

A THESIS ON

THE EXTENSION OF AMERICAN COMMERCE INTO THE LATIN  
REPUBLICS OF AMERICA.

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THE EXTENSION OF AMERICAN COMMERCE INTO THE LATIN REPUBLICS OF AMERICA.

Since the establishment of the Independence of the Latin-American States, no year has passed in which they did not increase their trade relations with foreign nations. The prominence given to the Third International Conference of the South American States; the postponement of The Hague Peace Conference; the subsequent appointment of representatives from every country of the new world to appear in council with statesmen of the older civilizations for the consideration of international questions; the arbitral settlement of interstate difficulties; the opening of the Tehuantepec railroad; and, lastly and most important in this issue, the immense impetus given to commercial intercourse with the nations of the world---all this unites to indicate the position taken by Latin America.

A consideration of the material aspects of the condition of business done by Brazil shows that she ranks first in the production of rubber and coffee. It shows that Mexico stands alone in the production of silver and is second only to the United States in the production of copper, while Chile practically furnishes the world with nitrate. Then comes the Argentine Republic with its well known cattle and other livestock supplies, and the whole number of the little countries thrown together in the output of tropical fruits which are on the trade list of most every nation. The value of the trade of the Republic with foreign nations during the years 1905 and 1906 amounted in round numbers to \$2,000,000,000, including import and export.

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In the past, however, the United States has been one of the nations that has not had a very great amount of trade with these countries. It might be roughly estimated that she has done about 16% of the entire trade, but every year more extended relations of commerce are being noticed by the department at Washington. The twenty little South American Republics stand enumerated as follows:

Argentine Republic, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Mexico, Honduras, Nicaragua, Panama, Peru, Salvador, Uruguay, and Venezuela.

These republics are of late years awakening to the fact that their commercial success is in no little respect dependent upon the attitude of foreign nations, and that in order to obtain the best results from these nations, they must maintain a peaceful attitude to all business relations. In consequence of this fact, they have created new departments and it is for the purpose above named, namely: to see that the treaties are honestly fulfilled between their nearest neighbors and then to approach the more distant ones; in this way they learn that to import to any advantage, they must also export so as to make it worth while for other nations to trade with them. While increased imports are usually an indication of prosperity on the part of the consuming nation it is not, however, desirable that the greater proportion of the increase should be in articles of consumption rather than in articles of reproduction.

#### ARGENTINE REPUBLIC.

The advance of the Argentine Republic in this regard is shown by the fact that ten years ago, articles of actual consumption represented 67.2% of the total imports and those capable of reproduction

or development 32.8%. In 1906 however, the former class of imports figured for 45.5% and the latter 54.5%, which shows an increase in those articles that are always a gain to the importer. Of the total imports to the Republic, the United States furnished 14.62% and received in exchange only 4.87%. This latter statement often gives rise to the feeling that the United States is not getting her share of trade with the Latin Republics, and is unable to compete with the nations of Europe except in a few special lines of goods. Even men of influence in those countries are wont to express this idea. But the very worst kind of this pessimism is that which is gaining among those who know little and investigate less in our own country. One has but to look in any of the late magazines of recent years to notice this fact. The fact is, however, that it is safer to judge the United States in her success with the Argentine trade, by making use of our own export statistics and those of various European countries rather than the import statistics of Argentina. At the same time it might be well to note that the exports from the United States have increased 100% while those of Germany have increased 50%, the United Kingdom 26% and France 2%. Such progress as this can hardly be called "unsatisfactory".

#### BOLIVIA.

Bolivia's commerce with the United States has grown immensely in recent years and of the Bolivian imports valued at a total of \$13,377,000, the United States has furnished goods to the amount of \$756,000 or 5.6% and received in exchange her share amounting to \$27,000 or 13% of the total exports valued at \$20,000,000, and these statistics show a marked increase over those of former years. The United States is given fifth place in the imports of Bolivia. The population of that Republic is very sparse being about 1,800,000 or 2 and 1/2 persons to the square mile. In the list of exports of Bolivia may be found minerals, tin,

silver, copper, bismuth and other products, while under the head of forest or natural exports are, rubber, cocoa, chinchona and other varieties of products including tropical fruits. Both imports and exports are steadily showing a remarkable growth as seen by the fact that during the last five years she has increased 26% over the five years previous to that time. In official figures, the exports that go to the United States are given at a total of \$120,000 while the Chilean figures of transit trade from the single port of Antofagasta show that \$791,000 worth of goods go to the United States. Thus it is quite probable that about ten times the amount given in the total official figures go to the United States. Here is another reason why the United States is thought to get less than her share of the trade of this country. However, the importations are of much greater moment to us than the exports from that country. The status of goods entered in the commercial relations of the larger nations is very carefully determined, so that we find that only 13% of the total imports of Bolivia are reckoned as of "origin unknown". The imports from the United States are figured at about \$700,000, which is perhaps underestimated.

#### BRAZIL

Statistics show that Brazil has gained perceptibly in the commerce of last year. Trade values of 1906 were aggregated at \$430,000,000 as compared with \$370,000,000 in 1905. Brazil's chief exports are: coffee, at \$135,000,000, rubber at \$70,000,000, hides at \$9,500,000, herva mate, at \$8,543,987, cotton at \$8,000,000 and cocoa at \$5,500,000. Coffee is without doubt the largest of Brazil's exports. The United States takes about 3/4 of this product while Germany and France are also very heavy purchasers. The United States is given about third place in the trade with this country and even fourth in many of the minor products. The general

opinion in Brazilian markets in regard to the position of the United States touching that country's trade relations with Brazil, seems to be that she has lost ground, so to speak, in the last few years. However, there are reasons for doubting whether such an opinion is strictly correct. It is true that England has a larger importation from Brazil than we have, and it is also true that we have lost some trade there in recent years; but these facts might be given too great prominence. The real questions of success or failure are relative, not absolute. Tables of business done between the countries of Brazil and the United States show that our trade is increasing more rapidly than England's, and the outlook is not altogether discouraging. It is shown that while our exports to Brazil have declined, those of the countries of Europe have also declined, with the single exception of Italy which has gained about 13%. Foodstuffs, wines and other provisions constitute the chief importation trade of Brazil, and her total importation from all countries show, in the last year, a decrease of 17%. There<sup>are</sup> three reasons why the bulk of the Brazilian trade goes to Europe. The first one is the fact that the Brazilians have traded in Europe before they had the opportunity of trading with the United States, and naturally they are a little slow in throwing off this established custom. The second reason is, that the American goods, especially machinery, are of a much better quality and consequently higher priced, and that is just where Germany gets her foothold, because she makes a cheaper grade of commodities. The third reason, perhaps the most important, is because the American exporters refuse to ~~extend~~ credit as freely as do the trans-Atlantic competitors.

#### CHILE.

Chile, like Brazil, has a balance of trade in her favor although not to a very great amount. In 1906 her exports amounted to \$97,000,000

and her imports to \$79,000,000, showing a balance of \$18,000,000 in her favor. In the same year our exports to Chile were valued at \$9,000,000 and our imports from that country, at \$18,146,232. Though the present condition of Chile's trade is such as to make it certain that iron and steel and manufactures thereof are to become more and more prominent among her imports, and thus improve the trade prospects of the United States, there are numerous other lines along which American trade with that country is prospering and these may be expected steadily to improve. Cars and carriages, medicines and drugs, colored cotton goods, canned salmon, glassware, scientific instruments and apparatus, naval stores, mineral oils, paper, lumber, and various other articles, all show an encouraging increase. In some of these we hold a virtual monopoly of trade, while in others we have made sufficient advance to indicate that we are beginning to be able to meet with European competition.

#### COLOMBIA.

In Colombia we also see a slight margin of gain as regards exports and receipts. The United States is, however, Colombia's best market; we not only buy more than any other nation from Colombia, but sooner or later the prosperity of this little country will depend almost entirely upon American consumption. Even now, such trade as does exist, is being diverted more and more to the United States and in this respect the outlook is very discouraging; Europe, to be sure, still takes a larger share of the exports than does the United States, but in imports we assume the leading place. In spite of her long frontage on the Pacific Ocean, she can hardly be said to belong to the group now under consideration, for virtually all of her foreign commerce passes through the Caribbean seaports. Chief among the articles imported from Colombia are alligator skin, bananas, cocoa, coffee, copper, hides and wool, logwood,

while our exports to Colombia are: rice, wheat, flour, cereal, coal, kerosene, drugs and cement.

#### CUBA.

Cuba is one of the countries of this class which did not make a gain in the exchange of commerce with the United States. Here again we find that the United States is the largest investor in the exports of this country. During the year 1906, the United States did more business with Cuba than during any previous year. What Cuba sells abroad every year, in addition to sugar and tobacco, cut a very small figure in the total exports, yet it is a stable factor and a growing one so that it is not to be overlooked in calculating the purchasing power of the future. Cuba is purely an agricultural country and the purchasing power of individual institutions is not to be considered in this issue. However, it is not out of place to add that the island must do some purchasing for the cultivation of its immense sugar and tobacco output. Naturally the people will come to the United States where they pay but a nominal duty and tax; in this way our trade is almost double that of any other nation.

#### COSTA RICA.

We find the financial condition of Costa Rica very much improved owing to the adoption of a new monetary system. To this country the United States furnished 54% of her imports and received only 48% per cent of her total exports. The other nations worthy of mention in the commerce are the United Kingdom and Germany in the order named after the United States. The growth of exports was naturally accompanied by a development of the import trade through general increase of purchasing power as well as through the increased demand for the paraphernalia needed by the standing industries. In this growing import the

United States has played a more important part year by year, and its share has increased from a bare superiority over that of England to an excess over England, Germany and France combined.

#### DOMINICAN REPUBLIC.

The Dominican Republic made about \$2,000,941 in the exchange of commerce with the United States and other nations last year. Of the total value of trade of \$10,000,000 the United States got 57.8%, the next nation being Germany with 27%. The very noticeable feature of the year's trade was the marked increase of imports, chiefly of merchandise and food supplies.

#### GUATEMALA.

The United States furnished Guatemala with 39.55% of her imports in 1905, that being the latest statistics of the commercial relations now existing between these countries. The United States made a little in the trade with this country as her exports to Guatemala were valued at \$2,980,020 and the imports from that country were valued at \$3,822,072, while it must be borne in mind that other important participants in Guatemalan trade were England, Germany and France. The leading imports of this country were foodstuffs of various kinds.

#### HAITI.

Easily the majority of the imports into Haiti come from the United States, England, France and Germany in the order named. In the exchange of trade with this country again the United States has made a gain by importing at a value of \$1,036,303 from that country exporting to it at a value of \$3,266,452. The leading imports from this country are: cotton, sacks, machinery and iron work, while the items of export to this country are: provisions, kerosens, drugs, leather, carriages, shoes and rice. The ex-

port trade of this exceedingly fertile country is very small but quite capable of being increased. Within the last two years there has been a considerable decrease in its trade receipts.

#### HONDURAS.

The total imports into Honduras for the year ended July 31 1906 amounted to \$2,511,617 and the export during the same period were valued at \$2,877,845. This shows a slight balance in favor of the country. United States furnished Honduras with 73.7% of her imports, valued \$2,293,635, while the United States took in return about 83% of her exports. The leading countries participating in trade with this little country rank in the order named: United States, England, Germany and France and British Honduras. The chief item of wealth in this country consists in its vast wealth of vegetables from which they reap a sum of about \$2,500,000 per annum. The United States occupies a commanding position in Honduras trade returns, but this place has only been taken of late years, and at present her preeminence is shown by every item on the import list.

#### MEXICO.

Mexico comes next with as large trade receipts as any other of the South American Republics. Mexico had a gain of 27% in both imports and exports during the last few years. The increase valued in silver coin is shown to be an increase of \$42,618,879, in the import trade and the export show an increase of \$62,446,113. The United States furnished 65.99% of her imports and took in return about 68%. This trade is bound to become more and more extensive as the exports of Mexico become more and more pronounced for there can be no better conditions for the extension of trade relations than with these two countries. It is now thought that the American consumption of Mexican coffee can easily

be doubled, or that possibly we may soon be consuming the whole of her output. But there is one feature of the commercial relations between these countries that is becoming very rapidly developed, and that is the importation of pure-bred livestock into Mexico, clearly showing that the Mexican farmers are grading up their stock. This has become greatly facilitated on account of the duty on livestock being removed. Since then great train loads of stock have been shipped into Mexico. American typewriters, sewing machines and boots and shoes are also in great demand.

#### PANAMA.

The immense growth of trade with the Republic of Panama is shown to have <sup>been</sup> great from the first year of its existence. Exports from Panama now average over \$1,000,000 per month or about \$16,000,000, per annum. Bananas are the largest single item of commerce from this country. India rubber, hides, and vegetable ivory also form a large part of its commerce. This little country is yet very young and great things are expected from it because of the fact that it has grown so rapidly in the last few years.

#### PARAGUAY.

Paraguay is a small country and its commercial importance will likely never be very great. The United States occupies a position in the commerce of Paraguay inferior to that of most any of the other nations. England takes the greatest share of her trade while Germany and the Argentine Republic are both successful in business relation with this country.

#### PERU.

Our trade with Peru is somewhat better than that with Paraguay, but still nothing enormous. Of her imports during the year 1906, the

United States furnished about 20%, taking in turn 9.3% of her exports. This leaves us a balance of over half, which favorable conditions in many of the other little countries, is seldom.

#### SAN SALVADOR.

Trade with San Salvador is found to be larger at this time on account of the failure of their crops in 1905-6. The United States furnished Salvador with 31.18% of her imports and received 29.43% of her exports.. Here again we have a slight advantage in our favor. Not only did the crops of San Salvador suffer from drought, but also the live-stock was seriously affected, which, of course, meant great pecuniary loss. Former conditions, are returning, however, and the little republic will soon be herself again.

#### URUGUAY.

Our trade with Uruguay is fourth in importance. England is first, Germany second, France third and the United States fourth, with the Argentine Republic fifth, and Italy sixth. France takes the bulk of her exports of which sheepskins seem to be the most important.

#### VENEZUELA.

Venezuela is the last of the twenty republics and her trade is not much above some of the last enumerated. The people import chiefly: merchandise, such as machinery, instruments, chemicals, drugs, medicines etc. Coffee, cocoa, cattle, hides, skins, balati and gold are her chief items of export. The United States ranks first with trade in this country by furnishing her with 30.22% of her imports and taking about 31.11% of her exports. Chief among her imports are: cereal, kerosene oil etc. Both statistics and actual experience show a marked increase of trade with Venezuela.

In this subject the greater part of the discussion has been

upon the attitude of the foreign nations towards the United States, and now I shall give some of the views or attitudes of the United States, at least some of the things that would appear necessary in order more fully to appreciate the position of the United States in these trade relations. We have a country that is young and vigorous and until a comparatively recent time we were almost exclusively a nation of agriculturalists, but we have made marvelous strides in manufactures during the last decade or two, so that at the present time we rank as the largest producer of many of the commodities that are in strong demand in the South American markets. Not only are we producing, we are also exporting to such an extent as to put us in the front rank of commercial nations.. But to this latter position we have only recently attained. We were large producers long before we were large exporters and even now, in spite of the enormous growth of our sales abroad, our home market, protected by high tariff walls, remains far more extensive and far more valuable than our foreign market. It must be a promising field indeed, that can tempt an American manufacturer to make much outlay of time or money for the capture of foreign markets so long as easy, safe, and profitable sales can be made at home. This is a truth often lost sight of, but one which it is essential to recognize before we can make any progress in the understanding of our treatment of foreign markets. The reluctance on the part of American producers to seize what appear to be opportunities for foreign trade must not be charged to any lack of preception or energy. The immense success which they have obtained in home markets, and in those foreign markets to which they have given serious attention, confirms their world-wide reputation for skill and farsightedness. But before they bring these qualities to bear in a campaign for new markets they must be convinced that the new course is better worth while than the particular one they are already pursueing.