

Uncle Sam as an International Merchant

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ASHINGTON, Sept. 15. — (Special Correspondence of The Bee.)—I have spent some time this week at the State department talking with the first assistant secretary of state, Mr. Francis B. Loomis, about Uncle Sam as an international merchant. We have together gone over the great countries of the world, noting what our exporters and importers are doing in each, devoting our special attention to Europe. Mr. Loomis is well posted upon our foreign commerce. He began his diplomatic career as consul at St. Etienne, France, and later was sent by President McKinley as minister to Venezuela, where he was active in building up our South American trade. After that he was made minister to Portugal, and he has since been called to Washington to be the right-hand man of Secretary Hay in connection with our diplomatic and commercial relations with the world over. Our conversation about trade matters covered the globe, although in this letter I can give you little more than that which relates to the continent of Europe.

"Uncle Sam now leads the world as an international merchant," said the first assistant secretary of state. "Our trade has been growing during the last two administrations by leaps and bounds, and it will be larger this year than ever before. Prior to 1900 the total exports and imports had never reached \$2,000,000,000. Last year they were almost \$2,500,000,000, an increase of \$500,000,000 over our foreign commerce of 1902 and greatly in excess of that of 1901. We have been gaining in exports during the last year and we are now first among the nations as an exporter of domestic products. Before this the United Kingdom had been at the head of the list; but during the nine months ending with March, 1904, our domestic exportation was as much as \$76,000,000 larger than that of Great Britain."

"Which are our best customers among the nations?" I asked.

"Great Britain and its dependencies are far in the lead," replied Secretary Loomis. "We sell the United Kingdom more than \$500,000,000 worth of domestic goods every year. Germany comes next with less than \$200,000,000, and after that the Netherlands, France, Belgium, Italy, Mexico, Austria-Hungary, Cuba, Japan, Spain, Denmark, China and Russia in the order named. We have a large trade with the British dependencies."

"Canada is an excellent customer. It takes from us about as much as South America, Asia and Africa combined. In other words, according to the figures of the Department of Commerce and Labor, issued last April, our sales to Canada amounted in round numbers to \$125,000,000, while the total for South America, Asia and Africa is less than \$119,000,000. Australia is another good customer."

"Its imports are in value about as great as those of Japan, while Great Britain and Ireland buy annually from us more than half of our total sales to Europe, and between two or three times the amount we annually sell to the Germans."

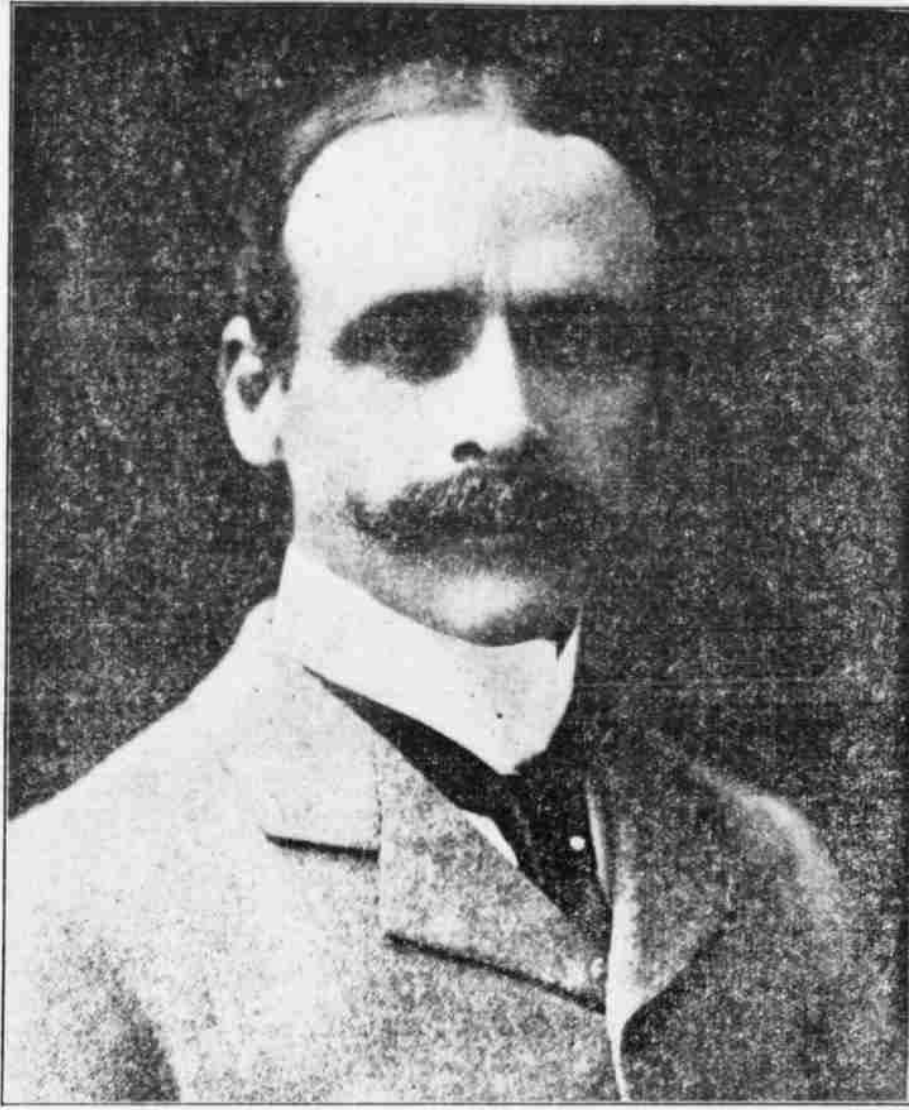
"But are not the European nations fighting against the spread of American manufactures?"

"I would not say that they are fighting us," replied the assistant secretary of state, "but they are doing all they can to manufacture for themselves and to compete with us along the lines of American manufacture. Frederic Emory of this department called attention to that danger in his 'Review of the World's Commerce for 1902,' showing that American factory methods were being introduced into the machine shops of Europe, and that the manufacturers were imitating our labor-saving machinery and everything else that we have to bring about economies in the cost of output. Large American concerns have established branch plants in different parts of Europe, and they are now making on the spot goods of many varieties which were previously exported from the United States. The result is that there has been a curtailment along certain lines, but the exports of manufactures have so grown that the total is larger than ever. Our banner year in the export trade was 1903, but the exports of this year have exceeded those of that time by almost two million dollars per month."

"What kinds of American goods are being displaced by these foreign manufactures, Mr. Loomis?" I asked.

"Shoes, bicycles, machine tools, hardware and furniture," was the reply. "Indeed, there is a great variety of articles which we formerly exported which are now being manufactured in Europe. We still sell many American shoes in England, but the English shoe factories have adopted the more popular American styles and are using American machinery and American lasts. In some of the factories they have American foremen. In a recent report Consul General Mason of Berlin said that Germany is now practically equipped with our most improved machinery, and that her mechanics have learned how to operate the imported machines to their fullest capacity. They are copying the best of the American machines, and in some cases improving upon them. They are also making other machines along the same lines at a much lower cost!"

"Indeed, the imitation and use of Ameri-



FRANCIS B. LOOMIS, FIRST ASSISTANT SECRETARY OF STATE.

can machinery in Germany makes it more and more difficult for American exporters to develop a profitable market there for our tools, hardware, furniture, vehicles and other products than it was a few years ago. Consul General Mason says the market is steadily narrowing and growing more difficult of access, and that this is so in almost every branch of American manufacture, with the exception of such things as typewriters, sewing machines, graphophones, phonographs, cash registers, mechanical musical instruments, dental supplies, office furniture and other American specialties more or less covered by patents or trade marks. The field of standard hardware and cutlery is closed, for the reason that such things are now made in Germany as cheaply as in any place in the world."

"How about American inventions and novelties?" I asked.

"That market will always be an open one," said Mr. Loomis. "The Germans are especially anxious for novelties, and the fact that a thing is American is usually an evidence that it is new. Every new machine, lamp, motor or fixture of any kind that will do its work cheaper or better than the article of the same kind now in use can demand a sale in Europe. The Germans appreciate the ingenuity and mechanical skill of the Americans. They are glad to get our improved machinery, and really good things will always find a ready market among them. It need hardly be said that all novelties should be protected by patents or trade-marks and that they should be offered by skillful merchants or by agents who can explain their merits and who understand how to sell."

"It is this ability to invent and contrive new things that keep our trade steadily advancing," continued Mr. Loomis. "We may lose ground in some directions, but we gain in others, and American wares are on the whole more popular than ever. There is no doubt, however, that we do not foster our foreign trade as we should. 'Manufacturing for export' is little more than a side issue for many of our great concerns, and our consular reports bristle with statements of the indifference of our exporters to what would seem to be primary conditions of success in pushing our goods abroad."

"We should have our manufactures specialized for the foreign markets and export agencies specialized for handling our trade. The work should go on during good times and bad and should not be dropped in order to supply the home market. As it is now, we have no such arrangements, and nevertheless we have within ten months increased our manufactured exports by \$19,000,000. Germany and Great Britain have brought matters of this kind to a high point of efficiency. When we do the same it is fair to assume that our advance in the world's market will be steady, continuous and practically illimitable."

"What are we doing in Russia, Mr. Loomis?" I asked.

"Our latest figures through the Department of Commerce and Labor show that our exports to Russia increased up to the breaking out of the war with Japan. In the eight months ending with last February such exports exceeded those for the

same period of 1903 by more than \$3,000,000."

"What effect will the war have upon the trade, Mr. Loomis?" I asked.

"We cannot tell as yet," said the first assistant secretary of state, "but it would seem that so vast a country as Russia, still in the earliest stages of its development, will continue for many years to import, in increasing quantities, our machinery and labor-saving implements. Our exporters, it is true, have now to contend with the discrimination against American goods imposed by the Russian customs tariff of 1901. That was brought about as a retaliation for the differential sugar duties imposed by the United States. Now, although the English and Germans have gained in some lines of exports, our consuls write that American farming machinery and tools are sold in larger quantities than ever. The people prefer our machinery, and say that our goods are better made and more practicable than those of other countries. Consul Chambers of Batum, for instance, reports that our manufactures are successfully competing with those of Europe because of their low cost and their superiority, and this, notwithstanding the 30 per cent of extra duty charged upon them. Consul General Holloway of St. Petersburg writes the same as to the superiority of our goods and their popularity, so you see they still hold their own in the markets of Russia."

"I understand that several of our large American institutions have established branch factories in Russia and other parts of Europe. Will not this lessen our exports?"

"Certainly it will," replied the assistant secretary of state. "It will not only cut off the exports of those goods, but it will give the foreigners an object lesson as to how to compete with us on our own lines. Such factories save transportation charges; they may have cheaper labor and they avoid the customs duties, which in some countries are very heavy as regards exports from the United States. One of the largest companies of Pittsburg has a branch establishment or a sister company in St. Petersburg, which works 500 men and has a capitalization of about \$1,500,000. The Westinghouse Electric company has great works in southern Russia and the British branch of that company has been incorporated with a capital of more than \$10,000,000. Its great plant at Manchester employs 6,500 hands and has what are perhaps the finest machine shops in Europe. There is a French company which has a capitalization of \$4,000,000, employing 1,100 men. The General Electric company has a great manufacturing establishment in England and is closely associated with some of the German electric companies. These companies make all sorts of electrical materials for sale not only in England, but in all parts of Europe. Their orders run high into the millions of dollars a year, and inasmuch as a large part of their stock is owned by Europeans, not only is that business shut off from the same companies in the United States, but the profits received from it are largely spent in Europe. There are other branches of industry which are being carried on in the same way giving to their European factories all the advantages of improved

American machinery and operative skill for the managers and foremen are picked men from the factories of the United States. The workmen are mainly natives, but the system is such that each factory becomes a special industrial school, where European men and boys are trained by American experts how to compete with American trade."

"Can you give me a list of the great American factories abroad?"

"No, although I can say that such factories are being established in Canada, Mexico, Great Britain, Germany and Russia. Consul General Mason writes that Germany has a large number of them, and that they have a definite advantage over their own or rival firms and companies located in the United States."

"The efficiency of our consuls, as business agents, is best found in the testimony of our largest manufacturing and exporting houses, and in the almost unanimous tribute of foreign trade bodies, journals and publicists. There is no government which publishes so much commercial information from its consuls, and there is none which issues it so frequently as does the United States. The Consular Daily, containing reports on an infinite variety of subjects, is unique among the official publications of the world. It was established at the suggestion of F. C. Emory by the State Department in 1898, in order to give the business public up-to-date information from all parts of the world. When the Department of Commerce and Labor was established the publication was transferred to it, but the reports are still obtained through the State Department, acting in co-operation with the new department. Besides these daily reports the consuls furnish others upon special passes of subjects. They furnish information upon inquiry for individual firms and endeavor in every way, within the bounds of official propriety, to facilitate the sale of American goods in their respective districts."

"Foreigners generally concede that American consuls are much more efficient as business agents than their own. In fact, some of the European consular services, which certain theorists of this country have held up for us as models, are frequently criticized at home because they fail to furnish the timely practical information given from day to day by the consuls of the United States."

"The reports of our consuls," continued Secretary Loomis, "have become noted for their practical character. They are not essays, but notes jotted down by this or that consular reporter, because he thinks they may interest the American manufacturer, or merchant, or perhaps our engineers, miners, factory operatives, bankers, school teachers and others. This department seeks to encourage and develop this faculty in the consuls and the result has been an increasing appreciation by the public of the value of the consular service. Our consuls are also doing great good as advertisers of our products, and their industry in picking up new ideas for the benefit of the business people at home is a constant source of surprise among foreigners and sometimes of irritation on the part of such manufacturers abroad who have secrets which they wish to hide from possible rivals in the United States."

"I would say, however," continued the assistant secretary of state, "that there is a well defined limit to all official agencies in the promotion of trade, and that whatever of failure is charged upon our consular service in pushing the sale of American goods is mainly due to a mistaken idea of its capacities. The consul can point out the way, can suggest, and often personally assist the efforts of business enterprise, but he cannot supply its place. There must be active, intelligent work on the part of the exporter in connection with the manufacturer if we would have a healthful and permanent foreign trade in any part of the world."

"As it is now, no such effort is general among our business men, and the most of them are not sufficiently interested in foreign trade to master the conditions of its success. They have a large home market, and they find it pays them to devote the bulk of their efforts to it, giving only incidental attention to the foreign demand as a convenient outlet now and then for their surplus stock. The result is that our consular reports are full of complaints and advice about the inefficiency of the American exporters and manufacturers. They will not make special sorts of goods for the foreign market; they are charged with careless packing, with unwillingness to conform with foreign trade usages and with sending out salesmen who do not understand the languages and customs of the countries they are to work. We have a few notable instances of American establishments which apply the same energy, care and intelligence to their foreign trade as to their business at home, and these companies are, as a rule, phenomenally successful. They show what we can do abroad when we bring our best efforts to the study and pushing of our trade. I believe that in time our people will awaken to the great value of the foreign markets, and that we will then have a still more enormous part in them."

FRANK G. CARPENTER.