

The Brazilian Review

A WEEKLY RECORD OF TRADE AND FINANCE

Vol. 3—No. 21

RIO DE JANEIRO, TUESDAY, MAY 22nd, 1900.

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(1ST FLOOR)

P. O. Box. 472. RIO — TELEGRAPHIC ADDRESS — "REVIEW"

ALL COMMUNICATIONS TO BE ADRESSED TO THE EDITOR

Mr. J. P. Wileman

Agents for sale of the "BRAZILIAN REVIEW"

RIO DE JANEIRO — Crashley & Co., Rua do Ouvidor n. 36.

RIO DE JANEIRO — Laemmert & Co, Rua do Ouvidor n. 77.

LONDON — Messrs. Street & Co. 30 Cornhill: E. C.

SAO PAULO — G. F. Hammett & Co. Rua da Quitanda n. 15.



A SUL AMERICA

THE "SOUTH AMERICA" LIFE INSURANCE COMPANY
THE MOST IMPORTANT OF THIS CONTINENT

LEADING OFFICES:

BRAZIL: 56 Rua do Ouvidor, Rio de Janeiro

Argentine Republic: 623 Avenida de Mayo, Buenos Aires.
Uruguay: Zabala 109, altos, Montevideo.
Paraguay: Asuncion.

Perú: Calle Coca, 70, Lima.
Ecuador: Quito & Guayaquil.
Bolivia: Cochabamba.

Agencies in all principal towns of South America.

The "SUL AMERICA" has larger assets, larger income and more insurance in force than any other South American Company and is the only one working simultaneously in seven republics, issuing definitive policies on the spot.
Its policies are free of all restrictions as to travel, occupation, etc., etc.
The only Company issuing insurance policies with semi-annual amortizations, by which two per cent of the policies are liberated annually from further payment of premiums.
The "SUL AMERICA" carries the largest reserve of any Company on its risks, using the mortality tables based on the experience of the New York Life Insurance Co. in South America since 1882.

THE ALLISON MANUFACTURING Co. Philadelphia. U. S. A.

RAILWAY EQUIPMENT, Every description of FREIGHT CARS for RAILWAYS of any gauge.
All parts of Cars, Forgings, Castings, American Wheels and Axles, Axle Boxes, Brake parts and Couplings.

"ALLISON'S PATENT STEEL BOGEY" & "OVAL BRAKE BEAM"

Hydraulic Machines for pressing on and off wheels and Wheel Grinders.

J. M. DOBBS, General representative. Caixa 1064, RIO DE JANEIRO.

COMPANHIA DE LOTERIAS NACIONAES DO BRAZIL

RUA NOVA DO OUVIDOR 29

Caixa do Correio N.º 41

Endereço Telegrafico—LOTERIAS—RIO

Contracto no Thesouro Nacional para as loterias da União de 31 de Dezembro de 1896.

Extracções diarias RUA CHILE 59—RIO DE JANEIRO

LONDON AND BRAZILIAN BANK LIMITED.

Capital..... £ 1,500,000
 Capital paid up..... „ 705,000
 Reserve fund..... „ 600,000

HEAD OFFICE: LONDON.

BRANCH OFFICE IN RIO DE JANEIRO
 10, Rua da Alfandega

Draws on Head Office and the following Branches and Agencies:

- LISBON, OPORTO, PARÁ,
- PERNAMBUCO, BAHIA, SANTOS, S. PAULO
- CAMPINAS, RIO GRANDE DO SUL.
- PELOTAS, PORTO ALEGRE, MONTEVIDÉO,
- BURNOS AYRES, ROSARIO DE SANTA FÉ, AND NEW YORK

Also on:

- Messrs. Glyn, Mills, Currie & Co., LONDON.
- Messrs. Mallet Frères & Co., PARIS.
- Messrs. Schroeder & Co., J. H. Schroeder & Co., nachf. HAMBURG.
- Messrs. Joh. Berenberg, Gossler & Co., HAMBURG.
- Messrs. Grant Brown & Co. GENOA.

BRASILIANISCHE BANK FÜR DEUTSCHLAND

Established in Hamburg on 16th December, 1887 by the «Direction der Disconto Gesellschaft» in Berlin and the «Norddeutsche Bank in Hamburg», Hamburg.

Capital..... 10,000,000 Marks.

BRANCH OFFICE IN RIO DE JANEIRO.
 (Caixa 108)

Branch-offices in São Paulo and Santos.
 (Caixa 520) (Caixa 185)

Draws on:

- GERMANY..... { Direction der Disconto-Gesellschaft, Berlin } and corresponding branches in Hamburg, M. A. von Rothschild's Sohn, Frankfurt a M.
- ENGLAND..... { N. M. Rothschild & Sons, London, } Direction der Disconto Gesellschaft, London, Manchester and Liverpool District Banking Company, Limited, London, Union Bank of London, Limited, London, Wm. Brandt's Sons & Co., London.
- FRANCE..... { Credit Lyonnais, Paris, and branches } Heine & Co., Paris, Comptoir National d'Escompte de Paris, Paris, Lazard Frères & Co., Paris, De Neufville & Co., Paris.
- PORTUGAL..... { Banco Lisbon & Açores and correspondents, }

and in other countries.
 Opens accounts current.
 Pays interest on deposits for a certain time.
 Executes orders for purchases and sales of stocks, shares, etc., and transacts every description of banking business.

Petersen-Gutschow,
 Diracs.

THEODOR WILLE & Co.

SUCCESSORS OF
WILLE, SCHMILINSKY & C.

41 AND 43

Rua do General Camara

IMPORTERS AND EXPORTERS

Cable address:

WILLE - RIO

P. O. BOX. N. 761

BANQUE FRANÇAISE DU BRÉSIL

Established in Paris on the 23rd. October 1896 by the Comptoir National d'Escompte de Paris, and the Société Générale pour favoriser le développement du Commerce et de l'Industrie en France

AUTHORIZED BY

Decree No. 1432 of 2nd January, 1897

CAPITAL: Fcs. 10,000,000 (Ten million Francs)

HEAD OFFICE:

9, RUA LAFITTE, Paris

Branch Office in Rio de Janeiro:
 78, Rua da Quitanda

P. O. P. 58

Branches at S. Paulo and Santos

Draws on:

- PARIS AND FRANCE { Head Office. Comptoir National d'Escompte de Paris, and agencies. Société Générale pour favoriser le développement du Commerce et de l'Industrie en France, and agencies Heine & Co. Lazard Frères & Co. Périer Mercet & Co. }
 - LONDON..... { Union Bank of London, Limited, London Joint Stock Bank, Limited, Parr's Bank, Limited, Lazard Brothers & Co. J. Henry Schroeder & Co. Kleinwort Sons & Co. A. Ruffer & Sons. }
 - GERMANY..... { Direction der Disconto-Gesellschaft, Deutsche Bank, Berlin and branches. Dresdner Bank, Dresden and branches. Schroeder Gebrüder & Co., Hamburg. Conrad Hinrich Donner, Hamburg. Norddeutsche Bank, Hamburg. L. Behrens & Sohn, Hamburg. Correspondents in all chief-cities. }
 - PORTUGAL..... { J. M. Fernandes Guimarães & Co. Porto and their Correspondents. Banco Commercial de Lisboa, Lisbon, }
 - ITALY..... { Banca Commerciale Italiana, Genova, Milan, Turin, }

AND ANY OTHER COUNTRY

Opens accounts-current.
 Pays interest for a certain time; executes orders for purchases and sales of stocks, shares etc., and transacts every description of banking business.

C. Blum,
 Director.

THE LONDON AND RIVER PLATE BANK, LIMITED.

LONDON: Princes Street, E. C.

PARIS: 16, Rue Halévy

Rio de Janeiro:

No. 20, Rua da Alfandega.

Authorized by Decree No. 591 of 17th October, 1891

Subscribed capital..... £ 1,500,000
 Realized do..... „ 900,000
 Reserve fund..... „ 1,000,000

BRANCHES:

- PARIS, 16, RUE HALÉVY, PERNAMBUCO, PARÁ, BUENOS AIRES, MONTEVIDÉO, ROSARIO, MENDOZA AND PAYSANDÚ

DRAWSON: -

- London and County Banking Co., L'd.—LONDON.
- Banque de Paris et des Pays Bas.—PARIS.
- Banco de Portugal and agencies.—PORTUGAL.
- And on all the cities of Europe.

Also on:

- Farmers' Loan & Trust Co.—NEW YORK.
- First National Bank of Chicago.—CHICAGO.

THE BRITISH BANK OF SOUTH AMERICA, LIMITED.

HEAD OFFICE: 2 A. MOORGATE ST

London, E. C.

Capital..... £ 1,000,000
 Idem paid up..... „ 500,000
 Reserve fund..... „ 340,000

Office in Rio de Janeiro:

31, Rua 1º de Março

Branches at:

- S. PAULO, SANTOS, BAHIA, PARÁ, MONTEVIDÉO, BUENOS AIRES AND ROSARIO.

Agencies at Pernambuco, Ceará, Maranhão and Rio Grande do Sul.

Draws on its Head Office in London:

The London Joint Stock Bank, Limited,

Messrs. Heine & Co.,

Messrs. J. Berenberg Gossler & Co., and correspondents in Germany,

Messrs. Roesti & Co.,

The Bank of New York, N. B. A.

Receives deposits at notice or for fixed periods and transacts every description of Banking business.

BANCO DA REPUBLICA DO BRAZIL.

Realized Capital . . . Rs. 103,616:400\$000

N. B. This capital to be

reduced to Rs. 100,000:000\$ in accordance with

Government's Decree of 8th May 1897.

Reserve Fund Rs. 17,480:078\$736

Profits in Suspense Rs. 11,157:639\$835

on 31st December 1899.

OFFICE IN RIO DE JANEIRO

9, rua da Alfandega

Agencios at Pará, Maranhão, Ceará, Pernambuco, Bahia, Victoria, Santos, São Paulo, Desterro, Rio Grande do Sul, Porto Alegre & Pelotas.

Draws on:

Messrs. N. M. Rothschild & Sons.
London & County Banking Co Ltd.
Messrs. Baring Brothers & Co Ltd.

LONDON.

Messrs. Hottinguer & Co.
Comptoir National d'Escompto de Paris.

PARIS.

Commerz und Diskonto &c Bank in Hamburg.

HAMBURG.

Banco do Portugal.

LISBON.

Opens accounts current:

Pays interest on Deposits for fixed periods,
Executes orders for purchases and sales of stocks,
shares etc, and transacts every description
of banking business.

WILSON SONS & CO. (LIMITED)

2, RUA DE S. PEDRO,

RIO DE JANEIRO

AGENTS OF THE

*Pacific Steam Navigation Company
Shaw, Savill & Albion Co., Ltd.
The New Zealand Shipping Co., Ltd.
The Howden Line of Steamers.*

Repairs to Ships and Machinery

Having large workshops and office at plant, are in a position to undertake repairs of all descriptions to ships and machinery.

Coal.—Wilson, Sons & Co., Limited, have depôts at St. Vincent, (Cabo Verde), Montevideo, La Plata and at the chief Brazil ports; and, among others, supply coal under contract, at Rio, to:

The Brazilian Government;
Her Britannic Majesty's Government;
The Transatlantic Steamship Companies;
The New Zealand Shipping Companies; &c.,

Coal.—Large stocks of the best Cardiff steam Coal always kept in Rio depôt on Concolção Island.

Tug boats always ready for service.

Cargo Lighters.—ditto.

Ballast supplied to ships.

Establishments: Wilson, Sons, & Co., Limited, London, Cardiff, St. Vincent, (Cabo Verde), Rio Bahia, Pernambuco, Santos, S. Paulo, Montevideo, Buenos Aires, La Plata, Rosario & Las Palmas.

PACIFIC STEAM NAVIGATION COMPANY.

ROYAL MAIL STEAMERS.

DEPARTURES FOR LIVERPOOL.

Iberia, May 30th.
Liguria, June 5th.

These popular steamers are fitted with the electric light and all modern conveniences. Cuisine of highest order.

For freights apply to F. D. Machado.

No. 4, Rua S. Pedro;

and for passages and other information to

Wilson, Sons & Co, Ltd. Agents.

No. 2, Rua S. Pedro.

SOCIÉTÊ GÉNÉRALE

DE

Transports Maritimes à vapeur de Marseille

DEPARTURES OF STEAMERS

Les Andes. 10th June

for

Marseilles, Barcelona, Genoa, and Naples.
Via Bahia

Through fares to Paris 1st class f. gold 673
do do 2nd f. 502
do do 3rd f. 199
Through fares to Paris return 1st class f. 1,109
do do 2nd f. 822
do do 3rd f. 364
Marseilles, Genoa, Naples, 3rd class f. 180
Barcelona 3rd class f. 155

OS AGENTES—OREY, ANTUNES & C.

RIO DE JANEIRO. 10 Rua General Camara, 1º andar

S. PAULO. 15 RUA DO COMMERCIO

SANTOS. 65 RUA 15 DE NOVEMBRO

THE BRAZILIAN COAL COMPANY, LIMITED.

Representatives of

CORY BROTHERS & CO., L'D.
of Cardiff and London

Colliery Proprietors.

Coal Depôts in all the principal ports of the world. A constant and fresh supply of Cory's Merthyr Steam coal always in Stock. Prompt delivery at reasonable prices.

Tugboats always ready for service.

Engineering Works.

Repairs to Ships, Launches, Machinery, Lighters, etc., effected with the utmost possible dispatch.

OFFICES:

Edifício da Bolsa, Salas 26 and 27.

Entrance: Rua Gen. Camara.

Depôt: ILHA DOS FERREIROS.

P. O. Box 774.

Lawyers

VISCONDE DE OURO PRETO

DR. AFFONSO CELSO

45, Rua do Rosario.

DR. RODRIGUES HORTA

RIO DE JANEIRO

DR. BARBOSA DA SILVA

ROYAL MAIL STEAM PACKET COMPANY.

Under contracts with the British and Brazilian Governments for carrying the mails.

TABLE OF DEPARTURES.

Date	Steamer	Destination
1900		
May 28	Clyde	Montevideo & Buenos Aires.
" 30	Thames	Bahia, Pernambuco, Lisbon, Vigo, Cherbourg & Southampton.

This Company will have steamers from and to England three times a month. Insurance, on freight shipped on these steamers, can be taken out at the Agency. For freight, passages, and other information apply No. 2, Rua General Camara, 1st floor.

C. J. Cazaly.
Superintendent.

NORDDEUTSCHER LLOYD, BREMEN.

Capital 80,000,000 Marks.

Departures from Rio de Janeiro on the 1st and 15th of each month to

Bahia, Antwerp and Bremen.

Regular line of Steam Packets between

Bremen — United States
" Brazil
" River Plate
" China, Japan
" Australia.

Passengers and cargo for all ports of the different lines accepted.

Passenger rates 1st-cl. 3rd-cl.
Rio—Antwerp, Rotterdam, Bremen 400 Marks £9
" — Lisbon 350 " £7

For further information apply to

HERM, STOLTZ & CO., Agents.

Rua da Alfandega, No. 63

Rio de Janeiro

Insurance

LONDON AND LANCASHIRE FIRE INSURANCE CO.

Capital (fully subscribed) £ 2,127,500
Reserve fund 676,355

Agents: EDWARD ASHWORTH & Co.

No. 50, Rua 1º do Março, Rio de Janeiro.

No. 21 A. Rua da Quitanda, S. Paulo.

THE MANCHESTER FIRE ASSURANCE Co.

Fire Insurance Capital 2,000,000
Reserve 754,282

General Agent, H. DAVID DE SANSON.

18. ALFANDEGA 18.
RIO DE JANEIRO

ALLIANCE MARINE AND GENERAL ASSURANCE COMPANY LIMITED
OF LONDON
Capital £ 1,000,000
President, Lord Rothschild
Marine risks on Specie and Merchandise accepted to any port.
JOHN MOORE & Co. Agents.
Rua da Candelaria, 8

CHARLES HUE
COMMISSION MERCHANT
Ship Agent
7 RUA FRESCA 7
A large stock of chandlery goods and Tools also Ropes, chains and Canvass of best qualities always on hand

THOMAS J. LIPTON
LIPTON'S Teas,
LIPTON'S Hams,
LIPTON'S Jams,
LIPTON'S Pickles,
LIPTON'S Groceries.
115, Rua da Quitanda.

OFFICE IN TOWN **CERVEJARIA TEUTONIA** DEPOSIT
Rua da Quitanda No. 39 (TEUTONIA BREWERY) Rua do Lavradio No. 60
Preiss, Häussler & Co. Mendes, E. F. C. B.

This well-known Factory is situated at the Crest of the Coast range in an unrivalled situation as regards climate and purity of the water utilised for Brewing. This is collected in vast reservoirs on the property of the Company and conducted, pure and crystalline, in pipes to the Brewery. The situation and condition under which this beer is brewed guarantee its being the best and purest in the market.

ESTRADA DE FERRO GREAT WESTERN OF BRAZIL

ESTAÇÕES	A				B				C				ESTAÇÕES	A				B				C			
	A. M.	A. M.	A. M.	P. M.	P. M.	A. M.	P. M.	A. M.	P. M.	A. M.	P. M.	A. M.		P. M.	A. M.	P. M.	A. M.	P. M.	A. M.	P. M.	A. M.	P. M.			
RECIFE	7.00	9.40	3.35	5.05	6.45	—	—	—	—	9.20	TIMBAUBA	—	—	—	—	—	—	—	—	—	—	—			
ENCRUZILHADA	7.09	9.47	3.44	5.13	6.52	—	—	—	—	9.27	Pureza	—	—	—	—	—	—	—	—	—	—	1.40			
ARRAIAL	7.17	9.55	3.51	5.21	7.00	—	—	—	—	9.34	Alibanca	—	—	—	—	—	—	—	—	—	—	1.36			
MAGACOS	7.31	—	4.11	5.42	—	—	—	—	—	9.46	Baraúna	—	—	—	—	—	—	—	—	—	—	2.00			
CAMARAGIBE	7.46	—	4.24	5.55	—	—	—	—	—	9.58	Lagôa Secca	—	—	—	—	—	—	—	—	—	—	2.17			
S. LOURENÇO	8.05	—	4.46	6.11	—	—	—	—	—	10.10	NAZARETH	—	—	—	—	—	—	—	—	—	—	2.38			
TITUMA	8.17	—	5.03	6.30	—	—	—	—	—	—	Tracunhãem	—	—	—	—	—	—	—	—	—	—	3.13			
Santa Rita	8.34	—	5.21	—	—	—	—	—	—	—	LIMOIRO	—	—	—	—	—	—	—	—	—	—	3.28			
Pão d'Alho	9.02	—	5.53	—	—	—	—	—	—	—	Campo Grande	—	—	6.15	—	—	—	—	—	—	—	8.20			
CARPINA	9.33	—	6.25	—	—	—	—	—	—	—	Lagôa do Carro	—	—	6.41	—	—	—	—	—	—	—	8.43			
Lagôa do Carro	—	—	6.44	—	—	—	—	—	—	—	CARPINA	—	—	6.59	—	—	—	—	—	—	—	9.03			
Campo Grande	—	—	7.03	—	—	—	—	—	—	—	Pão d'Alho	—	—	7.28	—	—	—	—	—	—	—	9.25			
LIMOIRO	—	—	7.25	—	—	—	—	—	—	—	Santa Rita	—	—	8.00	—	—	—	—	—	—	—	9.45			
Tracunhãem	9.48	—	—	—	—	—	—	—	—	—	TITUMA	—	—	8.33	—	—	—	—	—	—	—	—	—		
NAZARETH	10.06	—	—	—	—	—	—	—	—	—	S. LOURENÇO	—	—	8.54	—	—	—	—	—	—	—	—	—		
Lagôa Secca	10.37	—	—	—	—	—	—	—	—	—	CAMARAGIBE	—	—	9.10	—	—	—	—	—	—	—	—	—		
Baraúna	10.51	—	—	—	—	—	—	—	—	—	S. LOURENÇO	—	—	9.30	—	—	—	—	—	—	—	—	3.00		
Alibanca	11.10	—	—	—	—	—	—	—	—	—	MAGACOS	—	—	9.46	—	—	—	—	—	—	—	—	3.12		
Pureza	11.35	—	—	—	—	—	—	—	—	—	ARRAIAL	—	—	10.03	—	—	—	—	—	—	—	—	3.23		
TIMBAUBA	12.00	—	—	—	—	—	—	—	—	—	ENCRUZILHADA	—	—	10.17	—	—	—	—	—	—	—	—	3.35		
											RECIFE	—	—	10.21	—	—	—	—	—	—	—	—	—	3.50	

Os trens marcados com a letra **A** correrão todos os dias, os da letra **B** somente nos dias uteis e os da letra **C** nos domingos até quando ficar acabada a ligação a Companhia estabelecerá um serviço regular de diligencia da estação terminal em Timbauba para o Pôrto da Estação do Ferro de Conde d'Eu. Passageiros com destino ao Estado da Parahyba ou porto de Cabedello poderão então fazer o trayecto para ali por terra do porto do Recife.

FOLLETT HOLT,
Gerente.

JAMES MITCHELL & CO.

Mechanical, Hydraulic, & Electrical Engineers.
Importers of North American Machinery
& manufactures.

Sole Representatives in Brazil of:

- The General Electric Company.
- Pelton Water Wheel Co.
- McIntosh Seymour & Co.
- Worthington Pumping Engine Co.
- Peckham Truck Co.
- Magnolia Metal Co.

OUVIDOR, 57. RIO DE JANEIRO.

LIVERPOOL BRAZIL & RIVER PLATE STEAMERS.

Agents, F. S. Hampshire & Co.

Santos.

Rua 15 de Novembro.

P. O. Box 10.

RIO DE JANEIRO — IMPRENSA NACIONAL

CERVEJARIA BRAHMA

(BRAHMA BREWERY)

140, Rua Visconde de Sapucahy, 142

FRANZISKANER BRÄU

Speciality:

PILSENER BEER

These two brands manufactured with picked materials, are greatly appreciated by consumers, and are sold in barrels, bottles and cases of 48 whole or 72 half-bottles.

For consumption in the interior, special kinds are manufactured recommended by their particularly agreeable flavour and easy preservation.

PRINCE LINE

Belmarço & Co. Agents.

Rua do General Camara, 96
Post Office Box, 181.

Santos.

Telegraphic Address, *Princelino*.

FRANCISCO MÜLLER & Co.

DRY GOODS IMPORTERS

15, RUA DO ROSARIO, 15

P. O. BOX NO. 126.

SÃO PAULO

AGENTS FOR THE

Magdeburg Fire Insurance Co.

LAWYERS

DR. SAMPAIO FERREZ

DR. BARROS SAMPAIO

DR. JOSÉ ANYSIO.

Rua do Hospício, N. 13. Rio.

CONSULTATIONS IN ENGLISH.

Probable Mails sailing during the next 5 weeks

DATE OF SAILING	NAME	COMPANY	DESTINATION
FOR EUROPE & THE STATES			
June 21	Buñon	Lamport & Holt	New York
2	Pirapóis	H. S. D. G.	Hamburg
5	Liguria	P. S. N. Co.	Liverpool
6	At antique	Messageries Maritimes	Bordeaux
13	Cyao	Royal Mail	Southampton
16	Co'ridge	Lamport & Holt	New York
16	Amazons	H. S. D. G.	Hamburg
20	La P. ata	Messageries Maritimes	Bordeaux
27	Panube	Royal Mail	Southampton
FOR THE RIVER PLATE AND PACIFIC			
May 28	Oropesa	P. S. N. Co.	Pacific Ports
30	Clyde	Royal Mail	River Plate

Notes

OUR CABLE FROM PARÁ

Rubber		to May 17	to May 7	to April 26
Entries	tons.	710	400	417
Average, daily	do	71	37.2	52.1
Shipments	do	714	530	542
Value of Shipments	£	285,600	227,000	216,800
Stock	tons.	485	490	650

Bubonic pest. The two suspicious cases that lately occurred in this city having on investigation proved to be bubonic pest, the President of the Republic has ordered the following proclamation to be published: —

1st. The port and city of Rio de Janeiro are hereby declared suspect.

2nd. All vessels leaving this port for other ports of the Union will proceed to Ilha Grande for disinfection.

3rd. Shipment of goods susceptible of infection, specified in art. 30 of the Sanitary Regulations, is hereby prohibited.

Rio de Janeiro, 21st May, 1900.

Res non verba. On the 19th ult' notes to the value of 1,000,000\$ were burned at the Custom House in accordance with the terms of the Funding Agreement, as also 5,000 apolices or bonds of the internal gold issue of 1889 of the nominal value of 5,000,000\$.

It is intended shortly to recommence burning 2,000,000\$ of paper money every Saturday, as formerly, until reaching 22,000 contos in June next.

Table showing the denomination, quantity and value of the paper money in circulation on 28 February 1900

DENOMINATION	NUMBER OF NOTES	VALUE
5000	13,130,099	6,565,044\$000
2000	15,791,075 1/2	15,791,075\$500
1000	10,733,947	21,467,894\$000
500	6,450,55	32,252,760\$000
200	6,107,173	61,076,780\$000
100	3,285,474 1/2	65,709,490\$000
50	135,532	4,065,960\$000
20	2,297,810 1/2	114,890,525\$000
10	593,600	59,368,000\$000
5	1,068,622 1/2	213,724,300\$000
1	243,811	121,905,500\$000
Total on 28 February 1900	59,929,169 4/2	717,728,229\$000
» » 31 January	60,204,918 5/2	725,719,854\$000
» » 31 December 1899	60,305,724 5/2	733,727,153\$000
» » 31 August	61,476,192 4/2	733,751,705\$000
» » 31 July	61,416,192 4/2	735,759,205\$000
» » 31 June	62,437,497 3/2	740,764,448\$000
» » 31 May	63,584,778 2/2	750,790,371\$000
» » 31 April	64,006,188	757,792,535\$000
» » 31 March	64,343,468 1/2	764,795,397\$000
» » 28 February	64,779,423	773,802,433\$000
» » 31 December 1898	65,199,260	779,853,563\$000
» » 31 August	»	785,942,758\$000
» » 31 August	»	789,364,614\$000

From the 31st January to the 28th February 575,749 notes of different denominations were withdrawn from circulation and destroyed; being 4,000,000\$ in accordance with the terms of the funding agreement; 4,000,000\$ on account of the loan to the Banco da Republica; 2,625\$ for rebate on notes called-in, and 1,000\$ exchanged for *bonus* in accordance with the law of December 1896.

THE MESSAGE

(From *A Gazeta de Noticias*)

Let people say what they will and dub as visionaries all who refuse to believe the Country to be on the verge of ruin, the signs of progress during the last two years are unmistakable, for all that. The main difficulties, that were regarded as insuperable, have been overcome and the financial position made more secure than it has been for many years.

Not only has the breathing-time granted by the funding agreement been fully utilized, but the rise in coffee prices and increase of cereal production have simultaneously improved the economic status.

There is, moreover, every prospect of the improvement being continued as the movement for obtaining more reciprocal treatment of coffee is already giving good results and is likely, in the near future, to add considerably to the consumption of this product.

It is true that the foreign debt will be raised in 1901 from thirty five to forty five million sterling should all the funding bonds be issued and that, in this sense, deficits have again been made good by borrowing.

These deficits arose from the revolution in Rio Grande, the revolt of the Navy and the Canudos affair, that for years swallowed up the entire revenues of the Union. If deficits are ever justifiable, they were then, when the country had not yet recovered the effects of the abolition of slavery and of the speculative fever that left so deep an impression on the National Economy.

It is, however, now quite certain that the issue of funding bonds will not reach £ 10,000,000, as was expected, and will not probably exceed £ 8,700,000. Against this addition to the foreign debt must, however, be placed the bonds of the 1889 internal gold issue redeemed to the amount of £ 2,106,000, and the paper money withdrawn, of which 117,000,000\$ will have been burned by 1901, representing over £ 4,000,000.

If to these be added the probable Treasury balances in London, on the expiration of the funding term the total saving will amount to £ 9,660,000, to be placed against the issue of £ 8,700,000 in funding bonds.

In the figures given neither the saving effected by the conversion of the internal 6 p. c. gold issue of 1868 into currency bonds nor the exchange of £ 700,000 worth of Uruguayana bonds, held by the Treasury, into national issues has been taken into account.

The fact, however, is indisputable that in reality, in place of an increase in the sterling indebtedness of the Country, as is maintained by the opponents of the funding scheme, there will in 1901 be a decided and appreciable reduction!

Imports at the Port of Rio de Janeiro during the month of March 1900.

The "Boletim da Alfandega" gives the following figures for March.

	1900	1899
Germany	1,687,735\$	1,769,952\$
Argentina	347,936\$	1,090,117\$
Belgium	716,865\$	419,116\$
Chile	33,394\$	64,518\$
United States	1,314,051\$	1,548,878\$
France	995,782\$	1,609,737\$
G. Britain & Colonies	4,225,399\$	5,643,016\$
Spain	31,155\$	89,559\$
Italy	356,192\$	347,267\$
Portugal	911,369\$	924,736\$
Uruguay	2,168,476\$	1,330,886\$
Sundry	36,845\$	52,718\$
	12,828,199\$	14,890,500\$

Compared with the month of March last year the value of merchandise despatched at this port has decreased 2,062,300\$, or 13.8%.

The most notable alterations are those in imports from Argentina. 68 % and G. Britain 25 %.

On the other side Belgium shows an increase of 72 %. Italy of 2.6% and Uruguay of 63 %. The very large increase in case of Uruguay is the result of the transfer of trade from Argentina consequent on the prohibitory quarantine regulations enforced against that Country.

As will be seen during the month of March the shrinkage of Argentine exports to 682,158\$ was very closely balanced by the increase of Uruguay which reached 831,590\$.

Cassava and Cassareep. Consul Furniss, of Bahia, on October 9, 1899, reports that after a thorough investigation he finds that neither the large drug stores nor the exporters have any knowledge of the bitter root of cassava or of the cooked product designated as cassareep. He adds:

All medicinal plants and roots are exported from this district in the crude form, and if bitter cassava root is found, it must be under some entirely different name, as no one seems to recognize it under that name or the name of the product.

The following, dated October 19, 1899, has been received from Vice-Consul Krause, of Pernambuco:

The juice of the bitter cassava or mandioca root — said juice being here called "manipueira" — is used in this part of Brazil only as a remedy for beri-beri, and is not boiled to make a condiment for food, as is the custom in the West Indian Islands and elsewhere. Mandioca is used here to make "farinha," something resembling white sawdust. The farinha is made by grinding the root in the raw state and passing it through a press to extract the juice. The juice being extracted, the mandioca is spread inside an oven to dry — and the farinha is ready. The juice is then placed in a vessel to allow the flour to settle in the bottom, and after the water is emptied starch is made of the flour. Mandioca is extensively cultivated in this consular district, as farinha forms the base of the food used by the population here.

Vice-Consul Lawrence, of Santos, under date of December 20, 1899, says:

Cassava, or cassava flour, its prepared from the mandioca root, the latter being ground in its raw state and the liquid extracted by pressure, when the flour is slightly roasted in open iron pans. It is then fit for food and is called in Portuguese "farinha de mandioca."

Cassareep is the liquid extract above mentioned, and in its raw state is poisonous. The poisonous quality it loses through evaporation by heat, going through this process in two ways to make it fit for use — one, by being left in the sun in open dishes for several days. When prepared in this manner and properly mixed with green peppers (malaguetas), it makes a sauce which is known in northern South America (French Guiana and the Amazonas territory) as "tucupy." When prepared over fire, it takes a dark color. Made into sauce, as above, it is similar in taste and colour to Worcestershire sauce, and is called "tucupy pixuna." Tucupy is used extensively in the northern parts of Brazil and French Guiana as a sauce, especially for fish. In

this district, mandioca is grown to produce the flour for local consumption only; it is not exported. I can not find any house, foreign or native, that exports mandioca. There is one large farm — Fazenda Boa-Vista, Comarca do Cabo, Recife, Pernambuco — the proprietor of which may be able to give some advice as to how cassava, or cassareep, may be bought direct.

Working of German Law on Exchange Speculation. — In compliance with a request from a San Francisco editor, an instruction was sent by the Department to Consul-General Mason, December 13, 1899, asking for information in regard to the working of the law to prohibit speculation in grain on 'change in Germany. The reply, dated January 6, 1900 (copy of which has been sent the correspondent), reads:

The statute in question was translated and fully described by Consul Julius Muth, of Magdeburg, in a report dated August 31, 1896, which was published in CONSULAR REPORTS No. 194 (November, 1896), page 447. Its effect has been exactly what was intended, to prevent grain speculation in chambers of commerce and produce exchanges; but it is stated that such transactions are still carried on to some extent privately, the negotiations taking place in counting rooms, restaurants, and on the street. As there is no public or other definite record of these transactions, it is impossible to give any approximate estimate of their number or amount; but commercial men and journals generally agree that the law, while favoring to some extent the interests of the agrarians or agriculturists, has operated badly for Germany by throwing discredit upon what is elsewhere recognized as a legitimate form of trade, and thereby driving out of the country to Antwerp, London, and Amsterdam dealings which would otherwise take place at Bremen, Hamburg, Berlin, Frankfurt, Mannheim, and other German cities.

New Corporations in Germany in 1899. — U. S. Consul-General Guenther writes from Frankfort, January 20, 1900:

In 1899, 364 new concerns were incorporated in Germany with a nominal capital of \$129,623,000. This is the largest number and the largest nominal capitalization since the memorable year of 1872, when 479 companies were incorporated with a nominal capital of \$351,833,000. The following table shows the distribution among the various industries:

INDUSTRY.	CAPITAL.	INDUSTRY.	CAPITAL.
Mining and smelting	\$5,600,000	Breweries	\$6,200,000
Quarrying	6,000,000	Building trade	9,000,000
Machinery	26,000,000	Banking	6,920,000
Chemistry	3,600,000	Railroads	17,000,000
Electricity	8,200,000	Navigation	15,700,000
Textile industry	4,400,000		

Argentine Trade during the first quarter. So far Argentine Statistics show no falling off in either Imports or Exports, on the contrary the value of Imports, compared with the same period in 1899, shows an increase of \$ 4,870,576 and Exports of \$ 5,148,216. Entries of specie were also very greatly in favour of the country, being \$ 2,992,918 against shipments of only \$ 65,771.

Trade with this Country has naturally suffered from the difficulties created by sanitary measures, but although the value of Exports to Brazil fell off \$ 803,379, equivalent to nearly 47 %. Imports from this country showed a positive increase of \$ 74,447.

THE MONTEVIDEO TIMES

(Daily paper, established 1888.)

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EXPORTS FROM THE GERMAN EMPIRE TO BRAZIL
(Special Trade)
FOR THE MONTH OF MARCH

	QUANTITIES (100 KILOS)		INC. OR DEC. %
	1899	1900	
Cotton & its manufact.	1,066	715	- 33.0
Lead & its manufact.	158	96	- 39.2
Sieves, Brushes etc.	1	14	+ 3300.0
Chemicals, Paints etc.	965	476	- 50.8
Iron & its manufact.	11,020	16,659	+ 51.2
Cement	12,368	16,832	+ 35.2
Malt	68	434	+ 538.2
Glass & Glassware.	3,333	3,465	+ 4.0
Timber, Wood & its manufact.	219	524	+ 139.2
Hops.	39	100	+ 156.4
Musical Instruments & scientific apparatus.	1,188	783	- 34.1
Indiarubber & its manufact.	47	55	+ 12.7
Haberduchery.	98	53	- 46.0
Copper, Brass & its manufact.	158	274	+ 73.4
Clocks, watches & Jewellery.	176,37	167,14	- 5.2
Leather & its manufact.	150	71	- 52.7
Linen & Linen goods.	182	185	+ 3.3
Art, works of & stationary	68	62	- 8.8
Beer, Wine, Spirits & Rice.	7,975	5,514	- 30.8
Oils etc.	—	—	—
Paper manufact. of.	2,863	3,499	+ 22.3
Silk & Silk goods	18	26	+ 44.4
Perfumery	5	4	- 20.0
Hats, Straw & similar.	3,379	446	- 86.8
Earthenware & Chinaware	446	911	+ 104.2
Wool & Woolen goods	273	242	- 11.3
Zinc & its manufact.	20	—	—
Tin & Tinware	26	83	+ 96.2
Total March 1899/1900	46,309,37	51,215,14	+ 10.6
Total February 1899/1900	45,080,67	41,743,68	- 7.5
Total January/March 1899 1900	137,607,10	135,907,75	- 1.2

EXPORTS FROM FRANCE TO BRAZIL
DURING THE 3 MONTHS JANUARY TO MARCH

	QUANTITIES		VALUE (FRANCS)		INC. OR DEC. IN VALUE %
	1899	1900	1899	1900	
Articles de Paris. K ^o	169,300	100,800	1,126,000	647,000	- 42.5
Cotton textiles.	215,800	159,500	850,000	665,000	- 21.7
Haberduchery	71,200	27,600	1,947,000	876,000	- 55.9
Woolen goods	133,700	32,900	1,385,000	334,000	- 75.0
Butter	243,800	136,600	595,000	340,000	- 42.8
Skin & Leather	88,000	34,800	1,016,000	249,000	- 65.6
Wine hectolitres	4,664	5,416	602,000	673,000	+ 11.7
Stationery K ^o	435,800	255,100	441,000	433,000	- 1.8
Jewellery grams	128,600	135,300	170,000	182,000	+ 4.6
Medicine K ^o	146,100	47,400	458,000	138,000	- 68.5
Tools	233,000	155,000	359,000	186,000	- 48.1
Earthenware & Chinaware	443,700	629,600	119,000	148,000	+ 24.3
Leather & its manufactures	12,000	7,900	146,000	96,000	- 34.2
Engines & machinery.	70,100	91,100	80,000	121,000	+ 51.2
Spirits & Liqueurs	364	289	62,000	52,000	- 16.1
Perfumery K ^o	25,500	24,000	97,000	90,000	- 7.2
Building material	3,415,500	926,300	87,000	18,000	- 79.3
Potatoes	1,883,600	1,503,600	132,000	105,000	- 20.4
Straw hats	9,000	8,000	81,000	72,000	- 11.1
Pig & sheet lead	—	—	—	—	—
Silk goods	4,400	1,900	233,000	44,000	- 81.1
Furniture	21,900	19,800	37,000	23,000	- 37.3
Chemicals	236,700	57,100	25,000	18,000	- 28.0
Dyes & paints	43,100	63,000	42,000	29,000	- 30.9
Fish	22,900	7,500	27,000	10,000	- 62.9
Candles	15,500	4,200	15,000	4,000	- 73.3
Jute yarn	8,000	6,000	15,000	19,000	+ 26.6
Cutlery	1,200	900	7,000	9,000	+ 29.6
Sundry	—	—	563,000	454,000	- 19.3
Total Jan/March	—	—	10,697,000	6,135,000	- 42.6
Do March	—	—	3,915,000	2,195,000	- 43.7
Do February	—	—	2,830,000	1,527,000	- 46.3
Do January	—	—	4,952,000	2,413,000	- 51.1

Our Import Trade during the 1st Quarter. The figures received so far are as follows :

	1900 £	1899 £	Inc. or Dec.
G. Britain	667,423	802,480	- 16.8 %
France	242,970	423,644	- 42.6 %
Argentina	180,500	342,609	- 47.3 %
U. States (a Mos.)	228,525	268,342	- 14.8 %
Total	1,319,418	1,837,075	- 28.2 %

The aggregate shrinkage of exports to Brazil from these four leading countries is £ 517,657, equivalent to 28.2 % of last year's.

This will probably represent very closely the shrinkage for other countries for which no statistics are obtainable.

The statistics of German Exports do not give values but only quantities ; judging by these there has been a falling off of exports to this country of only 1.2 %.

The shrinkage of exports from France to this country amounts for the three months January-March to 4,562,000 francs, and is equivalent to 42.6 %, and allowing for the excess of 930,000 francs imported in December to evade the action of the new tariff, there still remains a net loss of over 3 1/2 million francs for exports from France to this country.

The shrinkage is so much larger than that from any other country excepting Argentina, where peculiar conditions ruled, as to make it well worth investigation. It seems clear that a special factor is at work to the prejudice of trade with France, seeing that the expectation of heavy differential duties should have served as a stimulant to imports.

BOOKS AND NOTICES

Revista Industrial e Mercantil. Published once a month by J. Nery da Fonseca, at Pernambuco.

This is a very useful work giving in a concrete shape information regarding different States of the Union, difficult to obtain otherwise. The last number for February and March contains the Budgets of four different States ; the Regulations for collection of the Consumo taxes ; Decisions of the Treasury, and several interesting articles of an economical character.

At the end are to be found useful tables showing the quantity and value of imports at Pernambuco in the first quarter of 1899. Entries of sugar and cotton for each crop since 1882, and the entries at and departures from that port.

Report of the Misericordia Hospital, São Carlos do Píhal. The affairs of this hospital seem to be prosperous like everything else at São Carlos.

For ten or twelve patients the cost of maintenance is 1:200\$ per month.

From the 1st November to 28th February 30 patients were treated, of whom 9 died. There were no cases of yellow fever.

The Directory of Directors for 1900, by Thomas Skinner. In the preface Mr. Skinner states that, during 1899, 2,500 new men took possession as directors whilst 2,000 fell out, making the present total of 18,000 !

Report of the Associação Commercial of Santos. It is unnecessary to repeat the Statistics of the coffee movement given in this report because the figures are the same as those published by us month by month.

We desire, however, to draw attention to the accurate and excellent manner in which all the Statistics of this Associação are organised, and wish we could say the same of all the rest.

During the past year 698 Steamers and 174 sailing vessels of different descriptions entered the port with a total of 1,040, 167 tons. Of these 333 carried the Brazilian flag ; 182 were British, 134 German ; 80 French ; and 61 Italian.

Departures were 876, of which 693 steamers and 283 sailers.

The revenue collected at the Santos Customs amounted in 1899 to 30,546,886\$ including that in gold at its nominal (27d.) value, and represents a shrinkage compared with 1898 of 9,512,896\$.

The total official value of exports at the port of Santos was 29,406,959\$, or about £ 9,800,000. In reality the real value was considerably over the official figure which takes no account of duties and expenses, but is organized on the basis of local price current. Of the 29,406,999\$ total revenue collected on exports by the State of S. Paulo at Santos 28,396,812\$ or nearly 97 % was derived from the 11% duty on coffee.

According to the statistics organised by the secretary of the Associação, cereals to the value of 26,525,169\$ were imported in 1899 at this port alone.

Shipments of rubber increased during 1899 to 186,145 kilos. the largest shipper having been Aretz & Co. with 54,696 kilos.

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General News

— Discussing the question as to whether our officers are really "asses" or only seem so the classy and respectable *Spee-ter* comes to the conclusion that they are "not really stupid but only do stupid things", which, to our humble judgment, seems to be but six of one to half a dozen of the other. A correspondent of a local contemporary pays quite an unexpected compliment to our superior judgment, complaining that we came to conclusions three months ago that others are only now just reading! Anyhow we are in good company and so long as the *Economist*, *Statist* and *Spee-ter* follow our lead, we don't mind leaving. *Sport & Pastime*, *Pink 'Un* and such like to our contemporary.

— Mr. B. A. Baker has been appointed Brazilian Vice Consul at Bristol and Mr John Grouchon as Consular agent at Southampton.

— The saving of 310,000\$ in last year's estimates for the Ministry of Foreign Affairs will be supplemented this year by a further reduction of 80,000\$ gold, equivalent to 300,000\$ currency.

— Commercial treaties with Brazil are now the fashion.

Not only France and Italy but the United States and Argentina are suitors for our coy custom. With such a lot of charmers, Government must feel somewhat embarrassed which to prefer, and would, in our opinion, do well to stick to our traditional policy of equal treatment for everyone and no entangling engagements.

— We observe that our American Contemporary is on the war path again claiming preferential treatment for American products, and recommends Uncle Sam to clap a stiff import duty on coffee to bring Brazilians to their senses! Alas! what has become of our contemporary's principles, when it thus throws free trade to the winds? Patriotism before principle, anyday, seems to be its motto, or, perhaps, profit!

Again, we enquire, on what possible grounds can the United States claim preferential treatment from Brazil that do not equally apply to Great Britain? If the United States lets in Brazilian coffee free, it is because it suits them do so and not out of any particular affection for Brazil, and, even if it were so, does not Great Britain do ditto for everything else imported from Brazil? Any favor granted to United States' products would certainly be claimed by Great Britain and probably by other countries: so, to avoid trouble, we had better grant none to any at all. If the United States Government like to put a duty on coffee, let them try it! It will hurt consumers a good deal more than us. But with the election for President coming on and the price of coffee likely to go up, they may be trusted not to do anything so risky.

As regards the reported tariff concessions to Italy in exchange for a reduction of duties on coffee in that country, the gratuitous assumption on which the *Rio News* founds its arguments, we may remark that there is not a word of truth in the statement and that Government could not, even if it wished, make any concession of the kind. What has been aimed at and insisted on from the first is that duties on coffee should be reduced to a maximum of 100 francs per 100 kilos, still equivalent to 114 % of its market value, under penalty of a differential and practically prohibitive duty on the products of those countries that refuse. Such was the position taken up from the first and still maintained unaltered.

— Electric Enterprise seems to be paying well, especially in the small towns of the interior. A few days ago we referred to the dividends distributed by the São Carlos and other Electric lighting concerns, and now notice the balance sheet of the *Empresa Força e Luz* of Ribeirão Preto that shows a profit of 24:590\$ during the past year with a capital expenditure of only 304:151\$. It is to be regretted that here, as elsewhere, enterprises of this character are so neglected by English Capital.

— A Company has been floated at Brussels with the capital of one million francs to acquire and work the fazenda of "Bananal" and others in the neighbourhood of Ouro Preto. The Company which will be known as "Bananal" has been authorized to commence operations in the Republic.

— The Yerba Mate Tea Company write to us asking for the rectification of the statement in a former number giving New York as the location of the Company whereas it should have been Philadelphia. The Company has branch offices at Baltimore, New York and other cities of the United States, and is said to have

made a very good start. In the interesting pamphlet issued by the Company, the many virtues of *Yerba Mate* are set forth and endorsed by the highest scientific opinion, but the best of all endorsements is experience.

No one who has travelled in the Southern part of this continent can question the invaluable qualities of this beverage, that "cheers but does not inebriate".

With a suck at his *mate* at daybreak and another for lunch the *gaúcho* will keep in the saddle from early morn 'til dewy eve, whilst as an antidote to intoxication there is nothing like it, not even the innoculation we referred to in our last number. Imbibed through a *bombilla* and served by a pretty Chilena or Argentina who gives a preliminary suck and leaves the taste of her pretty lips behind, there's nothing like *mate* as an aid to conversation and love making. To take it in a cup like ordinary tea spoils and vulgarises it. To be appreciated *mate* must be sucked South American fashion through a *bombilla*.

— KIMBERLEY, LADYSMITH, MAFEKING! Howsoever deficient our officers' training may be there can be no question as to one thing, that the race has lost none of the old characteristics of tenacity and endurance that have made England great in the past and will, so long as they last, keep her great still! Nothing finer than the resistance of these three garrisons has been recorded in our not uneventful history, and the names of Kimberley, Ladysmith and Mafeking will go down to posterity classed with Delhi, Lucknow and a thousand other heroic deeds that give nobility to war and lustre to our name. To know how to possess one's soul in patience, to wait for years and work unceasingly for remote results, that is our great secret of success in the past, and best hope for the future. So long as our men are, without distinction of the right kind; so long as character be the Englishman's distinguishing feature and the determination not to be beaten the characteristic of the race, they may safely be trusted to rectify the details of defective training or discipline that experience points out.

It is such men as Baden Powell to whom the English people owe their greatness — to that "infinite capacity of taking pains" that is said to be the test of true genius without which nothing worth doing is effected in this world.

— We have received from the author Mr. Tobias Rios, one of the compositors of the *Journal do Commercio*, a very interesting design representing the handsome façade of the National Printing Office executed entirely with type metal (rule and ornaments).

The work is really wonderful and shows what can be done with even hard rigid metal with pains and trouble. Mr. Tobias is the Baden Powell of typographers.

SÃO PAULO

— The *Diario Oficial* of São Paulo, under date of 6th instant, contains an elaborate commentary on the contents of the tabulated returns accompanying the report of the Inspector General of Railways & Navigation to the Minister of Agriculture on the work of his department during the past year, written by the State Government's Assistant Engineer, Dr. Clodomiro Pereira da Silva, and having special reference to returns nos. 1 and 4.

During the period between 1856 and 1898 there were 60 concessions in force, the railways corresponding to which have nearly all been constructed. As to the greatest number of concessions applied for and granted in any one year, the return shows 1896 with the top score of 7; after which come 1890, 1888, and 1880, with 5 each; 1873 and 1883 with 4 each, and 1889 and 1891 with 3 each.

On the other hand the extent of new lines opened to traffic shows no apparent relation to the years which were most fruitful of concessions; and one curious result of the return is to demonstrate that the period of greatest Commercial activity i. e. 1892 to 1897 — was the one of least Railway development.

Return no. 3 contains the specification of the capital of the various Companies; and here Dr. Clodomiro complains strongly of the incompleteness and misleading character of the information given.

He calls for immediate and stringent legislation in the direction of forcing the Companies to remodel their accounts so as to show a true statement of the actual cost of construction, and of real extensions and improvements, admitting only such items as properly belong to capital account; thus providing the only true basis for the calculation of profits.

The principal Paulista lines, such as the São Paulo, Paulista, Mogyana, and Sorocabana & Ituaia companies, are bound by the terms of their concessions, to make a proportional reduction in their tariffs directly their profits exceed the rate of 12% per annum. In this connection Dr. Clodomiro roundly taxes the Companies above named — excepting the São Paulo Railway, whose capital, as he justly says, under the English Limited Companies acts is fixed and unalterable — with evading compliance with this clause of their agreements, fictitiously increasing their capital by all kinds of illegal devices, and so making the contemplated reduction in tariffs a mere “will o’ the wisp”, which the innocent public runs after for ever, but never succeeds in overtaking!

What answer the Companies concerned will see fit to make to this charge remains to be seen; but that some reply is necessary is evident, not only in view of the authoritative aspect imparted to it by its publication in the *Diario Official*, but also because of the widespread belief existing among the public that the charge is well founded. Dr. Clodomiro's remarks in reference to the Sorocabana Coy in this connection are particularly severe and telling.

In passing on to consider the question of the profits in excess of the stipulated 12%, and the corresponding reductions which ought to take place in the tariff, Dr. Clodomiro allows his feelings to run away with him; and he indulges in an indiscriminate diatribe against the four Companies before mentioned, which he brackets together, in spite of the extremely important difference which, as he himself points out, exists between the English Company and the others in regard to the assessment of capital. “While raking in enormous gains”, he says, “they impose on the public, tariffs of pitiless rigor, whose severity is carried beyond the limits of the law”.

“Not one of the Great Companies”, he continues “in spite of the splendid profits they were realizing, ever once thought of making any reduction in their tariffs.”

Surely Dr. Clodomiro's patriotism must have obscured his judgment in this matter. It cannot possibly be news to him in his official position that the English Company's net revenue having on different occasions risen above the prescribed 12%, they made spontaneously, in due fulfilment of their contracts.

In June 1888 a general reduction = 7% on the then existing tariff.

In Oct 1889 a general reduction = 10% on the then existing tariff.

In Jan 1890 a reduction in freight of Coffee and other products = 20% on the then existing tariff.

In April 1890 a reduction in passages & freights on articles not included in above = 20% on the then existing tariffs.

It should not be forgotten, either, that the tariff in force on the São Paulo Railway is now, and at all times, 40% lower than the cheapest rates charged by any of the national lines.

If we reject as absurd the hypothesis that Dr. Clodomiro wilfully ignored the above facts, easily proved in his report, we are driven to the conclusion that he has neglected to equip himself with the knowledge necessary for the fair and equitable performance of the task he has undertaken. He complains with great effect of the insufficiency of the tables of information furnished by certain of the Railway Companies regarding their capital accounts; but there are important deficiencies in his own statement; and their effect is, of course, to greatly damage his case as against the Companies, and weaken the effect of his whole report, in spite of the unmeasured abuse by which he seeks to add force to it.

In winding up his exposition Dr. Clodomiro states that he is proceeding to the further study of this subject; and, while all must applaud his zeal for the public interest, it is to be hoped that he will not find that sentiment incompatible with a resolution to approach the matter in a spirit of impartiality, and with more evidence of an intention to be just to all concerned, than is perceptible in his remarks above commented upon.

A new paper appeared in São Paulo on the 13th instant. It is called the “Paulista”, and its political programme is “to scourge the madmen of the present situation, the torrent of pharisees now carrying the country to Calvary”. The *Commercio de São Paulo* welcomes the “new paladin”, whose ideas, it avers, are on a footing of perfect equality with its own. Here is an item of news to start the new paper with — for no one till now was aware that the “Commercio” had any ideas!

— At a meeting of the shareholders of the newly formed Italian Commercial Bank (*Banco Commercio Italiano*) Messrs. José Puglisi, Mariano Gatti, Francisco Matarazzo, Emydio Falchi and Egydio Pinotti Gamba were elected directors. The necessary deposit of 200 contos, or 10% of its capital has been made in the National Treasury, and it was resolved that the Bank, which will have agencies in the principal cities of the interior, and in the neighbouring States, — its head office in São Paulo — should be opened for business on the 1st of August next.

— On land belonging to Sr. João Machado de Campos in the municipality of Limeira a root of mandioca has been gathered whose weight is 19 lbs.

— The Fazenda Dumont Company has constructed in its own shops in Ribeirão Preto, a passenger carriage for use on its new line. The vehicle, the timber for which has been obtained from the neighbourhood, has 22 seats panelled with plaited straw, and varnished; coloured glass decorations in the upper parts adorn the windows, and it is quite an elegant affair. The cost of its construction was 10,000\$000. It is asserted that a carriage equal to it could not have been imported from the United States for less than half. Here then is a fair margin in favour of native industry.

— S. Paulo has now a city messenger service for the delivery of letters and parcels. This, if well worked, will supply a long felt want. The office is in the *Travessa do Commercio* (late *Becco do Inferno*) n. 8 A.

— Some strictly anonymous Anglophobe, who says he is a Dutchman, has been amusing himself lately by publishing in “English” heavily laboured sarcasms in the S. Paulo afternoon papers, on the subject of the Transvaal war. His latest effort is a “dreich” and dreary parody on the “progressional” of Rudyard Kipling, whom, in his sparkling way he calls “Mudyard Pipling”. Our own poet has tried to explain the Paulista Englishmen's point of view to him, in the following verses:

Hide not thy face, my “Hollandez”,
No Englishman desires to flout you.
Nor fears your frown, nor courts your praise,
Nor cares one sorry ‘damn’ about you.

The Briton gives no love unasked:
The friends he numbers, staunch, though few, are;
He scorns the gibes of all such masked,
Slam, skulking, vagabonds as you are!

If weeping o'er the burghers' woes,
It soothe you to write verses — go it!
In boorish doggerl cursè their foes, —
O boorish dog — or boorish poet!

Sing hey! the Boer and Liberty,
The gentle *sjambok* and the nigger,
The Red Cross marksman “sniping free”,
The White Flag — and the mauser trigger!

Sing the Boers' friends who talk so much,
Whose deeds and words are scarcely level:
Then sing the rest in Double Dutch,
And take your verses to — the Devil! *

* The printers' devil of course.

NOTE. ED. B. R. Not to hurt the feeling of our esteemed correspondent we publish the foregoing verses *verbatim*, but beg that the next time he perpetrates poetry he will try to tone down his adjectives, as abuse, even of Boers, is no argument.

The Electric Bond Co. (Light and Power), here, have established an excellent rule, by which the occupants of the three front benches in their cars are not allowed to smoke. The public has shewn alacrity in conforming to this regulation, which the newspapers not only approve, but suggest the application of to the bonds of the *Cia. Viação* also. It is to be hoped that the prohibition in question is to be extended to the loathsome and disgusting practice of spitting on the floors of those vehicles, and that the police will be instructed to deal promptly with any who may claim a right to ignore it.

— In Campinas a municipal committee of agriculture is about to be formed consisting of three planters, whose duties will be:

To report to the Government of the State everything of interest regarding agriculture in the municipality; to collect information for the assistance of the district inspector of agriculture, and his guidance in estimating the probable crop; to summon, and preside at meetings of the planters of the locality, with the same object; and to indent on the government for seeds and “slips” for transplanting, where such are required.

— The Directors of the Mogyana Company have decided that, on and after the 1st of June next, coffee in berry shall be put on an equal footing as to freight, with cleaned coffee.

— The S. Paulo Central association for promoting the consumption of our coffee abroad, has sent samples of coffee to Japan "through diplomatic channels". The same Association has offered a number of tins of coffee to the British "War Office", through Mr. Lupton H. M. Vice-Consul in this city.

This idea of turning the lordly diplomatic service into an advertising agency appears an excellent one, and, if successful, will doubtless be universally adopted. F. O. will be astounded to find itself of some practical use, at last; and foreign newspapers will contain such paragraphs as the following: "H. B. M's Ambassador called on the Minister for Foreign Affairs to-day, and left samples of washing soap, hair dye, and Old Scotch Whiskey. His Excellency stated that he could confidently recommend these articles of British manufacture, as being of superior quality; and expressed a hope that he might be favoured, with a trial order. "The soap in question, he added, would not wash clothes — or reputations."

H. E. Hime.

14, RUA DA CANDELARIA

RIO DE JANEIRO.

Cable Address: HAROLD

Caixa do Correio 231, Telephone 14

Money and Share Market

QUOTATIONS DURING THE WEEK, ENDING MAY 18 1900 WERE AS FOLLOWS:

(COMPILED, BY PERMISSION, FROM THE FIGURES GIVEN DAILY IN THE JORNAL DO COMMERCIO)

MAY	MAXIMUM AND MINIMUM BANK COUNTER DRAWING RATES						
	90 d/s			SIGHT			
	London	Paris	Hamb.	Italy	Portugal	N.-York	
Saturday 12	8 3/8	1.33	1.405	1.075	448	5.92	
Monday 14	8 3/8	1.131	1.410	1.172	473	5.933	
Tuesday 15	8 3/8	1.131	1.396	1.070	450	5.947	
Wednesday 16	8 7/16	1.139	1.400	1.075	448	5.948	
Thursday 17	8 7/16	1.139	1.410	1.075	473	5.939	
Friday 18	8 7/16	1.139	1.400	1.075	473	5.939	
Average 1900	8 3/8	1.123	1.390	1.070	450	5.915	
do. 1890	7 11/16	1.248	1.544	1.180	507	6.579	

MAY	OFFICIAL RATES							
	90 d/s			SIGHT				
	London	Paris	Hamb.	London	Paris	Hamb.	Italy	N.-York
Saturday 12	8 13/32	1.134	1.400	8 3/8	1.139	1.405	1.070	5.902
Monday 14	8 13/32	1.134	1.400	8 3/8	1.139	1.406	1.067	5.902
Tuesday 15	8 1/2	1.122	1.385	8 13/32	1.120	1.330	1.067	5.837
Wednesday 16	8 1/2	1.122	1.385	8 13/32	1.120	1.390	1.067	5.837
Thursday 17	8 13/32	1.110	1.370	8 9/16	1.114	1.375	1.055	5.773
Friday 18	8 11/16	1.098	1.355	8 21/32	1.101	1.330	1.043	5.711
Average 1900	8 3/8	1.120	1.383	8 31/64	1.124	1.388	1.005	5.825
do. 1890	7 13/16	1.213	1.535	7 11/16	1.247	1.531	1.188	6.407

C. ARNOLD

F. HARVEY.

Rua da Quitanda, 94

Telephone 199

Cable address: ARNOLD. RIO.

Monday, May 14. All the banks posted 8 3/8d as their 90 d/s counter drawing which the London & River Plate afterwards to 8 7/16d.

The market opened with bank paper quoted at 8 13/32d. and private at 8 15/32d. Soon after the London & River Plate raised its drawing rate to 8 7/16d, the other banks following suit.

Tuesday, May 15. The German and French Banks posted 8 3/8d as their 90d's counter drawing rate.

The market opened dull with the Banks drawing at 8 7/16d and buying at 8 1/2d. At about 2 p. m., the London & River Plate taking the lead, the Banks with exception of the London & Brazilian, raised their drawing rate to 8 15/32d, but, no cover being obtainable, Bank rates receded to 8 7/16d again.

The market closed with bank paper quoted at 8 7/16d and 8 15/32d and private at 8 1/2d to 8 17/32d.

Wednesday May 16. The Banks posted 8 7/16 as 90d's counter drawing rate, which they afterwards raised to 8 1/2d.

The market opened firm with bank paper quoted at 8 15/32d and private at 8 1/2d to 8 17/32d. Soon after rates rose to 8 17/32d and 8 19/32d respectively, but weakened a little again, when speculators sought cover.

Thursday, May 17. All the Banks posted 8 1/2d as 90d's counter drawing rate, except the London & River Plate which posted 8 9/16 and which, accompanied by the French and German raised it to 8 5/8d, the other Banks raising their rates to 8 9/16d.

The market opened with Banks drawing at 8 9/16d, and buying at 8 9/32d. rates afterwards rising to 8 21/32d, bank, private being quoted at 8 11/16d. These rates were firm until about 2 p. m. when they fell to 8 5/8d. for bank and 8 21/32d. to 8 11/16d. for private paper.

Friday, May 18. The London & River Plate Bank alternately posted three different 90 d/s counter drawing rates between 8 11/16d. and 8 3/8d., the French two, 8 5/8d. and 8 21/32d., The London & Brazilian, The British and German also two 8 5/8d. and 8 11/16d. The variations in rates produced a considerable movement.

The market opened with bank paper quoted at 8 3/4 and private at 8 13/16d., falling soon after to 8 5/8d. and 8 11/16d respectively, the market closing with the Banks drawing freely at 8 11/16d and private paper quoted at 8 21/32d. to 8 3/4d.

Saturday, May 19. The English banks posted 8 11/16d as 90d's counter drawing rate and the French and German 8 5/8d., which afterwards became general.

The market opened undecided with the Banks drawing at 8 11/16d and buying at 8 23/32 d. Rates soon after rose to 8 23/32d, private paper being quoted at 8 3/4d. After some oscillation the market finally closed with bank paper quoted at 8 5/8d and 8 21/32d and private at 8 11/16d for forward delivery.

Extremes during the week ending May 18 were 8 3/8 — 8 3/4 d. for 90 d/s Bank paper and 8 13/32 — 8 13/16 d. for private.

The average Bank-counter 90 d/s drawing rate for the week comes out at 8 35/64 the corresponding sight rate being 8 31/64 same as the average sight rate of the *Camara Syndical*.

The average depreciation for the week calculated on the basis of the Banks' sight rate is 68.57% and the premium on gold 218.25% against 69 21 and 224.81 last week. At these rates:

1 £	was worth 283287	against 283872	last week
1 shilling	" 4844	" 4844	" "
1 penny	" 818	" 8120	" "
1 Franc	" 18124	" 18147	" "
1 Mark	" 18388	" 18417	" "
1 U. S. Dollar	" 58826	" 58947	" "
1 20\$000 coin	" 638616	" 648962	" "

FOREIGN EXCHANGES ON LONDON AND PREMIUM ON GOLD

MAY		Paris	Berlin	Genoa	Lisbon		Madrid	
					%	%	%	%
May	12	25.28	—	6.30	—	28.55	—	
"	14	25.18 1/2	—	6.33	—	28.35	—	
"	15	25.18	30.30 1/2	6.50	—	—	—	
"	16	25.17 1/2	—	6.52	—	27.50	—	
"	17	—	—	6.40	—	27.05	—	
"	18	—	—	6.40	42 1/2	27.12	—	

DISCOUNT RATES

APRIL		Bank of England		Open market
		%	%	
April	10	4 %	4 1/4 %	
May	10	4 %	4 1/4 %	
"	17	4 %	4 1/4 %	

Comparative quotations of Brazilian Bonds in London, as per telegrams received by the Banco da Republica. From Messrs. N. M. Rothschild & Sons.

DRINK FRANZISKANER BRÄU and PILSENER, the best in Rio.

	May 17	May 10	May 5	April 30
1879 4 1/2 p.c.	63 %	64 %	64 %	63 %
1888 4 1/2 "	64	64 1/2	64	63
1889 4 "	65	64	64 1/2	63 1/2
1895 5 "	72 1/2	73	73	72
Funding 5 p.c.	87 1/2	87	88	87
West Minas 5 p.c.	69	68 1/2	69 1/2	68

From the London & County Banking. Co. May 18

	Buyer	Seller
1879	64 1/2 %	65 1/2 %
1888	65 1/2	66 1/2
1889	65	66
1895	73 1/2	73 1/2
Funding	88	88 1/2

THE SCARCITY OF MONEY

In consequence of the action of the joint-stock banks, the market is still under the necessity of borrowing from the Bank of England. Had the joint-stock banks been willing to lend their increased balances, the market would early in the week have redeemed its debt to the Bank, and the 5 per cent. rate for advances would have disappeared. The market indebtedness to the Bank of England at the present time for loans is, however, very small. On Saturday last three-fourths of the fairly large amount due was paid off. On Monday a moderate amount was renewed, and a little fresh money was borrowed. On Tuesday and Wednesday small amounts were renewed. On Thursday the market borrowed a little more than fell due, and to-day the sum due was repaid. The indebtedness of the market to the Bank for loans does not exceed £750,000, and is probably less. On the other hand, bankers' balances with the Bank of England have increased nearly £2,500,000 compared with the previous week. The indisposition of the banks to lend fresh money was apparently caused by their desire to prepare for next week's loan instalment, and to maintain the remunerative rates at which they are employing their money. Had an additional £2,000,000 been lent to the market it would have brought down the rate for the whole of their balances. They appreciated, however, that the addition to their balances was temporary, and that the payment of the instalment on the loan next week will take (£3,000,000) from their resources. *Sentist 28 April.*

COMPARATIVE VALUE OF COFFEE SHIPPED IN 1899 AND 1900

	WEEK ENDING MAY 18				CROP TO MAY 18			
	N. of bags		Value		N. of bags		Value	
	1899	1900	1899	1900	1898/9	1899/00	1898/9	1899/00
Rio	54,200	63,157	£ 83,414	£ 120,781	2,871,576	3,075,817	4,456,140	5,014,767
Santos	41,781	24,354	63,162	48,413	5,131,135	5,407,540	8,397,783	8,400,843
Total	95,981	87,511	146,576	169,194	8,002,711	8,483,357	12,853,923	13,415,610

THE BRAZILIAN REVIEW

Saturday May 21, 1900.

Ninety days rate on London opened on Monday 14th at 8 1/32 and closed this evening steady at 8 21/32.

The upwards tendency is now unmistakable and as usual rumour is busy endeavouring to explain a perfectly natural phenomenon by extraordinary causes. The Minister of Finance is again brought in and suspected of working the market by drawing against the guarantee fund in London. Although it happens not to be the case there would be nothing to object to if it were, as it is precisely for the purpose of supplementing the supply in a short market or checking it when excessive that the "guarantee" and "redemption" funds were invented.

In the real factors of the situation there is no alteration. Imports are on the one hand, as we show, particularly small, 28.2% less than for the first quarter of 1899, and coffee entries, on the other, smaller than ever. Selling ahead of coffee has this year been very restricted, as also, consequently, has been that of exchange. The regular jobbers have of course sold all they could in anticipation of the rise, but unless assisted by shippers their operations cannot alone amount to much or produce more than temporary oscillations. Last year it was different. Before this time an immense speculation had been started and the coffee market was oversold to a tremendous extent. Covering operations were, consequently, on a gigantic scale, and it was also these that sent exchange booming up from 6 3/4 to 8 d. in April and May before new coffee had commenced to come in at all. This year it is all different. The coffee market is disorganised, nobody venturing to sell but being equally afraid to buy on a large scale. Planters, we understand, believe in a rise, and are keeping coffee back, whilst shippers are divided into two camps.

Paper money continues to be burned 1,000,000\$ every week; this will shortly be raised to 2,000,000\$. On the other hand money, instead of leaving, is beginning to flow back to this market, the returns for the last 4 months being as follows:—

	Received contos	Remitted contos
January	702	8,295
February	373	8,910
March	1,100	1,042
April	1,614	523
	3,789	18,770

The big drain to Pará & Manaus that accounts for the greater part of the money remitted in the first three months has stopped entirely, receipts from that direction having been 60:934\$ as against only 6:040\$ remitted in April. Money may be expected to come back for some months to come and, unless counteracted by proportionate burning, make the market easier.

Entries of rubber at Pará as can be seen from our cable on page 321 keep up better than was to be expected, furnishing bills at the rate of over £ 800,000 per month, which, in spite of the very large imports, probably exceeds requirements and, anyhow, keeps Pará from taking here.

The value of coffee shipped during the past week was £ 160,144 as against £ 116,861 for the previous week and £ 149,570 for the corresponding week last year. Up to 18th inst the total value of coffee shipped since 1st January at Rio and Santos was £ 1,366,648 as against £ 4,262,000 for the same period last year.

Declared sales at Rio & Santos during the week amounted to only 68,000 bags against 109,000 for the corresponding week last year.

FROM OUR CORRESPONDENT.

Pernambuco, 9th May 1900.

Exchange: opened on 30th April at 89/32d, went to 8 3/8d and closed weak at 1/32d less; on 1st opened 8 5/16d improved 1/32d and closed at 8 5/16d, which rate ruled on 2nd; from 4th to 8th the rate fluctuated daily between 8 5/16d and 8 3/8d, this morning it opened at 8 3/8d and on Rio advices advanced to 8 7/16d but very little has been done. At close rate seems less firm and Banks ask for paper at 8 1/2d but dont find any.

BUSINESS DONE ON THE S. PAULO STOCK EXCHANGE FOR THE WEEK ENDING MAY 18 1900

Description	Sales	Lowest	Highest
GOVERNMENT SECURITIES			
Camara de Santos cautelas	200	82\$500	83\$000
BANKS			
Commercio	22	330\$000	380\$000
S. Paulo	50	153\$000	153\$000
RAILWAYS & TRAMWAYS			
Paulista	2,180	241\$000	250\$000
Mogiana	193	249\$000	250\$000
do (20 %)	673	61\$500	65\$000
MISCELLANEOUS			
Lacerda	1,030	6\$000	6\$000
Telephonica	103	100\$000	100\$000
MORTGAGE BONDS			
Credito Real (8 %)	360	78\$000	79\$000
do (6 %)	159	65\$500	65\$500

The total business done on the S. Paulo Stock Exchange amounted to Rs. 712:479\$000 distributed as follows:

Government Securities	16:550\$000
Banks	16:010\$000
Railways & Tramways	624:945\$000
Miscellaneous	16:000\$000
Mortgage Bonds	38:674\$000
Total	712:479\$000

LATEST QUOTATIONS

TUESDAY MORNING, May 22, 1900

Rio de Janeiro 90 d/s Bank rate on London, opening rate, May 22	8 11/16 d.
No. 7 New York type of coffee. Spot closing price, on May 21 per 10 kilos	8\$409
No. 7 ditto ditto ditto. Spot closing price at New York, on May 21 per lb	cents 7 9/16 c
No. 7 New York type of coffee May options price ditto ditto ditto	6.60 c
1879 4 per cent. External bonds, at London	May 21. 65 %
1888 4 1/2 per cent external bonds	" 65
1889 4 per cent ditto ditto	" 65 1/2
1895 5 per cent ditto ditto	" 73
Funding	" 88
W. Minas	" 69

Railway and Tramway Shares. Apart from a fall of 9s in Jardim Botânico no alteration of importance was noticeable in the few kinds dealt-in.

Cotton Mills. Confiança Industrial improved 7s, and Corcovado 3s000.

Miscellaneous. Only two kinds dealt in, Loterias Nacionas which fell 4s500 and Sal e Navegação, 500 réis.

Debentures. Sorocabanas (com coupon) maintained their previous quotation, but *ex-coupon* weakened 1s. Manufactura Fluminense lost 3s, the remaining descriptions being unaltered.

LONDON AND BRAZILIAN BANK, LIMITED

The twenty-ninth annual ordinary general meeting was held on April 24 at the offices, 7 Tokenhouse Yard, E.C., Mr. Charles Edward Johnston (Deputy Chairman of the Company) presiding.

The Chairman, after expressing regret at the absence, through illness, of the Hon. Pascoe Glyn (the Chairman of the Company), said: When we remember the characteristics of the business in Brazil with which we have had to deal during the past year, the daily, I might almost say the hourly, fluctuations in exchange, the very small margin at which, owing to the competition, the operations in exchange have now to be conducted; when we remember the losses and failures consequent upon the rampant speculation in exchange all along the coast, and, above all by the great decline in Brazil's staple product, coffee, I think you will agree with me that the report which we are enabled to place before you to-day may be considered very satisfactory. Last year our net profits were £105,609; this year they are £116,200, showing an improvement of £10,591. Last year we carried forward £163,676; this year, after providing for the same dividend and bonus as we did last year, and providing further for the proposed reduction of £10,000 in premises account, we shall carry forward £164,875, of which amount we only require £42,317 to provide for the net depreciation of our capital in South America. Last year we had to provide £73,834 for this purpose, and the year before that £123,403. I think the balance sheet calls for very few remarks. Its total figures show an increase of £655,837. Current accounts and deposits show an increase of £316,115, and bills payable of £319,729; while in bills for collection on accounts of customers there is a reduction — which was to be expected, owing to the falling off in the imports of Brazil — of £37,091. On the credit side specie and cash at head office and branches are less by £232,163, showing that we have been able to employ our money more fully this year. Bills receivable show an increase of £231,738, and bills discounted, £689,260. Taking the last item, bank premises and furniture, you will observe the amount is £168,245. This shows an increase upon the figures of last year of £4,084, which is almost entirely due to our having bought our premises at Rio Grande do Sul.

We now own our premises at Lisbon, Pará, Pernambuco, Rio de Janeiro, Santos, São Paulo, Rio Grande do Sul, Buenos Ayres, and Monte Video. We have also purchased premises at Rosario de Santa Fé, but this does not appear in this year's accounts. We believe that all these properties are well worth the amounts at which they stand in our books, but as the figures are increasing, we think, as prudent men, we ought to make a beginning by writing down their cost to the extent of £10,000, and I trust that in future, as opportunities offer, this policy will be continued. I should mention that there is an increase in the charges this year of £5,340, which is explained by the natural increase in salaries, by the advance in exchange, and, I am sorry to say, by extra taxation. Our branches in Argentina continue to give satisfactory results, and, in view of the very great increase in the production and exports of that country, we trust they will make still further progress. I am glad to say that the business of the New York agency also continues satisfactory, and shows good progress. As regards the prospects in Brazil, I venture to think we may consider them now more favourable. The Rio and Santos crops of coffee, which terminate on June 30 next, will, it is estimated, show an increase in value of some £2,000,000 or £2,500,000 over the previous year, while the larger production of India rubber on the Amazon will also yield better results. It looks, therefore, as if the Government estimate of £36,000,000 for the exports this year is not at all excessive. The experience we have had of business this last half-year will tend, I think, to make people more careful, and if we have no political troubles, and I do not anticipate any, it looks as if there is very good hope that the exchange, which has been comparatively steady lately, may still further advance. I cannot conclude these remarks without expressing the opinion that all interested in Brazil are greatly indebted to His Excellency Campos Salles and the Finance Minister, Dr. Murinho, for the strenuous efforts they have made, and are making, to carry out the funding arrangement of 1898, which has for its object the placing of the finances of the Republic on a sounder basis. The difficulties they have to contend with are very great, and I doubt whether they are fully appreciated on this side.

In a country of the vast area of Brazil efficient supervision of administrative machinery is not at all easy, and in all countries the efforts of a Government for economy and the necessity for new taxes are never popular. At the same time, the results so far obtained appear to me sufficiently satisfactory. It appears from the statement in the *Jornal do Commercio* of March 3, which I look upon as semi-official, that after providing in 1899 for the accounts which were not definitely closed some 35,300 contos, and after paying off the £1,000,000 of Treasury bills which matured last year, and providing for the burning of 41,714 contos, which represents roughly £400,000, the Government closed the year with a balance in their favour of 12,000 contos, which, at 8d. exchange, is £400,000. The figures with regard to the note circulation are decidedly interesting. On December 31, 1898, the amount in circulation was 785,941 contos, representing at 8d. exchange about £26,200,000, which amount had been reduced to 716,000 contos at the beginning of last month, 69,214 contos — which at 8d. exchange is roughly £2,307,000 — having been burned to that date, when, owing to the state of the Money market, the burning of notes was temporarily suspended. I trust that next year we

may be able to give you an equally satisfactory report, and that we may still further improve our position. I beg to move the first resolution. "That the report and accounts of the directors now read be received and adopted, and that, in accordance with the recommendation of the directors, a dividend of 10s. per share (free of income tax), making, with the interim dividend of 10s. per share paid in October last, a dividend for the year at the rate of 10 per cent. per annum on the paid-up capital of the Bank, and also a bonus of 8s. per share, or 4 per cent. (free of income tax) on the paid-up capital be declared, the same to be payable on and after Friday, the 27th inst."

Mr. William Wilton Phipps seconded the motion, which was unanimously agreed-to.

Mr. John Beaton was re-elected a director, and in thanking the shareholders for their renewed confidence referred to the ever-increasing routine work of a foreign banker. It was the custom now of European manufacturers and shipper to ship direct to the shopkeeper abroad, with the result that this Bank had to deal with a very large number of drafts and accompanying documents, entailing more trouble and quite as much time as if each draft represented £5,000 instead of £50, or even less. Having to deal with this mass of drafts and transactions entailed, as could easily be understood, a commensurately large staff, which in itself was a source of anxiety to care for and maintain in tropical and semi-tropical climates. He mentioned this new phase in their business because it was one of the causes of the charges tending to increase rather than diminish.

Mr. E. L. Beckwith, the other retiring director was also re-elected, and Messrs. Gerard van de Linde and Son were reappointed auditors.

Votes of thanks closed the meeting.

BALANCE SHEET ON DECEMBER 31st 1899

OF THE
EMPRESA INDUSTRIAL BRAZILEIRA

Assets	
Shareholders; unpaid Capital	1,110,000\$000
Bonds, shares and debentures	2,451,454\$965
Bills and obligations receivable	8,521,916\$179
Vessels	1,479,125\$134
Real Estate	1,750,555\$726
Sundry Departments at Sappopemba	
Central mill, including installation.	317,098\$637
Brickfield do do	517,568\$274
Smiths Shops do do	49,986\$154
Sawmill do do	116,678\$665
Electric installation.	236,157\$224
Railways, locomotives, etc	296,055\$750
	4,503,544\$709
Brickfield, maintenance.	27,550\$000
Sawmill do do	39,952\$450
Smiths shops do do	1,770\$850
Electrical department.	10,109\$780
	79,382\$480
Gorecino	162,413\$409
Store department	62,843\$239
Rice.	27,612\$509
Consignments of timber	60,153\$262
Coal stored in Sappopemba.	636,245\$950
Export merchandise	81,566\$000
Consignments	23,899\$000
Linen factory in construction.	1,763,834\$568
Bahia Telephone instalment.	69,000\$000
Rents due	81,849\$632
Dividends receivable.	199,353\$180
Furniture and utensils.	18,585\$935
Assets of the Companhia Internacional de Marahú.	310,493\$780
Sundry accounts.	2,749,493\$664
Gross entries.	6,020,408\$000
Shares deposited by the Directors as surety.	30,000\$000
Cash	
Balance at Banks.	497,068\$433
Deposits in currency	235,000\$000
In hand	24,987\$800
	757,957\$238
	29,942,455\$141

Liabilities

Authorised Capital	5,000,000\$000
Reserve fund	2,237,379\$827
Profits in suspense	1,356,499\$031
Profit and Loss	735,476\$091
Bills and obligations payable	2,256,984\$880
do do documents discounted	6,980,947\$120
Rights and concessions	2,938,215\$250
Dividends payable.	466,800\$900
Linen factory-amounts received	881,758\$000
Gross entries.	6,020,408\$000
Sundry accounts.	1,038,002\$342
Directors' surety.	30,000\$000
	59,942,455\$141

S. E. or O. Rio de Janeiro, December 31st 1899.

(Signed) Candido Caetano Ferraz, President.

Alberto Santos, Accountant.

BANCO DA REPUBLICA DO BRAZIL

Report presented to the shareholders by the President of the Bank, Sr. Luiz Martins do Amaral, at the general meeting in Rio de Janeiro on May 8th 1900

REPORT OF THE FISCAL COUNCIL.

In the discharge of its trust, the Fiscal Council has endeavoured to scrupulously carry out the obligations imposed by the statutes, fiscalising the operations effected by the Bank, verifying the cash balances, and, at the dates specially appointed by law, verifying the values belonging to the bank and to others and inspecting the work of the different branches and the books.

The data thus obtained have been found to agree with the balance sheets and tables contained in the Directors' report, presented by the President with our own. The Council is, therefore, of opinion that the accounts for the last banking year be approved.

The Council has also observed that the Directors have faithfully adhered to the statutes of the Bank and acted generally with the greatest prudence during a period so full of difficulties as the past year. Depression, already so marked, was still more aggravated in 1899 whilst the heavy withdrawals of paper made money scarcer than ever in the market so weakened by the fall of coffee prices.

In spite of such unfavourable circumstances, the Bank, whilst assisting commerce in every possible way, was able to realise a net profit of 7,656,826\$, which would allow the distribution of a higher dividend than that recommended by the Board and accepted by the fiscal council if desirable.

Comparison between the balance sheets of 1898 and 1899 shows only unimportant differences explained by the report and calling, therefore, for no remarks on our part.

As regards 1899, we need only mention that there has been a decrease of 19,797,000\$000 in our assets, under the head of *Industrial loans* arising from the liquidation of various companies, and in our Liabilities, under *Deposits*, a decrease of 8,913,000\$000 (being a decrease of 11,830,000\$000 in *Current Accounts*, and an increase of 2,917,000\$000 in *Fixed Deposits*) the effect of the circumstances already alluded to.

The Fiscal Council takes this opportunity to confirm in the presence of the shareholders the opinion expressed in the minutes as to the agreement of March 10th ultimo for liquidation of the debt of the Bank to the National Treasury.

The arrangements made with the Government having been duly communicated to us by Councillor Luiz Martins do Amaral, President of the Bank, the council, after carefully considering the conditions laid down, finding them favourable to the interests of the Bank, decided on their acceptance.

The situation of the Bank is now indisputably satisfactory and promising.

The Council, in conclusion, begs to submit to you the following resolution:—

That the accounts and acts of the Administration, referring to the Bank's last fiscal year, be hereby approved.

April 18th 1900. Signed J. C. de Sousa Ferrreira—Barão de Quartin—Joaquim de Mello Franco—José Marques de Carvalho—Cyprino J. Velloso Vianna.

REPORT OF THE PRESIDENT

It is with the greatest satisfaction that, in the name of the Board, I now present you with the Report of the operations and standing of the Bank on the 31st of December of the past year.

In the report I had the honour to hand you at the late extraordinary general meeting, at which the reorganisation of the statutes in harmony with the new position of the Bank was adopted, I gave full particulars of the agreement entered into with the Government for the liquidation of our accounts with the Treasury, thus transforming the institution into a purely «Deposit and Discount» Bank as was desired.

I am happy to be able to assure you that the Board possesses all the elements necessary to carry out the obligations assumed under said contract.

The crisis that threatened the market, owing not only to the withdrawal of currency, but to the fall in price of coffee, is now disappearing, and business will soon become more settled, if, as I hope, the value of the currency continues to improve, and the present prices of coffee be maintained.

From the annexed balance sheets, it will be observed how vastly the position of the Bank has improved, whilst the examination of the different items will show that the chief aim of the Board has been to strengthen its credit.

The present Board now retires, and you have therefore, in accordance with the new statutes, to elect a President and four directors to serve during the three years 1900—1902.

The Fiscal Council has done its work with zeal and dedication. Its report will enable you to consider, with impartiality, the year 1899.

This meeting has also to elect the Fiscal Council to serve during the current year.

I am pleased to inform you that the Staff, and especially the chiefs of departments, have done their work with zeal and earnestness.

I now proceed to examine the principal items of the balance sheet:

TOTAL PROFITS REALISED DURING THE YEAR AMOUNT TO.	14,375,347\$917
to which the following departments contributed—	
The Commercial Department	11,624,864\$807
The Bond (Bonus) Department.	2,750,483\$110
Deducting expenditure of the two Departments including interest paid, amounting to	5,366,139\$938
There remained a net profit of.	9,009,207\$979
Which was distributed as follows:—	
Dividends at the rate of 6% per annum.	6,155,166\$000
Reserve fund.	1,351,381\$200
Profits in suspense.	1,502,660\$779

REDUCTION OF CAPITAL ACCOUNT

Up to April 1897, 176,089 shares of 200\$ were withdrawn.	35,217,800\$000
In accordance with article 5 of the actual statutes, capital has been further reduced as follows:—	
From May to September 1897, 188,851 shares of 200\$	37,770,200\$000
In 1898, 58,819 shares of 200\$.	11,763,800\$060
Total 423,759 shares of 200\$.	84,751,800\$000
1st 1/2 year 1899 8,459 shares of 200\$.	1,691,800\$000
2nd 1/2 " 1899 10,304 " " 200\$.	2,060,800\$000
Total. 442,222 " " 200\$.	88,444,400\$000

There remain, therefore, only 7,778 shares to the value of 1,555,600\$ to be yet redeemed for capital to be reduced to the amount stipulated in our contract Rs. 100,000,000\$000.

TRANSFER OF SHARES

The following transfers were effected:—

Fully paid up shares converted	949,247	
do do to be converted	753	950,000
From this is to be deducted:—		
Shares paid off in agreement with art. 2 of decree No 1,167 of December 17th 1892	274,722	
Ditto in agreement with art. 5 of the statutes approved by decree no. 2,500 of May 8th 1897	167,500	442,222
		507,778

These 507,778 shares, according to the register, are distributed as follows:—

HEAD OFFICE, RIO DE JANEIRO	
Rio de Janeiro.	497,935 1/2
AGENCIES:	
S. Paulo	579
Bahia.	3,478 1/2
Pernambuco.	2,410
Maranhão.	1,936 1/2
Pará	159
Rio Grande do Sul	517 1/2
	9,089 1/2
SHARES TO BE CONVERTED.	753
Total	507,778

1,952 different transfers were effected at the head office during the fiscal year, Jan/Dec. 1899, comprising 111,064 shares, as follows:—

By sale.	50,055
As collateral security.	7,229
By extinction of collateral security.	12,009
» Judicial Auction.	16,308
» Amortisation of Capital	18,463
	111,064

The number of shareholders on 31st December 1898 was 5,675 was art. 45 of reduced to 5,646 on 31st December 1899.

RESERVE FUND

This account represents the amounts that in compliance with art. 45 of the statutes have been deducted from net profits:

Up to 1898.	9,867,833\$931
1st half-year 1899.	660,435\$160
2nd do do	690,946\$040
	11,219,215\$134

SPECIAL RESERVE FUND

This account represents the reserve funds of the former Banks now fused with the Banco da Republica do Brazil and on December 31st. 1898 amounted to

	6,275,874\$915
Less losses on sundry liquidations in 1899	115,011\$310
Balance on December 31st. 1899.	6,260,863\$605

PROFITS IN SUSPENSE

Balance on December 31st. 1898	9,750,846\$817
Plus 1st. half-year 1899.	693,073\$918
» 2nd. do do	868,692\$861
	11,312,613\$606
From which must be deducted Sundry rebates.	95,873\$761
Balance on December 31st. 1899	11,157,639\$845

PROFITS, EXPENSES AND DIVIDENDS

The profits realised by the Bank during the past year were as follows:—

1st. half-year	6,843,851\$057
2nd. do do	7,531,496\$800
	14,375,347\$857
Deducting expenses, interest paid and losses:—	
1st. half-year	2,440,940\$079
2nd, do	2,025,189\$959
	5,366,139\$938
There remained a net profit of.	9,009,207\$979

Which was distributed as follows: —

Dividend of 6 %/o, 1st. half-year.	3,108:492\$000	
do 2nd. do	3,046:668\$000	6,155:160\$000
Reserve fund 1st. half-year.	660:435\$160	
do 2nd: do	690:946\$040	1,351:381\$200
Profits in suspense 1st. half-year.	633:973\$918	
do 2nd do	868:692\$861	1,502:666\$779
		<u>9,009:207\$979</u>

ORIGINAL EMISSION OF THE BANK OF BRAZIL

Balance of this emission on December 31st 1898.	2,295:975\$000
Redeemed during 1899 and handed to the caixa de Amortisação to be burned	880:000\$000
Amount still in circulation.	<u>1,415:975\$000</u>

This amount consists of:—

Notes of Head Office	1,193:075\$000
do Branches	225:900\$000
	<u>1,415:975\$000</u>

In spite of the efforts of the Board it was not possible to complete the amount that should have been redeemed during past year, in accordance with decree n. 5506 of December 26th 1873. The Bank and its agents in the different States have repeatedly advertised in the principal newspapers calling on holders of notes to exchange them, the time for which, in agreement with the said decree, expires on Dec. 31st next.

CASH MOVEMENT

Balance on December 31st 1898	32,747:256\$350
Receipts, 1st half-year 1899	523,667:251\$502
Payments do do	535,805:575\$924
	<u>20,548:932\$018</u>
Balance on June 30th 1899.	20,548:932\$018
Receipts, 2nd half-year 1899.	575,191:361\$769
Payments, do do	571,339:498\$525
	<u>24,400:795\$262</u>

BILLS DISCOUNTED

During the year.	193,691:686\$838
Being:	
Bills with two or more signatures.	99,833:898\$038
" " one signature only	5,808:648\$800
" of the Municipality (Prefeitura)	3,059:000\$000
	<u>108,691:686\$838</u>

DISTRIBUTION

BILLS OF	1ST. HALF YEAR	2ND. HALF YEAR	TOTAL
100\$000 to 1:000\$000	427:207\$842	132:480\$728	259:688\$570
1,000\$000 to 5:000\$000	3,850:321\$723	3,785:604\$365	7,635:926\$088
5,000\$000 to 10:000\$000	7,742:870\$340	7,931:460\$309	15,674:330\$649
10,000\$000 to 20:000\$000	10,833:254\$830	10,722:920\$570	21,556:174\$400
Over, 20:000\$000	31,057:659\$330	32,502:938\$070	63,560:597\$400
	<u>53,611:321\$815</u>	<u>55,030:365\$023</u>	<u>108,691:686\$838</u>

GUARANTEED CURRENT ACCOUNTS

Balance on December 31st 1898	124,257:975\$393
Receipts January to June 1899.	29,968:054\$712
do July to December 1899.	30,942:250\$034
Payments January to June 1899	20,282:246\$780
do July to December 1899	28,974:958\$453
	<u>121,694:878\$880</u>

SETTLEMENT OF DEBTS TO THE BANK

By cash payments.	1,931:362\$062
In shares of this Bank	1,220:000\$000
" other shares and debentures	2,050:813\$829
	<u>5,302:175\$891</u>

DEPOSITS

IN ACCOUNT CURRENT

1st half year 1899

In account current:

Balance on 31st December 1898	80,782:173\$030
Receipts January to June 1899	369,883:052\$775
Payments do do	383,707:687\$699
	<u>66,957:538\$115</u>
Balance on 30th June 1899.	66,957:538\$115
At fixed dates:	
Balance on 31th December 1898	4,006:056\$779
Receipts Jan. to June 1899	1,304:995\$810
Payments do do	1,498:342\$002
	<u>3,872:710\$087</u>
	<u>70,830:248\$202</u>

2nd half year 1899

In account current:

Balance on June 30th 1899.	66,957:538\$115
Receipts July to December 1899	397,329:901\$835
Payments do do	395,347:185\$422
	<u>68,940:254\$528</u>

At fixed dates:

Balance on 30th June 1899	3,872:710\$087
Receipts July to December 1899	1,462:667\$670
Payments do do	1,239:777\$263
	<u>4,095:600\$494</u>
Balance on 31st December 1899	<u>73,035:855\$022</u>

CURRENT ACCOUNTS

NEW ACCOUNTS OPENED DURING 1899

MONTH	NO OF ACCTS	VALUE	MONTH	NO OF ACCTS	VALUE
January	63	1,662:372\$757	July	62	1,032:745\$770
February	35	2,090:858\$630	August	54	1,177:863\$310
March	54	1,522:808\$200	September	64	2,630:298\$666
April	47	1,090:914\$299	October	50	588:437\$062
May	60	1,174:311\$390	November	34	1,078:412\$200
June	37	701:630\$470	December	53	1,992:472\$860
Total	295	8,251:927\$746	Total	311	8,469:929\$368

RECAPITULATI N

1st half year 1899	296 new accounts	8,251:927\$746
2nd do do	311 " "	8,469:929\$368
Total	607 " "	<u>16,721:857\$114</u>

FIXED DEPOSITS

Balance on 31st December 1898	24,984:345\$133
Issued during 1st half year 1899.	21,726:278\$770
Redeemed during 1st half year 1899	20,068:387\$220
	<u>26,642:236\$683</u>
Balance on 30th June 1899.	26,642:236\$683
Issued during 2nd half year 1899	20,967:602\$410
Redeemed during 2nd half year 1899	19,696:745\$790
	<u>1,270:946\$650</u>
	<u>27,913:183\$333</u>

DISCRIMINATION OF FIXED DEPOSITS DURING 1899

	1ST HALF YEAR	2ND HALF YEAR	TOTAL
2 months	1,109:789\$150	1,233:723\$050	2,343:513\$200
3 "	3,110:038\$380	8,157:282\$120	6,267:320\$500
4 "	735:213\$010	672:428\$900	1,407:641\$910
5 "	154:383\$700	308:300\$280	462:775\$980
6 "	6,532:810\$910	7,104:802\$460	13,637:613\$370
7 "	95:113\$060	66:727\$180	161:840\$240
8 "	50:965\$700	175:558\$840	226:524\$540
9 "	171:977\$300	251:838\$720	423:816\$020
10 "	1,291:336\$600	1,397:203\$960	2,788:540\$560
11 "	75:943\$040	72:188\$580	148:133\$620
12 "	8,308:685\$330	6,427:548\$020	14,736:233\$350
Total	<u>21,726:278\$770</u>	<u>20,967:602\$410</u>	<u>42,693:881\$180</u>

AD TO INDUSTRIES

I

ISSUE OF BONUS (BONDS)

LOANS: —

On mortgage:

In Bonus (bonds)	65,500:000\$000
do do and cash.	4,841:600\$000
Capitalisation of renewals	311:254\$200
	<u>70,652:854\$200</u>

On mercantile security:

In Bonus	14,500:000\$000
	<u>85,152:854\$200</u>

Amortisation:

In cash.	28,055:658\$603
do Bank shares	7,692:400\$000
do property.	6,730:807\$554
	<u>43,378:866\$157</u>
Loss	3,551:088\$523
	<u>38,222:800\$520</u>
Difference	<u>38,222:800\$520</u>

II
INTEREST ON LOANS ACCOUNT

Interest due 3.997:474\$470

III
LOANS

STATES	ORIGINAL LOAN	AMORTISE	BALANCE DUE
Capital Federal	26,403:800\$000	14,358:354\$370	11,745:445\$330
Rio de Janeiro	13,404:041\$000	4,342:430\$200	9,061:610\$800
S. Paulo	15,586:647\$000	5,154:543\$010	10,432:103\$030
Minas Geraes	4,850:000\$000	1,973:002\$520	2,876:997\$480
Maranhão	3,058:363\$200	1,029:473\$350	2,029:189\$550
Pernambuco	4,030:000\$000	2,700:300\$000	1,349:500\$000
Bahia	1,950:000\$000	1,617:500\$000	332:500\$000
Alagoas	475:000\$000	42:250\$000	432:750\$000
Espirito Santo	750:000\$000	547:200\$000	242:800\$000
Rio Grande do Norte	725:000\$000	725:000\$000	
On mercantile security	70,652:851\$200 11,500:000\$000	32,429:951\$680 14,500:000\$000	38,222:896\$520
	85,152:851\$200	46,920:951\$680	

These loans represent 407 contracts which now stand as follows:

Payments made to date	Behindhand with 1 instalment	
» » 2 »	» » 3 »	» » 4 »
» » 5 »	» » 6 »	» » 7 »
» » 8 »	» » 9 »	» » 10 »
Liquidating		
		407

IV
LIQUIDATIONS

STATES	INDUSTRY	AGRICULTURE	TOTAL
	Capital	Capital	
Capital Federal	703:333\$330		703:333\$330
Rio de Janeiro	2,356:666\$670	50:000\$000	2,516:666\$670
S. Paulo	250:000\$000	279:000\$000	529:000\$000
Minas Geraes	750:000\$000	120:000\$000	870:000\$000
Pernambuco	1,350:000\$000		1,350:000\$000
	5,420:000\$000	449:000\$000	5,869:000\$000

AGRICULTURAL DEPARTMENT OF LOANS FOR THE NORTHERN STATES

BALANCE ON 30TH DECEMBER 1899

ASSETS	LIABILITIES
Bills receivable 15:293\$800	Capital 326:386\$967
» in guarantee 8:901\$040	Profit and Loss 2:696\$404
» overdue 59:877\$010	Interests and discounts 443:992\$267
Shares in guarantee 12:780\$000	Rent on property bought at auction 1:253\$500
» belonging to the Bank 14:092\$400	Dividends 900\$000
Properties bought in at auction 46:800\$000	
Mortgages 210:92\$920	
Guaranteed current accounts 50:904\$728	
Rural mortgages 4:804\$930	
Law expenses 11:464\$200	
Current accounts 68:983\$650	
Judicial surety 800\$000	
475:223\$728	475:223\$728

SECURITIES IN LIQUIDATION

Balance on December 31st 1898	9,615:711\$107
Credited from January to June 1899	2,383:983\$894
Debitd from January to June 1899	1,446:832\$305
Balance on June 30th 1899 (debit)	937:151\$589
Debitd from July to December 1899	1,635:765\$310
Credited » do do	865:364\$405
Balance on December 31st 1899 (debit)	9,508:960\$423

Such is the information I have to lay before you; should any more be required, I shall be happy to supply it.

(Signed) Luiz Martins do Amaral, President.

BALANCE SHEET JUNE 30TH 1899

ASSETS

Apolices (Bonds) deposited as guarantee for reserve fund	10,528:000\$000
Securities:	
Government Bonds	74,632:820\$194
Shares and Debentures	79:825:842\$080
Bills discounted	27,745:473\$145
» in guarantee	432:194\$562
» receivable	4,382:015\$380
Securities in liquidation	8,678:559\$518
Guaranteed current accounts	123,572:470\$461
Industrial loans	51,285:034\$240
Interest on above loans	5,834:409\$260
Agricultural loans Northern States	331:930\$907
Agencies	3,332:578\$491
Properties	17,871:196\$896
Buildings and furniture	1,619:644\$114
Deposits:	
Mercantile securities in guarantee	229,028:281\$080
Securities in deposit	52:993:867\$232
Sundry accounts	9,955:889\$809
Federal Treasury:	
Current accounts	4,519:654\$368
Cash	29,548:932\$018
	498:812\$480
Interest for coming half year	718,697:345\$042

LIABILITIES

Capital	103,616:499\$000
Reserve Fund, composed of Apolices (Bonds) in accordance with art. 45 § 2 of the Statutes	19,528:268\$091
Special reserve fund	6,250:934\$915
Profits in suspense	19,384:820\$735
Note issue of the ex-Banco do Brazil	2,155:975\$300
Issue of Bonus	80,000:000\$000
Deposits:	
Fixed deposit	28,642:236\$683
Current accounts	66,957:533\$115
do (fixed dates)	3,872:710\$087
Current accounts (aid to Industry)	6,883:049\$125
Securities in deposit (as specified in the assets)	282,922:152\$182
Dividends payable	3,805:228\$999
Agencies	1,758:565\$539
Sundry accounts	31,893:536\$025
Federal Treasury (according to agreement made in 1897)	81,406:975\$975
Discounts falling due during the coming half year	519:852\$259
	718,697:345\$912

Rio de Janeiro, July 6th 1899, (signed) Luiz Martins do Amaral President. J. Rosa, acting accountant.

DECEMBER 30th 1899

ASSETS

Apolices (Bonds) deposited as guarantee for reserve fund	11,219:000\$000
Securities:	
Government Bonds	70,758:035\$330
Shares and Debentures	68,776:980\$555
Bills discounted	30,992:736\$361
» in guarantee	565:694\$562
» receivable	3,731:771\$463
Securities in liquidation	9,508:960\$423
Guaranteed current accounts	121,604:878\$880
Industrial loans	38,222:806\$520
Interest on above loans	3,997:174\$170
Agricultural loans Northern States	330:477\$497
Agencies	10,139:970\$555
Properties	13,392:355\$168
Deposits:—	
Mercantile securities in guarantee	227,171:081\$186
Securities in deposit	53,425:126\$762
Sundry accounts	14,633:512\$268
Federal Treasury, current account	18,820:239\$053
Cash	24,400:795\$262
Interest for coming half year	478:872\$072
	723,788:203\$089
LIABILITIES	
Capital	101,555:600\$000
Reserve fund, composed of apolices (Bonds) in accordance with art. 45 § 2 of the statutes	11,219:245\$131
Special reserve fund	6,260:863\$605
Profits in suspense	11,157:639\$335
Note issue of the ex Banco do Brazil	1,445:975\$000
Issue of Bonus	80,000:000\$000
Deposits:	
Fixed deposits	27,943:483\$333
Current accounts	68,910:251\$528
do (fixed dates)	4,095:600\$404
	100,949:038\$355

Current accounts (aid to Industry)	442:828\$520
Securities in deposit (as specified in assets)	280,506:207\$918
Dividends payable	3,527:92\$800
Agencies	1,321:903\$227
Sundry accounts	33,699:08\$559
Federal Treasury (according to agreement made in 1897)	68,900:03\$325
Federal Treasury current account	22,280:18\$5082
Discounts falling due during the coming half year	461:699\$402
	723,783:209\$089

Rio de Janeiro, January 9th 1900. — (Signed), *Luiz Martins do Amaral*, Presidente. — *J. Rosa*, Acting accountant.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 30th, 1899.

	1st. half-year	2nd half-year	TOTAL
<i>Debit</i>			
Sundry debits	149:994\$049	494:717\$986	644:712\$035
Interest on fixed deposits	576:268\$316	612:464\$215	1,188:732\$531
» » current accounts	948:110\$725	923:546\$084	1,871:656\$809
Interest on current accounts (aid to Industry)	10:505\$950	7:741\$170	18:247\$120
Interest on current account of Federal Treasury	1:532\$061	149:440\$590	140:972\$651
Rediscounts		3:612\$460	3:612\$460
Administration fees	126:000\$000	126:000\$000	252:000\$000
Salaries	249:940\$000	246:943\$320	496:883\$320
Fees to Fiscal Council	15:000\$000	15:000\$000	30:000\$000
» » Lawyers and attorneys	42:999\$060	48:649\$060	91:648\$120
Taxes on dividends etc.	87:239\$150	81:023\$300	168:262\$450
General expenses	137:566\$907	171:279\$254	308:846\$161
Liquidation expenses	95,724\$064	55:074\$623	150:798\$687
Reserve fund	660:435\$160	690:946\$040	1,351:381\$200
Dividends	3,108:492\$000	3,046:868\$000	6,155:360\$000
Profits in suspense	633:973\$918	868:692\$861	1,502:666\$779
	6,843,851\$057	7,531,496\$860	14,375,347\$917
<i>Credit</i>			
Sundry credits	10:189\$050	59:792\$710	69:981\$660
Discounts	1,420:474\$900	1,607:000\$560	3,027:475\$460
Back interest	71,906\$080	50:966\$760	121:872\$840
Interest on Bills receivable	42:278\$120	41:232\$440	83:510\$560
Interest on guaranteed current accounts	932:819\$034	1,217:285\$820	2,150:104\$854
Interest on Industrial loans	1,369:849\$570	1,380:633\$540	2,750:483\$110
Interest on Government securities	2,150:001\$970	1,273:403\$296	3,423:405\$266
Interest on Bank ditto	775:615\$645	1,366:532\$335	2,142:147\$980
Commissions	71:715\$698	525:548\$309	597:264\$007
	6,843,851\$057	7,531,496\$860	14,375,347\$917

Rio de Janeiro, January 9th. 1900 (signed) *J. Pereira* Acting Accountant.

DECREE N. 3.606 OF FEBRUARY 26th 1900

Measures to be taken for the liquidation of the debts of the Banco da Republica do Brazil to the Federal Treasury.

The President of the Republic of the United States of Brazil, using the powers conferred on the Executive by art. 44 n. 2 of law n. 652 of November 23rd 1899, decrees: —

Art. 1. The Minister of Finance is authorised to liquidate the debts of the Banco da Republica do Brazil to the Treasury, mentioned in the contract signed in the Federal Auditing Department of the Treasury on May 18th 1897, with the following clauses: —

1st. The Banco da Republica do Brazil will liquidate its debts, as shown in the agreement of May 18th 1897, and also the debt of the Banco Hypothecario do Brazil, to the Treasury, by the payment of fifty thousand contos de reis (50,000:000\$) being twenty five thousand contos de reis (25,000:000\$) at sight, and twenty five thousand contos de reis (25,000:000\$) in four equal half yearly instalments;

2nd. The Government cedes to the Banco da Republica do Brazil the debt of the Banco Hypothecario do Brazil to the Treasury.

Art. 2. All dispositions to the contrary are hereby revoked.

Federal Capital, February 26th 1900, 12th of the Republic. (signed) *M. Ferraz de Campos Salles*. — *Joaquim Martinho*.

AGREEMENT OF MARCH 10th 1900

On the tenth day of the month of March, 1900, at the Federal auditing Department of the Treasury and before Dr. Carlos Augusto Naylor, Director of said department, appeared Commandador Luiz Martins do Amaral, President of the Banco da Republica do Brazil, and declared that, in accordance with decree number three thousand six hundred and six of the twenty sixth of February, one thousand nine hundred, he came to sign the present contract, in virtue of which the debts are liquidated of the Banco da Republica do Brazil to the Treasury, as mentioned in the contract signed in the same Auditing Department on the eighteenth of May, eighteen hundred and ninety

seven, with the following clauses: First—The Banco da Republica do Brazil will liquidate its debts, as shown in the agreement of the eighteenth of May, one thousand eight hundred and ninety seven, and also the debt of the Banco Hypothecario do Brazil to the Treasury, by the payment of fifty thousand contos de reis (50,000:000\$), being twenty five thousand contos de reis (25,000:000\$) at sight, and twenty five thousand contos de reis (25,000:000\$) in four equal half yearly instalments: Second—The Government cedes to the Banco da Republica do Brazil the debt due by the Banco Hypothecario do Brazil to the Treasury. And by the Director of the Auditing department of the Treasury, it was declared that in the name of the Federal Exchequer of the Republic of the United States of Brazil and for it, and also authorised by order number three of the tenth of May one thousand nine hundred, of the Minister of Finance, he accepted the clauses of the present contract, and ordered this contract to be drawn up. Present Dr. Paulo Ferreira Alves, Vice-President, acting as President of the Banco Hypothecario do Brazil declared that he gave his consent to the said contract, adding that the debt of the Banco Hypothecario do Brazil to the Federal Treasury amounts to thirty nine thousand eight hundred and fifty three contos two hundred and forty eight mil one hundred and eighty two reis (39,853:248\$182) in accordance with the contract drawn up in the same Auditing Department in the eleventh of January one thousand eight hundred and ninety eight. And I, Manoel Leite Pereira Bastos, Chief clerk of the Federal Treasury, wrote it.

(Signed) *Carlos Augusto Naylor* — *Luiz Martins do Amaral* — *Paulo Ferreira Alves* Correct. (signed) *Didimo*.

REPORT OF THE PRESIDENT OF THE BANK TO THE EXTRAORDINARY MEETING

April 26th 1900

Gentlemen—The present extraordinary General Meeting was convened for two purposes: to inform you of the agreement entered into with the Government by the Bank for liquidating its debts to the Federal Treasury, and to present to you the alterations in the Statutes which are rendered necessary by the new position of the Bank, which now comes under the ordinary laws that govern companies, in compliance with clause 59 of said Statutes.

The law having been published, authorising the liquidation by agreement of debts of all kinds due by Banks to the Treasury, the Government thought it best to enforce its authority at once, and thus facilitate the execution of its financial schemes.

The Bank had a large number of Bonus contracts unliquidated which might cause heavy loss in case of the reorganization of this portfolio, that would be necessary in case of transfer. To retain the Bonus portfolio would be a burden; to transfer, under such conditions would be even worse.

It was on this account that the Board, in spite of their previously expressed opinion that a deposit and discount Bank was not suited for the management of the Bonus portfolio, on consideration, came to the conclusion that a settlement of accounts with the Federal Treasury on fair terms, would offer some compensation for the burden.

It is true that this compensation would not be direct and immediate but would only become apparent in time by the greater liberty enjoyed by the Bank in the liquidation of engagements dating from a period that it is better not to recall. This was all we could obtain, but was not to be despised.

These considerations, submitted by me to the Minister of Finance, met with a favourable reception, but the Government wished to employ the powers conferred on it, and not only liquidate with the Banco da Republica but with its other debtor, the Banco Hypothecario do Brazil, as well.

The Board therefore consulted the Banco Hypothecario, and their liabilities to the Treasury were then amalgamated with ours.

The agreement, which accompanies this report, was accordingly concluded on the terms proposed.

From it, it will be seen that we are relieved of all debt to the Treasury, as well as of that of the Banco Hypothecario do Brazil, which we had taken over, by the payment of 50,000:000\$, being 25,000:000\$ at sight and 25,000:000\$ in four half yearly instalments, receiving from the Banco Hypothecario the amount of 3,500:000\$ in cash and securities.

For the reasons enumerated above the Board thinks this operation favourable to the Bank.

As the Representative of the Government in this establishment and a member of the Board, I experienced no difficulty in attending to interests that appeared conflicting, but that I always found could be reconciled. Thus, honoured by the confidence of my fellow Directors, I was enabled to negotiate this agreement and defend your interests before the Minister of Finance, and those of the Treasury before the Board.

My conscience is easy, for I am convinced none of these interests were neglected, and I am delighted to announce the conclusion of an agreement, so favourable for both parties.

The Minister of Finance has declared in an official document that "the operation is in reality an anticipation of payment without loss to the Treasury"

"From this document I quote with the greatest satisfaction the following extracts relating to this Bank — "it will enter on a new era of prosperity its operations and rendering even greater services to commerce and industry and to the Government itself. Freed from the direct control of the Government it will always be a powerful auxiliary of the administration, which will never cease to give it its entire confidence."

The agreement in question having now been communicated to you, you must also take note of the proposed alterations in the Statutes, and consider the other object for which this meeting was convened.

For this reason the duties of the delegate of the Government this establishment have come to an end, but he, who always endeavoured to carry out his duties loyally, and reconcile the interests of the Government with those of the bank, cannot withdraw without thanking you for the repeated proofs of confidence you have given him:

(Signed) *LUIZ MARTINS DO AMARAL*.

THE COFFEE SAILED DURING THE WEEK ENDING MAY 18 WAS CONSIGNED TO THE FOLLOWING DESTINATIONS.

Table with columns: UNITED STATES, EUROPE & MEDITERRANEAN, COAST, RIVER PLATE, CAFE, OTHER PORTS, TOTAL FOR WEEK, CROP TO DATE. Rows include Rio, Santos, and Total 1899/1900.

LOCAL STOCKS

(OFFICIAL STOCKS)

Table with columns: May 13/1900, May 11/1900, May 19/1899. Rows include Rio, Santos, and Total.

OUR OWN STOCKS.

RIO

Table with columns: bags of 60 kilos. Rows include Stock on May 11, Entries during week ending May 18, Shipments as per manifests, Stock and afloat at Rio de Janeiro.

SANTOS

Table with columns: bags of 60 kilos. Rows include Stock on May 11, Entries during week ending May 18, Shipments as per manifests, Stock and afloat at Santos.

TOTAL STOCK & AFLOAT AT BOTH RIO & SANTOS

Table with columns: Friday evening May 18, May 11. Rows include Rio and Santos.

FOREIGN STOCKS

Table with columns: May 12/1900, May 5/1900, May 13/1899. Rows include New-York, Havre, Both, Deliveries, Visible Supply at United States ports.

A firm and advancing market was experienced for Brazil grades early in the week. A continued small movement of the Brazil crop and a fairly active distributing business advanced prices rather sharply in the local market on Monday.

COFFEE PRICE CURRENT

FOR THE WEEK ENDING MAY 18 1900

Table with columns: Description, 12, 14, 15, 16, 17, 18, Averages. Rows include Rio N. 6, N. 7, N. 8, N. 9, Santos superior per 10 kilos, N. York per lb., Spot No. 7, Options, Havre per 50 kilos, Hamburg per 1/2 kilo, London per cwt.

WEEK ENDING

MAY 18, 1900 MAY 11, 1900

Table with columns: currency, per 10 kilos, gold. Rows include Rio No. 7, Santos good av, N. York - spot No. 7.

SALES OF COFFEE

FOR THE WEEK ENDING

Table with columns: May 18/1900, May 11/1900, May 19/1899. Rows include Rio, Santos, Total.

The New York Commercial of 12th April contains a cartoon in which Messrs Havemeyer and Arbuckle are represented playing a game of chess with Coffee and Sugar pieces.

There were, however, rumours in the trade that the advance was made after a threat of Mr Havemeyer to cut the price of coffee again.

The suit of W. H. Crossman Bros of New York to compel the acceptance by Theodor G. Lurman of 200 bags of artificially colored coffee, begun six years ago, has been at last decided by the Supreme Court at New York.

THE POINT AT ISSUE

Theodor G. Lurman & Co., of Baltimore, purchased from W. H. Crossman & Bro., of this city 200 bags of coffee. The sale was made, like many others, before the coffee arrived in this city.

Both parties were members of the Coffee Exchange of this city, and an arrangement was made to have the Governing Board of that

THE FREIGHT MARKETS

British Markets - Fairplay of the 26th April writes as follows:

The freight market with few exceptions is active, and the demand for tonnage is such that there can be no dearth of remunerative employment for a long time to come.

Latest quotations were 18s for Rio de Janeiro, and 19s for Pernambuco, a very high rate.

Local Markets: The forward engagements of coffee reported by Mr. W. Mc. Niven on May 18 are as follows:

Table listing coffee forward engagements for various ports including New York, Hamburg, Genoa, and Lisbon & Cape.

Current Coffee Rates for the Week ending May 18.

Table of current coffee rates for various ports like Antwerp, Alexandria, Alga Bay, Bremen, Bordeaux, etc.

Fairplay gives as the average life of a steel passenger steamer 25 years, 28 for a cargo ditto, 29 years for an iron passenger steamer and 33 for an iron cargo steamer.

The number of steamers employed in the live cattle trade between Buenos Aires and Deptford, not to mention those for Glasgow and Liverpool amounted to thirty or forty a month.

A Britisher can do without lots of things if put to the push, but without a life every day with something to wash it down, life would not be worth living!

The amount of tonnage taken up by the British Government for their little war totalled up to the pretty figure of 1,664,259 gross register by 215 vessels!

The past working year of the Veloce Steam Navigation Company closed with a balance to the good of 634,416 lire.

The accounts of the Hungarian Navigation Company "Adria" for the year 1899 close with a balance to the good of 1,065,083 florins, including 120,738fl carried over from the previous year.

pany's business increased 9.9 per cent. last year. A much larger than the statutory amount has been written off for depreciation, and the worth of the three oldest boats—Szapary, Tizza, and Adria—has been written down to their bare metal value.

The splendid new "Messageries" boat Atlantique made the voyage from Bordeaux to this port in 16 days and 8 hours.

All the Norddeutscher Lloyd rapid steamers are to be furnished with apparatus for wireless telegraphy, so as to give earlier notice of their arrival off the German coast on homeward voyages.

Messrs. ROBERT M. SLOMAN & Co., of Hamburg, have purchased three more steamers—two from the Cockeril Company (John Cockerill, 2,429 register tons, and Prince Baudouin, 2,521 tons), and one from the Hamburg-American Packet Company (Venetia, 2,822 tons).

THE NORDEUTSCHER LLOYD. The year of 1899 has been particularly favourable for this company, the dividend being at the rate of 7 1/2 % against 7 % for 1898, 5 3/4 % for 1897 and 4 1/2 % for 1896.

The following comparative table is given by Fairplay.

Table comparing Income and Expenditure for the years 1896, 1897, 1898, and 1899.

Pacific Steam Navigation. Final dividend of 15s. declared for 1899, making with the interim dividend of 10s. per share 25s. per share, equal to 5 per cent. for the year.

The Royal Mail Company's receipts and expenditure during the last three years were as follows:

Table showing Royal Mail Company's receipts and expenditure for 1899, 1898, and 1897.

Report of the Royal Mail Steam Packet Company to the proprietors, submitted to the general meeting, at the City Terminus Hotel, Cannon-street, on the 25th day of April, 1900.

1. The result of the working for the year 1899 is given in the accounts which the court of directors present to the proprietors herewith.

2. A comparison of the figures in the revenue-account shows apart from the receipts for transport services, little difference between the earnings in this and the previous year.

3. The surplus on the revenue account is £200,014, from which the directors have transferred £75,000 to repair and renewal account, the usual amount, £47,700, to insurance account, and £73,535 to the credit of capital account for depreciation of the fleet, premises, and plant.

4. As was done in 1898, the sum of £7,000 (which includes £3,000 mentioned in the report of last October) is also transferred to the repair and renewal account from the insurance account.

APPROXIMATE TRAFFIC RETURNS

Date	Tons in traffic	Receipts for the week or month	Aggregate Receipts		Ditto in sterling	Average weekly receipts per mile per week in £	Expenditure for the week or month	Aggregate ditto	Up Traffic in tons.		Down Traffic in tons.		No. of Passengers for week or month.	Aggregate ditto
			Rs.	£					tons.	tons.				
Mogyana R'y	2nd trim 1898	697.5	3,071:685	6,337:567	172,131	9.11	2,293:814	4,630:338	21,221	43,219	13,921	38,317	321,214	664,896
	" " 1899	699.4	3,185:620	6,434:293	193,032	10.12	2,496:569	4,423:550	18,527	40,193	23,263	51,086	205,914	547,672
Alagoas R'y	Oct. 1898	93.7	53:731	680:034	18,909	4.13	49:479	622:036	1,402	8,613	3,192	31,606	10,323	105,085
	" " 1899	93.7	61:393	5:2:193	17,167	4.4	52:595	514:870	868	7,868	3,214	21,850	11,470	102,472
Minas & Rio	April 1899	106.2	141:312	611:076	19,045	12.10	...	...	1,732	7,313	1,771	9,033	7,299	26,930
	" " 1900	106.2	128:130	572:634	18,842	12.9	...	...	1,459	7,177	1,278	6,261	5,936	22,792
P. Alegre & N. Hamburgo	June 1897	27.6	30:453	203:408	7,091	10.2	...	...	1,406	6,944	1,765	11,400	4,823	34,670
	" " 1898	27.6	37:673	205:958	5,658	8.3	...	...	843	5,748	2,593	10,931	4,381	32,731
Gt Western of Brazil	Jan. 1899	87.6	150:214	150:214	4,537	11.4	80:327	80:327	2,157	2,157	7,132	7,132	27,942	27,942
	" " 1900	87.6	2:3:847	2:3:847	8,176	21.2	101:220	101:220	2,403	2,403	15,350	15,350	36,619	36,619
	Feb 1899	87.6	100:029	250:238	7,740	10.9	69:880	156:327	2,042	4,229	5,200	12,332	24,569	31,026
S. Paulo R'y	April 1899	86.9	...	...	...	...	...	...	52,563	202,478	14,776	81,812	103,520	414,818
	" " 1900	83.9	...	...	...	...	...	...	32,517	161,921	8,140	51,453	91,432	337,578
Southern Brazilian (R. G. do Sul)	Feb 1899	177.0	135:016	295:29	8,889	5.49	111:559	212:870	2,738	7,918	3,914	7,337	17,044	38,725
	" " 1900	177.0	13:074	292:18	9,370	6.6	131:248	27:153	3,460	7,532	3,460	6,388	18,401	38,873
C. Paulista de Vias Ferreas e Fluvias (Paulista R'y)	June 1897	619.3	...	7,276:43	212,561	16.6	...	4,455:558	...	...	...	...	...	654,880
	" " 1898	619.3	...	7,987:089	210,692	13.10	...	4,787:170	...	...	...	...	...	616,827

The World's production of Copper for 1899 is calculated by the New York "Engineering and Mining Journal" at 473,818 tons in 1899 as compared with 431,420 tons in 1898. The most important gains were in the United States, Mexico, Germany and Japan. The output in 1900 is expected to be even greater.

The *Phosor* published in Minas Geraes, states that a specialist has been sent out by European capitalists to report on the following mining properties: — Bon Successo, Pichado, Villa Rica, Passaras, and Padre Faria. The Sibaão and S. Caetano properties belonging to Sr. Antonio Pessoa are also reported as sold. Besides gold other minerals are being successfully worked in Minas where a regular revival is taking place.

Mercury is being prospected at Tripuly and excellent marble at Canlarilla, whilst manganese is being worked all over the State, and already constitutes an important item of exports.

Gold to the value of 519,000 was entered during the week from the Morro Velho mines.

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SUPPLEMENT

RIO DE JANEIRO, TUESDAY, MAY 22nd, 1900.

MESSAGE

OF THE PRESIDENT OF THE STATE OF PARÁ

February 1st 1900.

Gentleman of the Legislative Congress of Pará :

In fulfilment of a Constitutional duty, I now bring under your notice the events which have taken place in the course of public affairs between the last meeting of Congress and the first session of the new Legislature, which is today inaugurated.

In doing so I am proud to be able to assure you of the legitimate confidence with which the people of Pará await your decisions. For my own part, I shall do all in my power to enable you to carry out the charge with which you have been entrusted, and take this opportunity of pointing out the great advantages to be derived from the study of the annual reports of the Administration, over which I have the honour to preside, wherein the progress due to your prudent deliberations, as well as to the invaluable zeal and activity of my worthy assistants is manifested.

Since I first expressed the desire, now three years ago, to cooperate in the rehabilitation of the Finances of the Republic, I have endeavoured to promote united action on the part of the States, with the object of assisting the Federal Government in its financial difficulties.

With the same object still in view, and more than ever convinced of its utility, I venture to hope that this patriotic design will yet be adopted in spite of the silence with which it has hitherto been received.

In previous messages I have pointed out at length the reasons why the occasion is favourable, if not for practical measures, at least for a thorough examination of the subject. Of this the crisis, which still continues, is sufficient proof, although the "funding" agreement, afterwards arrived at, has no doubt afforded temporary relief.

Half the time stipulated in this agreement has now elapsed, and the Federal authorities are doing their utmost to secure the exact fulfilment of all its clauses. To provide for the resumption of specie payments in June 1901 they are endeavouring to raise the revenues of the Union to such a point as will enable them to undertake anew the punctual performance of obligations, now temporarily suspended. But even should these efforts be crowned with the fullest success, the credit of the Union will not, on the expiration of the term, immediately acquire those elements of stability and expansion so indispensable to progress and security.

I may here be allowed to make a few remarks, and mention a few well known facts which bear out this statement.

One of the intentions of the framers of the funding agreement was during the course of the three years to accumulate a fund, which it has been calculated will at the expiration of the term amount to 115,300 contos paper. This mass of paper-money to be withdrawn from circulation represents, at the exchange of 18 d., £ 8,604,760, and is equivalent to the sum payable abroad on account of interest during the period stipulated in the funding agreement. But in accordance with the law of September 1846 fixing the par value of the currency, these 115,300 contos are equivalent, not to £ 8,604,760, but to £ 12,971,088, the difference £ 4,366,328 being explained by the fact that only part of the depreciation of our monetary unit was taken into account, whereas if the real depreciation had been allowed for, the relief to the Treasury would be far more conspicuous. For example — and this digression is not altogether out of place — if the £ 8,604,760 were supposed to be employed for redemption of paper-money, not at the exchange of 18 d. but at that of 8 d., which, unfortunately, will be about the average, the amount to be redeemed would be 344,190 contos instead of 115,300, and, on the basis of the original par value established in 1846, the Treasury would benefit to the extent of more than £ 30,000,000 instead of £ 4,366,328.

By similar reasoning, calculations made at other rates of exchange would give most curious results.

To take one example: given the rate of 5.69 pence, the lowest on record, £ 8,604,760 would be sufficient to redeem 302,948,776,800, that is, about 50% of the entire amount of paper-money in the country!

If one were so simple as to believe that figures can be made to prove anything, he would have to admit the force of these calculations, but the uselessness of deductions drawn from imaginary combinations of figures is evident, nor does the absurdity of advancing theories unsupported by facts require demonstration.

To end this digression, let me in a few words recall the situation as it existed immediately before the funding agreement.

The principal circumstances, in which the scheme originated, were the critical state of the Treasury and of national credit, which was much shaken as is sufficiently demonstrated by the fall in exchange to 5.69 d., and the probability that (taking into account the tendency of Federal revenue to decrease in consequence of different complex causes, such as heavy customs duties, low rates of exchange and the fall in value of exports) in spite of the suspension of payments on the foreign debt, a surplus could not be counted on sufficient to redeem, at an exchange below 18 d., the equivalent in paper-money of the issue of the funding bonds. It would even seem as though the choice of this particular rate were rather the outcome of a feeling of optimism than of any positive calculations based on the liabilities of the Treasury, the cost of maintenance of the Administration and of national credit.

In fact it must be acknowledged that the raising of 115,300 contos in three years, or about 39,000 per annum, constitutes a very heavy charge on the budget of the Union, and that, apart from the possible over-estimate of Revenue, Expenditure, already in many cases much restricted, cannot be indefinitely cut down at the demand of well meaning economists, especially when the actual value of the paper mil reis is taken into consideration.

Enough, however, of such digressions and criticisms, at best a thankless task. Let us rather face the duties imposed on us by the scheme that the Federal Government is now carrying out in a manner such as must, ultimately, result in the adoption of the measures indispensable to the rehabilitation of the financial position, to which, moreover, the nation is pledged.

When, in 1901, 115,300 contos have been finally redeemed, as was provided, at the cost of an increase of our foreign debt, of which, it may be admitted, it was a fair equivalent, the changes brought about by the operation of the funding scheme in the financial situation, can only prove advantageous should the Executive have been previously provided with the resources necessary to consolidate and make the most of them.

From the end of June 1901 the liabilities of the Treasury abroad, including the interest on the debt and guarantees on concessions still in force, will amount to £ 3,323,048 according to official calculations by which it has been endeavoured to show that the resources necessary to meet them will be supplied without difficulty by the collection of 10% customs duties in gold.

No doubt these assertions are fairly reassuring, and in putting them forward the unfavourable probability of a decrease in our imports has been taken into account. Above all it does not seem fair to question them, since the possibility, if not the certainty, of a depreciation in the sterling value of the general revenue of the Union is admitted, whilst, to counteract this tendency, a fund for redemption and another for the guarantee of paper money have been created.

As, however, the only source for maintenance of these funds is the general Revenue itself, the suspicion that it may prove insufficient seems not unreasonable. In fact, the greater part of the Federal revenue is derived from duties on imports, and from the consumption and stamp taxes, as well as from other sources, classified under the head of Inland — all of them together forming — what is called in the new budget general Revenue to distinguish them from those intended for the service of the above mentioned funds. Now it is plain that this system of classification cannot alter the original sources of one or the other, which are identical.

For example, in the projected guarantee fund is included, as the principal if not the only resource of importance, a surtax of 5% gold on all imports.

In the same way, means to provide for the redemption fund are also drawn from the scanty resources of the Union.

This being so, if the stability of National Revenue depends principally on continuity in the increase of the value of paper money, (which, except in the event of a sudden rise in the value of exports, can only be maintained should the guarantee and redemption funds, likewise drawn from revenue; be converted into realities) it would seem that these resources are to be employed for a dual purpose, though plainly insufficient of themselves for the initiation of the system created by a law of last year.

But could not the States assist in breaking this vicious circle, that shows so clearly the necessity of equipping the Union with the means of reforming our circulating medium without delay?

It may be said that the suggestion comes too late, because the Union has already, by means of taxation of consumption, obtained from national industries compensation for the em-

ployment of part of its other revenues in providing for the new guarantee and redemption funds.

In the meanwhile the voice of our manufacturers has been raised in protest against the scheme, which appears to them to aim at the increase of the Treasury receipts at the cost of sacrificing patriotic efforts to develop our natural resources.

On the other hand, it may be foreseen that to persist in this path, hurriedly chosen under pressure of financial necessities of the moment and of doubtful issue, will hinder the proper comprehension of the political federative organization of the country. It appears to me that these protests should meet with benevolent attention from the authorities.

Happily, gentlemen, if the various financial and economic schemes, daily put forward, be studied without prejudice, it will be seen that the differences between them are frequently more apparent than real. If, on the one hand, it is a pleasure to find that from the discussions and arguments of our opponents suggestions of the highest political significance may be obtained, it must be recollected that, so long as the statesman preserve his acts or projects free of all party feeling, he should not, on the other hand, give way to the prejudices of opposition.

The hateful system of monopoly, which would cripple our manufactures, is rightly condemned, but such feeling cannot imply that there are nations, and among them Brazil, that, owing to peculiar conditions of soil or climate, must be content never to acquire other arts than those of the primitive stages of civilization.

Most useful are these lessons, widely diffused by our writers always ready to combat systematic intolerance on economic subjects so incompatible with our enlightened and progressive age, to which social theories, that contemplate human problems exclusively from their material or economic side, are in complete antagonism.

True, although the material side of social questions must not be neglected, it is not sufficient, merely, to touch on it to understand them. On the contrary, to do so would only obscure subjects which can be rendered clear and easy of explanation by close study of their individual and complex nature. And the worst is that, in practice, this want of method, logic or intelligence in treating such questions is so decidedly mischievous.

Thus, for those who note alone the insignificant results hitherto obtained by our incipient manufacturing industries, there can be but one logical conclusion, that production should be restricted exclusively to agriculture, rudimentary though it be. But, if the subject be examined on its moral, intellectual, as well as its practical sides, the true and profitable solution of the problem is arrived at, that the development of industries of any country is the surest method of disseminating among its inhabitants, not only the elements of true independence, but of creating schools of practical patriotism.

It is not, therefore, without good reasons that, among all nations, the creation, development and protection of manufactures has always been one of the chief problems of government. In one country, the establishment of rewards to stimulate their production; in another, the imposition of duties on foreign produce so as to raise their value, and insure success; everywhere the greatest diligence and care in fostering them.

The fact is, that in spite of the so-called brotherhood of nations, each one is an independent organism, that labours to maintain itself, and develop its country on well defined and progressive lines.

And thus all are expected to assist in their respective capacity, and to raise themselves by their labour, the birth-right that civilization confers on all alike. The nation that effects most is the one that deserves most, but all have an equal right to aspire, if not to the first place in the struggle, at least to that honourable position, to which their vast and varied resources should entitle them.

Does Brazil then occupy among the nations the place to which she is entitled by the intelligent labour of her inhabitants and the wealth of her natural resources? No, decidedly not, is the unanimous reply of all impartial observers. This position however would be difficult of attainment, even were it possible to correct the false impression, borrowed by Government from abroad, that the capacity of the country is limited to the possession of rich and varied raw materials, which we cannot even classify, or of the existence of which we are simply ignorant.

Our future is, however, becoming better understood, as well as the methods of directing our energies and intelligence in the best manner to secure the development of new industries that will eventually free us from that semi-colonial condition of dependence, with which we still contend.

When the Federal authorities decided to make good the deficit in the revenue, caused by the creation of the redemption and guarantee funds, by taxing our nascent manufactures, it is comprehensible that they may not have deliberately chosen this expedient, but were forced to do so by the difficulty of finding an alternative, more acceptable to the patriotism of a conservative but progressive government.

It would therefore be contrary to the most clearly expressed wishes of the Union government for the States to offer an

alternative to the ill-timed scheme which has been adopted, or to take upon themselves the task of raising the sum annually required for the redemption and guarantee funds, and distribution of the charges among themselves.

My insistence on the advisability of the States sharing in the work of rehabilitating the national credit is fully justified, gentlemen, by the enormous impediment that sinking credit abroad, as well as at home, offers to their development.

Holding these opinions, I have more than once pointed out the absurdity of not discriminating between the circulation of credit by means of fiduciary agents, representing real value, and the issue of more or less inconvertible paper money. I have frequently maintained the indisputable theory that the misfortunes of the Republic are directly or indirectly due to the early unhappy financial experiments that infected our monetary system, and sowed among us the seeds of political and economic troubles, still unchecked.

The consensus of opinion among Republicans on this point is remarkable. It would be superfluous to discuss at greater length the events of the early period during which we were perhaps thrown a little off our balance and inexperienced. A sober and faithful account of the events preceding the framing of the Constitution of February 24th may tend perhaps to destroy the inclination to lay all the blame of the present critical position of the Federal Treasury on that measure.

It is said that the Union was sacrificed, and that the States absorbed the greater part of its resources, leaving it with charges for which its share of revenue was insufficient.

But this is not true.

The Union possessed valuable resources and could have fulfilled its obligations without difficulty, but for the blind carelessness that allowed the monetary crisis originating in the errors of former Administrations to go from bad to worse. The impetus acquired by these errors, however, day by day gathered force, which the grave events of the four years of the first presidency tended to exaggerate.

The second term, during which law and order were re-established in the south and centre of the country, was much disturbed, and at length revealed the full extent of our losses, to be measured by the terms of the funding agreement abroad, and the issue of hundreds of thousands of contos of paper money, and of large quantities of government bonds at home.

It can, then, be easily understood that the States were with difficulty able to exercise those powers for the development of their resources, confided to them by the Federal Constitution, hampered as they were by the restriction of credit and the large amount of paper money in circulation, already the cause of so much trouble.

In spite however of these self-evident reasons, that explain not only the financial situation of the Union but the comparative inactivity of the States, a current of opinion exists that absolutely rejects them, pretending that the faulty distribution of revenues by the Constitution is alone responsible for the present crisis.

Unfortunately such ideas have been stimulated by the determination of the Government itself to tax national industries, to the intense delight of the partisans of a reactionary Centralism, hardly masked by a pretended zeal to teach what true Federalism really is.

Evidently, gentlemen, the expedient adopted by the Federal authorities and the course they should have taken, after study of the Federal principle embodied in the Constitution, are in direct opposition.

In support of this statement, and of my arguments in its favour, I appeal to the weighty opinion of Dr. Campos Salles.

His Excellency says:—

«To insure the permanent rehabilitation of our finances, our natural resources must be put into thorough order to enable them to attain their greatest capacity of production, as a basis for the advantages to be derived from international commerce.

«The monetary condition of a country, according to a high authority who supports his opinion with forcible arguments, depends less on its legislation than on its economic situation.

«In other words it is created and maintained more by agriculture, commerce and manufactures than by laws.

«Production is absolutely indispensable, and the problem of promoting this is, in new countries, closely allied to that of increasing their population.

«The Constitution, however, transferred to the States all Government lands in their respective territories, implying that the solution of these two problems is left entirely to the States».

Now if this task is entrusted to the States by the Constitution it would seem that the power, arrogated by the Federal authorities, of taxing production is a usurpation of functions which properly pertain to the local authorities.

Moreover, if these latter are charged with the duty of regulating these resources, by encouraging the production of national wealth to its utmost capacity, how can the Federal Government be entitled to tax the country's nascent industries, which constitute the chief part of those resources?

No doubt the 12th article of the Constitution of the Republic, literally interpreted, confers this right equally on the Union and on the States. But from the federal point of view, which inspired the words of the President of the Republic, the legality

of the expedient adopted by the Government, in open contravention of one of the main principles of our political system, is more than doubtful, even to those who to day are true followers of the Republic, though they took no part in the propaganda which preceded its advent.

Holding strongly this opinion, I repeat what I have said before, that to let such an act pass unquestioned would be to incur the danger of creating a precedent, and hinder the clear understanding of Republican institutions as embodied in the Constitution.

Keeping this in view, I must again warn you that the evil effects produced by mistaken ideas, when adopted by Government, bring in their train all those difficulties which arise from a wrong comprehension of the law.

I am anxious, however, to believe that the present expedient is rather the outcome of the precarious situation of the Treasury than any real intention to tax national industries, a resource as premature from a social as indefensible from a practical point of view.

You will however see, from what I have said, that, from the point of view of our economical interests only, it is impossible to overlook altogether the taxation of national industries as a subject of slight importance, nor from the point of view of decentralized administration can the State authorities on their side keep silence or allow the innovation to become a *fait accompli*, as is often the case, without protest.

Whilst therefore convinced of the necessity of developing the resource of the Union I can only trust that the Federal Government will abandon such an infringement of the prerogatives of the States, quite willing to lend effective aid otherwise to the rehabilitation of the national finances.

It is in this voluntary co-operation that the true foundation of the federal system must be sought. Any other method will but open the door to anarchy of conception and practice.

I need scarcely prove by figures the causes that lead to the improvement of federal revenues. Comparing the receipts of the period previous to 1888 with those, for example, of 1899, the conclusion is inevitable that the principal factor is that of the depreciation of the currency itself.

The first principles of Economical science teach that, whilst manufactures constitute one of the essentials of success, a sound and rational monetary system is even more important. Let us therefore be cautious how we stifle such industries by overtaxation on the mere supposition that they have already expelled similar foreign goods from our markets. On the contrary we should do our best to foster them in such a manner that the few manufactures we possess may prosper and, the investment of their profits prove a fresh source of wealth when, by a natural evolution, the country has at length emerged from its primitive state of an agricultural colony.

The application at present of article 12 of the Constitution is but to court unseen and unknown difficulties, nor was it ever conceived with the intention of taxing national manufactures.

Under such circumstances it would be wiser to revoke it altogether or, still better, to leave it a dead letter.

If this article 12 be carefully examined it will be found to stipulate that "in addition to the other sources of revenue, discriminated in articles 7 and 9, it is lawful for the Union and States, together or separately, to create any others not in contravention of the dispositions of articles 7, 9 and 11 no 1."

The object of the convention was by this stipulation to authorize the authorities to take advantage of new sources of revenue that might be created in the future or be already in existence.

There was, however, no intention of precisely specifying what such sources might be, which was left to the judgement and prudence of the Legislature. The haste that has been observed in the interpretation of this clause has led to blunders that, as due and careful investigation will show, should be corrected. In this manner, too, the bad habit of blaming the Constitution and calling for its revision would be abandoned and prove a useful stimulant to the intellectual elements at present engaged rather in destruction of than in working for the welfare of our common country.

It is enough to review the mistakes of recent Governments to be assured that the presumption, that discovers in the fundamental law of the Republic the real cause of all our misfortunes and the true obstacles to progress, is a false one.

The Constitution is a fact to which, whilst it exists, we cannot oppose our own desires or give them precedence over the principles it established.

But in this really lies the whole future of our civic progress. Besides no one need feel oppressed by such obedience, because its very liberality prevents any pretence of its being a conception so rigid and definite as to be immutable.

Art 90 runs as follows:— The Constitution may be remodelled on the initiation of Congress or of a special assembly.

§ 1. Any proposal by at least one quarter of the members of either of the Chambers of Congress accepted at three different readings by three quarters of the votes in one or the other Chambers will be regarded as a motion for revision, as also a petition to the same effect voted by majorities in the Legislatures of two-thirds of the different States in the course of a single year.

§ 2. Such a motion will be considered approved if during the following year, in three different discussions, it were voted by a majority of two-thirds by both Chambers of Congress.

§ 8. The proposed amendment shall be signed by the secretaries of the two Chambers, published and incorporated as a part of the Constitution of the State.

§ 4. No bill tending to suppress the federal form of government or equal representation of the States in the Senate shall be allowed discussion.

Such is the procedure, but little different to that for voting an ordinary bill, that is wanted. The idea of amending the Constitution could not, therefore, wound our susceptibilities, as some, who insist that our fundamental law must itself be altered if ever the financial and other problems are to be resolved pretend. What would, however, be really alarming to true republicans would be an agitation for the revision of the Constitution in the sense of a return to centralisation.

To consent to the restriction of the prerogatives of the States is impossible, nor will any eloquence convince us of its utility. Rather should they be extended until throughout the whole country will be found a homogeneous people bound together by common tradition and interests. In centralisation, on the contrary, lies the seed of disunion and antagonism of one State to another, so common in imperial times; a tendency that might powerfully assist the dismemberment of the Country, if once started.

If, on the one hand, it is surprising to find such ideas or aspirations at all in our governing class, it is, on the other, largely the result of our own carelessness in having, after the revolution, discontinued the propaganda by which alone sound republican principles could be instilled into the public mind. To this fault, which must be remedied, is in my opinion to be attributed the retrograde tendency to which I alluded, to which, too, must be attributed the many irritating contradictions with which the annals of the Union, State and Municipal administrations teem. When the centralising system of the Empire was dissolved, the guiding spirits of the revolution might undoubtedly have escaped much embarrassment had they agreed to accept a definite and uniform principle, to replace which the old régime, in consequence of organic defects, crumbled quicker than the new could reconstruct. Consequently Union and cohesion were replaced by disagreement. Our strength was wasted and, instead of the measures indicated by experience, the old vicious methods were perpetuated.

However, a natural reaction is gradually modifying this sterile and contradictory attitude, though it is still the cause of the political instability that disturbs and distracts us, just as the magnet is disturbed by storms and the mariner's course imperilled.

But, just as he would be but a poor captain who could not distinguish between permanent and accidental phenomena, so the statesman who pretends to construct a party on the unsteady foundation of egoistical passion could not succeed. Such shoals, however, can be easily avoided by strictly practising those principles traditional to the Republican party, and maintaining the constitutional provisions embraced by its doctrine. Such a party, conservative but progressive, could then easily show how, if it be not pretended that the present constitution is the highest form of development, at least it is the best and most convenient basis on which political and social progress may be secured, and, whilst maintaining intact the liberties it guarantees, strive to amplify and complete them.

In this way the party would become a guarantee of the unity of the fatherland and of the autonomy of the State—the indispensable basis of order and progress, organising in each locality a stable government, it would influence public opinion in the most beneficial manner, firmly maintaining Right and Justice, develop to the utmost all judicial resources, whilst discriminating clearly the respective spheres of both Union and State jurisdiction.

Accepting the sociological distinction between temporal and spiritual power, such a party would gradually accustom the public to comprehend instruction, like religion, to be a private and not a public function. Comprehending the value of all shades of opinion and their right to representation, the party would exert itself to see that these rights were respected and secured a voice in our assemblies, never forgetting that during the Empire electoral fraud, spreading like an ever widening circle, was the cause of the domination of the Provinces by rings and factions.

An attempt to seize and monopolize power would then be regarded as a shame and disgrace.

Whilst encouraging the interchange of ideas between their representatives in Congress it should promote in every possible manner communication between the States and their Governments, and promote industry, thus fortifying the national spirit against aggression and inspiring respect amongst those nations whose domineering tendencies are the key-note of modern times.

To constitute a zealous and able corps of representatives abroad should be another aim. Guided by such patriotic principles, such a party would give the lie in an incontrovertible

manner to insinuations as regards the federal principle of our Constitution, elastic enough to admit the freest and most progressive evolution. At the commencement of my administration, I spoke as follows :—

"When Republicans all over the country give up these intestine struggles that have brought such cruel disappointment, and forget dissension in a sincere effort to consolidate their own work — the Republic — they, under a conservative leadership, will not fail to be the ruling power of the Country."

At the beginning of my last year's term of office I again repeated, my profound convictions in the hope of rousing all true citizens to unite in the defence of the national interest, so damaged by error, both political and administrative, as to be almost beyond repair, and to have placed the very good name and credit of the country at stake.

On the occasion of assuming the government I addressed you as follows :—

"To enforce the custom of estimating State expenditure and of making calculations generally on a gold basis, even if for want of other specie, we are obliged to receive and pay in paper money at the current rate of exchange, is a measure worthy of serious attention, and indispensable for the prevention of deficits in the budgets when a higher rate of exchange reduces the effective value of revenue and leaves it insufficient to even defray the current expenses of an im-provident and unscientific budget. The example set officially in this respect will in all probability be reflected in business circles that suffer still more from unexpected oscillations of value. For many years the value of the currency has been so unstable that its purchasing power has varied from day to day, lacking as it does the indispensable qualification of a true instrument of credit — intrinsic value.

"In spite of all such drawbacks paper money continues to be the medium by which commerce measures its profits that, instead of being of the value fixed by the law of 1816 at 4 milreis to the oitava of gold, vary from day to day.

"Were operations all based on gold, profits would not then disappear and paper money would be reduced to a simple agent for their liquidation. Such is the system we propose to adopt for the State and thus secure the equilibrium of the budget against the inevitable disturbance that a rise in exchange must provoke, if it find us unprepared. This is, in my opinion, one of the most pressing subjects that call for your attention.

"The necessity of, in some way, raising the value of the currency, the depreciation of which weighs so heavily on all classes, will not have escaped your attention, nor the fact that the moment is approaching when this aspiration will be converted into a fact by the initiative of the Federal Treasury. It is, therefore, high time that our budget was framed upon the sound basis of a monetary unit common to all countries. The adoption of the gold standard will, too, give to Pará great advantages, and serve to attract foreign capital to the State, that is now driven away by the spectre of depreciation. Such is the experience gained in the markets of London, Paris, Berlin and Brussels.

"To the advantage of employing capital at the present low rates they reply that, although enterprise in Brazil often presents so seductive an appearance as to be difficult to refuse, it is not rational to expect capital to abandon countries where sound money is current, to be employed in others where the currency is irredeemable paper money and where, with a falling exchange, not only the profits but the capital may likewise disappear.

"This they confirm by simultaneously lending freely to gold-using countries. A recent example is that of the *Crédit Foncier Franco-Canadien*, which lends to Canadian farmers at a long date and moderate interest, — the essential conditions for rapid agricultural development. This company has just converted its hypothecary obligations from 4 to 3 per cent. In Brazil similar advantages will be obtained only when the irredeemable paper, which is not credit but its abuse, is abolished and its use prohibited, as in Switzerland and Venezuela, by constitutional enactment. So long as this is not done and until the Union Government succeed in entirely suppressing this injurious element, the States must use every possible effort to attract capital in spite of the paper currency and thus make the situation less precarious.

"In obedience to this plan I recommend to your attention the remodelling of the State Budget. We require capital in order to progress, but it will be impossible to attract or retain foreign capital unless we previously take the requisite measures with regard to the currency.

"That we, in Pará, produce more than we consume is indisputable, but, whilst it is a fact that the conditions of production and development are here in a healthy condition, it is equally true that, as yet, sufficient capital has not been accumulated to satisfy new undertakings. This may be attributed to two causes: first, the short period during which the State has enjoyed an independent existence, its savings having been previously drained away under the unfavourable condition of the old regime, and secondly, the wretched monetary system that has prevailed since and even before the date of independence.

"In 1833 the Imperial government, desirous of correcting the disorder even then prevalent in the monetary system, fixed the legal value of the unit at one oitava of gold of 22 carats at 25500, then considered to be the equivalent at the market rate. Far, however, from maintaining its value, the irredeemable currency depreciated continuously. It fell to only 30% of its nominal value in 1837. In 1846 a new attempt was made, to which I refer elsewhere, and the par value again reduced to the nominal rate at present ruling. In this way a new door was but opened to new emissions and fresh depreciations. During the last few years of the Empire this was reduced to very narrow limits and finally the value of the currency reached par and would probably have oscillated about this point but for the adoption of a new system of irredeemable issue under the Republic. Well intensioned as this experiment doubtless was, its consequences were fatal and to it are to be attributed all the misfortunes from which

we are now suffering, not excluding even the indisposition of foreign capital to invest in this Country in spite of its great natural advantages.

Calling these remarks to mind, it is pleasant to be able to remember also that for two years our budgets have here been framed on a gold basis. Unfortunately, in spite of the example, the system has not been adopted by Commerce; the paper *mil réis* of uncertain value being still preferred for business agreements and operations, and for the estimates of different Municipalities. Its adoption I believe, however, to be but a matter of time. Proof of the utility of the system by which the budget will be freed from deficits occurring in consequence of the appreciation being prevented is sufficiently shown already to prove the prudence and wisdom of the measure.

Leaving this subject for further discussion I will only add that our example has not been barren but has served to strengthen the hands of those who insist on the adoption of the homogeneous and unvarying unit as the standard by which to estimate values of every kind. The measure adopted by this chamber of founding its estimates on a gold basis, and thus freeing the Treasury from the effects of fluctuations of exchange, has received many marks of approval which are all the more grateful because some others, who figure as authorities in the matter, have sneered at the "simplicity" that insisted on the adoption of so elementary a principle of book-keeping.

It is also a satisfaction to see our example partly followed by the Union Government, which in its last estimates divided revenue and expenditure into gold and paper respectively.

This measure, I trust, represents but the first step toward the definite adoption of a single gold unit for calculations of every kind.

Referring last year to the necessity of this reform in the Union budget and keeping in mind the words of the President of the Republic in regard to what he termed the complementary elements of the financial crisis, I then wrote the following:

The most important of these elements, if the preponderating factor can indeed be termed supplementary, must be the valorisation of the circulating medium, whether by means of calling in paper money to the amount indicated in the funding agreement, or by other methods of redemption, such as the constitution of a fund in guarantee of our fiduciary issues.

Another complementary measure is the computation of National expenditure and estimate of Customs receipts on the basis of 27d per 1000, the fundamental unit that is in reality the basis of every liquidation defining profits or losses, in spite of the mistaken motives so common amongst us with regard to the elementary.

In this document it would seem that the Government policy, of which the law establishing the Guarantee and Redemption funds is the outcome, was foreseen. In the same document I also expressed my desire to see the estimates of Union Expenditure and Revenue projected on a similar sound basis, a *desideratum* that is being rapidly realised.

This may be done by calling in the aid of competent persons not only in legislation but also for carrying out our financial measures.

If that were done not only would the Treasury be in a position to meet all its foreign charges in specie — the manifest object of collecting duties in gold — but it would also prevent the possibility of any disequilibrium in the budget arising from the part now collected in currency, a disequilibrium that, though this year provided for by the elimination of the item «differences of exchange», is always liable to reappear in consequence of the influence exercised on revenue by a progressive improvement in exchange.

The effects of a steady rise in exchange, for which so many efforts are being made, upon the collection of revenue whether from the customs or from other sources is a sufficient proof of the accuracy of this assertion.

It is evident that, on one hand, a rise in exchange, though of great value for terminating the financial crisis, would increase the taxes paid in paper to a prohibitive extent, the natural result of this being to lessen the Treasury receipts, whilst, on the other hand, expenditure, though remaining nominally the same, would in reality increase more and more, in proportion to the greater value of the paper *mil réis*.

Now this being exactly the point indicated in the budget law, under the head, now done away with, of «differences of exchange» the truth of the above observations is evident.

It was just because these fatal effects were plainly foreseen, that the system was adopted in Pará, two years ago, of estimating both revenue and expenditure in gold.

And when it is considered that to carry it out little more was required than an elementary knowledge of arithmetic, it must be acknowledged that it was folly not to have adopted it long ago.

The trouble and difficulties to overcome were few. All we had to do was to reduce our Revenue and Expenditure to the exchange of 27 d. This alone was sufficient to afford a standard for comparison of real values, besides having the advantage of conforming with the par, determined by the law of 1846.

But, it must be admitted, though it is unwise to overlook so elementary a precaution and thus leave the budget at the

mercy of continual fluctuations, yet the restoration of the Republic's finances cannot be effected by this device alone.

This is so indisputable, that it is not with any such idea that I now advocate its adoption, though it would without doubt serve to open our eyes to the condition to which paper money has reduced us. Once that were done, feelings of patriotism would be sufficient to free the Country of this curse, as years ago it did with slavery.

There are, gentlemen, many problems awaiting solution, some of which cannot be postponed. Among these may be cited the reform of the Public Service, but the most important of all is that of the Country's finances. No other can be compared with it, as I have frequently remarked.

To the disastrous effects of paper money, as evidenced by its ruinous influence on Commerce, by the difficulties attending industries, by the embarrassment of agriculture, by the drain on the Treasury, by the shrinkage of trade, by popular indifference to and slander of Institutions, all our misfortunes are due.

This is the burning question of the day, the object that calls for every sacrifice from the constituencies, who, it may be added, are not wholly free from blame.

Had it not been for their want of energy ten years ago, when the Government first commenced its rash experiments in finance, and for the neglect of patriotic warnings the situation to-day would be very different.

This can only be explained by that indifference to public affairs that has become traditional. Seventy years have passed since our Independence, and during that time, with a few honourable exceptions, statesmen had never tried to reconcile their deeds with their words.

The Nation followed their example and became so indifferent as to have appeared to have almost abdicated their rights. In finances especially they watched unmoved the abandonment of sound economic principles, becoming occasionally enthusiastic over the deceptive prospects of too easily acquired wealth by means of new issues of paper money.

That you may not suspect me of being animated by a mere party feeling against the Empire I must remind you once more that the evil really commenced in colonial times and only grew worse under the Empire, though, towards the end, a real endeavour was made to get rid of paper money under the law of the 23th November 1838, establishing the conditions of issue of convertible notes.

For several years previous conservative and liberal leaders had vied with one another in their protests against fresh issues. And it can but be acknowledged that the Republic failed to profit by experience in 1839 when the true principles were again abandoned in the endeavour to develop resources on the old ruinous system.

Enthusiasm cooled and was quickly followed by discouragement and irritation, until at length the full extent of our losses was apparent.

In spite of experience, this one lesson more was needed to teach the folly of persisting in so mistaken a course. The Constitution of the Republic contemplates, only, such emissions, as could be controlled by the Federal authorities.

The Executive has now shown its intention of enforcing the law and it is with the greatest confidence that I look for the speedy restoration of prosperity, founded on Republican institutions.

In a recent document the Minister of Finance refuted the arguments against burning of paper money as follows:

«The causes that, immediately following the funding arrangement, determined the rise of exchange, were three in number:—

first — the belief in a great alteration in the position of takers in the market.

second — the bull speculation that always accompanies such an operation.

third — the extra-commercial intervention that artificially augmented the supply.

The first cause disappeared entirely, as government continued to take £2,000,000, as it did previous to the funding agreement, during the fiscal year June 1897 to June 1898, when, in consequence of the funds realized by the sale of the Leopoldina railway debentures, of the Western Minas loan, and Sale of the Cruisers *Amazonas* and *Almirante Albrun*, as also from the rental of the Uruguayana railway and the £2,000,000 loan in London, the amount of exchange taken by government did not reach 2 million sterling.

The second cause has also ceased, it being impossible to deny that at the present the tendency of speculation is for the fall.

The third, in its turn, has also disappeared as it is notorious that no extra commercial influence has been exercised by government upon exchange to provoke an artificial rise.

The causes, therefore, having ceased that provoked the improvement of exchange succeeding the funding agreement, the market should have reassumed the aspect previous to that agreement; that is exchange should have returned to 5 5/8 d. had not the measures adopted by the government produced positive and beneficial results.

Of these measures the most important is unquestionably the withdrawal of 50,000 contos paper money.

Endeavours have been made to show that the improvement is not to be attributed to reduction of the currency because exchange which rose to 8 d. fell again in spite of the incineration of paper-money being continued; but the exclamations of triumph with which it was hailed are but evidence of ignorance of matters in reality clear and simple enough.

In confirmation of these excellent principles it may be added that speculation for a fall is greatly encouraged by the exultations alluded to, emanating in some cases from authorities whose position cannot fail to influence opinion and by raise the hope that Government may yet retrace its steps, and by fresh issues of paper money replace what has been burned.

So much the worse for speculators. The monetary circulation of a country is the most important part of its financial system. This commonplace truth does not, however, seem to have made much headway amongst our public men.

Deep rooted ignorance or innate indolence alone can explain the idea that the subject of finance can only be approached by supernaturally gifted beings, the "tios ricos" of Imperial politics.

These numbered amongst them members of both the conservative and liberal parties who imposed upon the public to such an extent that the most reasonable proposals could not hope to merit attention, unless backed up by their opinion and influence.

This, however, did not prevent many able men, actuated rather by common sense than by party feeling, from studying the subject thoroughly. From their writings and experience we can learn all that is necessary to guide us into the right path, without turning to foreign writers for council.

On the other hand such pretensions would not be tolerated at the present day and statesmen no longer lay claim to infallibility as in former times.

If it be remembered how this wretched crisis, that originated in the early mistakes of the Republic, has drawn attention to the state of our finances, the impossibility of the legislature ever again forcing an inconvertible paper currency upon us is evident.

Eminent statesmen have studied these questions deeply, and whilst drawing attention to their doctrines in my first message on February 2nd 1896, I said:—

«It cannot be denied that inconvertible paper-money depends for its value on the part it plays in the various operations of Government in regard to revenue and expenditure.»

In these words I noted that even before 1846 paper money had reached the limit of toleration, and added:

«From this it may be deduced that if the amount of paper-money do not exceed that required by the Government for current transactions, it represents real value. Logically, therefore, the total revenue in gold should be the limit of paper in circulation. This point should not be overlooked in carrying out the task of gradually withdrawing the latter.»

«Experience will do the rest and indicate, during the gradual execution of the scheme, the proper moment to stop, as also when to continue until not a single inconvertible bank note remain in circulation.»

When treating of this subject on other occasions I always insisted on the necessity of a gradual rehabilitation of our currency, and deprecated violent and sudden measures that always produce the contrary effect to that aimed at. Nor did I ever propose to perpetuate the depreciation of Treasury notes by recourse to such a law as that of 1846, an expedient adopted under the Empire only eleven years after the Independence, and again later on, but on each occasion without success.

In 1833 the value of paper currency was fixed at two mil five hundred reis to one *oitava* of twenty two carat gold; in 1845 the two mil five hundred reis were by a stroke of the pen raised to four mil reis.

It would have had to be raised again to seven mil four hundred and twenty eight reis when exchange fell to 14d, the lowest rate between 1846 and 1889, if the Government had once more adopted so unfortunate an expedient. At the present rate of exchange, say 7d., the equivalent in paper money would be fifteen mil four hundred and twenty reis.

Simple good sense will however, I hope, prevent the adoption of such a scheme.

If we alter the legal par of the paper mil reis in accordance either with these precedents or with the plan adopted by other countries, which endeavoured to make up for depreciation by fixing the value of the unit; if we choose to repeat our former errors and follow the example of Austria-Hungary, Russia, Japan or Chile, in preference to that of the United States which resumed specie payments without altering the par value of the dollar, thus, escaping the moral, political and economic troubles caused by such a change, either the fluctuations in exchange, caused by paper money without a gold basis, will continue, or a new basis must be established at the same time that the par value of the mil reis is refixed.

This last expedient is the only one worth consideration, but even so is not suitable to the present or future state of our finances.

In the first place this plan shares with the other the defect of altering our monetary unit, and thus causing enormous disturbance to trade, in which such a change has naturally not been foreseen.

This is a plain proof of its unsuitability, especially as it would be impossible to raise the amount necessary as a gold basis for the hundreds of thousands of contos of depreciated paper money.

In the second place the country is tired of everlasting debates without practical results, and awaits a sound solution of the problem that will guarantee our prosperity in the future.

Moreover, in addition to the gradual accumulation of a fund for guarantee of paper money, the Treasury can employ other means to make up for its depreciation, as for example the redemption stipulated in the funding agreement.

The whole question is then reduced to the means of obtaining the resources necessary to maintain the guarantee fund for paper money, gradually withdrawn from circulation until its final extinction.

The creation of new taxes and the increase of old ones was designed with this object, but as I have said before, this expedient is probably only provisional and would be a great mistake if adopted permanently.

The States, should, therefore persist in offering assistance to the Union in order to repair its finances; otherwise neglect of this duty as members of the Federal Republic will cause matters to go from bad to worse, until Centralization, which already counts a large and increasing party in its favour, becomes an immediate necessity.

To a certain point, in the transition stage between the old form of government pledged to centralization and the new, which aims at State and Municipal independence, and the development of civic energy, we may possibly adopt reactionary in mistake for progressive measures, and must be therefore all the more on our guard against the consequences of such blunders, and careful to employ only such methods as harmonize with the federal theory.

The only true and practical doctrine is to reconcile practice with teaching.

Otherwise we shall arrive unawares at such a point that the Union, usurping all the powers of taxation created by the constitution, will positively dole out their own revenues to the States.

Instead of Union, we shall then see Centralization; instead of self-governing States, subject Provinces; and find that Decentralization stands for Unity, Centralization for Dismemberment.

In face of the financial difficulties which beset the country, it is, gentlemen, the plain duty of the States to hasten to the relief of the Union whilst maintaining their autonomy intact, and, in politics as in all social questions, preserve their independence whilst affording mutual support to one another.

And when once the Union has re-organized its budget and Customs tariff on a gold basis, it will find liberal support from the States, and thus combine the vital energies of the nation so as to raise exchange and the country's credit to the position they formerly occupied when resources were far smaller than now.

To realise this design, and to restore the finances of the Republic, I have often thought that each of the States should assume its own share of responsibility with the Union, and then raise a foreign and local loan simultaneously, offering similar guarantees to those stipulated in the funding agreement. It is scarcely necessary to relate here at length the origin of this plan as I have already enlarged on it in former messages, when urging the suppression of paper money. I still think that, should my plan merit the support of the Union government, it would not be difficult to reduce it to practice, and thus prove the true value of federalism.

Even on the natural supposition that this operation could only be carried into effect abroad by an extension of the term of the funding agreement, it would, with some modifications, be of undoubted utility, did the Government continue meanwhile to accumulate the fund for redemption of paper money, which in June 1901 will scarcely reach seven hundred thousand contos.

A simultaneous operation of a similar kind at home might secure the withdrawal of paper money from circulation by means of the issue of securities redeemable by periodical drawings, and with prizes at each drawing.

The details of those operations having been settled so as to leave the Treasury free to suspend or continue them at any favourable moment, a strong feeling of confidence in the improvement of the currency would speedily be engendered.

Speculation for the fall in exchange would then naturally cease, and capital be profitably invested without fear of the ruinous fluctuations, which at present tend to discourage its employment.

Summing up these ideas, at once the most logical and practical, I will quote *verbatim* an extract from the last message I had the honour to address to you:

In any case it would be unpardonable improvidence not to supplement this dual operation—the internal one of raising the value of the currency by means of its gradual withdrawal, and the external operation of raising national credit abroad—by measures calculated to obviate possible perturbations of the money market, should such arise in consequence of the methodical and uninterrupted withdrawal of currency.

The Bank of the Republic seems best adapted to carry out such a scheme, whether on account of its intimate relations with the Treasury or in view of the valorisation of its immense assets, that a reaction in any branch of the National economy and the revival of public credit would originate. That this Bank could be organised

in such a manner as to be able to lend real assistance to the improvement of the fiduciary circulation of the country I am fully convinced.

It was thus I alluded to the plan of establishing banks of issue, which, though not necessary in the first stages, must ultimately form part of any operation to restore the finances of the Republic.

The ill fortune which attended the so-called banks of issue that were in reality corporations with privileges that even the National Treasury does not now enjoy, is still a scarecrow to frighten people whenever new emissions are proposed, however well secured. We are, however, now learning to discriminate between the true methods indispensable to all organized societies, and those spurious operations, the effects of which we still perceive, although they have themselves ceased.

I am happy to note the interest in such matters awakened by Government's firm determination to burn paper money, and trust that, before long, Congress will authorize real banks of issue, as established by the Constitution and with the requisite safeguards.

A well known writer in S. Paulo has lately published an interesting work advocating the adoption of free banks, to control the paper money, and, at the same time, assist in its withdrawal.

Were it not that I am obliged to call your attention to other matters, I should like to make some remarks on the subject of free banking, which in the early days of the Republic numbered many adherents.

Meanwhile let me note this one more fact among many which prove, to my thinking, the remarkable unanimity among students of the subject as to the true principles of monetary circulation.

In the present state of public feeling, the Executive will always meet with the fullest support in their efforts for the rehabilitation of paper money, so long as they do not offend and hamper the States in the task of developing their own resources.

* * *

In spite of the exceptional prosperity of Pará, it cannot be said that we do not feel the disadvantage of its depreciated currency. On the contrary it is my duty to point out to you that our progress would be much more rapid had we not also to share this heavy burden, and the same is true of all the other States of the Union.

Though hampered by this difficulty, I have consistently done my best to consult the interests of those, who in the future must bear the burden, as they will enjoy the advantages, that may result from our acts.

In view of the rapid rate of our expansion and with the object of regulating the intervention of the authorities in economic questions, I expressed my opinion last year in the following words:

I believe it to be advisable to make surveys for opening communication by the rivers Tocantins, Araguaya, Xingu and Tapajós with the interior. It is of the greatest importance for the development of commerce with other States that these lines of communication should be opened. Besides, the development of our river system will open new sources of wealth, facilitate the settlement of our vast territory and stimulate our rising industries.

It is impossible to do all this at once or with annual revenue alone; not even the most wealthy countries could overcome at once all the difficulties and expense of opening canals, constructing railroads and other improvements of urgent nature.

At the same time, in the hope of supplying this want by inducing Companies to undertake the construction of public works, I added:—

Vague reports of colossal wealth lying dormant, out of reach of human skill and labour, are not enough. They want, as a basis, exact figures and details. It is, therefore, requisite that you should at once provide Government with the resources sufficient for these preliminary works and at the same time pass a law regulating the conditions to be offered to those willing to invest capital in their realisation.

In accordance with these views which I held long before they were formally adopted here, several laws have already been passed, which only await the right moment to be put into execution.

Meanwhile in the absence of technical surveys and statistics for estimating the cost of construction of these undertakings on the one hand, and their probable revenue on the other, we are unable yet to furnish investors with the particulars requisite for their guidance.

Guarantees of interest and subsidies should never, or only in exceptional cases, be granted by the State without first calculating the revenue likely to be yielded in each case, so as to minimize the liability for the guarantee, and it is to this particular branch of the administration that I desire to call your special attention.

For many years Brazil has been able to boast of skillful engineers and it would be unpardonable should unproductive works be constructed with such elements at command.

I also referred in my last message to the critical and wretched condition of communications between the States by sea, and of the coasting trade, though the latter is now exclusively confined to the national flag.

I added :—

Suffice it at present to attend to our internal communications. The sad condition of the coasting trade in spite of all the privileges it enjoys can only be a matter of surprise. And yet the country possesses vast forests and splendid timber suitable for naval construction, especially Pará, and on the very banks of its splendid rivers. And yet no vessels are constructed here! I may venture to assert that the State of Pará would not hesitate to encourage any efficient initiative in this direction.

You will not, therefore, consider it superfluous for the States to offer inducements, over and above those of the Federal Government, to overcome the hesitation of capitalists and shipbuilders and to start so promising an industry.

The pressing needs of our daily growing traffic call imperatively for increased communication between this capital and the extreme south of the Republic.

With better communications, the States will more rapidly develop intercommercial relations, and be freed from the necessity of buying abroad what can be found within their own boundaries.

This desirable object, of such supreme political importance, is only rivalled, from an industrial point of view, by the necessity of immediately increasing our means of communication with North America and Europe, so as to keep pace with the remarkable growth of commerce.

As you are aware, directly the State Senate had authorized the Executive to grant a subsidy to a line of steamers between Rio de Janeiro and New York, calling at Bahia, Pernambuco and Pará, I addressed the Union Government through our Representatives in Congress, explaining our ideas on the subject, and the natural anxiety of this State to participate in so laudable a design. But not content with thus carrying out your wishes, I investigated other methods and have come to the conclusion that the Executive should be authorized to dispose of the subsidy voted, in accordance with the spirit as well as the letter of the resolution. Armed with these powers the State Government could then commence this undertaking without delay.

Moreover I trust that any law you may pass to aid the development of the mercantile marine between Pará and the North of Europe will not be allowed to remain a dead letter. It is sufficient, to merely refer to the project to comprehend the arguments in its favour, and especially the advantages that would accrue from the increase of trade with Germany, a leading and energetic industrial Power that does not yet seem to have appreciated the enormous benefits it offers.

On the other hand we may fairly hope that increased facilities for imports may materially profit consumers.

Moreover, closer relations between Germany and ourselves will create new sources of population for the country.

The most favourable solution of this problem, which I have studied for a long time, would be to organize a company in Pará for this object, assisted by a reasonable State subsidy for the acquisition of the necessary steamers. But even supposing that local capital cannot be obtained for this purpose, I am convinced that foreign shipowners will gladly entertain it.

Having pointed out the need of further means of transport to draw closer the bonds that unite us to our sister States, and to develop international commerce, I must now call your attention to the importance of maintaining communications with the interior of our own State, a problem still far from being solved though it has been constantly borne in mind.

Our river navigation, though extending daily, can hardly keep pace with the increase of trade, and is yet, so to speak, in the first stage of its natural growth, the final development of which can only be estimated by those who are clear-sighted enough to foresee the immense future that awaits this favoured region. It would be premature to devise schemes for this more or less remote future, though it may be difficult to restrain a natural optimism in view of so flattering a prospect. Let us work out slowly and surely the problem of providing for the navigation of our rivers, now being opened up to traffic at the cost of many sacrifices. We must be careful however not to lose sight of the results to be obtained or we may seem in the future to have left the task but half finished.

Land and river communications cannot be considered apart, and are of equal importance.

In fact, our great river arteries would be merely roads leading nowhere unless connected with the interior by means of cart or railroads, connecting remote settlements with the centres of population and the main branches of the water system.

Although its provisions have not yet been put into force, I consider law n. 548 of June 7th last year, of the greatest value, providing, as it does, for a State guarantee on the capital required for railways to connect the upper and lower waters of the Xingú, and the Tapajós, below and above the falls.

I am confirmed in my high opinion of this measure by the fact that the State of Matto Grosso is at present engaged in exploring and peopling the district of the Guaparé, lying between the Perceis range, and the Guaparé, from the mouth of the Rio Verde to Principe de Beira fort. From this district export trade will follow the valleys of the Tapajós and the Xingú rather than that of the valley of the Plate.

In spite of its splendid river system, Pará must not fail to remedy defects and extend its usefulness by the construction of railways.

Such a consideration fully justifies the law alluded to, especially if it be remembered that, as soon as communication by the Xingú and Tapajós be established, our capital will at once become the natural trading centre between North America and Europe and all the vast region watered by those rivers, and, in a not remote future, will occupy a similar position as regards Eastern Bolivia.

But, whether by the valleys of the Xingú and the Tapajós, or by that of the Araguaya and the Rio das Mortes, the efforts we have made and are still making, must eventually render them the main routes which our trade with the central highlands of the Republic must follow.

And this hope is founded on the fact that easy means of communication will attract the wandering population of those regions and induce them to settle in the neighbourhood.

The prospects which the rapid development of Pará reveals are so vast, that I do not hesitate to affirm that we may safely draw upon the future with the certainty of success. Our ordinary revenue, though steadily increasing, is not sufficient to provide for urgent improvements of which our children only will reap the benefit. But it would be worse than foolish to lay fresh burdens on a people, whose aim it is to transmit to posterity an inheritance far richer than that they themselves received. We must, therefore, borrow in proportion to our progress and increasing wealth.

You can all bear witness to my constant efforts to organize undertakings for public purposes, such as the water supply of the State Capital. I have called for tenders, but after many failures have been compelled to intrust its working and extension to the Administration. Hence arose the necessity for the loan of 6,000,000\$ currency, which was issued in this city.

There are other urgent public works, which cannot be deferred and for which also our revenue is insufficient, such as the drainage works and the construction of the Port at Belem.

Were it not for the critical condition of national credit, these difficulties could be easily overcome by local or foreign capital that would not fail to recognize the excellent results to be obtained from such important undertakings; or even if a company could not be formed without State assistance, capital could be readily attracted by the guarantee of a moderate rate of interest.

Unfortunately, even a guarantee of interest does not nowadays invariably secure success in the formation of companies to carry out public works.

The question then is, how to avoid burdening the Administration with such obligations, forced on it against its will?

It would seem advisable that you should pass a law that shall determine the conditions on which the State may legally assist such undertakings by means of subsidies or guarantee of interest, and also those on which it may lend money to such undertakings.

The latter method will perhaps prove the best at present as formerly under identical circumstances.

This system was adopted in England with marked success, and a Government department — The Exchequer Loan Commissioners — was exclusively charged with the duty of making, under safe guarantees, grants in aid to works of a public character, such as roads, canals and ports, to be refunded with interest as soon as they began to pay.

This admirable plan was of English origin, and did not spring up of a sudden, but was carefully fostered by the Government for many years.

France also adopted it, granting sums amounting to many millions in aid of the railways from Paris to Rouen, Paris to Versailles, Rouen to Havre etc.

Moreover, the English Treasury actually realized a profit on the transaction by lending money at 4% which it had borrowed at a lower rate.

I will now conclude this brief allusion to subjects well worthy of your closest attention, bound up as they are with the progress of the State.

The Government of Dr. Campos Salles has only been in power for little over a year, and has scarcely yet had time to realize many points of its programme, in which the necessity of relieving the Union of burdens that properly correspond to the States was insisted on.

Last year when I gave my unreserved approval to this declaration, and urged you to take steps to at once enable the State Executive to cooperate with the Federal Government at the fitting moment, I added:—

A partisan of the Federal principle, which he always inculcated and desires to uphold, H. E. accepts the discrimination of revenue as actually practised and defined by the Constitution, and is trying to arrive at the system that the Nation elected to follow, and, with its aid, to maintain above everything the political union of the Country, with the separate administrations of the States, in such a manner that the interests of the latter shall, without, be subordinate to the supreme interests of which the Union is the only and indisputable guardian.

Amongst such supreme interests you will allow me to specify those that refer to National Defence. Evidently, except for the financial crisis, no excuse could be found for the manner in which we

exhibit ourselves to the World, as a Nation careless of self-defence and of military organisation.

The military classes, of whose disinterestedness the Country has had ample proof, have more than once, through their official and technical organs, insisted on the precarious situation of the country's forces should they be called into action.

In these words I pledged Pará to aid the Union Government in even exclusively federal affairs.

With regard to the civil service, I pointed out the advisability of the State taking entire charge of the postal and telegraph lines between the Capital and interior, it being imperative that their development should go hand in hand with that of the districts they serve, even should receipts not always cover the cost of maintenance.

It is evident that local administrations are more favourably situated than the Federal to undertake these duties within their own limits. The Constituent Assembly adopted a compromise between this idea and the traditional centralization of Post and Telegraph service, by authorising the establishment of State lines in addition to those of the Union.

If the expedient I have pointed out, were adopted by the other States of the Republic, the Union would be thus relieved of many heavy charges.

If the matter were carefully studied, it would not be difficult to find a solution, entrusting this service to the States, and leaving the Union the key of this important department of administration, namely the main postal and telegraph lines, especially those connecting the Federal Capital with those of the States, including intermediate stations.

Another point in which the State can assist the Union I pointed out as of the greatest importance to our progress. I refer to the works of the port of Belem, which the State should arrange with the Union to undertake, even though we should have to guarantee the necessary capital.

When in the beginning of 1898, I wrote the following words, which it now seems opportune to repeat, I could not foresee the disturbances and disorders which marked the elections of October 31st last year.

"In time of elections the contrast between the words and the acts of contending parties is very striking. They even recognise this themselves and endeavour to justify it by the necessity under which each lies of employing the same weapons as his opponent. Every faction, group and party, whatever the differences between them, does its best to hinder voting, if unfavourable to itself, however much they may all protest their entire devotion to purity of election.

"And they can imagine no better device than to accuse the Government of favouring one or the other candidate. This mischievous expedient can only be employed in good faith by a perverted understanding and the Government must struggle against it firmly, justifying the line of conduct adopted by it to guarantee perfect freedom of voting.

"I am proud to have preserved the State Government during my Administration from the party feeling which would turn the Executive into a hothead of intrigue, and I am fully determined never to allow the office which I hold to be made an instrument for thwarting the people's will.

"Whichever party gain the day, my government shall continue to be what it has always been, a Republican government in accordance with the true Republican principles, as I have defined them on more than one occasion to be, founded on the approval of the country, and, above all, of my fellow citizens of Pará, in whose representation it will always be my firm intention to resist attempts to stultify the popular vote.

"As a citizen, such baseness is repugnant to me, and as governor, backed by the power of the law, I will do my utmost to put it down."

I could not foresee, I repeat, two years ago, when I uttered the above words that the tranquillity of the Capital would one day be disturbed by blind party passion, leading peaceful citizens to excesses that cannot be too strongly condemned.

If a traveller were to land in any country for the first time during the mad excitement of a contested election, he would be shocked and surprised at the gross and calumnious abuse hurled at one another by former friends, suddenly converted into bitter enemies.

There is nothing so degrading to the character of a public man as such acts as these, prompted by vanity and disappointment.

If the politician were the only victim of his own madness, a few adverse comments would end such incidents, unhappily so common in party warfare.

But the evil effects do not end there, and the necessity of employing force to maintain order is but one of the inevitable consequences of such acts.

Granted that the means of repression are only employed as a last resource, and with the greatest prudence, nevertheless the task of the authorities is most delicate, as the offenders are sure to allege that the real object of its employment was to interfere with the sacred right of voting.

And as, on the other hand, even those entrusted with the enforcement of the law are not themselves free from party passions, severe penalties must be enacted against all who tamper with the vote, whether by abuse of power, or by any of those ingenious devices of which political intrigue is so prolific. Above all the right of voting and of freely giving effect to his convictions must be fully guaranteed to every citizen.

Many who imagine the practice of such despicable acts to be a proof of ability will no doubt sneer at my anxiety and consider it unworthy of further notice.

I appeal, however, to political leaders of all parties, and trust that any sound electoral system sanctioned will receive their hearty support.

Keeping strictly within the limits of my duty, I have persistently submitted plans and projects to your attention, which you will allow me once more to urge upon you.

I am fully convinced that a legislator, elected by the vote of his fellow citizens, can only perform his duties in a thoroughly honest way, if he be careful to keep always in touch with his constituents. However short the term, a time will surely come, when, if he do not succeed in maintaining the mutual confidence so indispensable between elector and elected, the one will be disappointed and dissatisfied, and the other find himself in a position which he cannot conscientiously fill.

Can this radical defect of popular election be removed by enabling the electors to cancel the election should their representative fail to carry out the programme agreed upon?

I do not think so. I believe indeed that such an expedient would cause more friction between electors and elected. This is a point of morality, not of law, and depends on good customs and sound opinions, happily common among the people of Pará.

There is, however, one point which should be clearly fixed by law, and that is, the registration of electors which gives the citizen the right to vote.

Just as a man cannot be compelled to serve in parliament, so he cannot be forced to vote.

Compulsion in the latter case would be even more absurd than in the former. It is different with the registration of electors, which should be compulsory, under penalty of a fine, unless the citizen can prove that he does not possess the qualifications of an elector, and this proof should be rendered as easy to him as possible. Fines or temporary deprivation of civil or political rights, or both these penalties in case of repetition or contempt of legal intimations, would overcome the indolence of many good citizens, who, from various reasons, do not register, thus depriving the country of their cooperation in its political and administrative development.

Electoral systems are nowadays the only available means of consulting the opinion of the country. Their scope must, therefore, be enlarged as much as possible to enable a greater number of citizens to record their vote, whenever they wish to do so.

Recalling what I said on a former occasion, I will now point out the evidence that I have accumulated as regards the necessity of putting an end to electoral fraud by force.

The importance of the subject is indisputable, and the thorough organisation of political parties in Pará the best guarantee of the sincere observance of laws regulating electoral suffrage.

It is indispensable that the representation of minorities should be secured. But how?

In my opinion it will be by giving to all the different and opposing groups every possible facility to elect as many representatives as they can. By this I mean that, in my opinion, the constitutional principle of representation of minorities rests implicitly upon the fundamental principle of proportional representation, which, as a logical deduction, shall determine, in the absence of any better method, the quotient corresponding to each party in our legislative assemblies. Other circumstances, incapable of mathematical demonstration, also occur to complicate the subject. Amongst them, I may mention, the intrinsic value of the principles advocated by candidates, which although not sufficiently popular to constitute the programme of a majority may, notwithstanding, exercise a powerful influence on the moral and intellectual evolution of society.

To pretend that such a party should not enjoy the advantage of legislative representation, only because it does not happen to be in a majority, would be to subvert order and substitute for it the egoistic rules of party caprice; and, in a word, to refuse to Representative Assemblies their fundamental characteristic as a picture, so to speak, of contemporaneous political and social life.

Such, however, was the common practice during the Empire; and, in consequence, it failed to perceive, even on the eve of the abolition of slavery on 13th May, that abolitionism, although in a parliamentary minority, had by mere proselytism so established itself in public opinion as to be indifferent to legislative decrees out of harmony with national aspirations. It was, therefore, unable to comprehend that the knell of its fall sounded the moment that a purely party majority in 1889 presumed to represent national opinion. These two late and indigenous illustrations will call to mind innumerable other proofs of the absurdity of pretending to subordinate social development to the faculty of regulating such phenomena by artificial formulae. Very different should be the real aim of legislation, that above all should be founded on the inutility of resisting natural laws. To discover the essential and unchangeable relation of these factors is the first condition to be satisfied, when attempts are made to modify them. If constitutional representation is rational, or if it be not incompatible with the natural order of things, it is indispensable to deduce from the system processes that shall guarantee the representation in elective assemblies of every kind of opinion that have acquired a sufficient number of supporters to more than complete the quotient obtained by the division of the number of electors by that of candidates in each district.

It is, however, this apparently simple problem that legislative ingenuity has in this Country, failed to resolve, not because the representative system is unworkable, nor because serious thought has not been given to the subject, but simply because casuistry and intrigue

have succeeded hitherto in legally invalidating the most honest conceptions.

I believe, however, that good results will finally attend if the *scrutin de liste* be legalized and electors of each district be allowed the right to vote for as many candidates as there be vacancies, on the condition of the candidate inscribed in the first place on the list being considered as elected as soon as the number of votes reach, at least, the quotient referred to above, the others being elected by simple majority. In this manner and with sufficient fiscalisation on the part of candidates themselves, the representation of minorities would be ensured and the intentions of the Constitution converted into a reality.

I think that the greatest advantages will be derived from this measure, when it has been adopted all over the State, thus constituting one electoral district.

Let me here note my conviction that if statesmen of influence and capacity had to choose between carrying out the wishes of a small fraction of the people, and the general interests of the State, they would not hesitate to adopt the latter alternative.

Moreover, under present conditions, a candidate might fail to be elected in a certain district, though, if the State were constituted as above, he would command the votes of a strong minority, sufficient for his successful return.

I am inclined to believe that the experiment might be tried in the electoral districts as already organized.

By essaying this system we could gradually bring it to perfection by practical experience, if its final adoption seemed advantageous.

This important project would satisfy one of the most ardent desires of the people.

I admit it is difficult of realization, but let us not on that account tire in our efforts to attain the sound and peaceful condition in which all shades of opinion may be represented in our Legislative Assemblies.

I entrust to your patriotism the task of studying the momentous questions, which I have briefly laid before you, and of enacting the necessary measures for their realization.

For my part, I consider it a plain duty to do so, thus enabling political parties to employ their energies with safety and justice so as to faithfully represent the will of the people.

May Pará occupy the first place among those who struggle for this desirable result.

On more than one occasion I have had the honour to assure you that the most careful attention of my government has been always given to public instruction, perhaps the most important branch of administration.

Of this, the account I now render of the reforms introduced in accordance with the powers entrusted to me by laws nos. 593 and 602 of the 25th and 27th. July 1898 is sufficient proof.

I believe that the regulations issued on July 12th last year will be found to be in perfect harmony with the plans, as adopted by you, for the reorganization of the Lauro Sodré Institute.

In addition to primary instruction, necessary as the foundation of all learning, the Institute is equipped with all the means for practical and professional education, being divided into two departments, the Industrial, comprising the arts, trades and industries properly so called, and the Agricultural, which includes everything connected with agriculture in all its branches, and the care and breeding of cattle.

Thus furnished with a course of study in accordance with modern requirements, a staff of teachers of the highest competence, whom I carefully selected, and installed in a new building, well adapted for the purpose, we shall be able to boast, as soon as it has been put into regular working order, of possessing the first and most important establishment of the kind in South America.

The reform of State primary instruction was decreed by in law n. 625 of January 2nd last year, on the basis of the regulations laid down by law n. 593.

Consulting as far as possible the needs of our educational system, the reform of January 2nd did not neglect the teachings of experience, and profited by the researches of the most advanced students of modern education.

A new and much needed classification, on a more rational plan and more in accordance with modern methods of teaching, was also adopted for isolated schools, now divided into elementary and advanced.

The scanty supply of certificated masters for the boys' schools appeared at first an insuperable obstacle, and the government was uneasy in view of the fact that nearly all such positions were held by substitutes without the necessary education and experience.

Breaking at once with old fashioned prejudices, the reform of January 2nd solved the difficulty by allowing women, who are now almost the only pupils in the Normal School, to be admitted as teachers in boys' schools, which formerly was not the case.

The beneficial results already produced by this measure demonstrate its wisdom, and will prove the salvation of primary instruction especially as it does not aim at dismissing men to replace them by women, the reform fully

recognizing the principle that men shall be preferred as head-masters of boys' schools.

The foundations of mixed schools (*grupos escolares*) were also laid, the necessity for which had long been felt.

Some are already doing useful work in the towns of the interior, and we shall shortly have in this capital a building designed for this purpose—the first among them—to which I hope to give the name of one who has done more than any other in the Republic to raise the standard of education — José Ve-rissimo.

The inspection of schools, a problem of vital importance, was largely extended by the reform of January 2nd, the State being divided into 16 districts, with an Inspector residing within the limits of each.

Compulsory education, the size of the area served by each school being carefully determined, was in this reform based on the practicability of enforcing it, without fear of any bad results which were foreseen and judiciously guarded against.

In carrying out this new reform I was obliged to decree the reorganization of public instruction in the municipalities and to suppress such schools as were useless for want of pupils, remove others to better localities, and establish new ones wherever they seemed necessary.

The number of isolated schools is now 580, being 538 elementary, and 42 advanced.

Distinguished according to sex, there are 290 for boys, 159 for girls, and 131 mixed.

The Lyceum and the Normal School, in accordance with your wishes, have undergone the reforms that I judged necessary to enable them to carry out the ends for which they were created.

The recent decree for the reform of the National Gymnasium on April 8 last year compelled us to reorganize the Lyceum on a similar basis to that institution, making it its equal in every way.

The creation of a school for teaching practical commercial bookkeeping, decided on two years ago, has rendered unnecessary the commercial classes in connection with the Lyceum, but I have maintained that of land surveying which has produced such good results.

In giving to this latter a new and more advantageous organization the object aimed at was, as much as possible, to encourage the instruction given in our engineering schools in land surveying.

Until, however, we can carry into effect the law passed in the last legislature, creating schools of higher education, including one for engineering, it is better to maintain the land-surveying class which will produce better results with its new organization.

Our Normal School has long called for a measure that will correct the defects that were continually being pointed out as the cause of the decay into which it had fallen.

After considerable consideration, I put into execution the reform I now submit to you, and in which, I think, the main requisites for an establishment of this kind are laid down with precision. As the basis of our educational system, this fine establishment deserves the best attention of the authorities.

The practical school of commerce has, by the efforts of the merchants of this city, been converted into a reality, and has undergone the reforms necessary to enable it to fully carry out its object.

The act of the Pará merchants is a fine example of what can be effected by combination, and my appeal to them to take upon themselves the realization of so useful a project met with the most patriotic response.

In this short summary, I have reported to you the reforms decreed in the Education department, which seems now to possess the needful elements to enable it to accompany the rapid development of the State.

And if, as seems prudent, we continue in the same path, I am confident that these beginnings of our educational system prosecuted with intelligent zeal, will yield us the results we aim at.

I regret to say that last year the sanitary condition of the Capital and of some localities in the interior was far from satisfactory.

Since March smallpox has existed in an epidemic form, introduced by immigrants from Spain and the Southern States, and has spread in spite of the measures promptly adopted to stamp it out.

The people are still careless as to observation of rules of health and, unable to understand the necessity of house to house inspection, persist in concealing cases of sickness that often terminate in death from neglect, and in putting difficulties in the way of isolating patients. Vaccination is habitually neglected and if made compulsory would doubtless save many lives and spare the disgrace of this dangerous disease, so easily guarded against, becoming endemic in even the best of our cities.

Besides smallpox, cases of pernicious fever have occurred among non-acclimatized arrivals, and also some cases of yellow fever, which also threatens to establish itself permanently

among us unless the system of isolation and disinfection be energetically enforced.

In compensation, there have been few cases of beriberi and hypohemia; measles, which carried off a few children, has disappeared, and, as is clear from the returns of the Health Department, the increase in the death rate was exclusively due to smallpox, which happily is now declining and tends to disappear.

By exercise of indispensable sanitary measures rigorously applied in combination with the Federal Health Authorities, we have been spared the terrible bubonic plague, which unhappily broke out in Santos and the Federal Capital.

Public feeling has been strongly impressed by the first appearance of this treacherous disease, which, though from unknown reasons, fortunately, of a mild type, may from one moment to another spread throughout the country.

Public safety demands, and I shall rigorously enforce the quarantine regulations deemed necessary, though I sincerely lament the misfortunes of those cities visited by the plague and the consequent injury to business.

We are ready to cope with the first signs of its appearance, but hope that the rigorous sanitary measures adopted will prove efficacious. All must, however, comprehend the gravity of the situation, and refrain from putting obstacles in the way of the execution of the plan of defence, the failure of which would be so injurious to our commerce.

After patient investigation of sanitary matters, I have done my best to endow the State with a model health department, capable of keeping out all foreign and epidemic diseases, which the present state of science enables us to deal with.

Since I assumed the government I have repeatedly called your attention to this most important branch of administration, and with the resources provided by you I am gradually introducing many urgent and useful improvements, in which I have been greatly assisted by the Mayor of this city.

The impatience of the people, who want everything to be done in a moment, as by the wave of an enchanter's wand, is very natural, but they cannot know the difficulties that attend the thorough sanitation of a great city.

The government could not lightly undertake the construction of costly works, beyond the resources of its ordinary revenue, without thoroughly investigating the extent and advantages of the plan to be adopted.

Unquestionably Belem is not behind other great capitals of the country in regard to sanitary organization, but many years must yet elapse before it be perfect. For that, the drainage system must be improved and completed; new mains must be laid to ensure an ample supply of water; the river banks must be lined with quays and the port improved; broad avenues must be opened in certain districts of the city still occupied by buildings dating from colonial times; the soil must be drained and the most populous suburbs paved, and, finally, sanitary dwellings for the poor must replace slums that are dangerous centres of infection and vice.

But yet sanitary laws and regulations will avail little, unless the people are convinced that care of their persons and houses is the chief factor in public health, a commonplace truism persistently despised by our people.

I have the satisfaction of informing you that the Health Commission appointed last year has made great progress and is now buying material for the water supply. I hope, therefore, that the necessary works will soon be started, and the rigorous sanitary measures, which I have had to put into force, be thus supplemented and secure us as good sanitary conditions as at S. Paulo itself.

Works which could not be put off have been undertaken, among which I beg to point out the following, concluded last year!—the number of public fountains has been increased by the sinking of artesian wells; more water has been stored and its distribution better regulated, though the increase of population and the drought made supply insufficient; a temporary hospital for smallpox patients has been erected, and an isolation hospital for yellow fever; in combination with the Federal Government the quarantine station at Tatuoca, and the sanitary river police have been satisfactorily organized; the necessary material for disinfection and removal of patients attacked by infectious diseases has been increased; finally the vaccine institute has been reorganized and will shortly be in condition to supply excellent lymph in abundance.

The wonderful progress of Bacteriology, and the resources obtained by science from Serumtherapy, that have so profoundly revolutionized the treatment of diseases hitherto judged incurable, compel us to undertake the production of serums, commonly used in the modern practice of medicine.

As soon as the outbreak of bubonic plague in Portugal was announced, I purchased in Paris a supply of Yersin's serum, shown by experience as the best known remedy against the terrible disease. The output of the Pasteur Institute, however, is unequal to the demand, and we should not be reduced to seeking abroad that which we can supply at home in ample quantities and better conditions.

I hope shortly to receive the necessary apparatus, and have engaged an experienced specialist to start an Institute of

Serumtherapy of our own, which, although rather costly, will be rendered inestimable services.

We are studying the best way to remove the leper asylum to a better locality, and to found, at a distance from the city, a Sanatorium for consumptives, whose residence in populous centres should by all means be avoided. The Municipal administration will be entrusted with the organization of Public Medical Service and the foundation of two asylums, one for beggars, and the other for the old and destitute.

It being of the greatest importance that the hospitals in this capital should adopt the rules of sanitation recommended by modern science, the new regulations compel the boards of management to acquire, within a fixed time, Geneste's disinfecting stoves, crematory furnaces and in short all the necessary antiseptic apparatus.

We shall perhaps be the first in the country to organize a model hospital service, and I need not say that the heavy incidental expenses will be fully compensated by the benefits resulting to the working classes and, therefore, to the entire community.

I must also remind you that the quarantine station at Tatuoca is, in view of Pará's enormous trade, only a provisional measure. It is absurd that vessels, coming to our port during epidemics, should have to proceed to Ilha Grande to undergo quarantine to be disinfected, thus entailing heavy expense, and loss of time and, consequently, embarrassment to trade.

With a good quarantine station this difficulty will disappear, and if the Union government authorizes me to construct one with the fund set aside in our budget in aid of Federal works, as soon as the bubonic plague is extinct, I shall press on its construction, the cost of which will be, probably, about five hundred contos gold.

Once the quarantine stations at Tamandaré for the central States, and at Tatuoca are established, we shall be safe against the foreign epidemics, that have more than once ravaged the country.

The mayors of the inland towns should organize the sanitary service for each municipality, either by means of loans guaranteed by a special tax, or by other means adapted to their revenues.

The State Government has not sufficient resources to undertake sanitary works throughout this immense territory, but is always ready to assist in moderation the localities which desire to adopt them.

With perseverance and at small expense, it would be easy to stamp out the low fevers endemic in so many localities on the Lower Amazon, where the most elementary rules of health are systematically neglected.

Drainage of the soil and swamps, suitable plantations of trees, levelling of the ground, good markets and abundant food supplies with drinking water of good quality, would leave little wanting to secure the public health.

For our own sakes we should put an end to the present state of affairs, which has largely contributed to the bad name attaching to our really fine and healthy climate.

This then is the programme I am gradually carrying out, but, if you consider it incomplete, I can modify it in accordance with your wishes.

The increase of free immigration from the Southern States is very promising, and, if it had suited us to assist European colonization on a larger scale, we could have secured last year large numbers of Italian colonists who are leaving the Argentine Republic and Sao Paulo on account of low wages.

I considered it imprudent to authorize the formation of new colonial centres on the model already approved in view of the heavy expense incurred with the colonists already settled in the State, including the two Italian villages, recently founded.

I was, therefore, obliged to reject several proposals made with that object, and, decided not to increase the cost of this service, so slow in yielding results. From the beginning of the financial year, the construction of the cottages and roads, already begun at various points and which could be put off without inconvenience, was stopped, the number of employes reduced as far as possible without injury to the service, and, by every possible means superfluous expenses were cut down.

We must admit that the present system of colonization is too paternal, for, besides other costly favours, we have to provide good and abundant food and, thus, not only accustom the colonists to idleness, but give rise to frauds on the Treasury which are difficult to discover or check.

The present law must be modified in many of its points, for the system in force has been condemned by experience. You will be better able to judge of the reforms requisite after studying the exhaustive report of the Inspector of lands and colonization.

As I said in my message last year, I think we should try to encourage free immigration, by defraying the incidental expenses and selling government lands in the best districts of the State which should be properly surveyed and divided into convenient

lots, charging a moderate land tax, as in the American Union, Canada and Australia.

We not only require labour to develop our wealth, but also capital to start the many highly profitable industries among which may be mentioned: the extraction of Rubber at present carried on in a rough and primitive fashion, and agriculture, which still follows the routine of colonial times.

Indeed, where could planters obtain such results as we with the simple cultivation of tobacco and cocoa which command prices so high, as coffee never approached in its palmiest days?

What gold mines could yield such wealth as Rubber, nuts and the many other valuable indigenous products, of which we enjoy the unquestioned monopoly? Where can there be found a river system of three hundred thousand kilometres, navigable by steamers and spread over the enormous area of which the port of Belem is the natural outlet?

Since steam navigation was started in 1853 the trade of Pará has increased in an unheard of manner, and our actual rate of progress may set our minds at ease as to the future reserved for us by nature.

The excess of population and accumulation of capital in Europe and North America are bound to seek us out without any further sacrifices on our side, and we have no need to humbly beg them to accept the inestimable gifts we have to offer.

The campaign is being briskly carried on in the chief centres of emigration, and we spend a large proportion of our revenue on the colonies already established, but we need no longer offer heavy subsidies to European immigration which would be more useful if free or promoted by Companies.

The future of colonization in Pará is unquestionably flattering. The overflowing population of countries, where the proletariat has to struggle hard for life, must soon flock to this region. Our customs, laws and climate will encourage them to settle in our midst, and absorb and assimilate them. It is better to advance slowly, but surely, though our natural wealth may appear neglected, and its development slow in coming, than to hand it over to those who only desire to make their fortunes and then return to their native land.

Such has been the curse of the greater part of the immigration to South America, a country regarded only as a source of profit, and, if we wish to foster the true development of our resources, we must be most careful to introduce hard working and intelligent producers and not mere consumers of the worst type.

In 1899 thousands of national immigrants came from the Southern States, and some hundreds from Spain, but this latter supply is checked until the bubonic plague in the Peninsula be extinct.

When the late drought was at its height in Ceará you authorized me to assist our unfortunate fellow-countrymen, to whom Pará gave an affectionate welcome, providing them with land, and agricultural instruments. Great expense was incurred in laying out lots, making roads, building houses and establishing native colonists who, as you are aware, have the same privileges as those from abroad.

This was the cause of the heavy expenditure during the last financial year, but the results are eminently satisfactory as is proved by the national colonies established along the Bragança railway, and the success of former experiments, when the native colonist showed energy and perseverance, contributing largely to our progress and prosperity.

In December the old colonies of Benjamin Constant, Monte Alegre, Marapanim, Jambú-assú and the suburban centre of Salvaterra were declared independent. They are prospering visibly and possess all the necessary elements to become shortly rich agricultural centres.

The interests of the State were protected by the arrangements made, and the existing mills and factories will be handed over to any one who will undertake to work them properly, giving the necessary guarantees and protecting the interests of the colonists themselves.

Their organization also must be finally settled. In my opinion Marapanim and Jambú-assú with the town of Marapanim should be incorporated in the municipality of the capital, Benjamin Constant and Urumajó in that of Bragança, Monte Alegre in that of the same name, and the suburban centre of Salvaterra in that of Soure.

Besides these five colonies, the future of which is secured, in March next their independence will be granted to those of Inhangap, José de Alencar, and the populated portion of Santa Rosa, the administration of the latter being given to Patautaua.

The Ferreira Penna Colony in the Americano is of small area, which can be increased later on, if necessary, by including in it the surrounding government lands. I calculate that during the present year we shall have at our disposal four hundred lots, with their improvements, in the independent colonies and those about to become so, including those that were lately laid out on the river Urumajó as an extension of the Benjamin Constant colony. We are thus ready for the European colonists, expected under former contracts without further expense to the State, and for any native colonists who

may wish to establish themselves on their own account and under the conditions stipulated by law.

The two Italian colonies of Annita Garibaldi and Janetama, recently founded, have not come up to the expectations of the Government.

They were created in the hope of their soon becoming centres of attraction to Italian farmers, who might assist us by their energy and intelligence in return for special favours, such as are nowhere else offered to immigrants.

But in spite of the publication in Italy of the fullest information in regard to our climate and fertile soil, the great advantages offered to the contractors for introducing immigrants, and the great kindness and indulgence always shown by the government, who heartily supported the scheme, the difficulties inherent to such undertakings proved too strong. The continual complaints of the colonists attracted the attention of the Government, and investigation having shown the inability of the contractors to perform their part, I thought it better for the State and for the colonists themselves to cancel the contracts and hand over the administration of the colonies to the Inspector of lands.

This failure shows the great difficulties that attend so complicated a problem, but does not discourage me. The Government must and will struggle for the final success of Italian colonization, which I firmly believe will be of great benefit to the country, when once confidence is established among Italian agricultural emigrants.

So far the healthiness of the climate, the fertility of the soil and the adaptability of the Italians are fully recognized. A little more perseverance and we shall obtain all we want.

The experimental establishment of suburban centres at Curuçá, Acará, Obidos, Alemquer and Cametá has turned out a failure, whether for want of careful supervision or of energy in those most interested in its success.

Far removed from the administration, which cannot always trust to the zeal and discretion of its servants, these centres were for the most part in unsuitable situations, and as they received no aid from the local authorities, I thought it best to give up the attempt at once.

The centre of Curuçá, to which particular attention has been paid, is intended for the first Spanish families to be introduced as soon as communications with the Peninsula are re-established.

The centre of Cametá will be enlarged at the proper time. The centres of Acará, Obidos and Alemquer should be got rid of, on account of the wretched way in which they were established.

Apart from these and other reverses, which are unavoidable in all countries that accept immigrants, the development of the colonial centres is generally satisfactory and I am happy to say that our sacrifices in this respect have not been in vain.

The traveller by the Bragança railway from Belem to Jambú-Assú, for a distance of one hundred and twenty kilometres, will observe a continuous series of lots more or less cultivated, of sugar mills, factories, distilleries and saw mills in full working order, and many others in construction, and a promise of activity and capital that must bring trade to the district.

New towns are springing up, buildings are being constructed all along the line, land is becoming more valuable, and uncultivated lots within a certain distance of the railway are difficult to meet with.

The enormous increase of value in suburban lots near the railway, which can hardly be obtained at any price, is a proof that I am not exaggerating.

I think that we have at last solved the problem of State colonization commenced in the time of the Empire by emigrants from Ceará.

During the remainder of my term of government I shall endeavour to improve what already exists, to render transfers easy, extend the roads, indirectly assist industrial undertakings for the prosperity of the colonies, encourage free immigration, interfere as little as may be in the inner and local life of the centres during their organization, and above all guarantee the rights of property and put a stop to the illegal appropriation of waste lands. To effect this the regulations of the land law of 1892 must be published at once.

Our agriculture is gradually reviving with the great rise in price of food stuffs, and in spite of its adherence to routine, few States in the Union can excel it in variety of crops.

The export returns show an increase in the production of tobacco, cocoa, mandioca flour, rum, maize, rice, beans and other articles of less value. But yet the supply is quite insufficient for our own consumption, still dependent in part on the southern and foreign markets; and most of the towns, with inadequate steam communication, suffer from a permanent crisis in their food supply.

We must persevere in the endeavour to grow in our own territory food stuffs for our own consumption and import only those industrial and agricultural products that we do not possess and can only produce of inferior quality at greater expense.

The Pará Agricultural Society has not met with the assistance expected from the farmers. However, during the last six months it has distributed seeds chosen in the best markets of

Europe and North America over a wide area and has started with good results in the State colonies the cultivation of the grape vine, soja, sorghum, Bourbon coffee, Havana tobacco, Algerian wheat, lucerne, clover, Jaraguá grass and many other plants unknown here; it has published regularly a technical journal, and though its influence in our agricultural centres is still slight, I consider it our duty to assist it in every way, for it is a most useful institution, and may eventually overcome popular indifference.

I have engaged in Europe teachers for the practical School of Agriculture, which commenced working in connection with the Lauro Sodré Institute, where the Pará Agricultural Society has also been installed.

The construction of the School of Agriculture is far advanced, including sections for the study of stock breeding, laboratories, practical instruction and a model farm.

Without professional teaching and a judicious system of agriculture, we cannot hope to establish it on a large scale, for which considerable capital is required.

This is a most important subject and well worth your close attention. Our future depends on it and success can only be assured by many sacrifices and strict adherence to a systematic and intelligent plan.

We should not build too much on our present prosperity, which may be endangered at any moment by an unexpected crisis.

The fall in the price of coffee should be a warning to us, and we must remember that there is a regular mania among countries possessing colonies for planting maniocoba; and even should the consumption of rubber increase in proportion to the supply, the value of our currency has fallen so low that, combined with the defect of our commercial system, it places us at the mercy of international speculation.

It is most desirable that a company possessing the necessary capital should undertake the management of the "colonies," and I for one would not hesitate to hand over to it the responsibility together with the appropriations provided in the budget for their maintenance, so long as public interests and the credit of the administration were not sacrificed to speculation.

The Government is generally a bad organizer and a worse manager of colonial centres, and I think that a company with a well trained staff of employés could realize large profits, and at the same time guarantee the interests of both the colonists and the State.

I mean to confine myself to these limits during the remainder of my Administration, leaving my successor at liberty to develop, in any way he thinks fit, the work of colonization, which I shall leave in a flourishing condition.

The State revenue continues to increase, and in the last financial year exceeded that of the preceding one by more than 30 %, and the estimated revenue, by over one thousand seven hundred contos gold.

This surplus, however, was completely swallowed up by the extraordinary expenses, which, as I have pointed out, were incurred for immigration and settlement, and by others rendered necessary by the rapid rate of progress, and duly authorized.

The year, however, closed with a balance in our favour.

During the first six months of the current year receipts exceeded the estimate by more than 10 %. To the end of December 3.868.000\$ gold, or 14.166.000\$ paper had been collected, the half year closing with a balance of 2.644.000\$ currency.

In the message which I shall in a few days have the honour to address to you, when introducing the budget for the financial year of 1900—1901, I shall have to call your attention to this subject more in detail.

In February next year my term of office will expire; yours, on the contrary, is only just beginning.

I shall not therefore have the honour of executing all the resolutions you may see fit to adopt.

I do not even, on the eve of handing over the government to a more competent successor, hope to complete the task, in which I take such pride, of cooperating with you in the interest of the State.

We must tenaciously pursue our work of progress and not allow it to be hindered by a pretended prudence, in reality but a mask for indolence.

To bring to perfection public instruction, in all its standards, is a work of great importance, and for a long time to come must be undertaken by the Government, until public and private initiative relieve it of the task.

To develop agriculture, with its allied industries, to the highest degree, is another urgent duty, of which the public is so convinced as not to be refused.

The manufactures and trade of the State depend on the adoption of measures calculated to secure their prosperity.

That you will not fail to apply these principles of Justice and Morality, that should be the guiding motive of every legislator, I can rest assured, but, as far as it is in my power, I shall, Gentlemen, be always proud to lend any assistance in my power.

Sua e Fraternidade

Government House, Pará February 1st 1900.

Dr. José Paes de Carvalho.

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