MONEY-MAKING IN CUBA

BIG BANKS AND OTHER ENTERPRISES BACKED BY AMERICANS.

How Business Grows—The Profits of Banking—Values Of Cuban Stocks and Bonds—The New Electric Railroads—Do Cubans Like Americans?—How the Spaniards Feel—Some Talks on American Trade—Our Drummers and Their Expenses.

(Special Correspondence of the Deseret News by Frank G. Carpenter.)

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HAVANA, Sept. 6.—American capital is rapidly pushing its way into Cuba and the day will come when we shall own the island commercially and industrially, if not politically. The immense tobacco business is already controlled by our trust, sugar plantations, capitalized at millions, have been bought by Americans, and more than $50,000,000 of United States gold has been spent since the war in Cuban lands. The street railroads of Havana are largely owned by an American syndicate, and the most of the money used in building the Cuban railroad, which is now opening up eastern Cuba, came from New York. Other railroads are projected by Americans and there are also electric lighting and power schemes here and there over Cuba financed by them. I have written of the vast iron and copper deposits which are being mined by capitalists from Philadelphia and New York and have said something of the United Fruit company, which owns the biggest banana plantations in Cuba, and of the Nipe Bay company, which will soon put up the largest sugar mill of the world.

CUBAN BANKS BACKED BY AMERICANS.

Some of the biggest of the Cuban banks are operated with American capital. The Royal Bank of Canada has among its stockholders men like J. Ogden Armour, Norman B. Ream, John J. Mitchell and Marshall J. Field of Chicago and James A. Blair, John I. Blair, George F. Baker and others of New York. The National Bank of Cuba has an American president, Edmund B. Vaughan, and one of its vice presidents is Samuel M. Jarvis, both of New York. One of the directors of this bank is John G. Carlisle and a second William I. Buchanan. The other directors are Cubans, including some of the best men of the island, but the most of the capital is American, Pierpont Morgan and Stephen B. Elkins being large stockholders.

These two banks do an enormous business. The Royal Bank of Canada has assets of $32,000,000, and it had last year more than $21,000,000 in deposits. It does business throughout Canada, Nova Scotia, New Brunswick and British Columbia, and it is rapidly building up a big business. It is earning more than 14 per cent on its capital stock and is paying dividends at the rate of 8 per cent per annum.

The National Bank of Cuba made over 20 per cent last year on its paid-up capital, it gave 8 per cent in dividends to the shareholders, while the balance went to the surplus and undivided profits.

HOW BUSINESS GROWS IN CUBA.

The Royal Bank of Canada opened its first branch here in 1899, and it has since absorbed two of the large Spanish banks and established a branch at Camaguey, in the heart of the island. The national bank was opened for business only three and a half years ago, with an authorized capital of $5,000,000 and $1,000,000 paid in. It has now 6,000 depositors, with more than $9,000,000 deposits, showing a gain over last year of $3,000,000, and of 2,500 in the number of depositors. This bank has increased its paid-up capital to $3,000,000 and it proposes to issue up to the total amount of $5,000,000 at an early date. Its managers tell me they expect their deposits will double within the next year, and they say that the financial business of Cuba is increasing by leaps and bounds.

The National Bank, like the Royal bank, will have a central head at Havana, with branches all over the island. It has already 10 branch banks in the different cities, and it will soon increase these to 15. This bank was chosen as the depository of the Cuban funds when Gen. Wood was governor; and it may still be called the government bank of Cuba, its title being "El Banco Nacional."

THREE MILLIONS IN SIGHT.

I had a letter from Mr. Flather, the cashier of Riggs National bank at Washington, to the managers of the National bank, and upon presenting it I asked to be shown over the establishment. This was done, even to the vaults, where I saw what would be a rather surprising sight in almost any bank of the United States. The vault is as big as a hall bedroom and is walled with pigeon holes and shelves. These were filled with greenbacks and yellowbacks, all in the good money of our own Uncle Sam. The notes were of all denominations from $1 to $500 each, and some single bundles contained $100,000. A counting had just been made of the funds on hand, and it showed $1,600,000 in these notes. On the floor under the shelves were stacks of canvas bags, a foot long and six inches wide, filled with Spanish gold. Each bag contained $10,000 in coins. I lifted one and it took all my strength to raise it. There was a million and a half dollars' worth of gold on the floor of that vault, and its contents altogether amounted to more than $3,000,000.

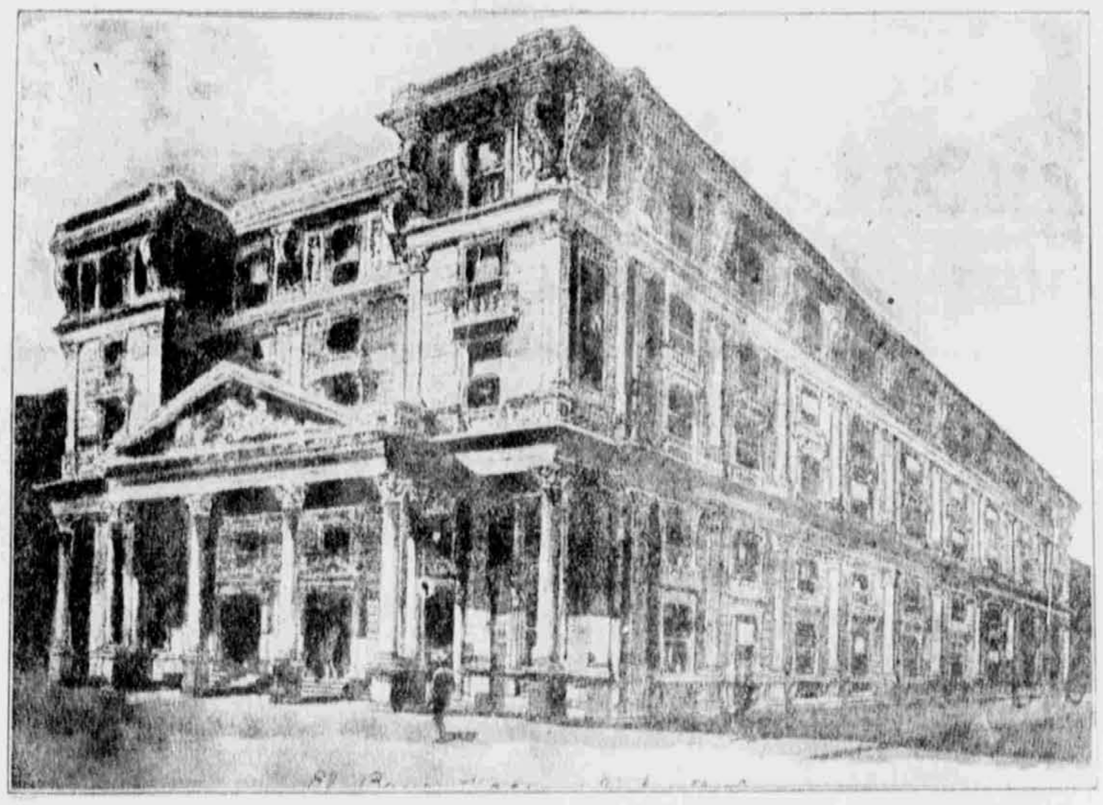
Cuba is a land of big things. It has millions as the basis of its industries, and it does business in the large. It has plantations worth fortunes, million-dollar sugar mills, and banks with millions on deposit. Nevertheless, the country is in its infancy, as far as such things are concerned. There are no savings banks yet and no safe-deposit vaults. I do not know that there are any trust companies, and there are not yet the exploitation companies with millions behind them which are bound to come in the building up of the island.

BANKING IN CUBA.

While I was in El Banco Nacional I met Mr. Samuel M. Jarvis of New York, one of the vice presidents of the bank, who is temporarily stopping in Cuba looking after his large interests here, and asked him to tell me something about banking conditions. Said he:

"Cuba has a curious history as regards banking. Before the war the chief financial institution was the Bank of Spain, which had its branches scattered over the island, with a central office at Havana. This bank was the fiscal agent of the government. It issued government notes, collected the taxes, and also did a general banking business. It not only issued notes, but at times it compelled the merchants to take them to such an extent that its notes are now worth only four or five cents on the dollar. Such transactions brought banking into bad repute, and for a time after the war the people were afraid to trust their mony to any bank. I know of men who had payments of from $100 to $150,000 to make who brought the money in gold coin in bags to their creditors and counted it over. They had no depositories and they would not trust to checks or drafts. At that time the merchants acted largely as the bankers, and there were also private banks. Such still exist.

"Today this distrust has largely disappeared. We have already about 6,000 open accounts and the government payments of the $35,000,000 loan to the soldiers are largely in checks upon us. The people often hold such checks for months before cashing them, showing that they have an implicit faith in their value."



EL BANCO NACIONAL DE CUBA.

Under Course of Construction and Founded and Capitalized by Americans.

CUBAN STOCKS AND BONDS.

"What is the condition of Cuba financially?"

"It is excellent," replied Mr. Jarvis, "and it will continue to improve. The government is safe and its relation to the United States is such that in case of a revolution, which I do not think possible, the island would probably be taken over by the United States. This would make all Cuban securities more valuable than ever."

"How do you regard Cuban bonds?"

"I consider them a gilt-edge investment. They will pay their interest right along."

"What is the condition of the Cuban railroads?" I asked.

"Very good. They are all making money, except the new road built by Sir William Van Horne. That is in the infancy of its development, and it will probably be some time before it pays dividends."

"Is not the Cuban government going too heavily into debt?"

"I think not," was the reply. "The $35,000,000 loan, made through the Speyers, and the other loans contemplated, necessitate an interest charge of only two or three million dollars a year. This is nothing for Cuba. Before the war the Spaniards issued loans based upon Cuba which included an interest charge of $14,000,000 a year. Cuba paid that money without trouble in her then bad condition, and she certainly can handle her small indebtedness of the present.

"Our people do not understand this country," said Mr. Jarvis. "They don't know it as the Europeans do. The latter have had dealings with both Spain and Cuba in the past and they appreciate our possibilities. Indeed, I doubt whether there is a place upon earth which has as good prospects as Cuba, and in this I do not except South Africa or the Klondike."

"What population has Cuba?"

"It had a million and a half when the war closed, and it has now in the neighborhood of three hundred thousand more. This is only about one-tenth of what it will support. Take Japan, of which only one-tenth can be cultivated; it feeds 40,000,000. Java, of the same size as Cuba, is largely mountainous, and it has a population of 25,000,000. Cuba is good from one end to the other. Its soil is as rich as any in the world, and that even to the tops of the mountains. Besides that, Cuba is next door to the United States, the best market on earth. Cuba can easily support 20,000,000, and its people still be among the most prosperous of the nations."

ELECTRIC RAILROADS IN CUBA.

I talked at length the other day with Senor Manuel Luciano Diaz, formerly secretary of agriculture and public works, about Havana's electric railway system of which he is vice president. He tells me that there are already 50 miles of road in operation, and that 120 miles more will be constructed in the near future. The first electric car on the island was run only four years ago, and the gross earnings of the roads last year were more than a million and a half dollars. So far nearly all the rolling stock has been bought from the United States, but the company has now built its own shops and will construct its cars here. The Havana electric railroads are to be gradually extended through Cuba and they will probably form one of the most profitable industries of the island. At present these roads have assets of about $21,000,000 and their stock is listed on the New York stock exchange. They are largely owned by Americans.

During my talk with Mr. Diaz he said that an enormous amount of money is coming into Cuba and that the American investments already amount to more than $150,000,000.

DO CUBANS LIKE AMERICANS?

I asker whether Americans were welcomed by the Cubans. Mr. Diaz replied:

"The better classes of our people are anxious to have Americans come here, and they welcome American capital. They realize that Cuba and the United States must be closely connected commercially and industrially, and that Americans more than any others can aid them in the development of their property. The very lowest classes, I mean the negroes and mulattos, may have some objections to American immigration. They realize how the negro is regarded in America, and fear they may not be so well treated by the Americans as they are by the Cubans."

"Speaking of this feeling," said Mr. Diaz, "some of your own people have a queer idea of the native Cuban. They seem to think he is a savage or a negro. An exhibition of this feeling occurred while I was at the world's fair, where I had to do with the Cuban exhibit. I was sitting in our pavilion when a party of Americans who had just visited the Filipino village came in. They had watched your half naked cousins in their straw huts and had noticed their color and light attire. As they came into the pavilion one of them said to me: 'I want to see a real Cuban.' Whereupon I pointed to one of our commissioners, a fair faced, rosy-cheeked gentleman of about 60 years of age, and said: 'There is one.' The man replied: 'Why, that man looks and dresses just like an American.' I could hardly make him believe that we Cubans are not like the savages of the mountains of Luzon."

THE CUBANS VERSUS THE SPANIARDS.

Speaking of the feeling of the Cubans toward us, I believe Secretary Diaz is right. The lowest classes do not care for Americans. They have nevertheless very polite ways, and will go out of their way to please. Those who hate us most are the Spaniards. There are many of them still in Cuba and they have a great part in the business of the island. Some are millionaires and not a few have large mercantile establishments. These Spaniards are thrifty. They deal on a close margin and buy as little as possible from the United States. They secretly fight the Americans and do everything they can to obstruct our trade. The conditions just now are in their favor, the tariff regulations favoring Spain rather than the United States. The duty on textiles is such that fine cotton goods cost almost as much as linens. The result is that people buy linens of Europe when they should buy cotton of us. Some of the strongest houses in Havana are Spanish. This is especially so of the big wholesale establishments, many of which do a general banking business. A number of the big sugar plantations are owned by Spaniards and the Spaniards have vast tracts of valuable lands.

TALKS ON AMERICAN TRADE.

I met in Havana Mr. Barton of Reed & Barton, the silver merchants of New York, and asked him about our trade with Cuba. He replied:

"We are selling more goods to Cuba than ever before. Cuban merchants go to Europe by way of New York, and they usually leave orders there. This is so with machinery, leather goods, furniture, shoes and all kinds of notions. The taste of these people has been educated to European goods, but it is rapidly changing to American goods. The chief obstacles to the increase of American trade lie in the credit system. The European wholesaler is willing to wait, and as the Cuban wholesale merchant sells on time he wants 60, 90, or even six month's credit. He will pay good interest rates, but he must have the time. The American on the other hand wants cash with the order, and for this reason loses the trade."

"Do the Cubans pay their debts?"

"Yes, most of the houses here are as old and well established as any in the United States. I would trust my Cuban customers as soon as any I sell to at home. These people think it a disgrace to fail in business and we have as a rule but few losses."

"Do the Cubans buy much silverware?"

"Yes, both solid and plated. Of late they are buying a great deal of plated silver. They are calculating the cost of things more than they did in the past. Before the war my customers only asked themselves if they liked the goods. Today they figure closely and buy where they can buy cheapest."

OUR DRUMMERS IN CUBA.

In talking with another American, a man who is selling goods for John Wannamaker and taking big orders daily, the question came up as to whether American commercial travelers can sell goods in Cuba. Said this man:

"I find it easy to get orders, especially among the native Cubans. They buy largely and are easy to sell. The Spaniards figure more closely. There is a big opening, however, here for the American drummer, and our largest wholesale houses should have their men on the ground working this trade. They should send their best men, and, if possible, those who speak Spanish. If they can't speak anything but English, however, they can get along and do well. As for me I find that my Spanish sometimes hurts trade, and I speak English when I can. Then if there is a misunderstanding, I am not the cause of it. The most of the Cuban merchants speak English, and those who do not cannot argue with me as to the goods and the prices. The result is they get down to business quicker and on the whole I am the gainer."

"What are the expenses of the commercial traveler in Cuba?"

"They are about the same here as at home. I figure on $10 gold a day as a good average. The railroad rates are a little higher and the hotel rates are especially dear. The best hotels in Havana charge $4 a day and upward, and out in the country one seldom pays less than $3 a day. Cab fares are cheap." FRANK G. CARPENTER.

A CROSS OLD WOMAN.

Sir Edward Monson, the veteran English diplomat who is now visiting America, served Lord Lyons in Washington during Lincoln's administration, and has many interesting stories of Lincoln to relate.

"A distinguished old woman," he said, the other day, "once called on Lincoln and railed and stormed over some fancied wrong that she had suffered at the government's hands.

"Mr. Lincoln listened to her politely, he talked to her in the kindly way he talked to everyone, and then, after she was gone, he turned to me and said:

"'Little Edith heard the other day that a neighbor had shot his dog because it had grown old and cross. She studied the matter out awhile, and then she looked up into her mother's face and said:

"'Mamma, when do you think papa will shoot Aunt Martha?'"

A POOR EXCUSE.

David Wilcox, the president of the Delaware and Hudson Company, was opposing the idea that a coal strike would occur again.

"There will be no danger of a strike," he said, "as long as the operators and the miners are perfectly open and fair and reasonable with one another. But they must not suddenly leap up with unexpected demands that require immediate answers. They must give one another time for thought, they must give plenty of warning when they have in contemplation any change.

"Should they make sudden, unexpected demands, it would not do for them to excuse themselves with such specious argument as that which a certain kitchen maid employed upon her mistress.

"This maid said calmly, one Sunday afternoon:

"'I don't see how I am going to cook dinner, ma'am. There is no coal.'

"'No coal!' cried the mistress. 'Good gracious, Maria, why didn't you tell me before?'

"The maid answered calmly:

"'I couldn't tell you there was no coal, ma'am, when there was coal.'"

CRIMINAL INSURANCE.

"Criminal insurance," said a detective, "is the insurance that thieves and blacklegs take out in case of arrest. For instance: You are a second-story man. You make about $2,500 a year, the average second-story man's income, and you carry an insurance of $1,000, for which you pay the big premium of $125 a year. Now, if you are arrested the insurance company steps forward and hands you $1,000. Thus you are able to get the best lawyers for your defense. Receivers of stolen goods are usually rich, and it is these men as a rule who carry on the criminal insurance business. I know of a criminal insurance company in Philadelphia, another in New York and a third in St. Louis. The policies run from $100 to $5,000 and the premiums are always enormous. This is because the danger of arrest is so great. Besides the criminal insurance concerns I know of a curious beneficial organization that is conducted among the criminals of Illinois. Each member of the organization pays in $1 a week, and in case of imprisonment his family receives $5 weekly as long as his sentence lasts."—Chicago Chronicle.