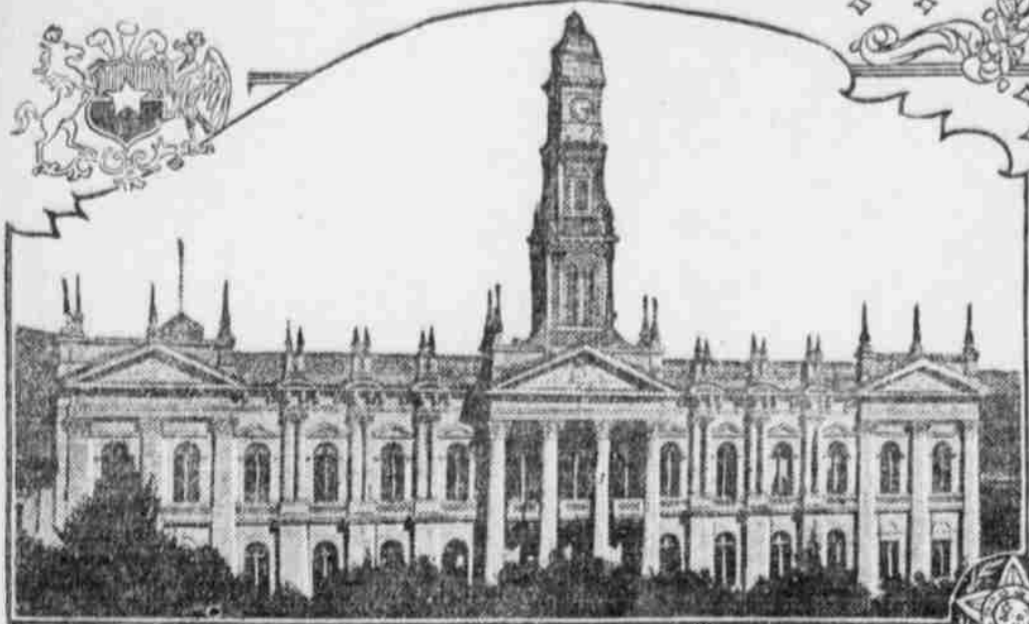


SOUTH AMERICA NEEDS MONEY



CAPITAL AT LA PAZ, BOLIVIA

Can the United States spare South America \$500,000,000 during the next five years? Can it supply \$100,000,000 during the next 12 months?

South America wants these amounts within the period stated. The needs of several of the countries are pressing. They must get money somewhere. When the war cloud broke at least half a dozen countries were negotiating in Europe for loans. Most of them were in the midst of commercial and financial crises due to economic causes which were at work the world over. Part of the loans wanted were merely to take up old obligations by new issues, but in every case there was also a demand for additional capital, which would have increased the total indebtedness.

The war has dealt a death blow to these expectations. In the famous Jockey club at Buenos Aires, where international finance is discussed, it is now perfectly understood that with the European countries staggering for the next 50 years under the debts which the war will create there will be no more loans for South America. The same understanding exists on the coffee exchange in Rio de Janeiro and on the bourse in Santiago.

Temporarily some of the South American countries will suffer as much from the war as the nations which actually are engaged in it. They will not only be unable to obtain money abroad but also their whole foreign commerce will be dislocated through the loss of markets.

Some of the countries have met the emergency by following the example of the European nations and decreeing moratoriums. Harassed South American financial institutions and big commercial firms which were in difficulties may therefore bless the war as avoiding the necessity of forced payments, but they will welcome it only as a means of immediate relief to debtors who otherwise would be forced into bankruptcy.

Brazil has met the situation, brought about through the inability to float new loans, by providing for a new issue of paper currency in addition to the abundant volume which already is in circulation. Time may demonstrate the wisdom or the un wisdom of this action as an emergency measure, but it shows the demoralization that the European war has caused.

South American public men and the diplomatic representatives of the different governments in Washington who know how great the dependence has been on Europe and who understand fully the fiscal status of their respective countries, inevitably turn their eyes to the United States, and it is through them that the query comes as to whether the United States can supply a few hundred millions capital.

The answer which may be given to the question will determine whether the United States is to obtain commercial supremacy and to dominate South America financially.

European financiers who until the New York Stock exchange was closed were getting gold by unloading American securities in their look ahead are now doubtless revolving the same question as to what the United States may do in the way of financing South America. To them the question takes the form of a query: Whether any of the \$2,000,000,000 indebtedness of the South American governments can be shifted to the United States, and if so how soon and under what terms?

Two billion dollars represents in round numbers what the South American countries owe in the form of public debts. What may be called the national debts do not foot up this sum, but the municipal and state or provincial debts, some of which are not guaranteed by the national government, bring up the total.

All the South American countries have had the borrowing habit. Some of the weaker and more reckless ones have given the whole continent a bad name. Yet the truth is that in view of resources and natural wealth and the rapid development that has been going on \$2,000,000,000 is not an extravagant public debt total.

It will be found, moreover, that the very large proportion of the debts has been created by the countries which are solvent and which scrupulously meet their obligations.

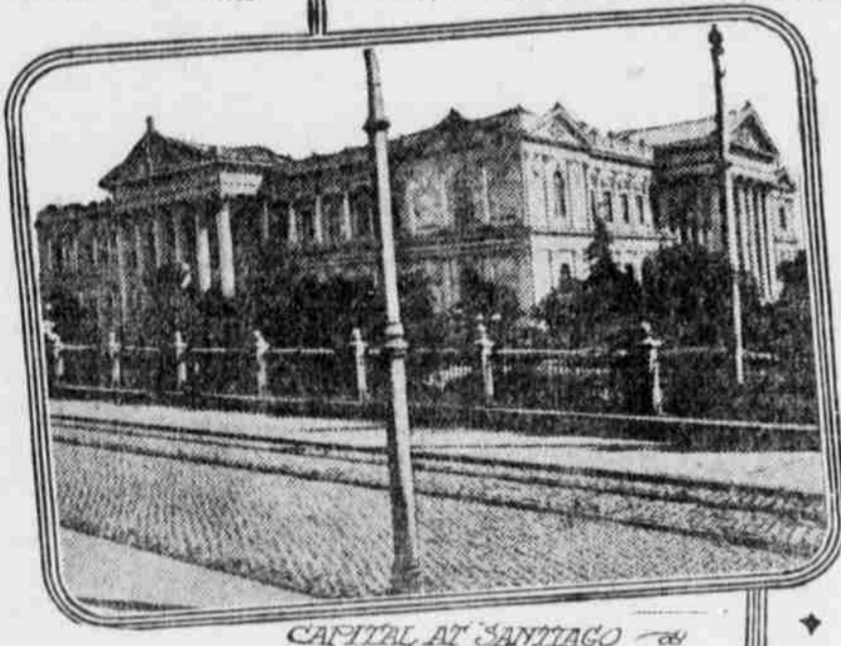
Since the international imbroglio, in which the United States took a hand, Venezuela has been paying off its debt until now the total amount outstanding is less than \$35,000,000.

Colombia has what is known as a consolidated debt, which does not exceed \$24,000,000. The country has managed to meet the interest in a manner to satisfy even the critical British foreign bondholders committee. Colombia, whether it gets the \$25,000,000 Panama gratuity from the United States or not, wants a general loan of something like \$50,000,000 to build railways and rehabilitate the country generally.

Ecuador has a public debt not exceeding \$20,



STREET SCENE IN CARACAS, VENEZUELA



CAPITAL AT SANTIAGO

000,000, most of which grows out of the bonds issued for the Guayaquil and Quito railway. These are held in England, France and the United States. The provision made for the sanitation of Guayaquil carried with it a prospective loan of \$10,000,000. A proposition which was brought to New York bankers a year ago was for a blanket loan of \$45,000,000 to \$50,000,000 to take up outstanding obligations, provide for the sanitation of Guayaquil and to leave a balance for national purposes. A New York banking house a few years ago tided Ecuador over a stringency by means of a temporary loan and realized a very handsome profit.

Peru, after the war with Chile in 1881, was left with a debt so monumental that it never could have recovered if the burden had remained. The country worked out of the situation by turning over the state railways under a long lease to the Peruvian corporation, which was also given the remaining guano deposits and various land concessions.

The Peruvian corporation and the government have had more or less friction under the arrangement; but so far as its status as a borrowing nation was concerned Peru was able to face the world without a big debt. During the last quarter of a century the total indebtedness incurred has not been large. It now amounts approximately to \$35,000,000. Peru was in the market for a loan when the European war broke out.

Bolivia, the midcontinent country of South America, left by the war with Chile without a seaport, also was able to start the peace era without a big national debt. The amount of the different forms of what may be called the Bolivian debt is now between \$19,000,000 and \$20,000,000.

Paraguay, on account of its numerous revolutions and possibly for other reasons, never has had much success in securing money from Europe. Its present public debt is between \$12,000,000 and \$13,000,000. The opening of railway communications with Buenos Aires and other chapters of peaceful development have inclined European financiers to look more favorably on Paraguay, and a loan for the country was in prospect until a month ago. Now, if Paraguay borrows, it will have to be in New York instead of in London.

Taking the group of countries which are not large borrowers out of ken, it will be found that the bulk of the public debts of South American countries are those of the Argentine republic, Brazil, Chile and Uruguay. This group of countries owes Europe—that is, the governments owe Europe—more than \$1,700,000,000. They are able to meet their obligations, though some of the loans may require refunding on new basis.

The borrowing nations are really the A-B-C's of mediating South American countries which helped President Wilson settle the Mexican imbroglio, and Uruguay.

The total of the Argentine obligations is ver-

ble, according to the amount of cedulas, or national mortgage bonds, which are in circulation,



BAHIA, BRAZIL

Two years ago the Argentine debt was approximately \$657,000,000. A year later it had risen nominally to \$732,000,000.

Something more than a year ago Argentina sought to float a new loan in France, but the conditions were unfavorable. A new loan on the same basis would doubtless still be desirable, but the Argentine government would look to New York rather than to Paris or London for funds.

Brazil's various debt issues now approximate \$860,000,000. There have been loans for public improvements and other objects. Brazil, as a vast country, greater in size than the United States, with undeveloped resources the extent of which is not yet known, has been a free borrower.

Within the last year there have been various propositions for new loans to take up the old ones. It is not likely that any Brazilian loan can now be floated in Europe and none is therefore likely to be sought by the government. Later, when the inevitable readjustment takes place, Brazil most likely will seek to place her loans in the United States.

Chile now has outstanding obligations in the nature of public debts to the amount of \$210,000,000. The country has borrowed largely on the underlying security of the nitrate beds and the revenue to be obtained from them. The European war interferes with the demand for these fertilizers and a temporary result may be that the workmen in many of the nitrate fields will be out of employment. However, the permanent source of wealth which Chile possesses in the nitrate beds remains.

Uruguay, for an agricultural country, may be assumed to have a pretty large debt, since the total now amounts to \$138,000,000. Yet the republic, which is on the gold standard and which has a dollar worth more than the dollar of the United States holds high rank in European financial circles because of the certainty with which its financial obligations have been met.

A few months ago when an emergency loan of \$10,000,000 was wanted Uruguay made vain efforts to place it in the United States. Ultimately it had to be placed in London, Paris and Antwerp, at 86½.

By far the larger part of the public debts of the South American countries is held in England. While some of the loans which have been placed through London have been apportioned to other monetary centers in Europe and have been absorbed on the continent probably between seventy and seventy-five per cent of the obligations remain in England.

These general facts about the debts of the South American countries and their distribution in Europe are essential to know in judging of the probability of American capital at some period in the near future relieving Europe of a part of its South American financial burden. Heretofore there has been no market in the United States.

The main question recurs, and on it depend in large degree the future trade relations of the United States with South America: Can the United States spare South America \$500,000,000 during the next five years? Can it supply \$100,000,000 during the next 12 months,

COMPARATIVELY LITTLE.

"Awful, isn't it?"
"Dreadful! But I did not know you knew about it."
"Why, every paper is full of it!"
"Every paper full of the fact that my wife's relatives have come to spend the balance of the summer with us? You must be crazy!"
"You must be crazy! I was referring to the European war situation."
"Huh! I wouldn't be bothered by a little thing like that."

QUESTION OF QUALITY.

Little Red Ridinghood, however, was still considerably at a loss.
"Just why," she asked, knitting her pretty brows perplexedly, "do you wish to eat me?"
The Wolf threw one leg carelessly over the other and laughed.
"I've heard so much about this better babies movement," quoth he, and flicked the ashes from his cigarette, "that I wish to see if there's anything in it."—Puck.

HAD BEEN THERE BEFORE.

"Right in the midst of the advice you were giving him you broke off and hurried away."
"That's what I did!"
"But he was listening deferentially to all you had to say."
"You bet he was. I never had a man listen to me that deferentially that he didn't try to touch me for five dollars before I got away."

CORRESPONDENT GIVES A GRAPHIC DESCRIPTION OF FALL OF ANTWERP

International News Service.

London.—A correspondent writing from Bergen-op-Zoom, Holland, gives a vivid description of the entry of the German army into Antwerp.

The bulk of the Kaiser's force did not enter the city until Saturday afternoon, when 60,000 men passed in review before General von Schultz, military governor of Antwerp, and Admiral von Schroeder, who, surrounded by a glittering staff, sat their horses in front of the royal palace in the Place de Meir.

"For five hours the mighty host poured through the streets of the deserted city, while the houses shook to the thunder of their tread," he writes. "Company after company, regiment after regiment, brigade after brigade, swept past until the eye grew weary of watching the ranks of gray under slanting lines of steel."

"As they marched they sang, the canyon formed by the high buildings along the Place de Meir echoing to their voices roaring out 'Die Wacht am Rhein' and 'A Mighty Fortress is Our God.'"

Like an Election Parade.

"Each regiment was headed by its field music and colors, and when darkness fell and street lamps were lighted the shrill music of fifes, the rattle of drums and the tramp of marching feet reminded me of a torchlight election parade."

"Hard on the heels of the infantry rumbled artillery, battery after battery."

"Behind the field batteries rumbled the quick fires—the same pompoms whose acquaintance I had made at Weerde and elsewhere. And then, heralded by a blare of trumpets and a crash of kettledrums, came the cavalry, cuirassiers in helmets and breastplates of burnished steel, hussars in befringed jackets and fur busbies, and finally the uhlans, riding amid forests of lances under a cloud of fluttering pennons."

"But this was not all, nor nearly all, for after the uhlans came the blue jackets of the naval division, broad-shouldered, bewhiskered fellows, with caps worn rakishly and a roll of the sea in their gait."

"Then the Bavarian infantry in dark blue, the Saxon infantry in light blue, and Austrians in uniforms of beautiful silver gray, and last of all a squadron of gendarmes in silver and bottle green."

"As that fighting machine swung past I could not but marvel at how the gallant, chivalrous and courageous but ill-prepared little army of Belgium had held it back as long as it had."

Few See Entry.

"The most remarkable feature of this wonderful spectacle was that there were comparatively few persons to see it. So far as onlookers were concerned the Germans might as well have marched through the streets of Pompeii. Another American and I, standing on the balcony of the American consulate, were the only spectators, so far as I know, in the whole length of the Place de Meir, which is the State street of Antwerp. It reminded me of a circus that had come to town a day before it was expected."

A feature of the procession was a victoria drawn by a fat white horse and with two soldiers on the box, which accompanied a regiment of Bavarians. Both horse and carriage were decorated with flowers. It was evidently a species of triumphal chariot, for it was filled with hampers of champagne.

Pay for What They Take.

The correspondent says the German soldiers treat the townspeople with consideration, paying in German silver for what they take from the shops. Describing the fear of the Antwerp citizens when the Kaiser's soldiers entered, the correspondent says:

"When the main body of troops began entering the city on Saturday morning the townspeople—those who had not escaped from the city—rushed out with beer, cheese, bread and flowers, evidently with the idea of placating them by means of their pitiful little offerings. It was not a pleasant sight, but these people have been so terrified by tales of German barbarities that one can hardly blame them."

The correspondent estimates that less than one hundred civilians were killed during the bombardment.

Havoc Wrought by Shells.

Telling of the rain of shells which swept the city, he says:

"A 42-centimeter shell tore completely through a handsome stone house next door to United States Consul General Diederich's residence, crossed the street and exploded in the upper story of a school. There is not a block in the Boulevard Leopold that does not contain several shattered houses. No buildings were damaged in Place de Meir, though three shells struck the pavement, tearing holes as large as a grand piano."

"A shell entered the roof of the Hotel St. Antoine, passed through two bathrooms and exploded in the room occupied 48 hours before by the Russian minister, destroying everything in it."

Cathedral Struck.

"The cathedral was struck only by one shell, which entered through the wall over the western entrance and exploded over the side chapel. The American Express company's offices on the Quai van Dyck were slightly

damaged. A shell struck the house occupied by an American named Hunt and the Dutch consul and blew the entire second floor into smithereens."

"A Zeppelin hovered over the city during Thursday morning's bombardment, dropping occasional bombs."

"Though the German shrapnel created enough havoc, it was child's play compared to the damage done by the siege guns. When a 42-centimeter shell struck a house it not merely blew a hole in it, it simply demolished it, the whole house collapsing into ruin as if shaken to pieces by an earthquake."

Almost as much damage was caused by fires resulting from the bombardment as from the shells themselves. The entire west side of the Marchaux Soulers from the head of the Place de Meir to the Place Verte, including the Hotel de Europe, the Cafe Royale and a line of fashionable shops opposite the Hotel St. Antoine, was destroyed. A quarter of a mile of buildings in the Rue van Bree, including the handsomest apartments in the city, are nothing but charred walls. The handsome block in the Rue de la Justice is completely burned. In addition several hundred dwellings scattered through the city have been burned to the ground.

Dynamite Saves Cathedral.

As the city is without water, except such as can be pumped from the river, the firemen were powerless to check the flames. That every building on the Place Verte and very probably the cathedral itself, was not burned is due to an American resident, Charles Whitthoff, who, realizing the extreme gravity of the situation, suggested to the German military authorities that they dynamite the surrounding buildings.

At ten o'clock at night word was sent to Brussels and at four o'clock in the morning six automobiles with dynamite arrived and the walls were blown up. The German soldiers standing on the roofs of neighboring buildings and throwing dynamite bombs.

"It was a lively night for every one concerned," says the writer.

"I was just sitting down to my first meal in 30 hours when the police burst in with the news the city was burning," he goes on. "I found an entire block opposite the hotel in flames, and as there was no water the firemen were powerless to check them. When I discovered the block immediately behind the hotel was also ablaze, it struck me it was time to change my quarters."

"After wandering through pitch-black streets for three hours, slipping on broken glass and stumbling over fallen masonry, and occasionally challenged by German sentries, I saw a light in a building in the Boulevard Leopold. I rang the bell and was taken in by a poor little consumptive bookkeeper."

Takes Over Consulate.

"Upon calling at the consulate in the morning I found that Consul General Diederich and Vice-Consul Sherman had left two days before for parts unknown. As there was a large number of frightened people clamoring for reassurance and protection, and as there was no one else to look after them, I opened the consulate and assumed charge."

"The proceeding was wholly irregular and unauthorized, of course, and will probably scandalize department of state officials in Washington, but it was no time for red tape."

"I immediately wrote a letter to the German commander, informing him that in the absence of the consul general I had assumed charge of the American and British interests in Antwerp and expected the fullest protection. I received a courteous reply immediately, saying that every protection would be afforded foreigners."

USE WALKING WOOD IN ATTACK UPON GERMANS

London.—A correspondent describes a walking wood at Crecy. The French and British cut down trees and armed themselves with the branches. Line after line of infantry, each man bearing a branch, then moved forward unobserved toward the enemy.

Behind them, amid the lopped tree trunks, the artillerymen fixed themselves and placed 13-pounders to cover the moving wood.

The attack, which followed, won the success it merited. It almost went wrong, however, for the French cavalry, which was following, made a detour to pass the wood and dashed into view near the ammunition reserves of the allies.

German shells began falling thereabouts, but British soldiers went up the hills and pulled the boxes of ammunition out of the way of the German shells. Ammunition and men came through unscathed. By evening the enemy had been cleared from the Marne district.

Cathedral Lost to Art.

Paris.—The artistic beauty of the cathedral at Reims, which suffered in the German bombardment of that town, never can be restored, in the opinion of Whitney Warren, the New York architect, who has just returned from Reims, where he made a thorough inspection of the famous structure. Mr. Warren, who is a corresponding member of the Institute de France, was given the privilege of visiting the cathedral.