

AMERICAN TRADE IN PERU

Crowded to the Wall by German, French and English.

DRIVING A WEDGE IN THE MONOPOLY

How Commercial Travelers from Other Countries Work Up Business-Important Points for American Shippers.

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LIMA, Peru, May 18.—(Special Correspondence of The Bee.)—One of the most important parts of my present mission to South America is to look into the prospects for American trade in this country, 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 Chili and the Argentine. I came from New York to Panama with an American named Herzog, 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. What South American Trade is Worth 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 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 for it. The 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 United States steadily increasing, and we already buy about \$150,000,000 worth of their goods 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 have now more than \$6,000,000,000 invested in manufacturing, and we put out a total 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 our home markets can use. We have 5,000,000 workmen engaged in our factories, and if we would keep them busy we would put 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, come from 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. has 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 tripled 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.

Americans in Peru.

These two New York firms—W. R. Grace & Co. and Flint, Eddy & Co.—do the great bulk of our trade with South America. Until the Flint, Eddy & Co. have to a large extent confined themselves to the Atlantic coast, but they have now combined with and absorbed the old firm of Hemeway & Brown and Brown, Beebe & Co., and have their houses in the chief ports of the Pacific coast 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 Chili 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 a big interest. They have sugar estates amounting to thousands of acres and on one plantation which they control near Chinboite, 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. F. Grace of New York, now the head of the English banking house of M. F. 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 1,000,000 tons and a large area of coffee land 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 that the story made out of 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 the biggest capitalists in 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 and 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 toothpicks 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.

Points for American Shippers.

As far as American trade is concerned the house of Flint, Eddy & Co. is 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 in put in second-hand boxes and renailed they are sure to come here with something missing. It is easy to open an old box. The steamers specify the condition of each case and do not hold themselves responsible if the cases are second-hand. If goods are not stolen on the ships they may be stolen at the custom houses. The marking of the boxes should be with letters from six to ten inches long. The Germans are the best shippers in this regard. They use letters ten inches long and two inches wide and put them on so plainly that it is impossible to mistake the directions. Our shippers will use letters of not over two inches in length. Their marks often rub off and the boxes are lost. They are careless also in billing the goods properly, and especially so in packing. Goods are handled roughly on the ships and the strongest cases are needed. Another important thing is to pack so that the duties here will be as small as possible. Many classes of goods are taxed by weight, and I have had stuff sent to me in such heavy cases that the duties amounted to fifty times the value of the goods. Samples should always be shipped as samples, and every factory should have a copy of the tariff laws of the countries to which they ship and study to pack so as to cause the least cost to their customers. Goods that will go into small cases should not be put into large ones, as freight is charged for by measurement. Every German house has a copy of the tariff of every country to which it sends goods, and packs accordingly."

Commercial Pirates of the World.

"You speak of the Germans, Mr. Crosby," said I. "Do they do most business in Peru?" "Yes, they are fast monopolizing the trade everywhere. When I came here over twenty years ago there were no German houses, but now there are thirty big English houses. Now there are more than a score of big German establishments and only one or two large English ones. The Germans are driving out the English everywhere. They are unscrupulous as to methods. They do anything to get trade. They are, in fact, the pirates of the commercial world. The American sells his goods and is proud to call them American. He will not make a poor article because he does not think it fair to do so. This is the case with the English and French, but the German cares for nothing but to sell. He will call his goods American, French or English, according as these goods are the most in demand, and by putting in poor material will make a cheap article which will sell. The Germans make Rogers knives which will not cut butter without they are heated. They label them 'Rogers, Sheffield,' and use the Rogers trade marks. They make moldings splashed with gilt and they imitate our wall papers and our American. I wish I could show you some of the building blocks which they look under the name of 'Crandalls.' They look as though they had been cut out with a hatchet. They used to imitate the Domestic and Singer sewing machines and labeled them with the American trade marks, but they have stopped that and now call them 'the Singer style of machine, etc.' This, with the people who cannot read English, serves the same purpose. They sell cheap imitations of French and English stockings under pirated trade marks. They sell Havana cigars made in Hamburg and kitchen furniture from Germany labeled 'made in the United States.' They do not care whether their goods are honest or not. All they want is to sell."

What We Sell in Peru.

"What do we sell to Peru, Mr. Crosby?" I asked. "Our total sales are now about three-quarters of a million dollars a year, and as Peru buys more than eleven millions annually, you will see that more than nine-tenths the Peruvian trade is with Europe. Before the war with Chili, when Peru was, she bought almost three times as much American goods as she does now. The trouble is that we do not buy a great deal of raw materials, and people here buy where they sell. If it were not for the treaty which the Peruvian minister at Washington is now trying to arrange can be carried through it will increase our trade 100 per cent. At present the chief articles shipped here from the United States are petroleum, lard, hardware, machinery and lumber. The best of the American petroleum, that of the 150 test, is sold in Peru. The cheaper oils come from the native fields and the Peruvian article will not refine so well as ours. All Peruvian families use lard for cooking, and American lard sells in Lima for 7 cents a pound. Then, all of the pitch, rosin and turpentine used here comes from our southern states. American glassware, made with natural gas, beats the world, and quite a lot of it is being sent to Peru from Pittsburg and Johnstown. We are acknowledged to have the best carpenters' tools and axes. These come in large quantities from Hartford, Conn. That city has a monopoly of the farming tools sold on this coast of South America. Among the new importations are steel plates from Pittsburg and also iron pipes from the National Tube works. The Americans have the best of the Peruvian water trade, and the Waltham watch has swept the field. We do a large business in American sewing machines, and we are beginning to sell American bicycles. We sell considerable Oregon and California lumber and not a little white pine from New York. Some American furniture is imported, chiefly cane-seated chairs. We are importing some printing inks, and a large part of the furniture and machinery for the new postoffice at Lima is American. The boxes were imported by us, and the postage stamps of Peru are made by the American Bank Note company of New York. The most of the rolling stock and bridges for the railroads of Peru have until now come from America, but as the roads have gone into the hands of an English syndicate, in the future such articles will probably be shipped from England."

Drummers in South America.

Mr. Crosby says that the commercial travelers sent down here by some of the American houses do more harm than good.

They do not understand the Spanish language nor the people. They cut prices and often make statements which cannot be relied upon. It is useless to send a man down here who does not understand the language, and until Spanish-speaking drummers can be educated as far as selling is concerned I should think that dealing through such firms as the Graces and Flint, Eddy & Co. would be most profitable. These companies will handle anything, and they charge a commission on their sales. Every manufacturing establishment in the United States should look upon this territory as a part of its legitimate field and get into it as soon as possible. We would at once begin to educate our commercial travelers in Spanish and should have some of our best salesmen going from city to city pushing American goods. It is useless to send catalogues and pamphlets, for these are thrown into the waste baskets. One of the objectionable features of the trade in the eyes of the American is that most of the German and English sales are made with the understanding that the goods are to be paid for within from thirty to sixty days after arrival, and that many of the firms, while perfectly good, do not appreciate the value of a few days' interest and are slow in settling their accounts. The business should be done on from thirty to sixty days' sight. This is asked by many of the American salesmen, and the Peruvians are gradually becoming accustomed to it. As far as wealth and business are concerned, it seems to me that Spanish America has the galloping consumption. I do not mean by this that the business done here is not as great as in times past. It is increasing every year. But it is rapidly going out of the hands of the natives and into those of foreigners. This is so not only with the commercial establishments, but with every legitimate business that will pay a dividend or make a dollar. Some of the best of the mines are now in the possession of foreign companies. The big sugar estates, which have made fortunes for Peruvians in the past, and in which today a working capital of more than \$17,000,000 is employed, have largely gone into the hands of the English. Some estates are owned by Chinese and I have spoken of the large holdings of the house of W. R. Grace & Co. The railroads are almost altogether owned by the English, although the great coal line connecting Lima with the Pacific company of New York will give us a big railway zone in Peru. The oil fields are chiefly worked by a rich Italian named Piaggio of Callao and several English syndicates. The chief bakery and brewery of Lima was started by two enterprising Americans—Buckus and Johnson—and sold out by them at a big profit to an English syndicate, which is paying large dividends.

How They Do Business in Peru.

As to commercial business, the Peruvians have allowed it to go almost entirely into foreign hands. Many of them are ashamed to be engaged in trade, and they have, as a people, no business instincts. There are not a half dozen native firms in Peru which now do what would be called a large business. The signs over the stores of Lima are German, French, Italian, English and Chinese. There are about 25,000 Chinese in Peru, the most of whom were originally brought here to work the sugar estates and guano islands. They are now well-to-do and many of them have become wealthy. Some of them own the sugar plantations upon which they slaved and others have large mercantile establishments here. The Germans monopolize to a large extent the dry goods, knick knacks, hardware and mining machinery sales of Lima. They are ready to go into anything in which they see a chance to make money. The Italians are the grocers of the city, and you find them selling fine groceries in nearly every big Peruvian town. The English sell dry goods, crockery, paints, oils and machinery, and the chief dealers in silks, wines and brandies are the French. There are a few Spanish book stores. The banks are almost all foreign and the stock owned in the dividend paying companies is chiefly in foreign hands.

I find that these people down here are not satisfied with the low rates of interest which now prevail in Europe and America. Good loans can be gotten at 10 per cent and 1 and 2 per cent a month is not uncommon on paper issued for a short time. In some cases 8 per cent only is asked, but there are always commissions which increase the regular interest rates. The lawyers here do a big business, and you find them in every block. Many of the stock companies pay good dividends. The Lima Water Works company pays 12 per cent quarterly, and the Lima Gas company, which has a capital of \$2,000,000 (silver), pays 5 per cent. The probability is that the stock was largely watered. The Peruvian Telephone company, which furnishes Lima with its service at about half the rates charged in American cities, gives annual dividends of 10 per cent. The capital of the telephone company is \$1,000,000. One of the insurance companies here pays dividends of 15 per cent. A flouring mill company pays 8 per cent and a wheat warehouse company a like amount. Some of the stock companies which do the best are those which deal with or through the government. There is the Society for the Collection of Taxes, which buys the right of the government to collect the taxes on alcohol and cigars, and I believe, a lump sum, and has in place of it the revenue receipts. This company has a capital of \$1,000,000 (silver), and its stock is 100 per cent above par. It paid a dividend of almost 100 per cent last quarter, and is one of the best things in Peru. There is the San Lorenzo company, which has vaults out in the island of San Lorenzo, in which all importers of dynamite and other explosives are compelled by law to store their goods. The shares in this company have a face value of \$50 (silver), and the dividends for the last two months were \$20 a share. Another company which owns the sole concession for manufacturing tobacco has a capital of \$200,000 and pays a 12 per cent dividend, while the Lima Brewery company, which manages the brewery, and with the proceeds of the weekly drawings keeps up certain schools and hospitals, pays 8 per cent a year.

FRANK G. CARPENTER.

MAKES A PLEA FOR HARMONY

Chairman of Populist National Executive Committee Sends Out a Circular.

BOSTON, Mass., June 11.—George F. Washburn, chairman of the national executive committee of the populist party, has sent a letter to other committeemen calling attention to the "determined contest between the 'fusionists' and 'readers' for ascendancy. Either side to dominate will mean the disruption of the party. This is a crisis that calls for the best judgment of our leaders. Our safest and ablest men should be at Omaha June 15." He also urges the forwarding of proxies by mail or telegraph if the delegates are unable to attend. He further says that his first duty is to the party as a whole, rather than to any faction of it. We must reconcile, not embitter; unite rather than divide. A call has also been issued to the populist senators, congressmen, governors and the state chairmen and secretaries to attend the meeting, granting them the privilege of the floor to express their opinion and service, but they will have no vote.

Miners Injured by Gas Explosion.

WILKESBARRE, Pa., June 11.—By an explosion of mine gas in the South Wilkesbarre shaft of the Lehigh & Wilkesbarre Coal company today ten miners were badly burned, some of them probably fatally, and considerable damage was done to the shaft. The names of the victims are: Albert Kautling, Fred Seymour, James Herron, Martin Gallagher, Barney Conynghar, Peter McMill, Martin Brennan, Thomas Flanagan and Richard and Owen Jones.

The People's Furniture & Carpet Co.

Has mobilized and concentrated a Dashing Array of TRADE INVIGORATORS and its Superb array of Furniture, Carpets, Stoves, and Crockery shall keep fitful peace with all exciting war news. THE LARGEST Furniture and Carpet House in the west. All goods sold as advertised. Out-of-town customers write for Gasoline Stove, Baby Buggy and Refrigerator Catalogues.



Heywood Baby Carriage. Well upholstered, worth regular \$12.50—price this week \$6.75.

Perpetual Palms. The wonderful sale we are having on these goods still continues. We have a larger assortment than ever before. Prices up to 1.00 ward from 1.00

Beautiful Bed Room Suite. 3 pieces—nicely finished in antique-beveled plate mirror—each piece handsomely carved—This suit generally sell for \$75.00—price this week \$13.75

Draperies. That give tone and finish to your little home as nothing else can—won't cost you much either.

Note These Little Prices. Nottingham Lace Curtains, late arrivals, new designs, worth \$1.50 per pair, price this week 79c. Nottingham Lace Curtains, very fine texture, good edge, worth \$1.50—price this week 1.75. Muslin Curtains, ruffled edges, newest in design, worth \$2.50—price this week 1.20. Irish Points Lace Curtains, importation just received, pair worth \$7.50—price this week 4.35. Brussels Net Lace Curtains, genuine goods, beautiful patterns, pair worth \$9.50—price this week 4.75. Chenille Curtains, handsome bordered design, worth \$4.75 pair—price this week 2.65. Tapestry Curtains, handsomely fringed, elegantly finished, pair worth \$15.00—price this week 1.95. Rope Portieres, the prettiest drapery for summer use, pair, nicely draped, rich color and design of rope, worth \$4.50—price this week 2.35. Bamboo and Bead Portieres in many different patterns. Pair worth \$3.00—on sale this week 1.70.

Quick Meal Gasoline Stoves. More Quick Meals in use in Omaha than all the other makes combined. All Quick Meals absolutely guaranteed from the finest down to the least expensive. Quick Meal Gasoline Stove on sale this week at 3.10

Cook Stoves. Very fine smooth castings, guaranteed a perfect baker, and very economical. \$15.00—on sale this week 9.35. Steel Range. Star Estate—come in all the desirable sizes. These ranges have large square ovens, lined throughout with heavy sheets of asbestos—all parts closely riveted—worth \$40.00—on sale this week 26.50

Tomorrow. Begins one of the biggest sales ever held in Omaha. We are heavily overstocked and must unload. Come early and avoid the rush.

Woven Wire Cots, 98c. Ice Boxes, \$3.89. Settees, 98c. Lace Curtains, 68c. All Wool Ingrain, 33c. And Thousands of Other Bargains. Oil Cloth, 15c, worth 40c. Brussels Carpet, 52c, worth \$1.00. Carpet Sweepers, 98c, worth \$1.00. Remnants Matting, 10c, worth 25c. Handsome Velvet Carpets, 68c, worth \$1.25. Heavy Stair Carpet, 15c, worth 40c. China Straw Matting, 17c, worth 20c. Rugs, 95c, worth \$2.00. All Wool Ingrain, 28c, worth \$1.00. Mist Brussels Carpets, \$1.25, worth \$1.50. Window Shades, complete, 18c, worth 40c. Lace Curtains, 88c, worth \$2.00. Carpet Portieres, \$1.75, worth \$4.00. Tapestry Portiers, \$2.24, worth \$5.00. Comforts, 55c, worth \$1.75. Hammocks, 98c, worth \$2.50. Pillows, 75c, worth \$1.50. Carpet Sweepers, 98c, worth \$2.00. Remnants Matting, 10c, worth 25c. Artificial Palms, \$1.24, worth \$2.50. Brass Parlor Tables, \$2.98, worth \$7.50. Solid Oak Center Tables, 95c, worth \$2.50. Ladies' Case Seat Rockers, 74c, worth \$2.50. Baby Carriages, \$4.95, worth \$9.50. Polished Oak Cobbler Seat Rockers, \$2.98, worth \$8.50. Polished Oak Hall Seats, \$6.50, worth \$12.50. Warranted Chamber Rockers, 74c, worth \$2.50. Water Coolers, \$1.95, worth \$3.75. Filters, \$2.98, worth \$5.00. Iron Beds, \$2.98, worth \$5.00. Chamber Suits, \$4.95, worth \$25.00. Woven Wire Cots, 98c, worth \$2.00. Ladies' Desks, \$4.98, worth \$10.00. Bed Lounges, \$8.56, worth \$15.00. Polished Oak Bookcases, \$3.50, worth \$17.50. White Enamel Dressers, \$9.50, worth \$18.00. Sideboards, \$9.75, worth \$18.00. Lawn Settees, 98c, worth \$2.50. Refrigerators, \$6.45, worth \$12.00. Gasoline Stoves, \$2.95, worth \$5.50. Folding Beds, \$11.50, worth \$15.00. Steel Ranges, \$24.75, worth \$45.00. Washboards, \$7.50, worth \$15.00. Extension Tables, \$4.95, worth \$10.00. Cartridges, \$7.50, worth \$15.00. Polished Oak Chiffoniers, \$4.50, worth \$12.50. Easels, 95c, worth \$1.00. Lawn Mowers, \$2.50, worth \$6.50. All of the above goods sold either for cash or on our usual easy payment plan.

Leonard Cleanable Refrigerators. The perfection of Refrigerators. Has seven walks of mineral wool charcoal, etc. Has tight-fitting doors and perfectly dry circulation. The Leonard Cleanable will purify itself in the way of saving ice—this week, special 1.98

Queensware. French China, Austrian China, English semi-Porcelain of every description. The largest and best selection in the west. The prices will convince you how well you can do here.

Our Easy Terms. On a bill of \$10.00—\$1.00 per week or \$4.00 per month. On a bill of \$20.00—\$1.25 per week or \$5.00 per month. On a bill of \$30.00—\$1.50 per week or \$6.00 per month. On a bill of \$50.00—\$2.00 per week or \$8.00 per month. On a bill of \$75.00—\$2.25 per week or \$9.00 per month. On a bill of \$100.00—\$2.50 per week or \$10.00 per month. On a bill of \$200.00—\$4.00 per week or \$15.00 per month.

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