

# How To Get SOUTH AMERICAN Business

South Americans dress better than we do. They have finer residences, finer streets, cleaner cities and great municipal theaters. Great opera stars have been discovered by their theatrical managers and brought out in their theaters before New York managers knew the names of the great stars. It's winter in the Argentine Republic when it is summer in the United States. What the peoples of Buenos Ayres are wearing now we will wear next winter, because we are six months behind them in fashions.

A reporter for this paper had heard all about these things at various times. He also had heard that the United States does little business with South America. He never had associated the two ideas until given an assignment to find out why we did not have more trade with South America than Europe. He was assigned to greet returning business men from South America who had gone there to look over the trade situation in the Southern Republics.

They wanted to run a couple of newspaper men out of the country the government declared martial law and exiled them. They could not have done that under civil law because they would have appealed to the courts. The laws of Argentine Republic grant freedom of the press just as our laws do. But the laws of Argentine allow the government to go back of the law and suspend it.

Back in the interior of the countries the people are still rather provincial. The Transcontinental railroad from Buenos Ayres to Valparaiso runs two trains each way a week through the wheat fields and cattle ranges of the pampas.

They are sufficient for the simple people. But that fertile land of Argentine yields fruit in abundance. Such great wealth has been dug from the soil of the Republic that the capital city, Buenos Ayres, has grown in a few years from a city of a few hundred thousand inhabitants to a city as large as Philadelphia. Only two cities of North America are larger. Only five cities of Europe overshadow it and only three in the Orient outrank it.

It is the youngest large city in the world and also the cleanest. With only a population of 8,000,000 inhabitants back of it, it also is the wealthiest per capita. Paris has its boulevards and so does Moscow. London has its men of wealth and learning. Berlin and Vienna boast their riches, but Buenos Ayres boasts all they boast of and what is more, she does not have such a horde of

tain styles of furniture demanded by South Americans, which it would be well to adopt if we seek their trade. The conditions of sale must be considered. European countries long have favored purchases with liberal terms, which, however, the purchaser must pay extra for.

The business of South America is nearly all on the credit basis. There are few failures among well established houses. They are jealous of their reputation and find a way to pay their debts.

"We must pay particular attention to their orders for goods and fill them the way they want them filled. I was struck with a state-

ment of a shoe merchant at a city where all goods have to be lighted in small boats because ships cannot approach the wharf. He said he once bought shoes from one of our shoe manufacturing concerns. He ordered them sent in bags. The manufacturer in the United States sent them in boxes. When the boxes were lowered into the boats they began rowing toward the shore as well in the sea tipped the boat slightly and spilled the box. Had they been sent in bags the bag would have hung on the boat when it tipped slightly. That mistake of a shipper set the South American against all manufacturers of the United States.

"The South American countries are agricultural rather than manufacturing. They have to ship to Europe for the luxuries of life. I would not like to speak for the others but would say there is excellent opportunity for the furniture business in South America. The opening of the Panama canal will put the West Coast cities nearer to us than to Europe. The West Coast cities are exceedingly keen to get in touch with us. With the Mississippi River as an outlet for our goods we ought to be able to trade with South America right from our doors in the interior of our country."

"We visited several cities on the Atlantic Coast, crossed the continent to Valparaiso and then came up the west coast to the Panama Canal. Everywhere we were received with courtesy. Some of the parties we met told us they felt they were embarrassed by long affiliation with European houses and would be glad to break away. At the same time they would tell us politely that we must show them an advantage for such a change.

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## Envoy to Lands South of Equator Says We Have to Win People Who Have Finer Cities Than We, and Who Dress Better Than Ourselves.

### THE RAILROAD PROBLEM

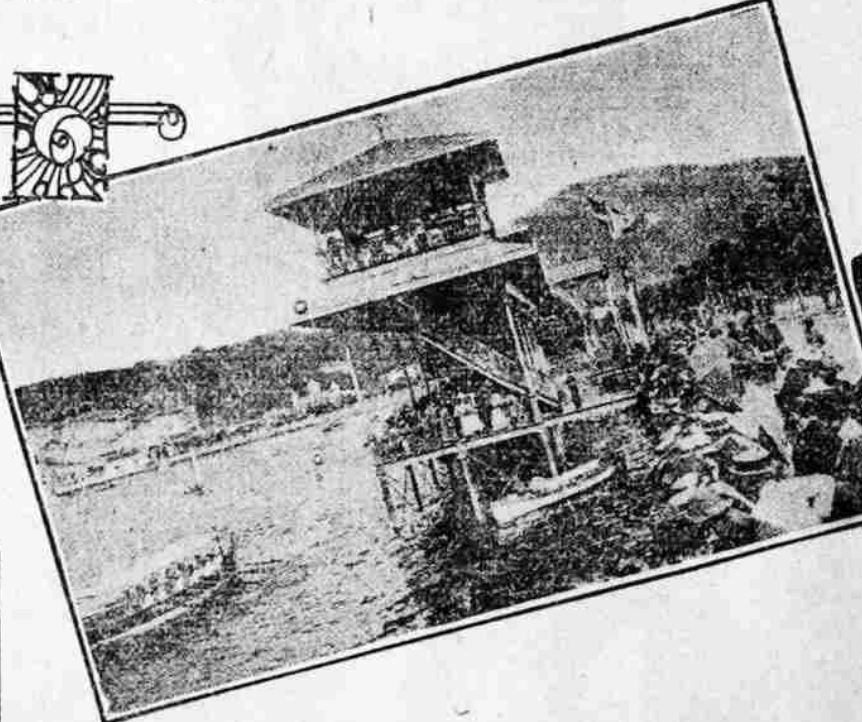
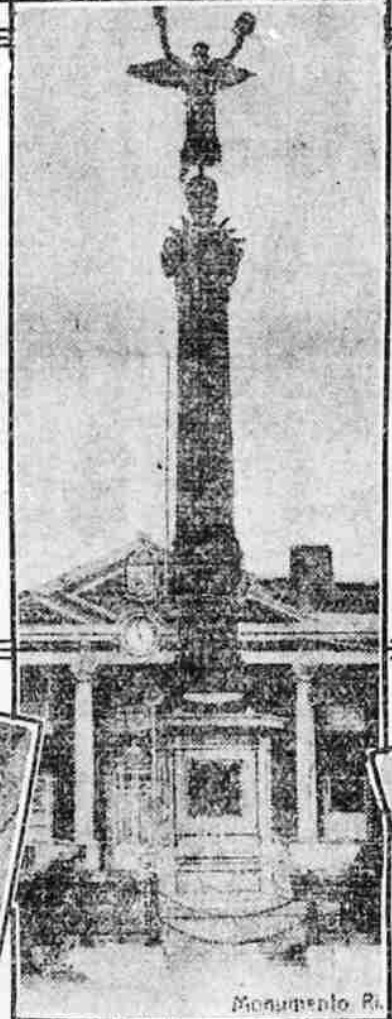
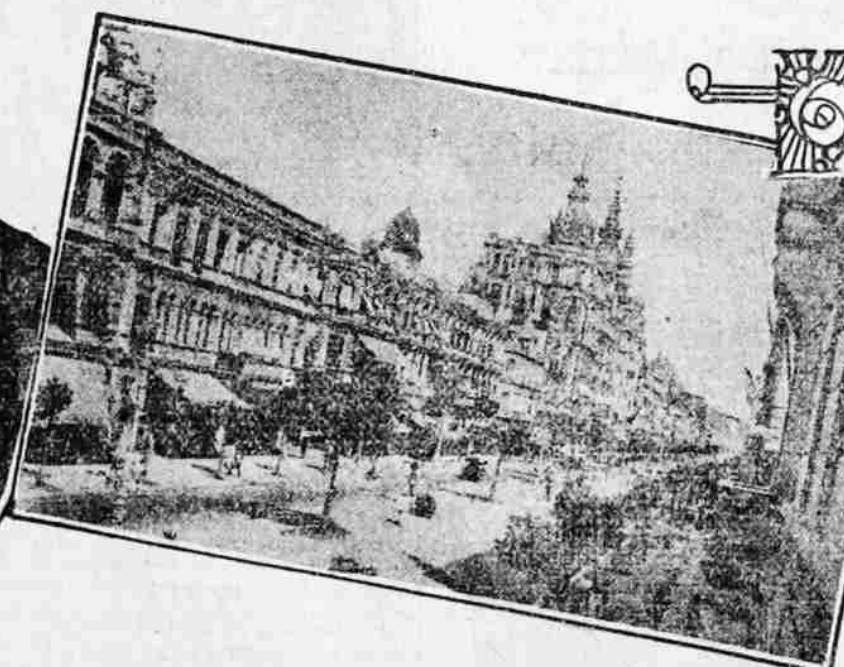
BY IVY L. LEE.

The railroads are in the midst of a swirling flood of legislation and regulation—most of it punitive and restrictive. Last year in forty-two State Legislatures 1,435 bills regulating railroads were introduced, and 230 became law.

Why? Because the American people have become imbued with certain ideas concerning our railroads, ideas which have supplied fuel for a flame these courtiers of His Ma-

state that nearly \$1,000,000,000, or about 15 per cent, is "nominal" capital or "water," and yet in none of the published discussions regarding the railroad problem in England do you observe sinister reference to the "watered" stock.

In the second place, there is a widespread feeling that the railroads are ruled from Wall street, that a small coterie of bankers in alliance with so-called "money trust" are absorbing huge profits from the people. I do not think you would ever have had 2-cent fare laws if it had not been for this widespread sentiment. The people in the States felt



particularly those south of the equator.

This business men's committee was headed by William F. Weyllyn Saunders, secretary of the Business Men's League. Other members were Ethelbert P. Lampkin, James M. Sloan, representing shoe manufacturers; Charles E. Sharp, electrical interests; George T. Parker, head of the Scarritt-Comstock Furniture Corporation, representing furniture manufacturers; Allen W. Clark, representing paint, oil and drug men; and D'Arcy Paul Cooke, a banker.

Meeting with Parker, the reporter put the question he had been sent out to ask, "Why does Europe get so much South American trade? What can we do to get it from them?"

Then Parker unboomed himself and explained thusly: "We've got to keep up with the styles of those people to win them. We have to adopt the credit systems of the Europeans. We have to show the South Americans they will have a trade advantage in coming to our markets. When we accomplish that we have won them."

Then Parker told of a great land to the south of us where there is untold wealth and resources. He told of great herds of cattle and boundless fields of wheat. He told of the great coffee plantations and he told of beautiful cities. He showed how by diligence the citizens of Rio de Janeiro had torn out ugly parts of their city and had put in wonderfully beautiful avenues and drives.

For Buenos Ayres he had unstinted praise. He liked our government best. In Buenos Ayres when

desperately poor people as those cities.

See in Paris without the poverty of the Parisian. It is a great holiday city. The first day of the week, Sunday, is a gorgeous holiday. The people crowd to the races and boat-racing courses. They are inveterate gamblers. Betting is not prohibited. Everybody seems to have plenty of money and seems anxious to spend it. Unlike the laws of the United States, which prohibit lotteries, the South American nations conduct lotteries themselves and encourage the people to take chances. The people are courteous and friendly to people from other lands.

"In order to sell to those people we have to sell what they want," said Parker, who believes the best thing for any manufacturing concern to do is to get as varied a market as possible. "In case of hard times in one country, sell to another," says Parker. "If we can win South American trade it means an outlet for our factories in times of trouble here."

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**C**ENTER—George T. Parker, president of the Scarritt-Comstock Furniture Corporation. Lower left—E. P. Lampkin, foreign trade bureau. Lower right—William F. Saunders, secretary of the Business Men's League. Upper left—Avenida Rio Branco, Rio de Janeiro. Upper right—Rua de S. Pedro, Bahia. Below—Scenes, from left to right—Avenida Beira-Mar Gloria, Rio de Janeiro; Monumento Riachuelo in Bahia; a Sunday at Rio de Janeiro.

The increased supply of manufactured products in the United States is really cause for alarm unless we can get new markets for our goods. The supply is exceeding the demand. The balance of trade of South America is against us.

Brazil, for example, ships a great deal of coffee to us. She demands coin in exchange. With her empty ships at our wharves after unloading the coffee she crosses to Europe and buys products. Last year Brazil bought nearly \$12,000,000 worth of coal. Less than three per cent of that came from the United States, and what she did buy here she bought on the Atlantic Coast. She bought none from Europe and buys products from the interior of the country. With the opening of the Panama canal and with the development of the Mississippi River the interior cities will be closer than ever to South American trade.

SOUTH AMERICANS GET FASHIONS FROM EUROPE. South Americans as directed to Europe for their fashions. That is why they are ahead of the people of the United States. They spend their vacations in Paris or London or some other great city. Paris is the European capital of the Latin Americans and there the throngs from South America congregate.

esty the Crowd have delighted to keep burning.

One of the main reasons we are in the midst of this vortex is that we have failed to take account as railroad men of certain fundamental currents of human nature, which from time immemorial have been made the most of by men who have influenced the action of crowds. Railroad men have been standing aside content to be judged by the machines they were running, not attempting to have themselves regarded as human beings, not making it known that railroads were but composites of human nature. Machines haven't the necessary red blood to arouse multitudes.

The railroad business is very much like, and has always been very much like, every other kind of business. Railroad morality has responded to the general morality of the public, and railroad men have been neither worse nor better than the average run of people at any time.

The first is that there is a vast amount of watered stock on which dividends are being paid. Now there is no essential immorality in the existence of watered stock. It is, after all, a mere business question. It is purely a question of policy as to whether dividends should be permitted to be earned on watered stock. The difference in the effect of watered stock on different public attitudes toward watered stock in this country and England. In England the Board of Trade reports that the capital obligations of all British railroads are about \$4,515,000,000, and the official returns expressly

that by such laws they could retain for the public in their own districts, a portion of the profits which were being absorbed by the absentee owners.

That there has been some reason for some of these popular ideas, no one can deny. But that the railroad business as a whole or in the main has been conducted upon unsound lines, that its managers have not been honest, that its results have not contributed mightily to the wonderful progress of this land can be emphatically denied. The extraordinary achievements of our railroads, the wonder, as they are, of the industrial world, constitute a fact of overwhelming significance, a fact embodying the effort, the fidelity, the enterprise, the patriotism of ninety-nine out of every hundred men who have given their service to the public through the railroad since the railroad started to run in this country.

Why it is then that the good in the railroads has been hidden and the bad magnified and distorted out of all proportion? It is because railroad men have neglected the human nature of the situation; it is because loud-tongued politicians have dilated upon the evils while railroad men sat still, attending to their jobs and said nothing of the good; it is because railroad men have not insisted in and out of season and produced the facts to prove it, that no matter what fly-specks might be pointed out on the wall, the structure itself was safe and solid and something to be proud of.

The problem of influencing the people en masse is that of providing leaders who can fertilize the im-

agination and organize the will of crowds.

We must, for example, replace with sound phrases and symbols those symbolic words, symbolic terms and phrases that have gotten into the public mind and created a false impression. We have heard a great deal about "full crew" laws. The labor people were very happy in their selection of that term "full crew." Now, if we had referred to that from the beginning as the "extra crew," it seems to me we would have made considerably more headway than we did.

The phrase, "What the traffic will bear," has done as much to hurt the railroads as any expression ever used. It is scientifically correct, no doubt, but it conveys a most unfortunate suggestion to the popular mind; the thought that the rate is "all the traffic will bear" is a suggestion absolutely contrary to the fact.

We can never be too careful in the terms we use. Some time ago, a certain public service corporation was in great financial difficulties; it could not pay its bond interest. Its skillful president induced its bondholders to agree to a reduction of the rate of interest on the bonds. Their president then announced to the public that there was to be a "readjustment" of the finances of the company. Now "readjustment of finances" is so much better than saying "Your company is bankrupt," and no one ever suggested that his company was bankrupt. It was a matter of terms, and we must be careful of the terms we allow to be lodged in the public mind.