

Bolivia Offers Vast Sum for Railway Development

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WASHINGTON, D. C., June 30.—
(Special Correspondence of The
Herald.)—Ten million dollars going
begging!

Yes, ten million gold dollars! That is what Bolivia is ready to give to American capitalists toward the building of railroads in one of the richest mineral countries of the South American continent. The \$10,000,000 is in cash. Bolivia has acquired it by selling to Brazil a territory as big as the state of Missouri, at the head waters of one of the tributaries of the Amazon. President Pando and the Bolivian Congress have agreed that the money must be used for the development of the republic, and today Senor Ignacio Calderon, who was formerly secretary of the treasury of Bolivia, is in the United States for the purpose of making the arrangements. He has had an audience with President Roosevelt and has established a Bolivian mission here at Washington.

I met Senor Calderon some years ago during my stay in Bolivia. He was then the chief banker of La Paz, the principal city of Bolivia, and we had some business dealings together. I met him again last night and talked with him concerning his mission. Said he:

"I have come to the United States to interest some of your capitalists in the railroad development of Bolivia. Our government has \$10,000,000 in gold to put into the investment, and we offer it on more advantageous terms, I venture, than any ever proposed by any other government. What we want is to contract with a syndicate of capitalists, strong enough to carry out the undertaking, whether it costs \$12,000,000 or \$15,000,000 or more. We will put in our \$10,000,000 without charge, asking no interest therefor, and will guarantee the syndicate 6 per cent annually upon every dollar it invests beyond that. As to the profits above the 6 per cent guaranteed they will be divided according to a mutual agreement between the Bolivian government and the syndicate. Supposing the net profits to be 20 per cent, which I think not unlikely, an even division of the surplus of 14 per cent would pay my government 7 per cent and the syndicate 7, giving the syndicate with the original 6 per cent a net profit of 13 per cent. I do not say that that would be the arrangement made, but we should be glad to make a contract greatly to the advantage of the syndicate. What we offer is a sure 6 per cent loan upon railroad property costing \$10,000,000 more than the amount invested, and the interest also guaranteed by the government and payable out of its revenues."

"Do you expect to have trouble in placing this contract, Senor Calderon?" I asked.

"I do not know," replied the Bolivian minister. "I shall first try the United States, and if your capitalists do not want it I shall then go to Germany, France or England. I have had assurances that it can be easily handled in London, Paris or Berlin. Indeed there are London parties who would be glad to take the contract just now. I should prefer, however, to deal with American capital and with Americans. Your people are more aggressive and more pushing. You have a republic, as we have, and our sympathies are with you rather than with Europe. There is a vast amount of American capital now awaiting profitable investment, and we have one of the richest countries of the world and want it developed. I think our interests are altogether with the United States in this matter if we can make the proper deal."

"Just where are the railroads which you want to build, Senor Calderon?" I asked.

"I can show you best by laying them out upon the map," said the minister, as he placed a chart of South America before me. "Here is Bolivia, a country more than ten times as big as your state of New York, shut off from the ocean by the desert lands of Chile and Peru and bounded on the other side by the richest parts of Brazil and the Argentine republic. The country is chiefly made up of the high plateaus and mountains of the Andes, which are rich in all sorts of minerals and are valuable also for agriculture and stock raising. On the northwestern boundary lies Lake Titicaca, a great inland sea in the tops of the Andes, now reached by a railway from Mollendo on the Pacific coast of Peru. Farther over are the headwaters of the Beni river, about the cataracts of which Brazil has just contracted to build a railroad which will give Bolivia access to the Madeira and down that river to the Amazon and the Atlantic ocean. On the southeast is the Argentine republic, with railroads almost to our boundary, and on the south and west Chile, with a railroad 600 miles long, connecting some of our richest mineral regions with Antofagasta. That railroad now crosses the Chilean desert and goes inland to Oruro about 250 miles from La Paz."

"We already have a railroad from the southern side of Lake Titicaca to La Paz. Lake Titicaca has a good steamship service and goods are now brought to Mollendo and thence carried up the mountains by rail to Lake Titicaca, and across that lake by steamer and thence by road to La Paz. We now propose to build a railroad from La Paz to Oruro connecting that city with



PRESIDENT PANDO OF BOLIVIA.

the present railroad system going down to the Pacific.

"We shall also build branch lines from Uyuni to Potosi, one of the richest mineral regions of the globe, and another line to Tupiza to connect with the Argentine system. These lines will be comparatively short, but they will give an outlet to some of the richest tin, copper, gold and silver deposits of South America. As it is now the Antofagasta line, which relies almost entirely upon ore for its traffic, pays good dividends, and these lines will do far better, as they will have all sorts of traffic."

"The Tupiza branch will give Bolivia and Peru an outlet to the Atlantic, and they will complete the railroad connection from Peru to Buenos Ayres. Then by a short sea ride of two days one can go from Lima to the seaport of Mollendo and thence by rail, with the exception of the short ride across Lake Titicaca, down through Bolivia to the great railroad system of the Argentine republic. The extension will form a part of the intercontinental railway and would be a great step toward its completion."

"Another road proposed is from Oruro to Cochabamba, one of our largest cities, whence an extension might take it to the headwaters of the Mamora river, another tributary of the Amazon."

"The Mamora and the Beni unite to form the Madeira just beyond the boundaries of Bolivia. This road to Cochabamba would pass through a rich agricultural country, which is now inaccessible as far as export is concerned because of the great cost of transportation. When it is done we shall be able to grow our own flour instead of importing it, as we are now doing, from California and Chile. It would also open up rich mineral deposits."

"What would be the cost of such roads, Senor Calderon?" I asked.

"They can be built more cheaply than is generally supposed," replied the Bolivian minister. "Take the railroad from Lake Titicaca to La Paz, which was laid down within the last three or four years. That road was built by the government. President Pando originated and completed it. A government road is usually more expensive than one built by private parties; nevertheless President Pando built this out of the government revenues at the same time he was engaged in the expensive trouble with Brazil. The road is just about fifty miles long and its cost was about \$15,000 a mile. It actually cost \$100,000 less than the engineers estimated it would cost. The country there is comparatively level, and this is the nature of much of the highlands of Bolivia. The road from La Paz to Oruro goes over similar country and it could be built as cheaply. The other lines proposed pass through a rougher territory, but they might be built at double the cost of the line from the lake to La Paz and still pay a big profit."

"How long would the new system be, all told, Senor Calderon?" I asked.

"It would be in the neighborhood of 500 miles; I judge about 800 kilometers. At a

cost of \$25,000 a mile it would take only \$12,500,000 to build it, and of this we are ready to put in \$10,000,000 without charge. The system might cost more and still give a great profit to the investors. It might be extended if it is thought best. What we want is a syndicate strong enough to take this contract and carry it through whether it costs \$12,000,000 or \$20,000,000."

"We are ready to guarantee 6 per cent interest on the additional sum required, whatever it may be. We do this to develop the country, believing that far more than any amount we spend will come back to us in our material and industrial growth."

"I suppose there would be some opportunities for the investors outside this original contract, Senor Calderon?" I said.

"Yes, I should say there would be considerable profit," replied the minister from Bolivia. "A construction company would have to be formed to carry out the work of the parent company, and this company would probably put in its estimates for building on such a basis that there would be a profit in the construction of the roads, and besides there would be enormous possibilities in investing in the mines and other properties along the roads."

"What character of mines are now paying best in Bolivia, Senor Calderon?"

"The greatest profits are now made in copper and tin. Our tin mines are of enormous value and there are great possibilities in undeveloped tin. Bolivia is the chief tin country of the world. It supplies more tin than any other."

"The mining is different from almost any other mining. Gold, silver, iron and copper can be found almost anywhere, but tin is comparatively rare. I do not know of any other region in South America which produces tin. You have no tin mines of value in this country. There are some in the Malay peninsula, and one or two islands of the Dutch East Indies, Australia and Tasmania also produce small amounts, but the tin of the world is now coming from Bolivia. There are deposits scattered throughout the mountains there. Indeed, tin and silver are found in a strip of country running north and south about 1,500 miles and east and west 200 miles. There is some tin along Lake Titicaca, some near Oruro, and they are now mining tin in the silver mountain of Potosi. The tin occurs in combination with some other metal, often carrying silver with it. These railroads will open up the tin regions and will, we hope, result in tin ore being shipped direct from Bolivia to the United States."

"How do we get our tin ore now, Senor Calderon?"

"You pay a half dozen profits upon it to foreign merchants and manufacturers," was the reply. "In the first place, it is mined in Bolivia by foreign capital, carried to the seacoast upon an English railroad and thence taken to England and Germany to be smelted. It goes south, about the Strait of Magellan or Cape Horn and up across the Atlantic to the smelting works. From there it is shipped back over

the Atlantic to the United States. You are the chief tin consumers of the world, and you should get your ore direct. You will surely do so when the Panama canal is completed."

"Is not the silver of Bolivia about mined out?"

"No. We have vast quantities of silver in our mountains, notwithstanding we have produced a large part of the silver of the world. The silver mountain of Potosi, which will be reached by one of the branches from Oruro, has already yielded almost \$3,000,000,000 worth of silver. We have other great silver deposits, but at present silver is low and it does not pay to work many of the mines. The situation is such that the mining is almost impossible without large capital, owing to the cost of getting the ore out to the railroad. When the roads are built the small miners will make money and there will be an enormous development."

"How about the copper mines?"

"We have some very celebrated ones. Among the best so far discovered are those of Corocoro, near the Desaguadero river. The ore here is so soft and ductile that it is sent to Europe for use in making jewelry and notions. Those mines are as rich in copper as Potosi is in silver. It is said that an American syndicate has bought them, and if so it has a very valuable property. The mines are not far from Lake Titicaca, and they will be tapped by the railroad which we promise to build with this money from La Paz to Oruro. At present the copper ore is taken by the river to Lake Titicaca and thence sent down the Andes by railroad to Mollendo."

"Have you much gold?"

"Yes. There is gold scattered throughout the different parts of Bolivia. We have placer mines and quartz mines, and some in the territories to be opened up by these railroads."

"How about this Acre territory which you have sold to Brazil?"

"We lost that country largely through our dealings with an American syndicate," said Senor Calderon. "The territory is far from the seat of government, and it is a difficult country to control. It has some of the head waters of the Amazon in it, and it includes valuable rubber territory. The American syndicate was to pay the Bolivian government a certain amount for the right to administer the country, as far as the collection of its revenues was concerned. It had certain rights of development and its members expected to make a great deal out of the exploitation of its rubber and other possibilities. It had at the same time the right to police the region and to keep order, under the direction of Bolivia. There was no intention of giving up the country, and its administration was entirely subordinate to that of the Bolivian government."

"Shortly after the concession was granted, however, Brazil became alarmed at the possibility of this territory being acquired by the United States. Rethinks among the Brazilian statesmen proclaimed that this was the beginning of a movement which would result in South America being absorbed by the Yankees, and as a result of their agitation the Brazilian government insisted that the country must be sold to them. There was much trouble about the matter, and we finally agreed to sell out for \$2,000,000 upon certain conditions. This \$2,000,000 is the sum we have now to invest in railroads. Among the conditions is one that Brazil shall build a railroad about the cataracts of the Madeira and the Beni, thus giving us an outlet to the Amazon. Another is that they are to give us access to the Paraguay river; so that, all told, while we were opposed to selling the territory, it may in the end be good for the rest of the country."

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The Spirit of the West

Why do mockers call it the "Woolly West?" This is a question that must go unanswered, for there is no answer to be found in any mind. A woolly man is not unknown in any of the haunts of men and some professors have met him in the class room.

"Explain the pessimism of Ecclesiastes," said the professor of a not far distant university.

"I do not understand the question," answered the foot ball giant.

"What is the difficulty?"

"I don't know what the question means."

"You know what Ecclesiastes means?"

"O, yes, said the captain of elevens; "It is a book in the Bible."

"Then it must be pessimism that troubles you suggested the amazed (he was young) professor."

"That's it; that's it," bubbled the captain.

"Why, you must know that; you cannot be ignorant of that. You know the words pessimism and optimism, do you not? Pessimism; you certainly know what they mean?"

"O, yes," replied he of the well-greaved shins; "I know what they mean, but I can't tell them apart."—Henry Loomis Nelson in Harpers Magazine.