

Uncle Sam's Banks Are Opened in South America

BUENOS AIRES, Argentina.
UNCLE SAM has at last begun a banking business in the southern half of our hemisphere. The National City Bank of New York opened its offices here last November, and it is now organizing a system of banks and credits which will eventually be extended to every part of the South American continent. It has already established a branch in Rio de Janeiro, and it has agencies and credit arrangements in Montevideo, Santiago, Lima and La Paz. Its chief banking establishment in Argentina is in the Stock Exchange building, and in the very heart of the business section of Buenos Aires. The offices open out upon the Calle Rivadavia, and they are not far away from the "Pink House," where the president has his offices. The bank here is under the supervision of Mr. John H. Allen, former manager of the Bank of Haiti, and one of the chief men who aided in its establishment was Mr. Robert O. Bailey, formerly assistant secretary of the Treasury of the United States. The staff of clerks is made up of men trained in the National City Bank of New York, and others who have had experience in South American trade. In addition are some bank clerks who have been with the large financial institutions of this city.

The National City Bank is doing a general banking business. It deals in exchange, issues letters of credit, handles collections, and has already a large amount of deposits. It does its business in American dollars and Argentine pesos; and for the first time one can buy drafts here on the United States without having to translate the local currency into pounds, shillings and pence back into American dollars. I have traveled extensively in the South American countries, having been here, off and on, for the past six years. I have always had to carry a letter of credit on London, and have paid a tribute of about 1 per cent to the greedy "Old Lady of Threadneedle Street."



THE NATIONAL BANK OF THE ARGENTINE.
It has a capital of over \$50,000,000 and deposits of almost \$200,000,000.

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It is estimated that our total business with South America gives the English steamers and bankers at least 1 per cent of the whole. Perhaps for their share in carrying the freight and in making exchanges. This trade amounts to nearly eight hundred mil-

lion dollars a year, and the annual English rake-off is in the neighborhood of eight million dollars. The shock of the war has awakened us to a realization of this fact; and the time is coming when we shall send our goods in our own ships and have our own banks.

Such a change will benefit the United States in many ways outside the money involved. The big English, French, German, and Italian banks which are now working here are trade agencies of their respective countries. They devote themselves to developing that trade and are reservoirs of information for the Europeans engaged in it. Said an American capitalist to me today:

"It is impossible to do business without an American bank. I am interested in contracts which involve millions of dollars, and if my transactions pass through the English or German banks my competitors as to bids are kept posted as to just what I am doing. Suppose I should make a deposit in the German bank of a half million dollars with the idea of swinging some big contract? The fact that the money is there is told to the Germans who are in the same line of business, and they are apt to discover my plans and underbid me before I can bring my deal to a conclusion. It would be the same if I made the deposit in an English bank and practically the same with the French."

from Great Britain and the total investments of that country in our sister continent have already run into the billions. I have before me the figures of Sir George Parish as to what England has invested in South America. The amount in Argentina is \$1,500,000,000; in Brazil, \$739,000,000; in Chile, \$365,000,000; in Peru, about \$171,000,000, and in the several other countries over \$180,000,000. This makes a total of about \$2,000,000,000, all told, and the most of the investments are paying big dividends. Within the past seven years the total investment has been: For Argentina, about \$600,000,000; for Brazil, \$440,000,000, and for Chile, \$137,000,000. In 1913 the English put out almost \$200,000,000 in Brazil and Argentina, and they would be increasing such investments today if the war were not on.

The above figures bulk large, but South America is a big continent, and it is only at the beginning of its development. The Argentine Republic has already an enormous business. It is a land of big cities, big farms, big banks, and all sorts of big industries. There are only two cities in the United States larger than Buenos Aires, and these are New York and Chicago. There is one native bank here that has a capital of over \$50,000,000, and its deposits are more than \$400,000,000 in paper, or very close to \$200,000,000 in gold. I refer to the National Bank of Argentina, which has altogether 150



THE LONDON AND RIVER PLATA BANK.
With a capital of \$50,000,000 and a surplus of \$5,000,000 more.

estate mortgages, and in lieu of cash issues bonds therefor, which are payable to bearer. They pass from hand to hand. The bonds are known as cedulas, and are guaranteed by the government. They bear 5 or 6 per cent interest, and there are special provisions as to their redemption. Of such bonds \$250,000,000 worth had been issued in 1909, and the bank has now assets of between five and six hundred millions of dollars. The law requires it to place 50 per cent of its profits to a reserve fund, and its sales are carefully guarded. Loans are made on farm lands at a low valuation, and on lots in the cities at 60 per cent of their valuation, and building construction loans up to 60 per cent of their assessment.

The rate of interest on the bonds may not exceed 6 per cent and all loans are subject to annual reductions of 1 per cent. This bank has been in operation for almost thirty years, and it is said to have had much to do with the rapid development of the republic.

The foreign banks are doing a big business in this capital of the Rio de la Plata basin. This is especially so of some whose chief offices are in London. The London and River Plata Bank has a capital of \$5,000,000 and a surplus of \$5,000,000 more. The London and Brazilian Bank has a capital and surplus of almost \$14,000,000, and the British Bank of South America has a capital of over \$10,000,000.

The chief German banks are the Banco Aleman Transatlantico and the German Bank of South America. The latter was founded by the Dresdner Bank and the National Bank for

They Are Ready for Business in Buenos Aires and Rio de Janeiro—Foreign Banks in Argentina That Fight Capital From the United States—Carpenter Says Great Britain Has an Investment of a Billion Dollars—What the French and Germans Are Doing—The Rich Italian Banks—A Spanish Institution With a Surplus of Over \$40,000,000—The National Bank of Argentina and a Government Mortgage Bank With Bonds Payable to Bearer—Some Big Dividends—How the War Is Affecting Money Matters in South America.

has an authorized capital of \$20,000,000 in gold.

Nearly all of the banks of Argentina are making money. The interest rates in ordinary times are from 8 to 10 per cent, and in hard times like the present one per cent a month is easily gotten, and the loan brokers charge more. One bank in Buenos Aires had last year about 7,000 applications for loans amounting to something like a hundred million dollars in gold. The profits of the Banco Espanol in 1914 were more than five million dollars, and the Banco Italia paid that year 12 per cent which was the same amount of its dividends for 1910 or 1911. The Anglo-South American Bank has been giving dividends of from 8 to 12 per cent. The British Bank of South America pays from 10 to 15 per cent and the London and Brazilian Bank all the way from 15 to 17 per cent, running at times as high as 20 per cent. The Banco Aleman has paid 9 per cent for a number of years, and the Banco Espanol pays 12 per cent on its common stock and over 39 per cent to the holders of the founders' shares.

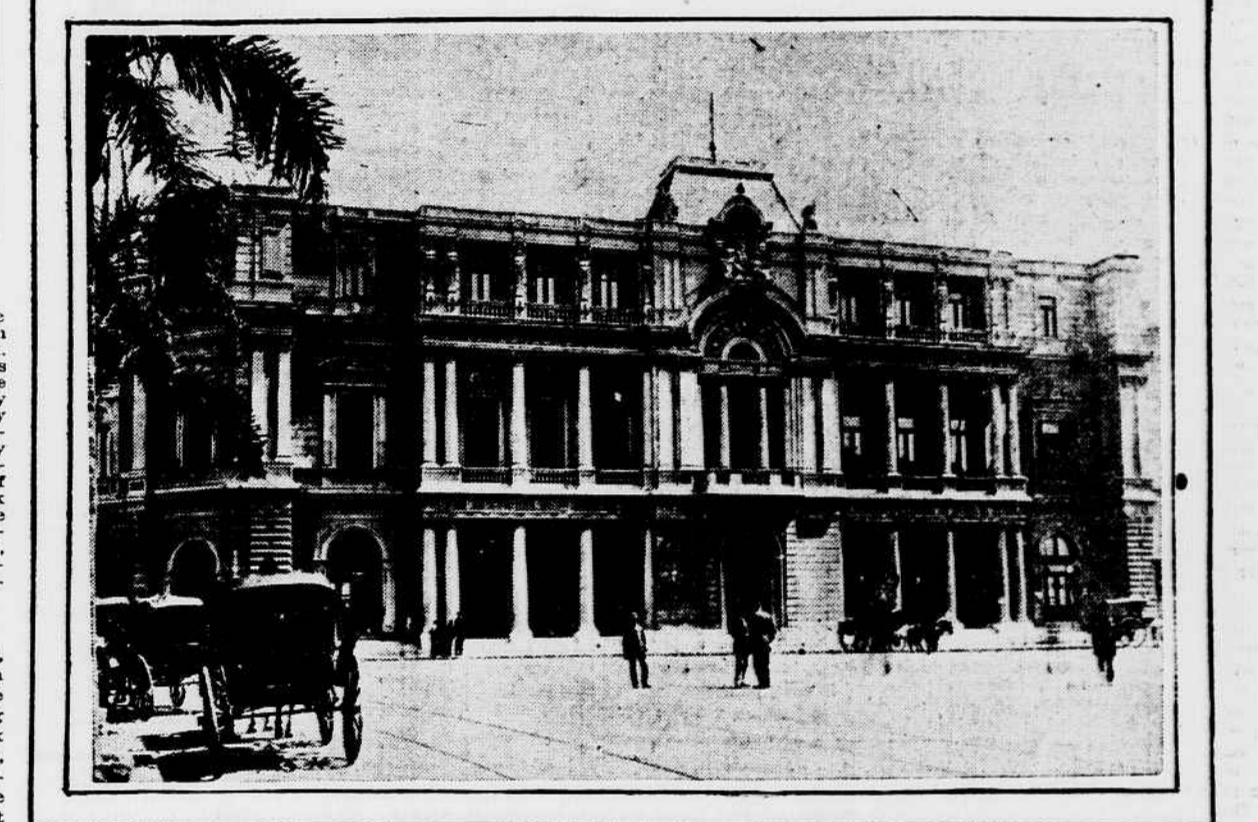
A large amount of these great profits are made in investments outside the banking business, and the men interested in the banks have stock in the

doubtedly does well. The River Plate Fresh Meat Company has paid dividends up to 15 per cent. The Smithfield and Argentine Meat Company pays 10 per cent. One of the street railways of Buenos Aires is paying 7 per cent and the other 6, while the city waterworks pay from 4 to 7 per cent. Among the money makers the small capital is a whaling company known as the Argentina de Pesca. It runs four steam whalers and makes from 25 to 50 per cent per annum upon a capitalization of \$200,000.

The electric light companies pay from 8 to 20 per cent, several iron and steel companies from 7 to 24 per cent, and insurance companies from nothing to 20 per cent. Some of the savings banks pay their stockholders as high as 20 per cent and some of the land and colonization companies pay as much while others give no dividends whatsoever.

There are several big department stores here that are doing well. Gath & Chaves has a stock value of about \$8,000,000, and is said to pay good dividends. It has several branches in Buenos Aires and stores also in the provincial cities and in Santiago and Valparaiso, Chile. There are a number of breweries that are paying from 8 to 15 per cent, and some exporting companies which have good dividends. The railways are mostly owned by private parties, the bulk of them held in Great Britain. They have a capitalization altogether of about \$1,000,000,000 in gold, and their profits average more than 4 per cent.

Times are hard now in the Argentine Republic. The country is financially sound, but it is one of ups and downs, and as a rule it is like old Egypt with its seven years of plenty and its seven years of famine. When I was here in 1888 the people were still suffering from the panic of a hair. That there are many acc-



THE ARGENTINE STOCK EXCHANGE BUILDING.
Where the New York City Bank has its office.

best dividend-paying corporations. In order to show something of what the country is doing industrially, I give you the profits of some of its institutions. The Argentine Navigation Company, founded by a sailor known as Mihonovich, is capitalized at \$10,000,000, and it pays dividends of from 9 to 12 per cent. The Liebig Extract Meat Company has a British capital of over five millions and it pays dividends of 20 per cent, while the La Blanca Cold Storage Company, backed by the Arruquens, has paid as high as 12 per cent. The Plata Cold Storage Company, owned by the Swifts, has a capital of two and one-half millions and it un-

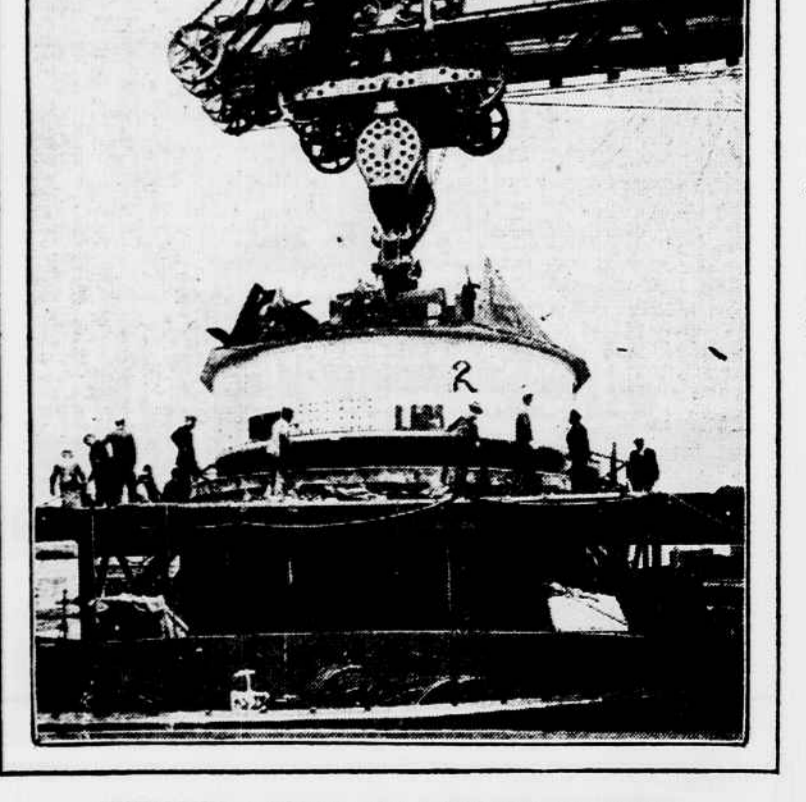
dered the Baring Brothers' failure. Argentina had had a boom for ten years, during which more than \$100,000,000 of Argentine Republic stock had been floated, and of that more than \$50,000,000 was totally lost. The country recovered from that disaster, but with its seven years of dynamic speed up until a year or so ago, when the present straggle began. At the time the war broke out there were several hundred automobiles held in the custom house because the purchasers who had bought them from the United States and Europe had not the ready money to pay the duties on them and could not get the credit. There were

dents seems to make no difference. The machines are costly, the most of them coming from France. I see no prospect of better times in the store windows. The shops are filled with the costliest of goods, and the prices seem higher than ever. There are jewelry stores here equal to anything in Chicago, and I might almost say New York, and the milliners and dressmakers have their models from Paris, notwithstanding the war. There is undoubtedly plenty of money still left in the country, and every one is anticipating a great boom to follow the advent of peace.

FRANK G. CARPENTER.

MAKING OF PLANS AND SPECIFICATIONS FOR OUR SEA FIGHTERS AN INTRICATE TASK

Preliminary Steps of Construction After Congress Makes an Appropriation—Duties of the Secretary of the Navy and His Advisers—General Board Determines Characteristics to Be Incorporated in Each New Vessel—Bureau of Construction and Repairs Develops Plans. The "Spring Styles" in Battleships—Designs and Sketches, Contracts and Materials—How the General Plan Is Determined Upon—The Work of the Constructor.



INSTALLING A TURRET ON A MODERN BATTLESHIP.

THE naval committee of the House of Representatives has reported a bill appropriating \$45,000,000 for the construction of new ships which will maintain the relative standing of the United States Navy as a defensive one. Subject to the changes which Congress may make, it provides for seventeen submarines, six torpedo boat destroyers, one minelayer, one transport, one hospital ship and two battleships. The latter will cost about \$14,000,000 apiece.

The contract for their construction will not be ready for execution for at least eight months from the passage of the bill. This seems astonishing, but it is due to the fact that extreme care is taken in determining the number and character of ships to be built, and in preparing the plans for their construction.

The imagination loves to dwell on the picture of concentrated power in a 3,000-ton dreadnaught with smoke pouring from the funnels, as she rushes through the sea; on the waves of foam surging on her bows, on the officers and crew at station, on the great guns ready to hurl the missiles of destruction into the air; on the planes of aeroplanes flying before, like sea eagles, watching against the attack of deadly

amount which the people, through their representatives, are willing to spend upon the navy. They advise the Secretary, in a general way, of the characteristics which the new ships should possess.

Upon the recommendation of this board, the Secretary of the Navy, who is usually appointed from civil life, takes up the question in conjunction with the President and his advisers, and determines the amount which he

thinks right to advise Congress—under all the aspects of possible or probable use of the navy, considering the financial condition of the times and the needs of the government—to expend in naval construction and the best way to apply that amount in accordance with what the navy needs most—battleships, cruisers, scouts, submarines, hospital ships, supply ships, destroyers, torpedo boats or otherwise,



A UNITED STATES BATTLESHIP UNDER CONSTRUCTION.

Before the session of Congress whose duty it is to determine the number and value of the new ships and to provide the money to pay for them, the general board of the Navy Department, which consists of the admiral of the navy, the chief of the bureau of construction and repairs, the president of the War College and certain other officers of high naval rank appointed by civil life, must give careful consideration, advise the Secretary what new ships in number and in type are required to keep the navy effective for the defense of the sea coast and insular and isthmian interests, considered in relation to the general condition of the navies of other countries.

It must be remembered in the consideration of this requirement that the great development in the speed of vessels and their being kept in readiness to strike quickly has brought, and is each year bringing, nations much nearer in point of time than formerly.

In making these recommendations the general board is supposed to contemplate the problem in a military sense with only a general thought of the

times providing whether they shall be built by private concerns or by the government at one of its navy yards.

The general board in general terms determines the characteristics to be incorporated in each new vessel. If it be a battleship, for instance, it will give the tonnage, speed, armor and guns required, together with any special feature that it advises, and turns this recommendation over to the bureau of construction and repairs for development. That branch forthwith prepares several design sketches that may appropriately be called "spring styles." They show more or less in detail varying arrangements of armor, guns, speed, contour and displacement.

The "spring styles" when ready for exhibition are considered by the department. The general board examines the record of vessels most similar in type, invites reports from fleet officers and others who may be in position to judge, considers the class of ships that other navies are building and their characteristics as far as they can be ascertained, and finally the plan upon which the new ship is to be built is adopted, decision resting with the Secretary.

The three great factors in a battleship are speed, armor and guns. Any one of these can be developed only at the expense of one or both of the others. The practice of one navy has been to give the battleships power to give blows from the guns and to resist the blows of long periods, that its magazines must be made to carry in

lack of any hostile ship and to beat down an overwhelming fire anywhere that tries to stop her from going where she pleases. This was what the "Constitution" and her sister ships did in 1812.

Whether this will remain the policy after the results of the present European war are known is impossible to tell. Vessels of the Princess Royal type (British), built with lighter armor and carrying fewer guns, but having a speed of twenty-six knots, would in the open sea run away from any battleship this country possesses, in a sea fight would choose, and what is perhaps worse, would reach a distant objective long before the battleship could arrive to protect it.

When the guns and armor are both relatively light and the speed high the battleship develops into the battle cruiser, like the Goeben type of the Germans, unable to stand up against a battleship, but sufficiently swift to escape from one, and powerful to overwhelm anything else but other battle cruisers. All these matters must be considered in selecting the ultimate plan of the new battleship. The method of selecting the plan for any other type of ship is substantially the same.

When the general plan is determined, and it is known what sort of vessel is expected, its size and the general relations and positions of the armor, guns and steam power, the details are worked out by the bureau of construction and repair, and there must now be incorporated in it provisions for all desirable and necessary details, all the minor features incident to the military and non-military efficiency of the ship.

When it is called to mind that a modern battleship carrying 1,200 men and others contains within herself when ready for action the potentialities of an army of 600,000, that provision must be made not only for the use but the conservation of that power, that in its narrow limits the care for the health and comfort of all on board must be taken, that the ship is liable to be away from its base of supplies for long periods, that its magazines must be made to carry in

safe explosives enough to destroy a mountain, that provision must be made against any contingency that may happen to a ship, and that the plans must show the location of the last rivet when such points are considered, it is obvious that no light task is set for the naval constructor.

In working out the main idea the constructor has the aid of his personal experience in the development of earlier ships, and he can modify the designs of such fundamentals as keel, frames, sections, beams, etc., of former plans to meet the requirements of his new creation. In the preparation of these modifications and of the other details, such as improvements in turntables, arrangements of compartments, various airy yards where ship are constructed, from the great private shipbuilding companies, from the reports of representatives abroad concerning any known improvement or failure in a foreign ship, from our own and foreign technical periodicals, from the harsh lesson of experience in failures that have been made, from any source, in fact, however humble or unexpected, that will make this new ship better, even if only a little better than the last, or perhaps little better than the latest creation of some other navy.

The course of time, three or four months—there is worked out a set of plans showing in perfect mechanical details the details of everything that will be in the completed vessel except her armament, her boiler and engines and equipment.

These specifications must coincide in every respect with the drawings; they provide for the quality and kind of material to the last ounce, that will enter the composition of the vessel. The

(Continued on Fourth Page.)



THE HULL COMPLETED, THE BATTLESHIP IS LAUNCHED.