came from Canada and Spain; that while the bulk of her meat came from the United States, Europe more than outsold the United States in milk, cream, cheese and other light products; that the oils and wines came from Europe; that Canada sold more potatoes and Spain more onions, and Mexico more beans, than the United States; and France, Germany, Spain, South America and other countries contributed nearly twice as much of other foodstuffs. In the matter of textiles the United States contributed only to the extent of \$1,528,183, while the rest of the world (principally England through its cotton goods), sold \$14,368,898 worth. . . ."

Comply with Customers' Desires.

Then he goes on to explain the causes of this state of affairs in the following excerpt, which clearly reflects the circumstances prevailing:—

"It must be remembered that in buying Cuba is influenced much by sentiment, her merchants being principally Spanish, and that the freight rates offered from Europe, when combined with a low selling price for commodities, soon offset all chances for a reciprocity provision. There is still another and potent reason in the fact that Europeans, especially German manufacturers and vendors, know the Cuban market and how to sell the goods it requires. The representatives of these European business houses come to Cuba and stay until they get acquainted. They use few catalogues, and do not attempt to alter the Cuban taste and suit their own convenience or experience. They are not impatient with the whims of their customers, and comply as far as possible with the desire of the latter, especially in the matter of credit. They make shipments as nearly in accordance with their promise as possible, and pack the goods in the way the customer desires. In nearly all of these things the European method and policy differ from the average American plan. . . ."

Canadian Firm Secures the Business.

It might be added, however, that the European method and policy differs from the average United States and Canadian plan. The following example taken at random will also contribute to dispel the apprehension referred to:—

One of the largest jewellery stores in Cuba, and probably of Latin-America, buying their stock from all over the world, were purchasing large quantities of silver deposit ware from the United States. A firm in Canada expressed the desire to sell their ware in Cuba, and offered every facility to the Cuban firm mentioned above in order that their agent should go to Canada and inspect their output. Mr. Quilez finally persuaded the principal of the firm in question to accept the invitation of the Canadian firm, and, even though both were doubtful as to whether they could enter into any arrangement more beneficial than what the American firm offered, when the parties met, the result was that a substantial order was placed with the Canadian firm, and in a conversation that the writer had recently with the head manager of the Cuban firm, the latter declared that the Canadian goods were not only as good, or even superior, to those manufactured in the United States, but even their terms and prices were more in harmony with their expectations than those offered by the latter.

Under this state of affairs, it is more advantageous to foreign firms to have a representative to look after their interests and to use his influence in the event of, through any mishap or through some pretext, the importer refusing to accept the merchandise, the foreign exporter would fare badly if there is no friendly arbitrator.

The departure of the Saskatchewan Monetary Commission to Europe, the discussions at the banking and commerce committee's sessions have attracted considerable attention to the subject of Loans to farmers in Canada.

The United States department of agriculture through a circular mailed to 3,000 country banks, arrives at the conclusion that in 1913 the average rate of interest paid by farmers on loans of funds needed for their work, was 7.75 per cent., compared with 7.79 per cent. in 1912.

It has usually been assumed that the average rate paid by farmers is approximately 8 per cent. The department's average, representing 90 per cent. of the banks addressed is, therefore, not wide of the mark of the general financial estimate. It likewise affords a fairly definite basis from which to discuss the question of farm loans and their bearing upon the future of farm improvements, suggests the Wall Street Journal.

It is doubtful whether any other important division of national enterprise pays so high a rate as this for its short term loans. Of course, the farmers' borrowings are generally for a longer term than those of merchants and manufacturers in the same locality, whose turnover is more frequent.

Cotton and Grain Growers.

The cotton farmer borrows from the beginning of the new calendar year until the cotton begins to market in October, making a nine-month note.

Grain growers borrow for a somewhat shorter term. The divisional average for the cotton belt last year was 9.51 per cent. and 9.68 per cent. for 1912.

It is from this quarter that relief is most urgently desired, and Senator Fletcher of Florida, who heads the farm credit commission, who are to visit Europe, should find some means of mitigating what appears to many an undue handicap. New England by contrast paid 5.98 per cent. as an average, New Hampshire reporting the minimum of 5.8 per cent. The corn belt states pay from 6.23 per cent. in Ohio to 8.37 per cent. in Kansas, and the western wheat belts average 8.5 per cent.

Conditions Have Changed.

Within recent years United States farmers have been keeping larger deposits on account with their local banks, thereby improving their status as borrowers. Many of the main risks of farming have been reduced, adding another source of reduction to the cost of capital. But nothing has done more to improve the position of farmers as borrowers than (1) the diversifying of their crops, wherever single cropping tended to undermine farm values by impairing productivity; and (2) the turning from merely vegetable production to the breeding and preparation of animals for market. Some western bankers are even now giving preference to farmers in their loans who have livestock as a feature of their farm economy.

One thing which will add still more to the reduction of borrowing costs is the employment of farm capital in all-year-round enterprises, such as dairying, cattle feeding and other forms of productivity. This would tend to keep local banks from being put to the necessity of sending to large centres their supplies for a half year's interest allowance at a low rate. This phase of the problem is highly important at a low rate to an interest rate of 7½ per cent.

A forest reserve, in spite of its name, is not an area intended to be reserved altogether from public use. On the contrary, the idea in setting it aside is not to keep it from the use of the public, but rather so to manage the area that, while the present users are accorded the freest possible use of the tract, the natural resources contained in it may be continued unimpaired for the use of future generations. Following out this general policy and striving to make the areas now reserved of use to the people, whose property they are, the forestry branch of the department of the interior is endeavoring to make known to the public of the neighboring country the advantages of the Turtle Mountain Forest Reserve as a summer resort, in which people may spend a period of vacation during the summer months. The reserve is located immediately north of the international boundary, and approximately fifty miles east of the boundary between Manitoba and Saskatchewan. It can easily be reached, by motor or by horse vehicle, from Boisbevain or Whitewater, two points which are easily accessible by either Canadian Pacific Railway or Canadian Northern Railway.