

THE WINDOW

LATIN AMERICA'S TIGHTEST SPOT

When on December 8, 1941, all existing inhibitions towards the USA disappeared for German naval warfare, German, Italian, and, soon after, Japanese submarines found an ideal field of operation in American territorial waters. The press informs us every day about the catastrophic losses that have hit American shipping since then. These losses, however, do not only cripple the supplies of Great Britain and the USA, which is the first thing that occurs to one; at the same time they disrupt, to a very grave extent, the trade of Central and South America. The following survey deals with this question, which has now become Latin America's Problem Number One.—K.M.

Before the war, shipping held the leading position among Latin America's means of transportation. We realize how big a part it played if we consider the huge international maritime traffic which connected Latin America with the outside world before September 1939. Beside a few Latin American shipping companies, there were numerous foreign companies participating in this extensive freight and passenger service, the chief among them being:

Grace Line (USA)	} between the east coast of the USA and the West Indies, Central America, and Mexico
United Fruit Co. (USA) .. .	
Standard Fruit & Steamship Co. (USA) .. .	
American President Line (USA) .. .	
Ward Line (USA)	} between New York and the west coast of South America
Grace Line (USA)	
Moore & McCormick Line (USA)	} between USA ports and the east coast of South America
Delta Line (USA)	
Hamburg-America Line (German)	} between Europe and Latin America
Hamburg-South America Line (German) .. .	
North German Lloyd (German) .. .	
Royal Mail Lines (British) .. .	
Pacific Steam Navigation Co. (British)	
Nippon Yusen Kaisha (Japanese)	} between Japan and Latin America
Osaka Shosen Kaisha (Japanese) .. .	

Furthermore, there were the great Italian, French, and Dutch lines to all parts of Latin America, as well as Scandinavian, Spanish, and other shipping companies. To these must be added the many tramp ships of all nationalities, bringing the total up to some eight or nine million tons. All these lines at the same time served to a greater or lesser extent the coastal traffic from one Latin American country to another.

WAR AND SHIPPING

Then came the war. The German lines were the first which had to suspend their service, to be followed by the Italian and finally the Japanese lines. But even the British, Dutch, and Scandinavian companies saw themselves forced, for obvious reasons, to limit or even entirely suspend their services during the course of the war. Thus Latin America was obliged to rely on its own ships and those of the USA.

In September 1939 the United States, according to Lloyd's Register, possessed a seagoing maritime

tonnage of approximately 8,900,000 gross registered tons. This figure has been increased by new constructions. If, however, we take into account the losses the USA has suffered since entering the war, as well as the tremendous war tasks which the United States is obliged to carry out on almost every sea, we see that the USA does not possess nearly enough shipping space to fulfill all her requirements.

So it is not surprising if vehement complaints are being raised again and again on the part of Latin American countries regarding the inadequate carrying out of the Pan-American economic program because of a shortage in tonnage. These complaints are the main theme of all press and radio reports reaching us about Latin America. According to them, the raw materials—many of them war-essential—stored in Central and South America for the USA, cannot be shipped, nor is there any possibility of obtaining from the USA the finished goods needed in Latin America, which cannot be produced there because of the lack of any industry worth speaking of.

A recent press notice throws light upon the difficulties also existing in maintaining the maritime communications necessary for the exchange of goods within the Latin American continent. For the London *Times* reports that Argentina has had to decide to use her surplus corn, which she cannot sell in the domestic market, as fuel for the Argentine State Railways. As other states, especially those of tropical Latin America, which are not so favored in the production of corn, are suffering at present from a food shortage and would be glad to take over Argentina's surplus, this unnatural emergency measure is a further proof of the shortage in shipping space.

LATIN AMERICAN BOTTOMS

The South American merchant fleet can contribute very little toward relieving this shortage. National shipping services which fly their flags in foreign waters too exist only in the three ABC states and, to a lesser degree, in Peru and Mexico. It is very hard to obtain exact figures on present Latin American tonnage, inasmuch as that of some of the states, especially Brazil and Argentina, was increased considerably by Axis units which had sought refuge in South America. Even



French, Scandinavian, Latvian, and Estonian ships have been taken over by Argentina.

To obtain a rough idea of the merchant tonnage of the Latin American states, we can make the following calculation. At the end of 1940, Argentina possessed a merchant fleet of approximately 170,000 gr. reg. tons, 130,000 of which were tankers. The remaining freighter tonnage of 40,000 was used almost exclusively for traffic to Patagonia and Tierra del Fuego as well as in coastal shipping to Brazilian ports. Through the taking over of Italian, German, and other merchant ships, however, the Argentine fleet was increased to approximately 200,000 freight tons.

Although the tonnage sailing under the Panamanian flag surpasses that of Argentina, it cannot be taken into account in this calculation, as practically all ships of Panamanian registry belong to foreign companies — mostly British and American — and fly the Panamanian flag for convenience only. The reason for this is the leniency of Panama's shipping laws, which, beyond the cost of registry, do not require any dues or inspection, nor that any crew member, including the captain, be of Panamanian nationality. Nearly all of these so-called Panamanian ships are tramps employed all over the world, and the majority of them have never even been near Panama.

Chilean tonnage should be about the same as that of Argentina. In 1939, Brazil had a merchant fleet of about 500,000 tons, but this, too, has been considerably increased through the confiscation of Axis ships. Adding to this the small Peruvian merchant tonnage and those Axis ships which were taken over or confiscated in other parts of Latin America, the total of all ships flying Latin American flags should amount to about one million registered tons.

It is obvious that Washington should wish to have this tonnage at its disposal. The suggestion has therefore been made to create a pool of Latin American merchant fleets embracing all seagoing vessels registered in Latin American ports. The main object of this pool, which, it is assumed, will contain roughly one million tons, is to handle the inter-American trade.

While Washington hardly expects Brazil to object to the creation of such a pool, Argentina

and Chile seem as yet to have little inclination to agree to the plan. This is understandable if we bear in mind the great dangers to which all ships are exposed that are placed in the service of a belligerent power. The hitherto carefully maintained neutrality of Argentina and Chile could easily be imperiled by such an undertaking. On the other hand, both these states can hardly do without their merchant tonnage, which they need more urgently than ever before for the coastal traffic within their own countries and especially for the exchange of goods with their sister republics. In particular the Argentine agricultural and industrial products are needed today by all other Latin American countries because of the suspension or throttling of oversea maritime connections.

The extension of the German blockade zone towards the American Atlantic coast, north of the Gulf of Mexico, has made a strong impression in South America, especially in Argentina and Chile. The further curtailment of shipping between the USA and Latin America caused through this extension will throw an additional burden on Latin American shipping.

WHAT ABOUT RAILWAYS?

Anyone who does not know conditions in Central and South America will ask why overland connections are not utilized more fully in Latin America for transporting goods from one state to another. Although he will admit that the sea route is usually cheaper than transport by land, he will argue that high transport costs are of no importance in war time. But such considerations

are illusory, since Central and South America do not possess an effective system of communications today.

There is, of course, a modern, well-organized railway system in South America, especially in the ABC states. Argentina possesses an excellent railway network, which links up all parts of the country and has connections with all neighboring republics. This is also true of Uruguay, whose connection with the Brazilian State Railway is especially important. Theoretically one can travel by rail from Montevideo to Rio de Janeiro.

Conditions are more difficult regarding railway communications between Argentina and Chile. For many years it has been possible to travel by



rail from Buenos Aires to Santiago de Chile and Valparaiso. The main difficulty in this railway link is to be found in the surmounting of the Andes, which form the border between the two countries. This part of the route has always caused difficulties during the winter months. Today the section from Mendoza to Punta de Vaca cannot be traveled at all, since an earthquake has entirely destroyed the track; goods must be transported by truck and passengers by car or bus. This Argentine/Chilean route represents the only transcontinental railway link in South America. Things would be ideal if this railway were equal to the demands of modern transportation, for in Chile the excellent state railway of that country goes due north up to the border of Peru, besides being connected, in Arica as well as in Antofagasta, with the railway leading into the interior of Bolivia. Peru's harbor Mollendo is also linked by rail with Bolivia.

NO INTERSTATE CONNECTIONS

Besides these, however, there are no interstate railway connections in South America. Although all the other republics possess railways, they generally serve only to provide connections between their capitals and important ports. For instance, the capital of Ecuador, Quito, 9,500 feet above sea level, is connected by an ingeniously built mountain railway with the port of Guayaquil, recently destroyed by a severe earthquake. Buenaventura, important coffee port on the west coast of Colombia, is also connected by rail with Colombia's capital Bogota high up in the Cordilleras. But this railway also lacks a short connecting section which the railway engineers have still not been able to construct owing to the difficult terrain and the exceptional height. Passengers and goods have to be transported there in a six-hour trip by car and truck. There is no rail connection from the Atlantic coast of Colombia to the capital. Venezuela possesses only a comparatively short railway line along the coast, leading from La Guaira to Caracas and via Valencia down to Puerto Cabello (see map below).

In Central America the 48 miles of the Panama Railroad, built by Americans, formed for a long time the only connection between the Atlantic and the Pacific side of the Isthmus of Panama. Before the Panama Canal was opened, it was of great importance, as it served to a large extent to transport perishable and valuable transit goods from east to west and vice versa.

A competitor to the Panama Railroad was the Tehuantepec railway in Mexico, which connects the Atlantic with the Pacific across the Isthmus of Tehuantepec. It was built at enormous cost and was considered, before the opening of the Panama Canal, as an extremely modern means of transportation with extensive wharves at both ends. The opening of the Panama Canal, however, with the resulting cheaper and more direct means of transportation, dealt the Tehuantepec railway its death blow. It was neglected, and its two harbors were allowed to silt up. It is interesting in this connection to note a report (TO, Lisbon, 31.5.42) according to which it is intended to reconstruct and improve the railway now, as it is not equal to heavy traffic in its present condition. The idea is to create a new artery between the Atlantic and the Pacific, which would be especially important should the Panama Canal be blocked for one reason or another.

As for further cross-connections in Central America, there are several of minor importance, as shown in our map. These railways were built mainly for the transportation of bananas and coffee. Mexico possesses a fairly well-developed network of railways, connecting up in the north with the United States network, while in the south it links up with that of Guatemala. The latter was built by United States interests and reaches from the Mexican border into Salvador as well as from the Atlantic to the Pacific. It has been maintained at great cost by the United States during the last few years, again with an eye to the vulnerability of the Panama Canal.



ROADS ON PAPER

Conditions are considerably worse with regard to interstate road connections as these are understood in Europe and the USA. Although the more developed states, such as Argentina, Brazil, and Chile, have gradually built a number of good roads, one can hardly speak of a serviceable road network connecting all the Central and South American republics. However, the beginnings are there. It is obvious that the USA above all is interested, for strategic, political, and economic reasons, in the creation of such a network. The Latin Americans, too, would doubtless welcome the realization of the planned "Pan-American Highway," as, in addition to the advantages mentioned, it would offer the possibility of opening up large parts of their countries which in many cases have not even been set foot upon by white men.

The difficulties in the way of carrying out this project are immense. Quite aside from the vast distances to be covered, we need only bear in mind the difficulties presented by a terrain stretching through every climatic zone and consisting in part of dense jungle and high mountain massifs. This is particularly true of the planned cross-connection from the Atlantic to the Pacific side of South America. Nevertheless, this project will have to be realized one day. According to available information, work is progressing feverishly on that part which is to connect with the Panama Canal the existing road leading from Mexico via Guatemala to Salvador. Even in this section there are great distances to be covered, for the route from the USA/Mexican border to the Panama Canal is 2,200 miles as the crow flies.

From Panama the road is to be carried on over a route, already constructed in parts in Colombia, through Ecuador to Peru. There it is to join up with the existing road network of Chile. Another branch, however, which is to go right through the South American continent to Brazil, faces far greater difficulties. The other day there was a notice in the press (TO, Buenos Aires, 22.4.42) to the effect that a strategically important road is being planned to connect São Paulo on the coast of Brazil with the town of Cuyaba, whence, leading across the Bolivian Andes, it is to reach the Pacific coast of South America.

Behind all these projects is the USA, financially as well as with all technical assistance. With the exception of the ABC states, the Latin American republics lack the funds and even the most primitive technical means for such work. And, as we have said before, it is after all the United States which, for strategic reasons, has the greatest interest in creating an overland connection from Mexico to Tierra del Fuego.

RIVERS AND THE AIR

For the problems discussed here, river transportation is of secondary importance only. Brazil's

Amazon River is navigable for steamers up to 7,000 tons as far as Manaus (600 miles), while smaller oceangoing vessels have been known to reach Iquitos, another 800 miles up river and beyond the Brazilian/Peruvian border.

The Magdalena River, debouching into the Atlantic at Porto Colombia on the east coast of Colombia, is also navigable for 500 miles. Its stern-wheelers, the only type of ship that can be used on it, carry, among other things, large quantities of coffee (2 million bags of 150 lb. annually) to Barranquilla and Cartagena.

The Orinoco River is navigable from its mouth in eastern Venezuela as far as Ciudad Bolivar. On its waters mainly agricultural products from the interior of Venezuela are shipped to the British island of Trinidad, where they are transhipped in exchange for transit goods destined for the interior of Venezuela.

This lack of transportation facilities renders the airplane especially important. Much has been achieved in this sphere, particularly by North American but also by German efforts. To mention one example of German pioneering work, there is the German-Colombian Aviation Company (SCADTA), which was responsible for the real opening up of Colombia. The conquering of the vast distance from Brownsville on the USA/Mexican border to Valparaiso and Santiago de Chile (in six days) and on across the Andes to Buenos Aires by plane is a splendid achievement. This service, with its fast, comfortable, modern planes is maintained by Pan-American Airways (PANAY) as far as Panama and by Pan-American Grace Airways (PANAGRA) along the west coast of South America. It is a memorable experience to fly from Brownsville to Valparaiso in six days and to cross all the zones of the continent on the way.

Another service of Pan-American Airways goes by stratosphere-plane from Miami direct to the Panama Canal across the blue Caribbean Sea in just under six hours. Thence there is a service, using Clipper planes part of the way, which takes one via Colombia, Venezuela, and Trinidad to Brazil and Argentina in even less time than via the west coast of South America. A number of national as well as foreign companies provide cross-connections in all parts of Latin America. Since, however, these air lines serve mainly to transport mail and passengers, they do not solve the burning problem of large-scale transportation of goods.

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So our survey on the transport possibilities in South America leads us back again to coastal shipping. So much depends on the proper functioning of their own shipping for these states that it is easy to understand their disinclination to attach their ships to the doomed Anglo-Saxon merchant fleets in the form of a pool.—W.S.