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OUR PERUVIAN MARKETS.

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Lima, Peru, May 31, 1898.—One of the most important parts of my present mission to South America is to look into the prospects for American trade. There is a big market for our goods in these countries, but it is one which we will have to cultivate much more than we are now doing if we get our share. So far I have met but three commercial travelers from the United States. One of these was a Mr. Sullivan, who was taking orders for lubricating oils. We traveled together from Ecuador to Pacasmayo, Peru, and he told me he was on his way to Chile and the Argentine. I came from New York to Panama with an American named Herzig, who was on his way down the west coast to buy cocoa, hides and feathers for several New York firms, and I am told that the agent of the Carnegie Steel company is now taking orders in northern Peru. On the other hand, I find English and German drummers everywhere. Krupp's agent has just left here. There are two English dry goods men on the same floor with me in my hotel. They have large sample rooms and have long tables covered with every variety of cotton and woolen goods. One of these drummers is from Manchester and the other is from Nottingham. They have both been for weeks going through Central America on mules, and they are now working their way down this coast. They stop at every large port and work the trade. One of them will go from here to Bolivia, and will visit the interior cities of that country, carrying his samples for hundreds of miles on mules. These men have a big stock with them. The Manchester man tells me he carries about two tons of samples from port to port, and that he has to load about a dozen mules when he goes into the interior. The Nottingham man sells on commission and pays his own expenses, which he tells me are about \$10 gold a day. He says that his houses have three men to work the West Indies and Spanish America. He takes in Mexico, Central America and the Pacific coast. Another salesman has the West Indies and the coast of the Caribbean sea, and a third Brazil, Uruguay and the Argentine. This is the usual arrangement of the European houses for working this trade. All of these European drummers speak Spanish, they know the countries well and are posted as to the financial standing of the various buyers.

The United States should not think that it can get these markets without a hard fight and a long fight. The business has been studied for years by the European nations, and I will show later on some of the underhand methods by which they attempt to crowd themselves in and the Americans out. The business is naturally ours, and it will pay to fight it. This continent contains 52,000,000 square miles, and it has more than 40,000,000 people, all of

whom are consumers, though the wants of the majority are few. The resources of the continent all told are great beyond conception. The products will steadily increase, and we already buy about \$150,000,000 worth of them a year. Our sales, on the other hand, amount to only \$40,000,000, and our purchases are said to increase five times as fast as our sales, and this notwithstanding we are now the greatest manufacturing nation of the world. There is no nation that has so large a stake in the battle for foreign commerce as ours. We now have more than \$6,000,000,000 invested in manufacturing, and we turn out a net product of \$4,000,000,000 worth of goods every year, and it is estimated that our factories can in six months make all of the goods that home markets can use. We have 5,000,000 workmen engaged in our factories, and if we would keep them busy we must force our way into the foreign markets. We need our own ships. Here on the west coast of South America freights are cheaper to London and Hamburg than they are to New York, and you can, I am told, send goods to Liverpool and thence to New York more cheaply than to New York direct either via Panama or the Straits of Magellan. Today there are two lines of steamers which ply between the United States and Pacific South America. The firm of W. R. Grace & Co. have four or five ships of 5,000 tons each, which make monthly voyages via the straits between Callao and New York, and Flint, Eddy & Co. have what is called the Merchants' line, which dispatches a steamer every two months or oftener as the demands of trade require. Even these lines have materially increased our trade. The Grace line, which was started in 1892 to take the place of the sailing ships owned by the company, had in 1895 trebled the carrying trade of this firm, and F. L. Crosby of Lima, who represents Flint, Eddy & Co. here, tells me there is a decided increase in imports since the Merchants' line has been put on.

These two New York firms—W. R. Grace & Co. and Flint, Eddy & Co.—do the great bulk of our trade with South America. Until recently Flint, Eddy & Co. have, to a large extent, confined themselves to the Atlantic coast, but they have now combined with or absorbed the old firms of Hemenway & Brown, and Brown, Beeche & Co., and have their houses in the chief ports of the Pacific as well. I found them at Panama and Guayaquil, and they have also houses here and at Valparaiso. The Graces have for years been one of the great powers in Peru and Chile, and today they handle perhaps more valuable property than any other firm on the west coast. They have carried through some of the biggest enterprises ever attempted in South America, and their profits are said to have amounted to millions. Today there is hardly any big thing in Peru in which they have not an interest. They have sugar estates amounting to thousands of acres, and on one plantation which they control near Chimbote, north of

here, they have 5,000 acres in cane and as much more which is not under cultivation. The capital invested in this estate is \$1,000,000, and the property and machinery on it probably cost more than that sum. It was M. P. Grace of New York, now the head of the English banking house of M. P. Grace & Co., who brought about the settlement of the Peruvian debt by the organization of the Peruvian corporation.

This corporation was an English syndicate, which assumed the foreign debt of Peru, amounting to almost \$300,000,000, and in return Peru gave the corporation all of its railways, the right to mine guano on the Peruvian government territory to the amount of 3,000,000 tons, and a large area of coffee lands on the other side of the Andes, which is now being developed. Of course no one except Mr. Grace knows just what the profits of this deal were, but I have heard it said here that he alone made no less than a million dollars out of it. This was not a large sum considering the magnitude of the interests involved and the diplomatic and business skill required to handle them in competition with Dreyfus & Co. and others of the largest capitalists of Europe. Today the Graces do all of the loading and shipping of the guano for the Peruvian corporation, employing hundreds of men for the purpose. They also own cotton plantations in southern Peru, and have the management of the Vitarte cotton mills above Lima, which are the largest cloth mills of Peru. The chief business of the firm is, however, as commission merchants as importers of American goods. In their houses here and at Callao you will find samples of nearly everything made in America which is likely to be in demand in Peru. They import everything from tooth-picks to steel plates and from nails to locomotives. They take orders for all kinds of American goods and engage in contracts to almost any amount. They have their salesmen, who travel through the country, and are anxious to introduce anything that will sell.

As far as American trade is concerned the house of Flint, Eddy & Co. are doing here the same class of business as Grace & Co. They have samples of almost everything and are pushing all sorts of American manufactures. One of the best posted men on such matters is Mr. F. L. Crosby, the head of Flint, Eddy & Co. of Lima. He has been handling nothing but American goods for the past twenty-five years. He is a thorough American and has at the same time a good knowledge of the Peruvian character and the needs of the people and country. I had a long talk with him this afternoon, during which he gave some points for American shippers. Said he: "The chief trouble with our manufacturers is that they will not study the wants of their customers and try to satisfy them. They don't pack their goods well nor mark them plainly. All goods sent to South America should be put in new boxes. Then you can tell if they have been opened on the way. If they are put in second-hand boxes and renailed