TWO NEW YORKERS TRY TO HARRIMANIZE SOUTH AMERICA

Percival Farquhar and Dr. F. S. Pearson Seek to Consolidate Railroads There Into a Great Trans-Continental System Road from Canada to Cape Horn.

ONLY six years ago, when Elihu Root as Secretary of State made a tour of South America, it was a National lament that the American business man had allowed this vast and near-by field for commercial expansion to fall to the almost exclusive cultivation of his European rivals. Now, although in trade, the European still reigns supreme, the lament is ringing loudly across the Atlantic that financiers from the United States are capturing all the big prizes in the southern republics.

The British and Continental financial periodicals have been teeming with accounts of the great enterprises being organized in Brazil, Argentina, Uruguay, Paraguay, Chile, Peru, in fact, through the whole length and breadth of the southern continent as far north as the Central American Republics. In the London stock market for months past the shares of railway companies chartered in the States as holding companies for consolidations, nation-wide and even continent-wide, have been having spectacular booms, but with sight a railroad empire which will carry the traveler from the alluvial plains of the eastern coast across the Andes and up the backbone of the continent nearly to the isthmus. It is almost a realization of the dream of a Pan-American railway which will link farthest Canada with the tip of the southern continent.

Sketched broadly on the map, the new Farquhar dominion starts from the network of lines consolidated by the Brazil Railway Company in its six years of activity in southern Brazil, extends almost straight across Paraguay on the west and down through Uruguay on the southwest to Montevideo, the seaport and capital of the littlest and Colonization Company, Amazon Land and Colonization Company, Bolivia Development and Colonization Company, Guapore Rubber Company, Port of Para Company, Para Construction Company, Companhia Navagacao do Amazonas, Thereza Christina Line, Bahia Tramway, Light and Power Company, and Rio de Janeiro Hotel Company.

Of these the Port of Para Company, which is a Maine corporation with some $27,500,000 stock outstanding, is somewhat out of the field occupied by the railroads. It is making a modern seaport, with terminals and dockyards, at the northernmost port of Brazil, a port which, at the mouth of the Amazon, is the gateway of the world's greatest navigable river. But most of the other enterprises, as their names suggest, are directly concerned with the territory which the railroads are developing.

The land companies control millions of acres, and one affiliated enterprise which will benefit by the newly opened railway in Paraguay covers no less an ambition than the development in that inland republic of a cattle industry which is expected to rival that of Argentina. Its rights cover some 6,000,000 acres of land.

When, in 1910, Wall Street woke up to the fact that Dr. Pearson and Percival Farquhar and some of their European and Canadian associates had bought up a one-fifth interest in the Rock Island system and important representation in the Wabash and the Missouri Pacific, and the local financial world began to take stock of the new factors, it was estimated that these two men dominated between them South American and Mexican enterprises representing some $400,000,000 of capital. Since then, with the addition of the new Farquhar companies the total has risen past the half billion mark.

That practically all of the funds for the building up of the Farquhar railroad empire in South America and the Pearson public utility concerns and railroads in Brazil and Mexico have come from French, English, and Canadian sources is probably the chief reason why so little is known of their work in New York. The first news of the embarrassment of the group which has essayed to disturb the railroad equilibrium of the United States spoke of both Farquhar and Pearson as Englishmen. It turned out to be true that the members of the syndicate whose lack of financial resources made necessary their rescue by New York bankers were a British and Continental group. But it took several days for the realization to filter through the consciousness of the financial district that both Dr. Pearson and Percival Farquhar were old acquaintances.

Politicians then recollected Assemblyman Farquhar as one of "Hugh Grant's young men" who went into the Assembly at a time when Tammany was encouraging a modicum of social talent in the organization. He served two terms in the Assembly, 1891 and 1892, and is still remembered by the Old Guard at Albany as one of the first of legislators to bring a valet to the capital. A legislative idea for which he is remembered, and in those pioneer days of public welfare work was ridiculed, was a bill to convert the old Bryant Park Reservoir, now the site of the Public Library, into a children's playground.

Long association with foreign capitalists has made the former Assemblyman a thorough cosmopolitan. He spends most of his time at his offices in Paris, and though some few years ago he bought a Fifth Avenue residence near the homes of Andrew Carnegie, Jacob H. Schiff and other leaders of American finance, New York has seen little of him. In Paris he is a well-known figure. He bought the famous palace in the French capital built by Rudolphe Kann to house his magnificent collection of paintings, a place which was one of the notable sights of Paris and was valued with the collection at $7,000,000. He is still young, his friends who knew him here in the old days doubt if he has turned fifty, and he keeps the erect carriage which training as a young man in the Seventh Regiment gave him. But more than a dozen years of living abroad have left few signs of his American Quaker ancestry or of the young man who started in business in New York with his father's firm of A. B. Farquhar & Co. in the old Cotton Exchange Building, a firm which is one of the oldest manufacturers of agricultural implements in the trade. He is a Yale man, Class of '83, and is also a Columbia Law School graduate.

Money has flowed freely into his hands almost from the beginning of his work in the Latin-American fields. His success in inspiring the support of bankers in England and on the Continent is comparable with that of E. H. Harriman in New York. It is only within a few months that New York banking interests, however, have taken a share in his projects, but it is significant of his forceful personality that when, in 1910, his syndicate was looked upon as a lame duck of the stock market one of the financial powers who bore a part in the rescue said of him: "I have seldom met a man like him. He has remarkable powers of impressing his ideas. What might seem extravagant in a less forceful man becomes reasonable and convincing when he tells it."

Dr. Fred Stark Pearson was a pioneer American in South America before his interests in Cuba brought him into contact with Percival Farquhar, and before that he had been known professionally as one of the foremost electrical engineers in this country. It was his work in developing the overhead trolley system and later the underground conduit system of traction power transmission which brought him the degrees of Doctor of Science and Doctor of Laws from Tufts College, his Alma Mater.

Of late years he has been a good deal heard of as the owner of Edgewood Farms at Great Barrington and for the social prominence of his family in the exclusive circles of the Lenox colonies. Although his Mexican and South American enterprises total around $150,000,000 in authorized capital and close to $100,000,000 in bonds, he is better known as an engineer than as a financier.

He is a self-made man, and it was while working still in his early teens, in the station of the Boston & Maine Railroad at College Hill, just outside of Boston, that he found time to attend classes at Tufts. Before he first went to South America as a mining engineer in 1886 he had spent three years as an instructor in mathematics and applied mechanics. He had graduated at the age of 18 in 1889, after making an enviable record as a student. The offices of the Pearson Construction Company, occupying an entire floor at 115 Broadway, where all of the Pearson enterprises focus, are about as busy as any place in the financial district.

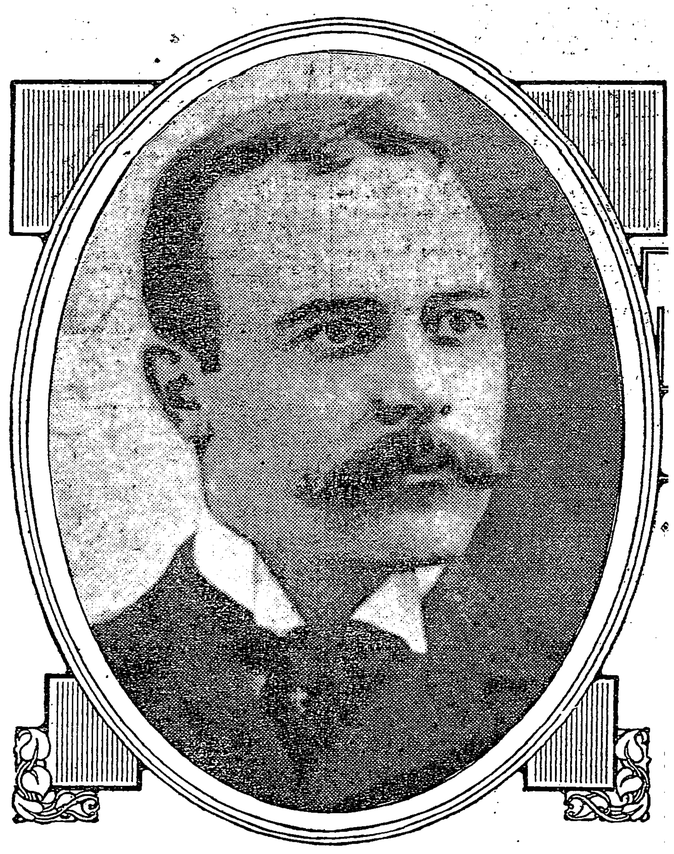
Along in the van with Dr. Pearson and Percival Farquhar in their realization of the great possibilities in railway and electrical development in Latin America have been the great packing interests of Chicago, the aggregation of capital represented by the National City Bank, and now, lately, the significant entrance of Kuhn, Loeb & Co. and the Speyers into a participation in the Farquhar railroad development.

Since last May, the National City Company, owned by the stockholders of the National City Bank, has had W. Morgan Shuster in South America arranging banking connections through which New York funds will flow south. In Argentina, Uruguay, and Chile the Chicago packing interests have come into practical control of the beef industry in the past few years. In fact, in the Argentine there is only one large "frigorifico" of the packing industry which has escaped American control, and in Europe it is the general expectation that the Chicago interests will eventually dominate entirely the South American beef market.

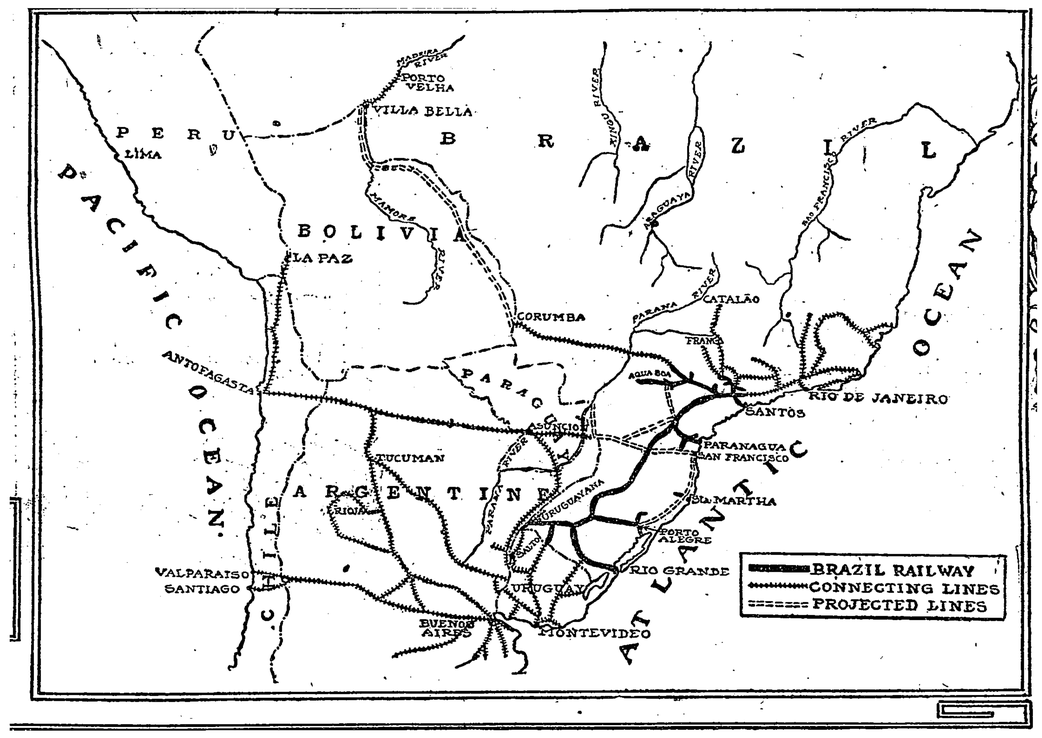
Further north, Minor C. Keith, Vice President of the United Fruit Company, which owns lands big as principalities along the shores of the Caribbean, has built up a little railroad empire in Central America. As in the case of the Pearson-Farquhar enterprises, English capital has been employed. His International Railways Company, a $40,000,000 concern, is completing a system which will open the entire Caribbean coast to railroad traffic and form a continuous chain of rail lines between Mexico and Panama.

Canada, the United States, and Mexico have for years been linked together by rail lines. The Keith system is bringing that chain as far south as the Isthmus, and the Farquhar railroads will soon make travel possible from Buenos Aires north far into Peru. There will then remain to make the dream of a Pan-American railroad a reality, only the bridging of the gap south through Colombia and Ecuador.

In a short time the representatives of the Pearson-Farquhar interests and of Minor C. Keith will take place in the directorate of the Empire Trust Company of 42 Broadway, in which they have acquired something like a one-third interest. Thereafter it is probable that New York will not have to wait upon London for news of what Americans are doing in the southern continent.



Percival Farquhar as New Yorker's Knew Him When He Was in the State Assembly.



Map Showing the Proposed Trans-Continental System.

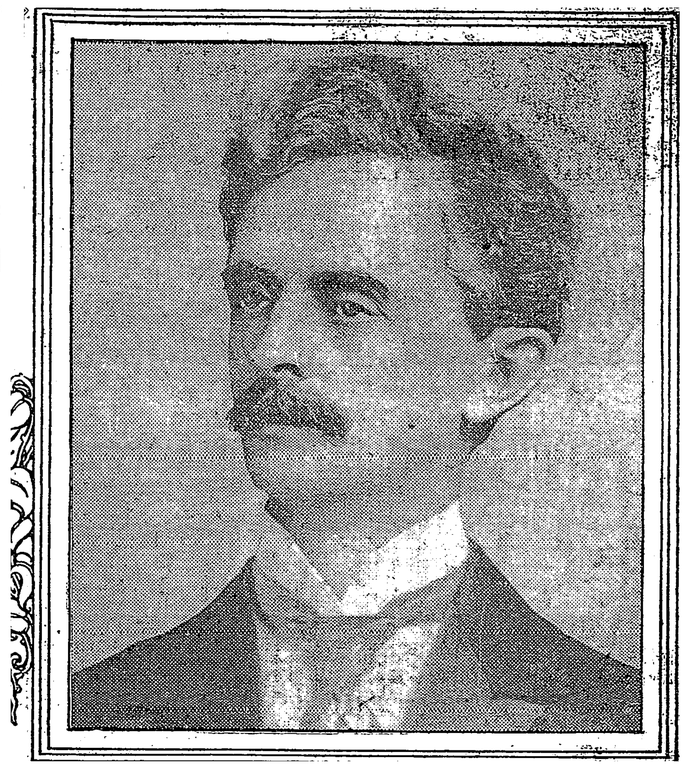


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Dr. F. S. Pearson.

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