

The Brazilian Review



A WEEKLY RECORD OF TRADE AND FINANCE

VOL. IX

RIO DE JANEIRO, TUESDAY, MAY, 15TH, 1906

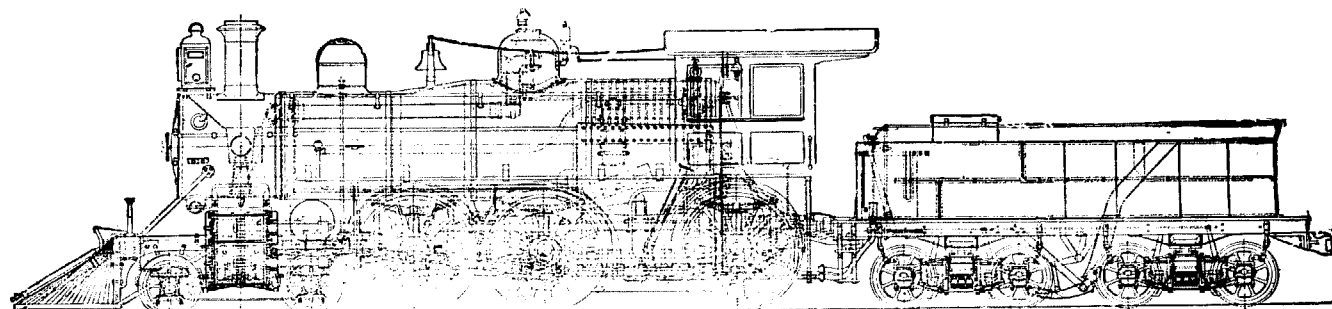
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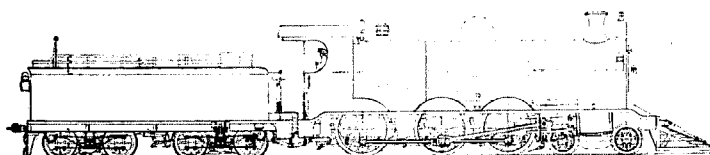
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No. 20

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23	Thames	Royal Mail	Southampton
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In the absence of the editor, Mr. John J. Wilson will sign receipts by procuration. All communications should be addressed to the Manager and Acting Editor: Mr. W. G. Chancellor.

Mr. J. P. Willeman who is at present in Europe begs to place his services at the disposal of friends and subscribers. Address c/o Messrs. Geo Street and Co. 30 Cornhill, London. E. C.

Notes

The Aquidaban. The following statement from the Message of the President of the Republic will we think be of interest to our readers.

"The *Aquidaban* left this port on the 20th of January for the bay of Palmas, Ilha Grande, to make the last tests of its wireless telegraphy apparatus, and had on board the members of the Commission appointed to choose a suitable spot for the construction of the new Arsenal. On the following day, she arrived, with the Cruiser *Barroso*, in the bay of Jacuacanga, where she anchored at five o'clock in the afternoon. There was no preliminary warning of the terrible catastrophe which took the battleship to her doom. At 10.45 p.m. that night there was an explosion in the after powder magazine, and the ship sank immediately, carrying with her Admirals, Officers of high rank and of established reputation, young and ambitious Officers full of enthusiasm, warrant Officers and sailors whose devotion to their duty was well known.

Many theories have been put forward as to the cause of the explosion, some of them not worthy of consideration, but others deserving of careful study. At the present moment a Military Commission is endeavouring to arrive at the true solution, but it will be in no way surprising if no definite conclusion is arrived at, as occurred in the cases of the *Maine* and the *Mikasa*.

In spite of this, an examination has been made of the cordite on board the battleship *Riachuelo* whose powder magazines are in exactly the same condition as were those of the *Aquidaban*, both as regards temperature and humidity, and also of samples taken from the powder magazine at Mattoso (which have been there since 1896) and of another sample from the Stores Department which belonged to the *Aquidaban*.

The Government is undertaking these investigations in order to verify if the disaster can be attributed to the spontaneous combustion of the cordite, the temperature of which in the powder magazine at 4 o'clock on the day of the catastrophe was 36 Deg. C., according to the information supplied by the ill-fated Commander Serra Pinto."

The New Fibre. The promoters of this new industry in the State of Rio de Janeiro cannot be said to have let the grass grow under their feet though the plant that produces the fibre seems to have sprung up at their touch. It appears that the *Cunhamo Brasilensis* Purini comes to perfection in four months when raised from seed. Mr. Knight, of Messrs. Knight, Harrison & Co. tells us that they now have two areas either sown or prepared for sowing. The first estate is that of Rodeio where 150,000 square metres have already been planted and 350,000 are in preparation; the second that of Boa Vista, to which reference has already been made in these columns, where over 2,000,000 square metres are being prepared. For the present it is proposed to export only the raw fibre for which a market has been guaranteed in England whilst later on mills will be erected and the spinning and weaving done on the spot. Besides this, rope and twine will be made from the waste and paper from the stem of the plant. Lately the plant has been grown from seed but when this is not done it can produce no less than three crops per annum and when it is considered that there

is absolutely no part that cannot be utilized in some way or another it will readily be grasped what a future is in store for this new product. The best time for planting appears to be during the months of August, September and October and the best for gathering March. None the less seed may be sown at any time and may be counted on to give excellent results.

The Leopoldina Railway. A cable received from London states that report to be presented to the shareholders shows gross receipts for 1905 to have reached £1,126,167 or £326,125 more than for 1904. The balance available for distribution is £541,905 whilst £91,000 is carried forward. A dividend of 4% is recommended. We hope that the report will be to hand shortly when we shall publish it in full together with tables showing a comparison with former years.

It seems now to be practically certain that Mr. Percy Clarke is going to the Buenos Aires Great Southern Railway at the end of this year when his contract with the Leopoldina ends. In this case the Leopoldina will lose a man whom the Directors can ill spare and who through his tact and ability has smoothed away many a difficulty and made efficiency the watchword of the railway. For the moment we will not indulge in prophecies as to his successor on the principle that no one should prophesy unless he is sure.

Great Western of Brazil Railway. The report of the Great Western of Brazil Railway Company, Ltd., for the year ended 31st December, 1905, to be found in another column, shows gross receipts £458,541, an increase of £179,231, and working expenses £315,123, an increase of £114,555, leaving net receipts £143,418, an increase of £64,676. The receipts for the past year were the best yet experienced in the history of the company. The second half of the 1904 sugar crop, which was a late one, continued well into the year under review, and the following crop commenced some three months earlier than in the preceding year. To balance on revenue account of £143,418 must be added balance from 1904, £10,358, and transfer fees, interest, &c., £1,175, making together £154,951. The directors have placed £20,000 to reserve, and they now recommend a final dividend on the proffered and ordinary share capital at the rate of 6 per cent. per annum, making 6 per cent. for the past year, leaving a balance of £21,956 to be carried forward. As foreshadowed in the last report of the directors, the extension 6 per cent. debenture stock amounting to £266,000 has been redeemed. The funds for this, as well as for further capital outlay, necessitated by the contract dated 24th July, 1904, entered into with the Federal Government have been met by the issue in May last of £600,000 5 per cent. debentures. The construction of the extensions to Campina Grande and Pesqueira is proceeding satisfactorily, and the approval of the surveys of the link lines to connect the northern and southern sections is awaited. The change of gauge on the São Francisco section was completed on 17th September, thus uniting the whole of the systems worked by the company. The work of renewals and re-railing is being carried on as quickly as possible, and the directors hope to continue this essential task.

RUBBER

It will be seen from the subjoined table that the entries at Pará and Manaus for the month of March were 1,300 tons less than for the same time last year and 240 tons less than for March 1904.

The figures of 5,719 in January 1906 still constitutes record entries for any month hitherto known, the next largest entries recorded were 5,000 in the month of March 1905.

ENTRIES AT MANAOS AND PARÁ JULY TO MARCH

	In Tons	1905-1906	1904-1905	1903-1904
July.....	1,280	1,250	1,450	
August.....	1,230	1,260	1,300	
September.....	2,010	1,780	2,200	
October.....	2,440	2,820	3,580	
November.....	2,980	2,800	2,800	
December.....	3,530	3,390	3,270	
January.....	4,360	4,590	5,710	
February.....	3,680	4,320	3,920	
March.....	3,940	5,000	3,700	
	25,450	27,210	20,020	

EXPORTS FROM MANAOS AND PARÁ 9 MONTHS 1905 TO MARCH 1906

	Kilol	Value in mil reis paper	Value in £
July.....	1,271,910	7,819,569\$	538,111
August.....	1,306,754	7,890,132\$	569,671
September.....	1,826,670	10,954,185\$	781,627
October.....	3,152,403	20,735,295\$	1,368,853
November.....	2,323,354	14,662,838\$	986,114
December.....	2,989,042	18,793,659\$	1,297,491
January.....	4,175,753	25,048,948\$	1,762,885
February.....	4,351,165	26,213,300\$	1,841,420
March.....	3,791,302	23,204,976\$	1,543,977
	25,188,352	155,012,962\$	10,690,150

VALORIZATION OF COFFEE

More than two months have passed, since the signing of the now historic Taubaté Convention and rivers of ink have been spilt by partisans and adversaries, either to emphasize or to depreciate its importance and its consequences. Even in Europe and in the United States according to the scant telegraphic information we have received the discussion of the scheme has been to the forefront, but we have so far not met with an exhaustive elaboration of the commercial aspect of the matter in question.

The antagonists simply shelve and dismiss the aspirations of the presidents of the three coffee producing states as impracticable, because uncommercial and against established laws of national economy and finance, which at first sight appears unjust at a time when trusts and combines are formed all over the world, for the same purpose i. e. to do away with a ruinous competition necessarily tending to reduce prices below cost of production and to bring producers and consumers nearer to each other.

To accept on the other hand the fifteen articles, signed at Taubaté, as a kind of panacea to all our evils and troubles, appears still more foolish, even if the three coffee producing states were the sole arbiters in this question and not dependent on the outside help, they are calling for.

We have here to mention though, that it is easy to regulate the output of any industrial or mineral produce, in order to balance production and consumption, as nothing but curtailing or stopping the work is required, to obtain the end; whilst the output of agricultural produce is mostly due to, and dependent on, climatic influences, beyond the power of man, especially in a case like ours, where the yearly produce does not depend upon yearly sowings, but even tends to increase with the growth of the tree, up to a certain period at least, weather conditions permitting.

Only through entire neglect of the coffee tree or its deliberate destruction can the desired end of curtailment be attained. A moist and rainy season will nearly always bring a good crop, drought or frost a poor one.

The help of the agriculturist, although not entirely without influence on the yield, is yet of little importance compared with nature's power.

We shall try to show which aspect the coffee trade will assume under the rule of "Valorization", as the scheme is now commonly called.

The first article stipulates, that a minimum price varying between frs. 55 to frs. 65 per bag of 50 kilos of coffee for a quality, about equal to the type No. 7 of the New York coffee exchange, has to be maintained for a convenient period in the national (Brazilian) markets. The prices for 50 kilos would therefore range between frs. 45.75 and 54.15, and the type No. 7 is intrinsically about frs. 1.25 to frs. 1.50 below the good average quoted and dealt in at Havre and Hamburg.

In order to arrive at the cost and freight value we have to make the following calculation:

	Fr.
Minimum price per 50 kilos.....	45 1/8
For the service of the debt contracted, frs. 3 per bag, per 50 kilos.....	2 1/2
9% export duty.....	4 1/8
bagging, cartage, brokerage, small charges, etc.	
Rs. 35000 per bag equal to 25500 per 50 kilos at 184. Exchange.....	4 3/4
freight to Havre.....	2 1/8
c&f price per 50 kilos type 7.....	58 5/8
plus difference in value between this type and "good average".....	1 1/4
	59 7/8
5% import charges.....	3
price at quay in Havre.....	62 7/8

The average price ruling during the crop year has been about frs. 45, thus an enhancement of frs. 17.50 would have to be enforced, should the clauses of the Convention be carried into effect. It is not likely that such an enormous increase in the value of an article, which is not of prime necessity, would not react on consumption, on the contrary it would stimulate the use of coffee substitutes. But not only the consumer would restrict his purchases, also the middleman from the importer right down to the village grocer, all would only buy the strictest necessary.

The speculator who helped for years, carrying the surplus stocks in the different coffee markets of the world, would, disinterested himself of an article under government control kept at a rigidly fixed price or at a price which only this new ruler of the market dictates.

The nine millions of bags, therefore, which by the end of this crop year, June 30th, will be existent in the different consuming markets, are then to the last bag at the disposal of consumption, whilst under the prevailing conditions at least half of that quantity is required as a standing stock to guarantee exchange operations. We can safely predict, besides, that the present owners of those 9 millions of bags of coffee will be satisfied with much smaller a profit than the three coffee producing states and sell out, before consumption can be forced into buying from Brazil.

With how little coffee the consuming world can manage to get along seems to be entirely forgotten in these years of enormous over supplies, but it would be well to remember, that the visible supply in July 1894 was down to 2,130,000 bags;

prices then ruled between frs. 90 to frs. 100 and consumption amounted to about 10,500,000 per annum.

In July this year, 1906, there will be a visible supply of 9,500,000 bags, the price is about half what it was then and consumption estimated at 16,500,000 bags.

To illustrate the argument still better, it would be well to take also the years following 1894 into consideration. In July 1895 the visible supply was about 3,000,000 bags, the ruling price about the same as in 1894. In 1896 at the same date the supply had gone down again to 2,450,000, yet prices fell at times to below frs. 60 during the year, in anticipation of the large crop following in 1896/97, from which time overproduction dates.

The consumer's allies would, besides, be all the other coffee producing countries and even here in Brazil itself, the States of Bahia and Victoria (Espírito Santo) coffee producers of old standing, and Pernambuco and Paraná who are commencing to produce, would join in the league against S. Paulo, Minas and Rio. Pernambuco, with its even climate, cheap native labour and depreciated land, promises, even without valorization, to become a formidable competitor in much less time than people here realize.

Should the measures to enhance the value of coffee come into effect on July 1st next, consumption would have approximately the following quantities at its disposal:

probable stock in the consuming countries.....	9,000,000
crop of Victoria, Bahia, estimated.....	600,000
crop of so-called mild coffees, estimated....	3,860,000
	13,460,000

This seems to us a very low minimum, as enhanced values bring forth the invisible supply which exists in every coffee producing country, waiting for better prices to be marketed. Taking this quantity at only 750,000 bags consumption could count with appr. 14,200,000 bags and would therefore only be dependent upon about 5,000,000 bags, it would have to take at the price of the three coffee States, laying in surplus stock of 3,000,000 bags to go into the next crop with. We here calculate consumption at 16,500,000 bags, a figure which is still open to discussion.

The coffee combine though would remain with between 7,000,000 or 8,000,000 bags on its shoulders, just enough to invest the £15,000,000.

As for the cultivation of coffee in the three States, the movers in the Valorization scheme, it is well known, that since S. Paulo prohibited its further extension, in Rio and Minas, especially in the latter state, planters have not been idle, although little only leaks out about these new areas opened up for the production of an article, which is said to be defenceless.

In São Paulo the number of trees in bearing must be actually larger now, than before the frost of 1902, which destroyed about 100 millions of trees of different ages, planters availing themselves of the right the prohibiting law gave, to replant and even to round up their estates and of the latter prerogative extensive use has been made and the law often been most strangely interpreted.

Thus, even here, we have to reckon with a sure and constant supply, which with higher prices than those presently ruling could be increased or secured by more careful treatment, if otherwise climatic conditions are only normal.

To say the cultivation of coffee in the States of S. Paulo is decadent misrepresents facts entirely.

Owing to adverse climatic influences during the last three years and fatigue brought about by the enormous crop of 1901-1902, production since has been smaller, favorable weather in 1904 however has largely made good the harm done before and we are on the eve of a crop which promises as well as that above mentioned.

Summing up we come to the conclusion that if articles 1, 6 and 8 of the Taubaté convention came into execution, the result would be disastrous probably even after the first year.

Academia Moderna de Linguas Vivas

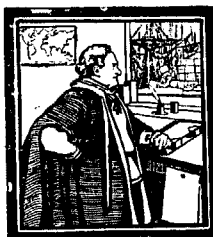
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CAIXA 1205

GOLD MEDAL S. LOUIS 1904



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Capital..... £ 1,500,000
 Capital paid up..... " 750,000
 Reserve fund..... " 700,000

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

on 31st December 1899

OFFICE IN RIO DE JANEIRO

9 Rua da Alfandega

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MR. LEROY BEAULIEU ON BRAZILIAN EXCHANGE

(TRANSLATED FROM "A NOTICIA")

"You have done me the honour to ask my opinion on the question of Brazilian Exchange. It is one of the most complex and debatable questions in modern political economy.

There can be no doubt that a depreciated and fluctuating exchange is a great source of weakness to a country. From an economic point of view the fixing of the value of a currency is a crying need not only as regards its value at home but also in its relation to foreign currencies. Without this stability, which if it cannot be complete should be as nearly so as possible, every undertaking suffers from a considerable risk which added to so many other unavoidable risks throws the whole national economy into confusion and produces in it a feeling of discouragement and lack of energy. Thus all great and rich countries upon whom a depreciated and unstable currency has been forced by stress of circumstances have been invariably obliged to put an end to this scourge and to return with all possible despatch to a fixed and stable currency.

Such was the case of England after the war against the French revolution and the French Empire. In 1797 the British Government was obliged to authorise the Bank of England to suspend the payment of its notes and had established an inconvertible currency. The Bank of England notes fell 29 1/2% in 1813. After the peace of 1817 the Government set about the extinction of the inconvertible currency and metallic money was reestablished in 1821. An inconvertible currency had been in existence in this rich country for 24 years.

Such also was the case in France. Once during the Republic in 1848 when it surprised and terrified the country and produced an acute crisis, and a second time during the war of 1871. On both these occasions payment of notes of the Bank of France were suspended. In 1870 to 1871 on account of the wise measures which were taken the suspension of payment in specie of notes only lasted till 1877 whilst the depreciation of notes was small and temporary and never passed the maximum of 21 2/3% in October 1871.

Still more striking an example of forced currency and depreciation is that of the United States during the war of secession (1860 to 1865) and during the years which followed. During this time of stress and trial the great North American Republic suffered from an inconvertible currency, the fluctuations in the value of which were enormous and depended almost entirely on political and military events.

The price of gold in July 1874 on the New York Stock Exchange touched 286%. The premium was at 186%, that is to say the loss on State notes or the money of the country was about 60%. This depreciation continued, though gradually lessening, for many years. The premium on gold was still 38% in July 1868 three years after peace was made whilst the inconvertible currency only disappeared entirely from the United States in 1879.

Here we have three striking examples taken from the most prosperous nations. We may add to this at more recent dates the successful efforts which have been made by Austria-Hungary, Russia and Italy to put their internal currency on a healthy basis and as far as possible give this currency a fixed value in its relations with the currencies of other nations of the world.

The adoption of a gold standard or of a similar system by various other enlightened Governments, notably the Administration of British India, Japan and Mexico had the same object in view namely the fixing of the currency of the country and putting it on a par with the universal money standard.

There is then complete agreement on this capital point between the great peoples of both hemispheres.

On this account all we in Europe applauded the energy and perseverance of the Brazilian Government during the Presidency of Dr. Campos Salles in its efforts to raise the value of the money of the country. It was following, as we have already seen distinguished and successful examples. The results were speedy and far reaching.

If we seek for the causes of depreciation in a fictitious money, that is to say, one which is not redeemable in gold and is only maintained by "forced currency", we find that three are most pre-eminent: first, a cause as it were mechanical which lies in the superabundance of this fictitious money going beyond the requirements of exchange; second, a cause of a moral order, entirely psychological, which has its origin in the general feeling of distrust and in the fear that this fictitious money, already superabundant, may be still further increased through the mistakes and necessities of Governments or through deficits in the Budget which must be met; third, a general economic cause, due to the money which the country has to pay out abroad exceeding the amount which it receives from abroad. This money either to be paid abroad or received from abroad may belong to the movement of trade (imports and exports) or to previous State indebtedness of the different branches of the Administration as well as great undertakings, such as Railways, or even of private individuals or to loans in negotiation by the said branches of the Administration, etc., or, lastly, to various other transactions such as money brought in by immigrants or, on the other hand, remitted by them to their countries of origin; it is also necessary to take into account the money which foreigners spend in the country and per contra the money that natives spend abroad. Here we have, as one can see, all the different operations which provide the elements for what is called the balance of payment from one country to another.

We have then three kinds of causes which influence exchange: firstly, the monetary factor properly speaking, to wit the superabundance or reduction of the fictitious internal currency; secondly, the psychological or moral factor which is of the greatest importance; thirdly, the general economic factor.

It seems to me that Dr. Campos Salles and his immediate successors (*sic*) have above all acted on the two first of these factors. They have reduced the decreased paper money in circulation by 17 or 18 per cent which has greatly decreased its superabundance; at the same time they have acted on the moral factor by producing a strong effect on public opinion by reassuring it, and by giving it proof that Government wished to wage an energetic war against the scourge of a depreciated paper currency. Measures dealing with budgetary equilibrium have had the same effect.

On the other hand the obligation of paying part of the customs dues in gold, the establishment of a gold reserve abroad for the service of the foreign debts and the contracts with the Railway Companies have acted on the general economic factor.

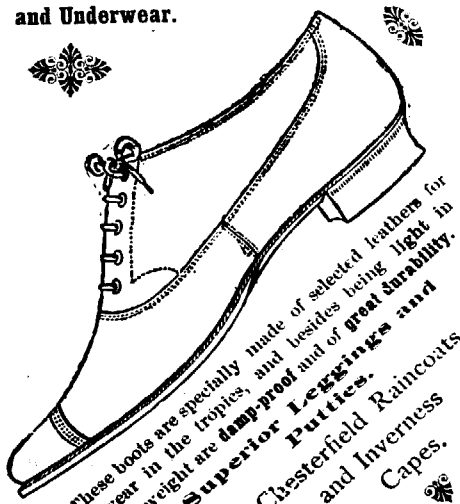
All these efforts of Dr. Campos Salles and his immediate successors (*sic*) ought to meet with the most warm approbation. Both in theory and practice they have been excellent. Brazil has been saved from a financial cataclysm. The carrying of exchange from 5 pence or 6 pence to 12 pence or 13 pence, which is the result of it, as well as the revival of Brazilian credit bear witness to the soundness of the work.

The more recent and present financial and economic policy is more open to criticism. If the carrying of exchange from 5 pence or 6 pence to 12 pence or 13 pence has been attained by absolutely legitimate means, one may ask if the subsequent rise from 12 pence or 13 to 17 pence (to-day only 15 1/2 or 16 pence) is not the result of operations in some measure imprudent.

It seems to me and I ought to speak perfectly frankly that Brazil during the last two years has hurried too much into expenditure for different works which you call "improvements".

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Brazil seems to be carrying too far its Public Loans for the various States, Municipalities and Railways, if not for the Federal Union itself. There has been far too much precipitation.

Each of these expenditures is probably good in itself but they have been made too rapidly and too many at a time. Brazil is not an old or rich enough country to undertake so much work at the same time and to contract so many different loans. Much richer countries like the United States have had at different times to go through crises of excess like this. I am afraid that one day it will be the same with Brazil, perhaps in the near future. The interest which I take in your great and beautiful country obliges me to speak in this strain although advice of this sort is often painful.

I believe that henceforward the greatest caution will have to be observed with regard to these various loans. Undoubtedly for the moment they have furnished Brazil with large sums of money and a large bank balance and they count for much in the quite recent rise of exchange from 12 or 13 pence to 17 pence. But, the recent fall in Brazilian funds and decline of exchange to below 16 pence are warnings which ought not to be disregarded.

You ask me an interesting question, namely, if for the renewal of payments in gold it is wise to return to the present *par* of 27 pence, or to adopt a new *par*, such as 13 or 20 pence. The Policy adopted with regard to this has differed of late: Great Britain, the United States, France and Italy when they resumed gold payments in no way modified the original *par*, they adopted their former type and it has been seen that in the United States the internal currency had undergone an enormous depreciation. On the other hand Russia and Austria-Hungary did not adopt their former *par*, these two countries stopped two thirds or four fifths of the way, Russia instead of giving its rouble the original value of four francs only gave it a value of 2 francs 66, whilst Austria-Hungary instead of adopting the old florin of 2 francs 50 stopped at the 2 crown piece worth 2 francs 10. Various arguments can be put forward in favour of this policy, nevertheless I think that it is a bad one; by following it a country which goes through successive crises ends by completely debasing its currency. If, for example, which I hope may not be the case, Russia were to have another great crisis and fell back on paper money she would certainly be tempted instead of reestablishing the present rouble worth 2 francs 66 to stop at a new rouble which would only be worth 1 franc 80, so that her original rouble of 4 francs would always be going down in value.

It seems however that Brazil has already once had occasion to reduce the value of her money, because, seeing that she was once a Portuguese colony, she must have had the same monetary standard as Portugal, and instead of having a value of only 27 pence the milreis originally used in Brazil must undoubtedly have been worth about 54 pence. If then it has already been reduced by half it would be a real abuse to reduce it again.

When Brazil wishes to renew gold payments there are certain precautions to be commended to her notice; but the question appears premature. At the present moment Brazil ought, above all, to turn her attention to maintaining budgetary equilibrium and to restricting the foreign loans contracted by the various administrative departments."

PAUL LEROY BEAULIEU.

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Petropolis is also served by a railway route (a branch of the Leopoldina Railway) which runs round the Bay in combination with the Central Railway. Trains leave Central Station at 5 p.m. daily (S. Francisco at 5.25 p.m.), and return from Petropolis at 5.55 a.m.

The ascent of the range of hills to reach Petropolis by the Leopoldina Railway is made by the Riggensbach Rack system on one of the heaviest gradients (1 in 6-1/2) of any mountain railway in the world, so that the route is interesting and the scenery extremely picturesque.

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21-1-66A

General News

Local Items. The returns of the Director General of Public Health for the week ended May 6th are as follows: Yellow fever, 0; bubonic plague, 0; small-pox, 0; measles, 0; scarlet fever, 0; diphtheria, 0; whooping cough, 1; influenza, 8; typhoid fever, 1; dysentery, 0; beriberi, 3; leprosy, 0; erysipelas, 0; marsh fevers, 5; pulmonary diseases, 48; other contagious diseases, 11. Total 77. Violence, (including suicides) 13. Non-contagious diseases, 200. Total deaths from all causes, 290; equal to an annual death rate of 16.56 per 1,000 inhabitants. Mortality of contagious diseases to total number of deaths 23.56%. Under treatment in hospitals: yellow fever, 2; small-pox, 1; and bubonic plague, 0.

The Government has refused, for the moment at least, to pay to the Jardim Botânico Tramway Co. the sum of 50,000\$ claimed for damages done to rolling stock and other material during the revolution in November 1904. This seems somewhat ungrateful if facts related to us by a reliable informant are given the credence they deserve. On the night of November 14th 1904 when the revolution was in full swing the leaders of the movement were, as everyone knows, in possession of the Military School on the Bay of Botafogo. The trams were running there as usual but as each tram arrived it was captured and retained by the rebels. Seven cars were in their hands and they had the full intention on the capture of the eighth of utilising the cars for an immediate descent on the Cattete which they thus hoped to seize unawares. The consequences of this plan, if it had been carried out, might have changed the whole aspect of affairs at that critical moment. But the Jardim Botânico Company came to the rescue. After seven trams had gone down the line and none returned to the station in the largo do Machado, the suspicion of the company's managers was aroused, the reason ascertained and, with commendable promptitude, the Escola Militar line cut. Thus the captured cars were rendered useless and the surprise of the Cattete averted. Of course we cannot say in what state of preparedness the defenders of the Cattete were at that moment but there can be no doubt that if these are the real facts of the case, the present Administration owes a debt to the Company which would be very cheaply liquidated by the payment of 50,000\$.

We are inclined to agree with our venerable contemporary *O Jornal do Commercio* in its remarks on the patience and long suffering of flummery. The Prefect has never been celebrated for his *amitie in modo* whilst his *fortiter in re* is painfully apparent. The latest blow from this Municipal mailed fist is the stopping of the tramway traffic on the *rua Sete de Setembro* for no reason which is in the least obvious to anyone unless it be for the simple purpose of acting like a dog in the manger. It appears that he sent an authorisation to the Carris Urbanos Co. (now under the administration of the Rio de Janeiro Tramway Light and Power Company) in February last to run their trams down this street. As the whole thoroughfare was up for new drains, asphalt and other improvements, the privilege was somewhat barren. However, in course of time the street became ready for traffic and on Friday last the Company, relying on the authorisation of February, recommenced the service of trams on the street. Within about two hours this traffic was stopped by order of the Prefect on the ground that no authorisation for the resumption of traffic had been granted. Such an

order was vexatious in the extreme and the real sufferers by such arbitrary action are the public. Excuses are made for the Prefect that much is done by his subordinates of which he has no cognisance but, surely the head of a department is responsible for those under him. We wonder if the diatribes against the Light and Power which have been appearing in the columns of our amiable contemporary, *A Noticia*, during the past week can have any possible connection with this occurrence. Surely not.

The Prefect and the Order of S. Francisco da Penitencia seem at last to have come to an agreement. The Order is to receive 320,000\$ as compensation for being turned out of house and home whilst a grant of 180,000\$ is also to be given them towards finding fresh premises. The Order will thus receive 500,000\$. This at least is better than the 60,000\$ which was the Prefect's first offer.

In another column we give the President's official statement with regard to the loss of the *Aquidaban*. It now appears that a British Naval expert, Sir. W. Noble, has, at the request of a professor of the Rio Naval School, given his opinion as to the cause of the accident. He attributes the explosion to the cordite on board which he considered was stored in a hold badly constructed for this purpose and which was affected by the installation of the wireless telegraph apparatus on board. If this installation can be a source of danger to ships of war we fear that there may be more disasters of a similar nature in this and other navies if proper precautions are not speedily taken.

The P.S.N.C. s.s. *Oravia*, which is expected to leave Rio for the South tomorrow, is to touch at Santos. She will be the second ship of this line to do this. Why Santos is not always a port of call both going and coming we cannot understand. The Royal Mail and the Messageries Maritimes have long ago recognised the importance of Santos in this respect but the P.S.N.C., busy with their West Coast trade, seem to overlook this fact. They will rise in favour with Santistas if they make this a regular service.

In the new pavilion which has been erected on the *Leiramar* on the Bay of Botafogo there has been installed a new bar and tearoom where afternoon tea, icecream sodas and stronger refreshments can be obtained from 5 o'clock in the afternoon till 1 o'clock in the morning. The pavilion is now useful as well as ornamental, and eager partisans of the various crews will be able to lubricate their throats for fresh cheers in comfort. A band will play at stated hours and motor launches will be at the disposal of those who are inclined for a moonlight trip on the Bay. This is a real improvement and being so close to town should prove a great attraction.

On Saturday last military manoeuvres took place round Tijuca and Jacarépaguá.

Various of our contemporaries have been engaging in polemics as to the proper duties to be paid by linotypes when entering this country. We agree with those who maintain that if luxuries such as motor cars can come in on a reduced tariff, linotypes, which in every other country of the world are necessities, should have favourable treatment also. In any case the discussion has not erred on the side of relevance or good taste, in some cases at least.

During the week ended on May 6th there were 343 births and 50 marriages in the Federal District.

The President of the Republic has now definitely taken up his residence in the Cattete and the Presidential mansion in

Petropolis is being prepared for the reception of Mr. Root. Meanwhile, as we remarked last week, the work on the St. Louis Pavilion, where the meetings of the Pan American Congress are to be held, is going on at breakneck speed. The progress made is apparent each day and is a real credit both to the contractors and to the men engaged on the work.

— As will be seen from the text of the President's Message Brazil has at last given its adherence to the Geneva Convention which established the Red Cross Society. This at least is better late than never and the country is to be represented by two delegates at the forthcoming International Red Cross Congress.

— It is rumoured that China is about to create a Legation in Brazil. The only countries where China is thus represented in America are the United States and Peru.

— We spoke last week about the new postage stamps and it now appears that the artistic issue to which we referred is not to be used after all. The new stamps are to bear the effigies of the various Presidents of the Republic and members of the Provisional Government. The first batch of the new issue is expected shortly from the American Bank Note Company of New York but it is stated that the stamps will not be in actual use until the 15th of November next.

— Sunday was the anniversary of the abolition of slavery in Brazil, a date to be marked with red chalk not only on account of its immediate but also its subsequent results. Hundreds of people visited the cemetery of S. Francisco Xavier and laid flowers on the grave of José do Patrocinio.

— The Buenos Aires press announces that Brazil has ordered two cruisers of 14,000 tons in England, to cost £1,100,000 each and as a counterblast says that Argentina is going to build two cruisers of 15,000 tons, to cost £1,250,000 each. We should have thought that the example of the Old World with large and expensive armaments would have been sufficient warning to young South American Republics not to embark on similar adventures, besides, if the United States is to run South America, why not let her pay for its defence whilst we keep our money in our pockets for the payment of our debts?

— The training ship *Benjamin Constant* left this port on Thursday last on a voyage of instruction. Originally it had been intended that she should go to Japan but the programme has been altered and she is going to the North Sea and the Baltic.

— We regret to announce the death of Captain José Maximiano de Mello e Alvim which took place on Thursday last. R.I.P.

— A telegram from London states that the Donna Theresina Christina Railway is paying no dividend.

— Experts have been appointed to consider the means for raising the heavy guns of the *Aquidaban*.

Rio de Janeiro. The Vice-President of the State inaugurated on Thursday last the laying of the rails for the electric tram service at Nietheroy. The head engineer declares that within five months three of the new lines will be open to traffic; that of Icaraí will be of great convenience to the various *chacaras* along the Bay.

— The Minister of Public Works, Dr. Lauro Muller, has granted permission to the Rio de Janeiro Tramway Light and Power Company to carry 3 cables across the Bay for the supply of electric energy to the city of Nietheroy provided that these cables in no way interfere with those of the telegraph companies.

— The State of Rio de Janeiro exported by the lines of the Leopoldina Railway last year 1,568,085 kilos of eggs as against 1,047,446 kilos in 1904 and 762,465 kilos in 1903. The value of the export of eggs last year was more than 1,500,000\$.

— Mr. Pearson, of the Light and Power Company, at present in the United States, has offered to the President of the State a collection of seeds for distribution to agriculturists.

Minas Geraes. It is announced that the representative of a powerful American Syndicate has arrived at Uberaba to study the possibility of erecting factories for the preparation of jerked beef. It is also intended to exploit the gold and diamond fields of this region. It appears that a railway is to be built from Uberaba to São Paulo and that its construction is being studied in London.

São Paulo. The State Congress has approved the Convention of Taubaté.

— While the Police Force is being trained by the French officers all members of the force are forbidden by Government to express any opinion in the press with regard to it.

— Although the *Barroso* went to Santos to maintain order, some of her crew seem to have taken the opportunity, since they found everything quiet, to make a row on their own account by coming into collision with the police of the town. One of the police is stated to be dying from wounds received.

— It is proposed to reorganise the Banco de Credito Real de São Paulo and a basis for reorganisation has been submitted for the approval of the President of the State. It is proposed to call the new institution the Banco de Credito Hypothecario e Agricola de São Paulo and it is destined for the making of loans on real estate.

— The editor of one of the Tokio papers is expected shortly in São Paulo so doubtless an active propaganda for Japanese immigration will soon be in full swing.

— News comes from Faxina that a huge cloud of locusts appeared there a few days ago coming from the direction of Paraná. They went on immediately towards Pirajá.

— Mr. Stenhouse of the City of Santos Improvements Co. has returned from Europe and it is hoped that he will shortly sign a contract with the Municipality for the supply of electric traction.

Bahia. Five girls have just been made full blown chemists by the Faculty of Medicine. Slight colds in the head will doubtless become popular amongst the jeunesse dorée of the town since they are not dangerous but require immediate treatment.

Pernambuco. The President of the Republic in his message urges on Congress the necessity of creating a Ministry of Agriculture. Great impulse will doubtless be given to legislation by the fact that an ardent agriculturalist at Recife has been keeping a cow and her calf in his room on the third floor of a lodging house. The sanitary authorities acting in league with his landlady have nipped in the bud the aspirations of this enthusiast by cruelly removing the mother and her child.

Amazonas. A telegram to *O Jornal do Brazil* announces that the Municipality of Manaus has just contracted in London a loan of £350,000 at 88 bearing 5 $\frac{1}{2}$ %.

"TOT"

THE BEST
DIGESTIVE
KNOWN

Personal News

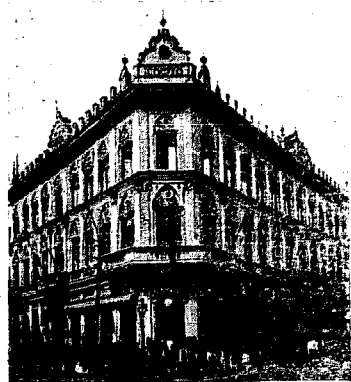
Arrivals and Departures during the week:

ARRIVALS

Per s. s. *Thomas*, from Southampton — Duncan Forbes Nixon, Frank Ashton.
Per s. s. *Magdalena*, from Buenos Aires — George Baker, R. Tighe.
Per s. s. *Andes*, from Buenos Aires — John Tom, Annie Baby, Charles Baby, Louis Baby, Haydee Trolie, H. Duhart.
Per s. s. *Prinz Waldemar*, from Santos — A. Mackenzie, A. Dirk.

DEPARTURES

Per s. s. *Thomas*, for Buenos Aires — Walter Hay, T. Kahn.
Per s. s. *Magdalena* for Southampton — Herman Alkoff, Ernest Gepp, James Brown, Alfred Oliver, J. A. Lowley, Adam Primrose.



GRAND HOTEL AND RESTAURANT ROMA
SÃO PAULO
Facing the Luz Station of the São Paulo Railway
60 ROOMS
ELECTRIC LIGHT THROUGHOUT
WELL KNOWN IN THE ENGLISH COLONY
ALL HOME COMFORTS

DEUTSCHE BANK

HEAD OFFICE — BERLIN

London Office — 4, George Yard, Lombard Street, E. C.

Capital issued	Marks 200,000,000 (£10,000,000)
Reserve Fund	" 97,098,560 (£4,854,928)

BRANCHES:

LONDON, BREMEN, DRESDEN, FRANKFORT-ON-THE-MAIN, HAMBURG,
LEIPSIK, MUNICH, NUREMBERG & WIESBADEN

Analysis of the Yearly Report

Presented to the Shareholders at the Thirty-Sixth Ordinary General Meeting, held in Berlin on the 28th March, 1906

The net profits of the Year 1905, amounting to:—

*£1,362,853, represent 15.14 per cent. on the paid-up Capital of £9,000,000 entitled to dividend and are to be appropriated as follows:—
£ 1,080,000 to Dividend of 12 per cent. to Shareholders.
" 86,785 to Reserves.
" 44,032 to Directors.
" 100,000 to Superannuation Fund and Gratuities to Staff.
" 52,036 to carried forward to New Account.

£ 1,362,853

In presenting to our Shareholders the thirty-sixth Annual Report of our Bank, it is gratifying to be able to state that the past year has been signalized by the conclusion of the long wished-for peace in the Far East. On the European financial centres the ill effects of the war between Russia and Japan made themselves felt in wider circles when the past winter brought with it a heavy decline in the quotations of Russian Government Securities, but it is to be hoped that the shrinkage in values which has fallen more particularly upon French and German investors will gradually be recovered and also that the reorganisation of the Russian Empire, when normal circumstances again prevail, will bring in its train a large amount of remunerative employment to various branches of industry for many years to come. As a matter of fact, both industrial and shipping circles in Europe already derived considerable benefit from the war whilst it lasted, and to the same cause must be ascribed, to a large extent, the present favourable position of trade. Nevertheless, in spite of the conclusion of peace, Europe has been preoccupied with serious political apprehension and the threatening clouds which have gathered have not yet been entirely dispersed.

For Germany the past year, economically speaking, has been one of the best. It is true that this has been partly brought about by the prospective change in the Customs Tariffs. The German industry has made great efforts to prepare for the enhanced difficulty in finding customers for its produce, by greater concentration, improved methods of manufacture and reductions in the cost of production, but it is scarcely to be expected that the increased measure of our present economic prosperity will continue unabated when the effects of the new commercial treaties coming into force on the 1st March, 1906, begin to be fully felt.

According to German Commercial Statistics, as provisionally published, the balance of imports over exports amounted in 1905 to £57,250,000 as compared with £57,100,007 in 1904, thus showing but little change. The Exports however increased by £18,150,000 and the Imports by £18,300,000, the total Foreign Trade amounting to £615,700,000 and thus exceeding the record total of the previous year.

The commercial progress of the country, and more especially of the Coal and Iron industries, was assisted by the highly favourable state of affairs in the United States of America, where, it is to be hoped, excessive speculation will not arise to endanger the present satisfactory position. As not only in the United States, but also in Europe and especially in Germany, the creation of capital does not appear to keep pace with the number of new undertakings and securities called into existence, it will continue to be necessary to carefully watch money market developments.

* The Sterling figures throughout this Report represent the original Mark amount at the approximate exchange of M. 20 = £1.

The turnover of the Bank in the past year amounted to £3,860,000,000 against £3,340,000,000 in 1904.

To employ, with due regard to safety, the large funds constantly being entrusted to our care in ever growing volume was again scarcely an easy task. Whilst the average German Bank rate was no higher than 3.81 % and thus showed a reduction of 0.41 % as against 1904, the average private rate of discount in Berlin was 2.85 %, the reduction being 0.28 % compared with the same period. The rate of interest obtained for loans to the Stock Exchange on first class securities amounted on the average to 4.03 % as compared with 4.21 % for the previous twelve months.

We have thought it well during the past year to realise at the satisfactory prices obtainable, a portion of our securities portfolio, which had reached an unusually large total, but we continue, as heretofore, to hold important amounts of German Government Securities and Treasury Bills as an investment against our liability on deposits.

Our various branches have again made good progress and yielded satisfactory results. As was foreshadowed in our previous report, an office of the Bank has been established at Nuremberg, which commenced business last April.

The number of current, deposit and other accounts open in our books has increased during the year by 18,733, namely from 120,718 to 139,451.

Our Staff has again had to be largely augmented and at the end of the year numbered 3,693 — an increase of 519. We are constantly endeavouring by various arrangements for their benefit to promote their interests and well-being, and we recommend that on this occasion the amount to be distributed amongst them as a Bonus should be enlarged to £75,000, and that the increased sum of £25,000 should be allocated to the Dr. Georg von Siemens Pension and Benevolent Fund.

We propose to write off 103,950 from Premises Account in view of the large amount recently expended on freehold land and buildings in course of erection thereon for the accommodation of our business, and £27,075 from Furniture and Fittings, which latter items will then, as usual, stand in our books at quite nominal figures.

The dividends paid to us for the year 1904 on our holding of shares in the Banco Aleman Transatlantico (8 %), the Bergisch Maerkische Bank (8 %), the Schlesische Bank Verein (7 %), the Hannoversche Bank (6 %), the Duisburg Rhurorter Bank (5 %), the Essener Bank Verein 6 1/2 %, the Essener Credit Anstalt (8 %), the Oberrheinische Bank (3 1/2 %), the Emden Bank (9 % *pro rata temporis*), the Deutsche Treuhand Gesellschaft (15 %), are included in the accounts now presented, but no credit has been taken for dividends due to us for the past year (1905) which will figure in our next balance sheet. The current value of the shares held by us in these companies exceeds by £3,095,000 the amount at which they are entered in our books. All these institutions have declared dividends at either the same or an increased rate compared with the previous year and are making excellent progress.

We have, since making our last report, acquired an interest in the Niederlausitzer Kredit und Sparbank, also a considerable participation in the increased capital of the Privatbank zu Gotha an institution with which we have entertained intimate relations for many years past. In conjunction with other banking firms, we have established the Zentralamerika-Bank Actien Gesellschaft (Central America Banking Company). This new Bank is intended to assist and promote the already important German commercial interests in the States of Central America and will, in the first instance, shortly commence operations in Guatemala.

The Deutsche Ueberseeische Bank (Banco Aleman Transatlantico) duly established the proposed branch in Lima (Peru) referred to in our last report, and has since also opened offices in Bolivia at La Paz and Oruro.

The traffic of the Electric Elevated and Underground Railway Company of Berlin continues to develop. For 1904, a dividend was paid of 4 % (3 1/2 in 1903), and it is expected that it will be possible to propose a further increase in the rate in respect of the past year. The contemplated extension of the line underground from the Potsdamer Platz to the centre of the City of Berlin, which for many years has been the subject of negotiations, has at length been agreed to by the municipal authorities and now only awaits the assent of the City Council.

The traffic receipts of the Oriental Railways have again been very good and, owing to excellent harvests, those of the Macedonian line and of the Anatolia Railway Company have also been satisfactory. The greater facilities recently provided at the Port of Haider-Pacha for shipping and warehousing produce have been so much appreciated and in such large demand that it has become necessary to provide further extensive accommodation for the storage of grain. Towards the end of the past year the control of the line of railway from Mersina to Adana has been acquired to facilitate the further construction of the Bagdad Railway.

The Bank has taken part in issue of 3 1/2 % German Imperial Loan, 3 1/2 % German Treasury Bills, 3 1/2 % Bavarian Railway Loan, 3 1/2 % Württemberg, 3 1/2 % Bremen, 4 % Turkish, 4 1/2 % and 4 % Japanese, 5 % Chinese and other Government Loans; in the issue of loans of the Municipalities of Baden Baden, Bochum, Crefeld, Dortmund, Dresden, Duisburg, Düsseldorf, Offenbach, Renscheid, Worms and many other operations of more or less local interest.

At a General Meeting of our Shareholders held on the 27th November, 1905, it was resolved to increase the capital of the Bank from £9,000,000 to £10,000,000 fully paid. This operation has now been duly carried out and an amount of £935,000, arising from the premium at which the new shares were issued, has been added to the Reserves.

Mr. George Zwilgmeyer, having retired from the management of our London Branch after many years active and valuable service, has, on his return to Germany, been elected a member of the Board of Directors in Berlin. Mr. A. Schulze, hitherto a Sub-Manager at our Head Office and formerly Manager of the Banco Aleman Transatlantico in Buenos Aires, has been appointed one of the Managers in London.

Mr. Max Steinthal, after 32 years devoted and highly appreciated activity, has resigned his position as one of the General Managers in Berlin. He will, however, continue to place at the disposal of the Bank his invaluable experience, and we propose that his connection with our institution remains unsevered.

The **gross profits** for the Year 1905, including the balance of £52,428 brought forward from 1904, amount to **£2,331,154**. After deducting all expenses, writing off **£131,026** from Premises and Furniture Accounts, and making due provision for all bad and doubtful debts, there remains a **net profit** of **£1,362,853**, which it is proposed to appropriate as above stated, carrying forward the balance of £52,036. The **Reserve Funds** by the proposed addition of **£86,785** will be brought up to a total of **£4,854,928**, equal to **48.55 per cent.** of the Bank's present Capital of **£10,000,000**. Berlin, February 1906. *A. Gwinner, C. Klöme, R. Koch, P. Munkewitz, L. Roland-Lücke.*

General Balance Sheet, December 31st, 1903

MARK 20 = £1

LIABILITIES

Dr.	£
To Capital.....	9,000,000
Reserve Funds.....	3,443,142
Current Accounts and Deposits.....	53,217,007
Bills Payable.....	9,892,155
Unclaimed Dividends.....	1,706
Dr. G. Von Siemens Pension Fund.....	235,950
Sundries.....	311,109
Profit and Loss Account.....	1,362,853
	77,853,922

Contingent Liability on Guarantees given on Account of Customers, £2,846,524.

ASSETS

Cr.	£
By Cash.....	3,735,548
Foreign Coin, Coupons and Drawn Bonds in course of Collection.....	1,706,556
Cash Balances with Banks and Bankers.....	3,118,059
Bills Receivable and Treasury Bills.....	23,029,153
Government, Railway and other Investments.....	3,071,817
Shares of Allied Banks.....	3,262,610
Stock Exchange Loans.....	11,998,019
Advances secured by Collateral Security.....	17,835,917
Debtors on Current Accounts.....	4,584,612
Loans on Goods, etc.....	2,574,134
Syndicates.....	1,769,395
Investments of the Dr. G. Von Siemens Pension Fund.....	195,800
Bank Premises.....	1,033,137
Furniture and Fittings.....	159
Sundries.....	6
	77,853,922

Profit and Loss Account

LIABILITIES

Dr.	£
To General Expenses.....	837,275
(Including £105,123 Taxes and Stamps)	
Amount written off Furniture and Premises Account...	131,026
Net Profit.....	1,362,853
	2,331,154

ASSETS

Cr.	£
By Balance from 1904.....	52,428
Gross Profit for 1905:—	
Interest, Discount, Dividends and Exchange.....	1,231,232
Commission.....	608,231
Profit on Investments and Sundries.....	439,263
	2,278,726
	2,331,154

The foregoing Report and Accounts having been adopted by the General Meeting of Shareholders held on the 28th March, 1906, the LONDON AGENCY, 4, GEORGE YARD, LOMBARD STREET, E.C., is prepared forthwith to pay the 1905 coupon, amounting to—

12 per cent. on the nominal value of the Shares, at the Exchange of the day, less Income Tax.

The original report (in German), giving full and detailed information respecting the Bank's operations, investments and accounts, may be obtained on application at the above address.

THE "Lancaster" 1906 Placer Gold Washers

2 Man-power, weight 780 lbs. \$375	2 Horse-gear..... \$500
4 Man-power, weight 960 lbs. 425	Turbine-operated..... 550
Gasoline, Petrol or Alcohol Motor-driven. 2 H.P., using only 1 1/2 gallons daily	600

PROMPT SHIPMENTS ON CABLED ORDERS WITH REMITTANCES.

THESE portable self-contained Machines automatically separate, wash and save all coarse, fine and Float Gold, Platinum, Tin, Diamonds, Monazite, and all other values. Pumps and re-uses its water. Capacities: Hand-power, 15 to 25 tons daily, or doubled by being motor-driven. Sectionalized for easy transportation. Our 1906 hand machines are readily convertible to horse gear, motor or turbine power and possess invaluable improvements over all previous washers.

HUNDREDS ARE IN DAILY USE.

Dredges and Placer Machines of daily capacities from 75 to 5,000 cubic yards using steam, electricity or other power, promptly furnished. Air-cooled Gasoline, Alcohol, Kerosene, Benzine, Petrol, and Suction-gas Motors of high powers and on radically advanced principles.

Code-order Words: 2 Man-operated Washer, "Tramoqua"; 4 Men, "Tamoquer"; Horse-gear worked, "Trangear"; Motor-driven, "Moquanor"; Turbine-worked, "Turbounr."

In all power-driven Machines the four-man hand-driving attachments are included. Hoisters, Dredges, Steam Shovels, Cantilevers, Cableways, Rotary Sand-pumps, Sluice Box Riffle-Grates, Miners' Blanketing, Giants, Hose, Placer Sampling Drills, Combination Quartz-Mills, Magnetic Ore Separators, Turbines, Kerosene, Alcohol and Gasoline Motors, Magneto-Ignitors, Gasoline-Operated Hoisters, Grapples and Pumps. Combined Dredge, Sludge-Pump and Sluicing Machines, Endless-Bucket Dredges, &c. Re-inforced Suction-Dredges for Placer Gold, Sand, Gravel and all Harbour Work. Send for Prices, New Catalogues and Testimonials. *Lowest freight rates secured and Insurance effected.*

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James H. Lancaster Company, Sole Manufacturers,

Hayemeyer Building, 26 Cortland Street, New York.

Established 1879.

The Great Western of Brazil Railway Company, Limited

Directors

J. B. DAVISON, Esq.
H. D. H. FERGUSSON, Esq.
JASON RIGBY, Esq., *M. Inst. C. E., Chairman.*
E. K. HETT, Esq.
WOODEINE PARISH, Esq.

Auditors

Messrs. DELOITTE, PLENDER, GRIFFITHS & CO., 5, London Wall Buildings, E. C.
Messrs. GANE, JACKSON, JEFFERYS, WELLS & CO., 66, Coleman Street, E. C.

Consulting Engineers

Messrs. LIVESEY, SON & HENDERSON, River Plate House, E.C. | CHAS. NEATE, Esq., *M. Inst. C. E.*, 14, Victoria Street, S.W.

General Manager

A. H. A. KNOX-LITTLE, Esq.

LONDON OFFICES

River Plate House, Finsbury Circus

DIRECTORS' REPORT

For the Year ended December 31st, 1905

1. The DIRECTORS have pleasure in submitting their ANNUAL REPORT and AUDITED STATEMENT OF ACCOUNTS of the Company for the year ended December 31st, 1905.

2. The result of working as shown by the Revenue Account for the past year compared with 1904 are as follows:—

	1904	1905	Difference	Per cent
Gross Receipts.....	£ 279,310	£ 458,541	+ 179,231	64.17
Working Expenses.....	200,568	315,123	+ 114,555	57.11
Net Receipts.....	78,742	143,418	+ 64,676	82.14

3. The receipts for the past year were the best yet experienced in the history of the Company. The second half of the 1904 Sugar crop, which was a late one, continued well into the year under review, and the following crop commenced some three months earlier than in the preceding year.

4. Annexed will be found Extracts from the General Manager's Report, together with Abstracts of Expenditure and other Statistics of working the Company's System during the past year.

5. The Balance on Revenue Account as shown on page 19 amounts to..... £143,418 3 11
To this must be added—

Balance from 1904.....	£10,358 8 1	
Transfer Fees, Interest, &c.....	1,174 8 9	11,532 16 10
		£154,951 0 0

Deduct—

Percentages and Fiscalization paid to Brazilian Government in accordance with Terms of Lease Contract.....	£21,531 1 19	
Interest on Permanent 6 per cent. Debenture Stock to 31st December, 1905.....	18,375 0 0	
Ditto on Extension 6 per cent. Debenture Stock to June, 1905.....	7,980 0 0	
Interest on 5 per cent. Debentures to 31st December, 1905.....	9,108 19 0	
Interim Dividend on Preferred Shares.....	10,500 0 0	
Ditto on Ordinary Shares.....	10,500 0 0	
Contribution to Amortization Fund	5,000 0 0	82,995 0 10
Leaving an available balance of.....		£71,955 19 11

6. Out of the above-mentioned balance the Board have placed £20,000 to the Reserve Fund and recommend a final Dividend on the Preferred and Ordinary Share Capital at the rate of SIX per cent. per annum, making with the interim Dividends already paid in October last, SIX per cent. for the past year, leaving a balance of £21,955 19s. 11d. to be carried forward.

7. As foreshadowed in the last Report of the Directors the Extension 6 per cent. Debenture Stock amounting to £250,000 has been redeemed. The funds for this, as well as for further Capital outlay, necessitated by the Contract dated 24th July, 1904, entered into with the Federal Government of Brazil, have been met by the issue in May last of £600,000 5 per cent. Debentures.

8. The construction of the Extensions to Campina Grande and Pesqueira is proceeding satisfactorily, and the approval of the surveys of the link lines to connect the Northern and Southern sections is awaited.

The Change of Gauge on the São Francisco Section was completed on 17th September, thus unifying the whole of the systems worked by the Company. This work was carried through most expeditiously, and reflects credit on the officials of the Company connected therewith.

9. The work of renewals and re-railing is being carried on as quickly as possible, and the Directors hope to continue this essential work.

10. The Directors to retire by rotation at the coming meeting are Messrs. H. D. H. Fergusson and E. K. Hett. They are eligible, and offer themselves for re-election.

11. The Auditors Messrs. Deloitte, Plender, Griffiths & Co. and Messrs. Gane, Jackson, Jefferys, Wells & Co., also retire, and offer themselves for re-appointment.

12. The board again desire to place on record their high appreciations of the services rendered by the General Manager, Mr. A. H. A. Knox-Little as also by the Representative in Rio, and by the Staff of the Railway generally during the past year.

By order of the Board,

H. TATTAM,

Secretary.

OFFICES OF THE COMPANY,

RIVER PLATE HOUSE, FINSBURY CIRCUS,
LONDON, E. C.

April 14th 1906.

Extracts from the general manager's report for the year 1905

DATED FEBRUARY 28TH, 1906

"The results of working the Railway for the year as compared with 1904 are as follows:—

	1904	1905	Increase	Per cent.
Gross receipts.....	£279,310 16 3	£458,541 0 11	£179,231 4 8	64.17
Working expenses.....	200,568 3 8	315,122 17 0	114,554 13 4	57.11
Net receipts.....	£ 78,742 12 7	£143,418 3 11	£ 64,676 11 4	82.14

There were open to traffic 795 miles in 1905, against an average of 711 the previous year.

The working expenses without fiscalization and percentages to the Government were 68.72 per cent. of the gross receipts, as compared with 71.81 per cent. in 1904, a decrease of 3.09 per cent.

EXCHANGE

The rate of exchange has been high during the whole year. Beginning at 13 1/2d. to the milreis, it steadily rose to 18 1/16d. in September, and closed the year at 16 11/16d. The average rate of remittances being 15 9/16d. against 12 1/2d. last year.

The very large increase in the sterling receipts and expenditure is greatly due to the enhanced value of the currency. Whereas in currency the receipts increased 29.24 per cent., and the expenditure 29.81 per cent. converted to sterling the receipts increased 64.17 per cent. and the expenditure 57.11 per cent.

PASSENGER TRAFFIC

The total number of passengers was 1,813,444 1/2 against 1,177,698, an increase of 53.98 per cent. The passenger miles were 27,446,871 against 21,332,075, an increase of 28.66 per cent.

LUGGAGE AND PARCELS

Increased from 5,706 tons to 9,589 tons, or 66.30 per cent., and the sterling receipts increased from £11,397. 7s. 3d. to £19,046. 15s. 9d. equal to 67.12 per cent.

GOODS AND LIVESTOCK

There was a large increase in the tonnage of goods from 457,673 to 699,346 tons, or 52.84 per cent., the sterling receipts also increasing from £188,913. 18s. 9d. to £319,886. 0s. 10d., or 63.33 per cent.

There was a slight decrease in the number of animals carried, from 51,797 to 50,207, but an increase in receipts from £3,293. 13s. 19d. to £5,119. 5s. 19d.

The goods ton-miles increased from 18,150,833 to 27,412,452, or 49.92 per cent.

The average receipts per ton-mile were 2.821d. against 2.498d.

EXPORTS

Sugar.—148,365 tons were carried against 94,348 tons in the previous year, an increase of 57.25 per cent., there being also an increase in receipts from £55,057. 8s. 3d. to £93,435. 10s. 8d., or 69.71 per cent.

The crop for the first half of the year turned out to be larger than had been anticipated, and continued later than usual. The new crop, of which it is estimated that up to the end of the year rather more than half had been carried, is turning out to be one of the largest on record, the rainfall having been good all through the year. Unfortunately the prices have been very unremunerative, and as there seemed to be considerable danger that a large proportion of the crop would not be taken off, it was arranged with the State Government of Pernambuco to make a 25 per cent. abatement on all sugar freights, the Government at the same time reducing the export taxes, and all other transport and lighter companies coming into line.

Cotton.—There was a considerable increase from 27,261 tons to 49,986 tons, and from £21,269. 14s. 11d. to £45,297. 17s. 8d., due to good rains and the forwarding of a considerable amount of cotton which had been held back from the previous crop.

Cereals.—Maize and Mandioca flour show an increase of nearly 100 per cent., there having been carried 61,825 tons against 31,846 tons, equal to an increase in sterling from £14,305. 19s. 1d. to £28,349. 7s. 4d.

With a view to encourage the planting of maize reductions in tariff amounting to 20 per cent. for long distances were made on all consignments over 20 tons destined for export, and an arrangement arrived at with the Lighter Company whereby all maize could be shipped direct from the Company's wharves at the terminal stations so as to save cartage. It is hoped that these reductions and facilities may greatly stimulate the planting of maize.

In **Charcoal** there was a large increase in the tonnage carried, from 3,214 tons to 10,079 tons, almost entirely due to the traffic of the Central Section.

IMPORTS

The tonnage of dried beef and codfish increased only slightly.

Taking the whole of the imports and deducting the increase due to having worked the Central Section for the whole year against three months in the previous year, there has only been a very slight increase in tonnage of imports; this fact, in view of the large increase of the tonnage of exports, is disappointing.

WORKING EXPENSES

The working expenses show an increase in all departments due in part to the working of the Central Section for the whole year, still more to the increase in sterling of the currency expenses owing to the rise in exchange, and lastly to the provision made to meet the renewals and betterments which are being carried out.

PERMANENT WAY AND TELEGRAPH

The total expenses of this department during the year were £93,631. 15s. 10d. against £54,395. 1s. 7d., or an increase of 71.50 per cent., the proportion to the total receipts being 20.42 per cent. and 19.55 per cent. respectively.

The average expenditure per mile of line was £117. 15s. 6d. against £76. 15s. 9d. The average number of men employed being 1,340 per mile of line against 1,467. The average daily pay per man in December 1905, was 2s. 3 1/4d. against 1s. 8 1/4d. in December, 1904, the increase being entirely due to the higher rate of exchange, as the currency rates of wages were unaltered.

All station buildings, bridges, culverts, &c., were maintained in good repair. The number of sleepers changed increased from 84,523 to 110,881. Several turntables were changed or lengthened to suit the new locomotives, considerable improvements were made to a number of sharp curves, and several heavy gradients prejudicial to traffic working were cut down. New telegraph lines were completed from Recife to Glycerio, and Recife to Carpina; the sidings were lengthened at several stations, and a new goods shed was built at Rio Largo station on the Alagoas section.

Wagon weighbridges were erected at five of the principal stations, a new house for the Accountant built at S. Lourenço, two new goods sheds erected at Cabedello for the increasing traffic, a waiting room completed for Parahyba station, a new shelter added to Jaraguá goods shed, an export shed built at Santo Amaro, kitchens for the use of the station masters added to five stations, and work on new telegraph lines from Recife to Parahyba, and Glycerio to Lourenço Albuquerque commenced.

LOCOMOTIVE DEPARTMENT

The expenses amounted to £121,354. 3s. 9d. against £74,014. 13s. 9d., representing 2.46 per cent. and 26.50 per cent. respectively of the total receipts.

The fuel consumed amounted to 18,653 tons, at a cost of £28,608. 11s. 11d., compared with 13,147 tons at a cost of £20,017. 16s. 7d. The consumption per engine-mile being 34.28 lbs. against 31.92 lbs.; of lubricants, 122,144 lbs. were consumed, at a cost of £1,088. 4s. 11d., against 84,543 lbs. for £788. 9s. 9d.; per engine-mile the consumption works out at 101 lb. against 92 lb. The engine mileage was 1,212,233 miles against 922,171 the previous year.

In all 24 engines received general repairs, 16 heavy repairs; 24 carriages and 134 wagons had heavy repairs, and 97 were rebuilt.

Works are still being carried on in several different shops, and very little real economy can be looked for in this department until the completion of the centralization of the workshops; the repairs to locomotives and rolling stock on the Central have been very heavy, and with the erection of such a large quantity of new stock for the extensions and change of gauge of the S. Francisco section, this department has been

much pressed during the year. It is a matter for satisfaction that all the men have worked quietly and well, showing no discontent or tendency to give trouble.

TRAFFIC DEPARTMENT

The expenditure shows an increase of 48.70 per cent. from £44,308. 18s. 1d. to £65,886. 10s. 3d., as compared with the total receipts 15.87 per cent. and 14.37 per cent. respectively. The cost per ton hauled was 1s. 5 3/4d. against 1s. 5d.

The train-miles run were 945,100 in 1905 against 741,800 in 1904, an increase of 27.4 per cent.

The increase in this department is entirely due to the addition of the Central section and the high rate of exchange.

During the year the traffic has been worked satisfactorily through a time of abnormal pressure from the heavy crops, change of gauge, and extensions. As foreshadowed in my last report the latter half of the year gave a most excellent sugar crop, and had the change of gauge of the São Francisco not been completed in time it would have been most difficult to handle the amount of traffic. Until the link lines between the sections are completed, and it be possible to transfer rolling stock from one section to another in order to relieve pressure, the working of the traffic department will not be entirely satisfactory.

The outlook for 1905 is very fair, there will still be a large amount of sugar to carry down during the first half of the year, and it seems possible that, in view of the general all round reductions made to the producers by the Transport Companies and the State Government of Pernambuco most of the growing cane will be cut.

The prospects for the second half of 1906 appear hopeful, the sugar crop will not be so large, and prices may improve; there have lately been very good rains in the cotton zone, and the Pesqueira extension and at least a part of the Campina Grande extension should be open to traffic.

CAPITAL AND EXTRAORDINARY WORKS

Campina Grande Extension.—Work was commenced on this extension on May 15th. By the end of the year land had been cleared for 70 kilometres, and earthwork gangs were working upon the first 60 kilometres, 40 per cent. of the total amount of earthworks having been done, and 40 kilometres being ready for the rails. The average number of men was 1,300.

The important bridge over the Parahyba river is well advanced, the masonry abutments having been completed and one pier being above ground level; all preparations are being made for erecting the ironwork rapidly. In all 37 bridges and culverts have been completed.

Pesqueira Extension.—Work started on June 5th. All the ground has been cleared, and earthwork gangs are at work all along the line. By the end of the year 38 per cent. of the total banks and cuttings was finished, and the rails were laid up to the first station Bello Jardim, kilometre 16. In all 31 bridges and culverts were completed, 33,000 cubic metres of rubble masonry being put in, representing 33 per cent. of the total quantity required.

Bello Jardim station and goods shed were almost finished and the sidings have been laid in; it is proposed to open to public traffic up to this station in February, 1906.

Change of Gauge São Francisco Section.—The change of gauge on this section was completed in September, the whole 125 kilometres having been reduced from the 5 ft. 6 in. to the metre gauge, without any interruption or hindrance to public traffic.

During the year there were received from England and erected the following Rolling Stock:

13 Locomotives.
14 First class carriages.
15 Second " "
10 Baggage vans.
20 Platform wagons to carry 25 tons.
130 Covered " " "
150 " " " "
175 Open wagons " " "
12 Goods brakes.
and 8 Bogie cattle wagons were built locally.

Re-railing Sul de Pernambuco Section.—The re-railing of the first 31 kilometres was completed, and by the end of the year material had been distributed for carrying on the work for a further stretch.

Re-railing Alagoas Section.—The re-railing of the first 30 kilometres was nearly completed by the end of the year.

Re-railing Central Section.—The first 51 kilometres were re-railed with 65 lb. rails, and the whole track put into proper repair."

STATISTICS GENERAL

DESCRIPTION	AMOUNT 1904	AMOUNT 1905	INCREASE	DECREASE	PER CENT
Total Gross Receipts.....	£279,310	£458,541	£179,231		64.17
Working Expenses.....	200,568	315,123	114,555		57.11
Net Receipts.....	78,742	143,418	64,676		82.14
Percentage of Expenditure on Receipts.....	78.81	68.72		3.09	
Train Miles run.....	741,800	945,100	203,300		27.41
Vehicle Miles run.....	11,949,589	16,962,629	5,013,040		41.95
Miles of Line worked, average.....	711	795	86		11.81
Receipts per train mile run.....	7s. 6 1/2d.	9s. 8 1/2d.	2s. 2d.		28.73
Working Expenses do.....	5s. 4 3/4d.	6s. 8d.	1s. 3 1/4d.		23.08
Net Receipts do.....	2s. 1 3/4d.	3s. 0 1/2d.	10 3/4d.		43.14
Total number of Mixed trains run.....	11,758	16,357	4,599		39.11
Do do Traffic trains run.....	18,636	26,000	7,364		39.51
Average number of Vehicles per train.....	16	18	2		12.50
Average number of Passengers per day.....	3,227	4,908	1,741		53.95
Do do do per train.....	100	111	11		11.00
Receipts per Passenger.....	12.87d.	13.21d.	34d.		3.26
Number of Passengers per mile of line.....	1,050	2,281	625		37.74
Receipts per ton of Goods.....	8s. 3d.	9s. 2d.	11d.		11.11
Receipts per mile of line.....	£392 10 10	£576 15 8	£183 18 10		46.82
Expenses do.....	£282 1 10	£396 7 8	£114 5 10		40.51
Net Receipts do.....	£110 15 0	£180 8 0	£ 69 13 0		62.95

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TENNYSON.....	2nd July

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The splendid German Steamer

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Captain Simonsen

Expected from Santos on the 17th May 1906 will leave on 18th May for

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The steamers receive cargo for Lisbon direct and also for Leixões.

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ORLEANAIS.....	23rd May
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Through fares to Paris 1st class.....	f. gold	724
do do 2nd.....	f.	550
do do 3rd.....	f.	199
Through fares to Paris return 1st class f.		1,149
do do 2nd.....	f.	882
do do 3rd.....	f.	364
Marseilles Genoa, Naples, 3rd class..	f.	110
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June 1	<i>Amerika</i> ...	Bahia, Madeira, Antwerp and Bremen.

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R. M. S. P. The Royal Mail Steam Packet Company

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

TABLE OF DEPARTURES

Date	Steamer	Destination
May 22	<i>Childe</i>	Santos, Montevideo and Buenos Aires.
" 25	<i>Thames</i>	Bahia, Pernambuco, Madeira, Lisbon, Vigo, Cherbourg and Southampton.
" 30	<i>Segua</i>	Bahia, Pernambuco, Leixões, Lisbon, Vigo, Cherbourg and Southampton.

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Money Market

QUOTATIONS DURING WEEK CLOSING MAY 11th, 1906.
WERE AS FOLLOW:—

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

OFFICIAL RATES	SHORT	90 d/s	3 d/s	90 d/s	May
London	réls	d.	réls	d.	Sat. 5.
	réls	d.	réls	d.	Mon. 7.
	réls	d.	réls	d.	Tues. 8.
	réls	d.	réls	d.	Wed. 9.
Paris	réls	d.	réls	d.	Thur. 10.
	réls	d.	réls	d.	Fri. 11.
	réls	d.	réls	d.	Av. 1906.
	réls	d.	réls	d.	1906.
Hamburg	réls	d.	réls	d.	
	réls	d.	réls	d.	
	réls	d.	réls	d.	
	réls	d.	réls	d.	
New York	réls	d.	réls	d.	
	réls	d.	réls	d.	
	réls	d.	réls	d.	
	réls	d.	réls	d.	

Extremes at which business was done during the week ended May 11th were 15 3/16d. — 15 1/2d. for 90 d/s Bank paper and 15 3/16d. — 15 1/2d. for private. The average Bank 90 d/s counter drawing rate for the week comes out at 15 1/2d., the corresponding sight rate being 15 1/16d. against 15 5/32d. the average sight rate of the *Camara Syndical*. The average depreciation for the week, calculated on the basis of the Banks' sight rate, is 48 75 % and the premium on gold 77 77 % against 43 75 % and 77 87 % last week. At these rates:

	was worth	154802 against	154802 last week
1 £.....	•	\$790	•
1 shilling.....	•	\$790	•
1 penny.....	•	\$790	•
1 Franc.....	•	\$790	•
1 Mark.....	•	\$790	•
1 U. S. Dollar.....	•	\$790	•
1 10000 coin.....	•	\$790	•

THE BRAZILIAN REVIEW

Saturday, May 12th, 1906.

On Monday the market opened with the banks drawing at 15 7/32d., 15 1/4d. and money for private at 15 11/32d.; but, no bills offering, rates weakened to 15 7/32d. in the Republica and 15 3/16d. in the other banks, business being done in private at 15 5/16d. — 15 9/32d. The market firmed somewhat in the afternoon and closed with the banks drawing at 15 7/32d. — 15 1/4d. and not taking under 15 3/8d. The movement was unimportant.

On Tuesday the market opened with the banks drawing at 15 7/32d., and immediately thereafter at 15 1/4d., with money for private at 15 3/8d., business being done at 15 11/32d. In the afternoon the German Bank was drawing at 15 9/32d. and the others only at 1/4d., all of them buying at 15 13/32d. but no bills offering above 15 11/32d. At the close, banks were not drawing freely at 15 1/4d. and there was money for ready bills at 15 11/32d. The movement was of small importance.

On Wednesday the market opened with the banks drawing at 15 1/4d. — 15 9/32d., the latter rate at once becoming general, and business in private paper at 15 3/8d. During the afternoon, bills were offering freely, and business was done at 15 13/32d., the banks in general drawing at 15 5/16d. At the close the market was slightly weaker, only the German Bank continuing to give round amounts at 15 5/16d., the other banks drawing at 15 9/32d. and not taking under 15 13/32d. There was a fair movement.

On Thursday the market opened with the banks in general drawing at 15 5/16d. and soon thereafter at 15 13/32d. — 15 1/2d., the latter in the Republica, with private doing at 15 9/16d., at which some banks were not taking. About midday there was some hesitation, and banks declined to 15 7/16d. and, under conditions, 15 13/32d. The demand thereupon increased and rates fell to 15 5/16d. — 15 11/32d. for bank and 15 13/32d. — 15 7/16d. for private. The market then remained inactive till the close when the banks were drawing at 15 11/32d. — 15 3/8d. and private was quoted 15 7/16d. — 15 13/32d. There was a considerable movement.

On Friday the market opened with the banks drawing at 15 3/8d. and business doing in private at 15 1/2d., bank rates at once advancing to 15 1/2d., ready bills to 15 19/32d. and for time at 15 5/8d. — 15 21/32d. After midday, the foreign banks were not drawing above 15 7/16d., but the Republica continued to give 15 1/2d., private being negotiated at 15 9/16d. At the close nearly all the banks were drawing at 15 1/2d. and private was not easy to do at 15 19/32d. There was a fair movement in the earlier part of the day.

On Saturday the market opened with the Republica and some of the foreign banks drawing at 15 1/2d., the others at 15 13/32d., and private difficult to negotiate at 15 5/8d. The market remained quite inactive at these rates up till about midday when, bills offering here and from other ports, the foreign banks at once advanced to 15 11/16d. and the Republica to 15 3/4d., when business was done in private paper at 15 13/16d. — 15 7/8d. A slight reaction then followed, but the market recovered and closed with all the banks drawing at 15 11/16d. and no money for private under 15 13/16d. There was a considerable movement in the latter part of the day.

The closing rate of 15 11/16d. is 13 3/32d. over that of previous week.

As low as 15 3/16d. was touched on Monday and as high as 15 3/4d. this forenoon. The position of the market is such that but for the threat of the "fixing of Exchange" the rate would advance considerably, the bull account being much smaller than is usual at this time of the year and the bear account is considerable.

The Taubaté Convention has been already submitted to Congress and is now under consideration by the Finance Committee of the Chamber. Unless some marked change of feeling should take place, Congress will pass the measure rapidly, but it will not of course be put into force by Dr. Rodrigues Alves.

It is assumed by the Valorizationists that the attitude of his successor will be favourable towards the reform, but Dr. Afonso Penna has not, so far, made any public utterance on the matter. Such an indication is anxiously looked for before he leaves for his voyage to the North on 15th instant, but he is a master at keeping his own counsel. If he should, however, indicate that he cannot be counted on to carry out the creation of the *Coiza de Conversão*, the result would be much selling ahead and an immediate advance in Exchange.

The President of the State of Rio Grande do Sul having sent telegraphic congratulations to the President of the Republic on his Message, this has been construed by some as meaning that the Taubaté Convention is not in so much favour with the President of Rio Grande as with that State's representatives in Congress. If Dr. Borges de Medeiros should be led to oppose the scheme formally, its passing into law would become very much less probable.

We publish elsewhere the full text of the Message of the President of the Republic and also a translation of an article on Brazilian financial policy written by Mr. Paul Leroy Beaulieu for the *Noticia*. It will be seen that this universally respected authority is against the idea of the reduction of the par of Exchange. He recognizes that there are various arguments in favour of this policy, but considers it bad because liable to drift into a habit. He argues that by following this policy a country that goes through several crises ends by completely debasing its currency, and considers that, as Brazil has already reduced by about half the original value of its monetary unit, it would be a flagrant abuse to reduce it again.

These are highly practical arguments. Confidence in a country will be at an end if it assumes the right to reduce the value of its paper money whenever it finds itself in difficulties.

It is fair, however, to bear in mind that it is exactly 60 years since Brazil last reduced the par of Exchange and that the circumstances which are thought by some to make this again necessary are the outcome of a combination of events which will not easily recur. We may have more Revolutions, but we imagine it is safe to predict that Brazil will never again fall into the madness of colossal issues of irredeemable paper money, which were the main (almost the only) cause of the depreciation of our currency, the overproduction of Coffee, the labour difficulties and excessive cost of production of everything, in fact of almost all our afflictions.

Of course, we may fall into other forms of madness besides paper money. We consider the scheme for purchase of Coffee by Government almost as bad, but for the corrective that it cannot be carried out without other people lending the money, which we trust they will not do.

If, however, valorization should go on, there is no doubt in our minds that the fixing of Exchange will considerably attenuate its evils, will make it possible that the scheme may turn out not unprofitably to Brazil, unless crops continue large, in which case the result will of course be disastrous.

If the idea of Coffee purchases should be abandoned, we consider the fixing of Exchange at a low rate the only measure that can be taken to give producers of Coffee and other exports the prompt assistance they need. It should not be forgotten by those whose interests are adversely affected by the lowering of the par that producers throughout the country have borne the chief stress of the sacrifices that have been necessary to raise Exchange from below 6d. to rates that, as Mr. Leroy Beaulieu says, can hardly be regarded as legitimate.

Coffee shipments (*embarques*), here and in Santos, yielded £225,540 against £277,100 for the previous week and £147,100 last year.

For the crop, clearances up to 11th May show 530,019 bags more than last year, and the sterling value to have been £962,938 more.

The Banco da Republica at 30th April shows an increase in the cash balance of the New Account of 918,000\$ and in that of the Old Account of 13,000\$.

The amount of Inscriptions still to pay off is reduced from 2,704,600\$ to 2,211,100\$. The advance by the Treasury for payment of Inscriptions is reduced from 1,000,000\$ to 600,000\$. The credit balance of the Treasury in ordinary Account Current is decreased from 23,059,000 to 21,372,000\$. Deposits with and without interest show an increase of 5,595,000\$.

The Bank's account with Agents in Europe and Brazil shows a nett credit balance of 11,388:000\$, against 17,883:000\$ a decrease of 6,495:000\$.

The following show some of the alterations in the Balance Sheet:—

	31st Mar.	30th April
Deposits without interest.....	12,364:000\$	12,454:000\$
do. with do.	31,365:000\$	37,870:000\$
	44,729:000\$	50,324:000\$
Accounts current abroad.....	670:000\$	631:000\$
Bills at interest.....	3,592:000\$	3,663:000\$
	48,991:000\$	54,618:000\$
Treasury in Account Current..	23,059:000\$	21,372:000\$
	72,050:000\$	75,990:000\$
Cash balances of both Accounts	39,512:000\$	40,443:000\$

In addition to the above, the Balance Sheet shows the reduction, on the credit side of the New Account, of about 5,000:000\$ in the "Accounts Current Guaranteed", and on the same side an increase of 13,400:000\$ in "Sundry Accounts."

The difference of about 8,500:000\$ explains partially the fact that, with a nett increase of about 4,000:000\$ in public and private deposits, and with 6,500:000\$ less at the Bank's credit with Agents, there is only an increase in the cash balance of about 1,000:000\$.

The Balance Sheets on 30th April of the four foreign banks show a decrease in the cash compared with previous month of 233 contos.

	31st March.	30th April
London and Brazilian Bank...	9,026:000\$	9,707:000\$
London and River Plate Bank.	6,926:000\$	4,846:000\$
British Bank of South America	2,889:000\$	2,287:000\$
Brasilianische Bank für Deutsch-		
land.....	5,019:000\$	6,787:000\$
	23,860:000\$	23,627:000\$
Banco da Republica, both Ac-		
counts.....	39,512:000\$	40,443:000\$
	63,372:000\$	64,070:000\$

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RIO DE JANEIRO (BRAZIL)

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OF THE

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FOR 1905, 1904 AND 1903

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BUSINESS DONE ON THE RIO STOCK EXCHANGE During the week ended May 12th, 1906

DESCRIPTION	Sales	Highest	Lowest	CLOSING		
				This week	Last	Date of last
GOVERNMENT SECURITIES						
Apolices Gernas 5 %	834	1:027\$	1:008\$	1:027\$	1:023\$	May 11
Do Fractions.....	13,396\$	1:030\$	1:005\$	1:030\$	1:025\$	" 11
Interval Loan 1895 5% currency bearer.....	320	1:022\$	1:005\$	1:022\$	1:020\$	" 11
Do 1897.....	70	1:035\$	1:029\$	1:030\$	1:033\$	" 11
Do 1903.....	84	1:020\$	1:020\$	1:020\$	1:022\$	" 11
Rio de Janeiro Municipal Loan, bearer.....	319	199\$	199\$	199\$	199\$	" 11
Do (1906).....	605	188\$	188\$	188\$	188\$	" 11
Do Gold (£ 20).....	570	288\$	288\$	288\$	288\$	" 11
State of Rio de Janeiro 4 %.....	1,340	67\$	65\$	67\$	68\$	" 11
Do 6 %.....	50	450\$	448\$	450\$	448\$	" 11
State of Minas, bearer.....	165	847\$	843\$	846\$	846\$	" 9
Do order.....	279	852\$	843\$	846\$	852\$	" 11
RAILWAYS & TRAMWAYS						
Jardim Botânico.....	190	231\$	231\$	231\$	224\$	" 11
Viação Sapucahy.....	1,408	215\$	196	208\$	208\$	" 11
Victoria a Minas.....	100	10\$	10\$	10\$	10\$	" 6
Juiz de Fora a Piau.....	178	18\$	18\$	18\$	18\$	" 11
BANKS						
Republica.....	7,118	41\$	40\$	41\$	40\$	" 11
Commercial.....	113	137\$	137\$	137\$	138\$	" 11
Commercio.....	103	190\$	186\$	190\$	188\$	" 9
Lavoura e Commercio.....	100	130\$	130\$	130\$	125\$	" 9
Nacional.....	23	32\$	32\$	32\$	30\$	" 8
União do Commercio.....	100	33\$	33\$	33\$	33\$	" 8
INSURANCE						
Mercurio.....	325	40\$	40\$	40\$	40\$	" 10
Integridade.....	5	50\$	50\$	50\$	50\$	" 9
COTTON MILLS						
Cometa.....	115	225\$	225\$	225\$	225\$	" 8
Progresso Industrial.....	66	250\$	250\$	250\$	248\$	" 9
Alliança.....	125	275\$	275\$	280\$	280\$	" 11
Commercio.....	50	250\$	250\$	250\$	242\$	" 11
Confiança Industrial.....	50	190\$	190\$	190\$	190\$	" 11
S. Pedro de Alcantara.....	40	240\$	240\$	240\$	240\$	" 11
Petropolitana.....	40	240\$	240\$	240\$	240\$	" 11
DEBENTURES						
Jardim Botânico.....	300	215\$	215\$	215\$	215\$	" 9
Carris Urbanos.....	70	205\$	205\$	205\$	204\$	" 10
Cantareira e Viação Fluminense.....	80	205\$	205\$	205\$	205\$	" 9
Confiança Industrial.....	28	205\$	205\$	205\$	205\$	" 10
Docas de Santos.....	25	203\$	203\$	203\$	203\$	" 8
Associação Empregados no Commercio.....	20	52\$	52\$	52\$	52\$	" 9
MISCELLANEOUS						
Docas de Santos.....	250	320\$	320\$	320\$	320\$	" 10
Internacional das Docas.....	50	78\$	78\$	78\$	78\$	" 11
Loterias Nacionais.....	550	2\$	1\$	1\$	1\$	" 10
Terras e Colonização.....	500	38\$	38\$	38\$	38\$	" 7
Melh. do Maranhão.....	20	20\$	20\$	20\$	20\$	" 11

The total business done on the Rio de Janeiro Stock Exchange amounted to 2,810,058\$000 distributed as follows:—

Government securities.....	2,062,084\$000
Bank shares.....	3,29,588\$000
Railway & Tramway shares.....	101,251\$000
Cotton Mills.....	105,625\$000
Insurance.....	13,250\$000
Debentures.....	107,373\$000
Miscellaneous.....	90,887\$000

Total, week ending May 12th, 1906... 2,810,058\$000
" " " May 5th, 1906... 1,985,327\$000
" " " May 12th, 1905... 2,856,680\$000

BUSINESS DONE ON THE S. PAULO STOCK EXCHANGE During the week ended May 12th, 1906

DESCRIPTION	SALES	HIGHEST	LOWEST
Apolices 3%.....	9	910\$000	910\$000
S. Paulo Municipality 7th.....	4	90\$000	89\$000
Santos.....	180	92\$000	90\$000
Campinas.....	42	78\$000	76\$000
SHARES			
Companhia Paulista.....	361	250\$000	247\$500
" Mogiana.....	640	261\$000	248\$500
Companhia Telefonica.....	190	95\$000	95\$000
Banco Commercio e Industria.....	245	325\$000	320\$000
Banco de S. Paulo.....	264	127\$000	127\$000
" União de S. Paulo.....	250	40\$000	40\$000
MORTGAGE BONDS			
Banco de Credito Real 6 %.....	70	188\$500	188\$500
" " " " 8 %.....	27	18\$500	18\$500

The business done on the São Paulo Stock Exchange amounted to its. 439,779\$000 distributed as follows:

Government Securities.....	26,032\$000
Bank Shares.....	122,153\$000
Railway Shares.....	278,300\$000
Miscellaneous.....	9,500\$000
Mortgage Bonds.....	1,794\$000

439,779\$000

POSITION OF THE FOUR FOREIGN BANKS AND BRANCHES

	London & Brazilian Bank Limited	London & River Plate Bank Limited	The British Bank of South America Ltd	Brasilianische Bank für Deutschland	TOTAL for March 1906	TOTAL for February 1906	TOTAL for January 1906
Assets							
Capital uncalled.....	6,666,667\$	14,477,102\$	4,444,444\$	11,205,145\$	11,111,111\$	11,111,111\$	11,111,111\$
Cash.....	31,745,576\$	14,477,102\$	5,572,881\$	11,205,145\$	63,000,707\$	59,356,971\$	59,710,502\$
Discounts.....	2,745,268\$	2,146,349\$	3,818,082\$	5,911,890\$	14,651,581\$	14,257,255\$	24,031,635\$
Accounts with head offices and branches.....	31,341,965\$	19,587,503\$	6,717,768\$	18,415,413\$	79,063,651\$	78,439,215\$	77,445,336\$
Loans.....	7,381,832\$	4,577,073\$	7,509,006\$	13,056,987\$	33,496,198\$	31,889,973\$	34,000,866\$
Bills receivable.....	27,065,571\$	15,230,073\$	4,727,129\$	16,714,629\$	65,507,402\$	60,577,556\$	68,544,156\$
Miscellaneous.....	18,791,857\$	67,917,408\$	20,359,358\$	53,398,493\$	160,467,116\$	162,356,258\$	144,877,114\$
Total.....	129,448,688\$	124,936,555\$	53,179,586\$	119,372,557\$	426,937,386\$	419,624,631\$	413,729,813\$
Liabilities							
Shareholders.....	13,131,333\$	3,500,000\$	8,888,888\$	10,000,000\$	35,722,222\$	35,722,222\$	35,722,222\$
Deposits : Sight.....	41,327,363\$	29,657,500\$	5,980,846\$	22,250,408\$	100,254,117\$	98,741,896\$	84,911,419\$
Term.....	6,488,435\$	5,064,815\$	2,613,615\$	11,059,336\$	24,757,206\$	25,136,108\$	25,638,200\$
Accounts with head offices and branches.....	16,419,908\$	12,763,557\$	9,241,064\$	14,172,528\$	52,627,057\$	48,756,456\$	47,723,961\$
Miscellaneous.....	52,322,651\$	82,892,693\$	26,425,156\$	61,890,282\$	223,546,692\$	222,675,888\$	210,432,548\$
Total.....	129,448,688\$	124,936,555\$	53,179,586\$	119,372,557\$	426,937,386\$	419,624,631\$	413,729,813\$

Compared with Feb. 28 the balance sheets of the 21 branches of the four foreign banks for Mar. 31 show the following differences in *contos* :

	Increase	Decrease
Assets		
Cash.....	9,644	—
Discounts.....	395	—
Loans.....	—	20
Bills Receivable.....	—	1,471
Miscellaneous.....	—	1,838
Liabilities		
Deposits sight.....	2,959	—
" fixed dates.....	—	349
Miscellaneous.....	871	—

Accounts with head offices show a net credit of 26,496 *contos* as against a credit of 29,634 *contos* on February 28.
The cash movement was as follows :—

	February, '06	March 31
By Branches :—		
London and Brazilian Bank.....	25,992	31,746
London and River Plate Bank.....	11,939	14,477
British Bank of South America.....	4,315	5,573
Brasilianische Bank für Deutschland.....	11,110	11,205
	53,356	63,001
By locality :—		
Rio de Janeiro.....	20,919	23,860
São Paulo.....	9,819	12,251
Santos.....	5,130	5,530
Porto Alegre and Rio Grande do Sul.....	5,243	5,089
Bahia.....	1,492	2,753
Pernambuco.....	8,892	4,112
Pará and Manaus.....	10,861	13,666
	53,356	63,001

The ratio of the aggregate Cash to Sight Deposits is 69.27% as against 61.12% on February 28th.

Balance Sheets

SÃO PAULO

The British Bank of South America, Limited

Capital subscribed.....	£ 1,000,000
Ditto realized.....	£ 500,000
Reserve Fund.....	£ 375,000

BALANCE SHEET OF THE S. PAULO BRANCH

APRIL 30TH, 1906

Assets	
Bills discounted.....	1,527,668\$10
Bills receivable.....	1,239,118\$90
Loans, accounts pledged etc.....	3,975,000\$800
Accounts with Head Office and branches.....	447,732\$270
Securities pledged.....	6,811,045\$80
Sundry accounts.....	119,478\$480
Cash on hand.....	1,025,025\$410
	15,656,092\$210
Liabilities	
Bills payable.....	3,411\$150
General Accounts current.....	2,136,248\$00
Accounts current with notice.....	640,000\$749
Deposits fixed.....	611,880\$00
Accounts with Head Office and branches.....	4,801,042\$810
Securities pledged.....	6,149,095\$280
Bills and Securities in deposit.....	1,778,808\$910
Sundry Accounts.....	112,311\$950
	15,676,092\$210

E. & O. E. — São Paulo, May 7th, 1906. — For The British Bank of South America, Limited (Signed),
Frank Dodd, Manager — E. S. Speers, Actg. accountant

Banco do Commercio e Industria de S. Paulo

BALANCE SHEET ON APRIL 30TH, 1906

INCLUDING THE TRANSACTIONS OF THE SANTOS
AND CAMPINAS BRANCHES

Assets	
Bills discounted.....	16,300,412\$430
Bills to collect for own a/c.....	19,400\$000
Bills receivable for a/c of sundry parties.....	1,500,664\$863
	17,919,507\$293

Accounts current:	
Debit, balances of Loan and advances.....	19,697,163\$984
Guarantees and securities in deposit:	
As commercial security for above loans and advances.....	27,791,614\$443
Securities in deposit for a/c of sundry parties.....	5,214,125\$000
Directors' guarantee.....	100,000\$000
	23,135,729\$443

Securities in liquidation :	
Balance of this a/c.....	139,731\$290
Values & funds belonging to the bank:	
Properties of the bank.....	290,579\$930
Shares of the Paulista Railway Co.....	2,474,103\$420
Shares of the Mogiana Ry Co.....	81,398\$300
Bank shares.....	92,525\$000
	2,938,506\$710

Sundry accounts:	
Interest general expenses, etc.....	230,989\$770
Revenue stamps.....	6,850\$320
	309,810\$090

Correspondents here and abroad.....	3,337,609\$289
Balance in current money at the head-office and branches.....	13,066,657\$653
	89,526,098\$716

Liabilities	
Capital.....	10,000,000\$000
Reserve fund.....	9,500,000\$000
Pension fund of the staff.....	500,000\$000
Profit and Loss acc't.....	9,111,285
Balance of this a/c.....	10,102,699\$268

Creditors :	
Fixed deposits.....	3,179,958\$120
Accounts current:	
Balance at this head Office and Branches.....	50,165,941\$078
	33,345,890\$198

Guarantees and sundry securities :	
Deposits pledged.....	27,791,614\$443
Securities belonging to sundry parties and values receivable for a/c of sundry parties.....	6,834,789\$863
Directors' guarantee.....	100,000\$000
	34,726,404\$506

Dividends :	
Balance unclaimed.....	2,752\$000
Sundry accounts:	
Interests, Commission, etc.....	1,073,923\$570
Correspondents here and abroad.....	270,123\$865
	59,526,098\$716

E. & O. E. — S. Paulo, May 9th, 1906. —
Antonio Prado, Chairman. — J. Queiroz Lacerda,
Managing-director.

PORTO ALEGRE

Brasilianische Bank für Deutschland

BALANCE SHEET OF THE BRANCH AT PORTO ALEGRE

APRIL 30TH, 1906

Assets	
Accounts current guaranteed.....	1,350,657\$996
Bills receivable.....	1,049,850\$445
Bills discounted.....	1,057,562\$818
Bills pledged.....	631,027\$190
Securities pledged.....	1,136,464\$310
Securities deposited.....	288,100\$000
Correspondents at home and abroad.....	2,275,919\$970
Cash : In current money.....	1,024,078\$653
	9,413,668\$722

Liabilities	
Accounts current.....	363,843\$950
Deposit account.....	2,064,168\$400
Deposits fixed.....	516,978\$740
Securities pledged and in deposit.....	3,105,429\$855
Accounts with Head-Office.....	3,343,017\$025
Sundry accounts.....	20,506\$722
	9,413,668\$722

E. & O. E. — Rupp, — Mathiesen Directors.

Banco da Republica do Brazil

OLD ACCOUNT

BALANCE SHEET, APRIL 30th, 1906.

ASSETS

Capital: Conversion of 84,429,50 shares of this Bank for 19,446 51/80 of the Bank of Brazil.....	3.889:327\$500
Bank securities.....	5.205:009\$640
Bills discounted.....	190:600\$000
Bills deposited.....	170:080\$000
Securities in Liquidation.....	1.673:903\$425
Accounts current, guaranteed.....	5.385:380\$130
General Accounts Current.....	5.202:739\$600
Accounts current on loans to industries.....	718\$800
Loans to industries.....	653:056\$480
Agricultural Loans in Northern States.....	96:248\$800
Real Estate.....	1.355:175\$777
Bank Edifice.....	1.330:000\$000
Furniture.....	100:000\$000
Values deposited.....	72.755:572\$358
Liquidations: in accord with Law 689 of Sept. 20, 1900 (inscriptions deliverable).....	863:100\$000
Cash, Currency.....	761:260\$501
Liquidations: Probable loss in liquidation of various a/es.....	88.576:153\$921
	188.208:326\$932

LIABILITIES

Capital: Value of 590,000 shares of 200\$ each.....	100.000:000\$000
Capital of the new Bank of Brazil: Value of 19,446, 51/80 shares produced by conversion of 89,429,50 of the Banco da Republica do Brazil.....	3.889:327\$500
Profit and loss.....	6.232:384\$222
Special creditors, in accord with Law 689 of Sept. 20th, 1900: Balance of liquidation of inscriptions and in cash.....	877:131\$239
Privileged creditors.....	619:783\$262
Companhia Lloyd Brasileiro, in judicial liquidation.....	54:044\$476
General accounts current: Credit balances.....	31:384\$552
Bank dividends.....	151:019\$000
Deposits of values, as stated in Assets.....	72.755:572\$358
Issue of 3 % bonds (inscriptions).....	2.211:100\$000
Interest on 3 % inscriptions: Balance payable.....	158:656\$500
New account. Amount received for redemption of 3 % inscriptions.....	600:000\$000
Liquidations: Balances in a/c current to be transferred to sundries in credit a/c current.....	627:923\$823
	188.208:326\$932

NEW ACCOUNT

BALANCE SHEET, APRIL 30th, 1906.

ASSETS

Accounts Current, guaranteed.....	7.864:004\$357
Bills discounted.....	6.466:920\$510
" receivable.....	179:986\$895
Securities pledged.....	19.238:897\$691
" deposited.....	60.634:610\$551
Agents:	
In Brazil and in Europe.....	101.952:081\$879
Securities belonging to the Bank (£. 1,130,000 at 27d.).....	10.045:700\$000
Other securities.....	653:591\$430
Accounts current with interest: Debtors with guarantee.....	4.743:320\$690
Securities in liquidation.....	1.509:197\$236
Old account furnished for payment of inscriptions per contra.....	600:000\$000
Federal Treasury: Deposits account.....	4.500:000\$000
Sundry accounts.....	14.944:581\$169
Cash: In current money.....	39.682:050\$568
	273.014:945\$886

LIABILITIES

Accounts current, without interest.....	12.454:45\$323
Accounts current, with interest.....	37.869:734\$665
Accounts current foreign.....	630:989\$927
Agents, in Brazil and in Europe.....	90.563:843\$349
Bills, at interest.....	3.663:010\$280
Judicial deposits.....	298:683\$425
Deposits, securities, etc.....	79.873:508\$152
Federal Treasury:	
In current account.....	21.372:402\$951
Money at fixed maturity.....	10.000:000\$000
Exchange a/c..... (£. 1,000,000 at 27d.).....	8.888:888\$880
Redemption of inscriptions account.....	600:000\$000
Banco do Brazil Capital a/c.....	4.500:000\$000
Municipality of Rio de Janeiro: interest on Bonds.....	1.047:101\$433
Profit & Loss.....	1.252:324\$461
	273.014:945\$886

Coffee Market

COFFEE ENTRIES

	FOR THE WEEK ENDED			FOR THE CROP TO	
	May 11 1906	May 4 1906	May 12 1906	May 11 1906	May 12 1906
Rio					
By Central R'y.....	30,503	28,926	6,291	1,508,798	1,148,598
Leopoldina R'y.....	34,398	23,651	4,511	1,074,313	925,962
Inland.....	1,694	941	184	162,583	201,405
Coastwise, discharged..	66,595	53,521	10,956	2,735,694	2,275,965
Total.....	1,171	730	505	80,461	75,409
Transferred from Rio to Niteroy.....	63,424	52,791	10,451	2,655,233	2,200,556
Coastwise, in transit....	2,000	—	—	116,060	84,246
Niteroy from Rio & Leopoldina R'y.....	4,927	4,235	609	128,251	116,928
Total Rio including Nite- rocy & transit.....	72,351	57,026	11,060	2,999,544	2,401,720
SANTOS:	54,534	51,541	11,050	6,807,113	7,089,846
Total Rio & Santos....	126,885	108,567	22,110	9,806,657	9,491,566

The coast arrivals for the week ended May 11th were from:—

Macabé.....	1,253
Piuna.....	246
São João da Barra.....	113
Itapemirim.....	42
Paraty.....	34
Victoria.....	6

Total..... 1,694 bags.

The total entries by the different S. Paulo Railways for the Crop to May 11th 1906 were as follows:—

	Per Past Jundiahy	Sorocabana and others	Total at S. Paulo	Total at Santos	Remaining at S. Paulo
1905/1906:	5,629,034	973,466	6,602,500	6,607,113	nil
1904/1905:	5,705,240	1,364,260	7,069,500	7,089,846	nil

COFFEE LOADED (EMBARQUES)

	DURING WEEK ENDED			FOR THE CROP TO	
	1906 May 11	1906 May 4	1906 May 12	1906 May 11	1906 May 12
Rio	51,781	37,479	44,793	2,690,638	2,444,091
Niteroy.....	6,792	3,702	—	229,792	112,086
In transit.....	2,000	—	—	116,060	84,246
Total Rio including Niteroy & transit.....	60,573	41,181	44,793	3,036,490	2,640,423
Santos	54,194	55,738	28,066	6,966,842	6,812,521
Total Rio & Santos.....	114,767	96,919	72,859	9,997,322	9,452,944

Rio de Janeiro, 12th May, 1906.

Entries at Rio and Santos for the week ending 11th May were 18,318 bags more than for the previous week (5 days) and 82,071 bags more than in the corresponding week last year. For the crop, entries reached 9,997,322 bags against 9,491,566 bags at the corresponding date last year.

Shipments (embarkings) were 24,849 bags less than for the previous week, but 42,211 bags more than those of the corresponding week last year.

Average price for Rio No. 7 was 48820 against 48932 in previous week and 48888 last year; and at New York 8.00 cents against 8.03 cents in previous week and 8.06 cents last year.

Stocks increased by 28,409 bags and are 447,406 bags less than last year and 819,254 bags less than in 1904.

Santos entries are 2,993 bags more than those of previous week, but fall short of shipments by 60 bags. The daily average for the week (6 days) was 9,089 bags.

Receipts continue on a fair scale and the demand for exportation is irregular. Prices are rather easier at the close in sympathy with the firmness in Exchange. The immediate future of the market depends, of course, on "Valorization," and although the supporters of this scheme continue to express full confidence in its realization, we think that, even among them, there is an under-current of doubt as to the money being found.

The Taubaté Convention has been submitted to Congress and a definite project of law will doubtless be presented shortly by the Finance Committee of the Chamber of Deputies. In our Exchange section we write more fully on the subject.

	Commissaries, Prices	Shippers, Prices
May 7.....	78300	78200
" 8.....	78200	78000 to 78100
" 9.....	78200	78000 to 78100
" 10.....	78200	78100
" 11.....	78200	78000
" 12.....	78200 to 78300	78100

Shipments of Coffee from Victoria

DURING THE MONTH OF APRIL 1906

Shippers	
Hard, Rand & Co.....	420
J. Zinzen & Co.....	350
Theodor Wille & Co.....	—
Sundry.....	770

Destinations	
United States.....	420
Europe.....	350
Rio and Coastwise.....	770

Total export from 1st July 1905 to April 30th, 1906.

Shippers	
Hard, Rand & Co.....	113,450
J. Zinzen & Co.....	177,914
Theodor Wille & Co.....	59,600
Sundry.....	124
Total.....	351,088

Destinations	
United States.....	342,420
Europe.....	8,194
Rio and Coastwise.....	474
Total.....	351,088

The total exports for corresponding period last year was 375,252 B/C.

MANIFESTS OF COFFEE

During the Week ended May 11th, 1906

RIO DE JANEIRO

DATE	NAME OF VESSEL	DESTINATION	SHIPPER	BAGS	TOTAL
May 5	Itaipava.....	Rio Grande.....	Pinto & Co.....	39	
"	do	do	Manoel P. Teixeira.	30	
"	do	do	Sundry.....	200	
"	do	Pelotas.....	Pinto & Co.....	60	
"	do	do	Siqueira & Co.....	169	
"	do	do	Zenka, Ramos & C.	40	
"	do	Porto Alegre.....	Eugen Urban.....	146	725
"	do	do	Siqueira & Co.....	—	
" 5	Caravellas.....	Hayre.....	Ornstein & Co.....	7,500	
"	do	do	Eugen Urban.....	1,000	
"	do	do	Carlo Pareto & Co.	500	9,000
" 6	Jupiter.....	S. Francisco.....	Siqueira & Co.....	110	
"	do	Corumbá.....	Pinto & Co.....	60	170
" 6	Mandós.....	Maranhão.....	do	162	
"	do	Mandós.....	do	94	256
" 7	Savioia.....	Smyrna.....	Ornstein & Co.....	500	
"	do	do	Carlo Pareto & Co.	125	
"	do	Malta.....	Ornstein & Co.....	250	
"	do	Galatz.....	do	125	
"	do	do	Gustav Trinks & Co.	125	
"	do	Trebizonde.....	Carlo Pareto & Co.	125	
"	do	do	Ornstein & Co.....	125	
"	do	do	Gustav Trinks & Co.	125	
"	do	Naples.....	do	50	
"	do	Rhodes.....	Carlo Pareto & Co.	250	1,925
" 8	Thames.....	Cape-Town.....	Pinto & Co.....	550	
"	do	East London.....	Hard, Rand & Co.	600	
"	do	Buenos Aires.....	E. Ashworth & Co.	1,128	
"	do	do	Ornstein & Co.....	925	
"	do	Montevideo.....	Pinto & Co.....	225	3,323
" 9	Magdalena.....	Mossel Bay.....	Norton, Megaw & Co.	500	500
" 9	Melpomene.....	Trieste.....	Theodor Wille & Co.	5,740	
"	do	do	Ornstein & Co.....	65	
"	do	do	Eugen Urban.....	250	
"	do	do	Franz J. Vilberg.....	271	
"	do	do	M. Placido Teixeira	250	6,574
" 10	Les Andes.....	Marseilles opt.....	Ornstein & Co.....	2,125	
"	do	do	Theodor Wille & Co.	1,500	
"	do	Marseilles.....	Carlo Pareto & Co.	1,269	
"	do	Sansoun.....	Ornstein & Co.....	500	
"	do	Constantinople.....	Gustav Trinks & Co.	125	
"	do	do	Ornstein & Co.....	250	
"	do	do	Hard, Rand & Co.	125	
"	do	Oran.....	Theodor Wille & Co.	250	
"	do	do	Ornstein & Co.....	250	
"	do	do	Gustav Trinks & Co.	250	
"	do	Philippeville.....	Ornstein & Co.....	300	
"	do	Algiers.....	do	375	
"	do	Tanger.....	Gustav Trinks & Co.	125	
"	do	Bougie.....	Ornstein & Co.....	125	
"	do	Trebizonde.....	Gustav Trinks & Co.	125	
"	do	Moltanagem.....	Eugen Urban.....	250	
"	do	Smyrna.....	Theodor Wille & Co.	500	8,219
" 11	P. Waldemar.....	Hamburg opt.....	do	750	
"	do	do	Ornstein & Co.....	250	
"	do	do	Eugen Urban.....	763	
"	do	Hernosand.....	Ornstein & Co.....	250	
"	do	Gefle.....	do	125	
"	do	Skien.....	C. Dabelow.....	125	
"	do	Christiania.....	do	125	
"	do	Helsingfors.....	do	250	
"	do	do	Gustav Trinks & Co.	250	
"	do	Wiborg.....	do	125	
"	do	Raumo.....	do	125	3,139
" 11	R. Humberto.....	Naples.....	Sundry.....	16	
"	do	Palermo.....	Carlo Pareto & Co.	450	
"	do	Genoa.....	do	500	
"	do	Smyrna.....	do	250	
"	do	Galatz.....	do	125	
"	do	Vathy.....	do	125	1,406
" 11	Eastern Prince.....	New York.....	Hard, Rand & Co.	3,400	
"	do	do	Theodor Wille & Co.	2,000	
"	do	do	Ornstein & Co.....	1,000	
"	do	do	P. S. Nicolson & Co.	1,000	
"	do	do	Eugen Urban.....	252	7,252
			Total.....		42,549

SANTOS

DATE	NAME OF VESSEL	DESTINATION	SHIPPERS	BAGS	TOTAL
May 5	<i>Satellite</i>	Buenos Aires	Sundry	198	178
6	<i>Savioia</i>	do	Nossack & Co.	875	
do	do	do	Schmidt & Trost	100	
do	do	Genoa opt.	Holworthy Ellis & Co	250	
do	do	do do	N. Gepp & Co. Ltd.	250	
do	do	do do	W. Botel & Co.	250	
do	do	do do	E. Johnston & Co.	125	
do	do	Livorno	N. Gepp & Co. Ltd.	250	1,600
7	<i>Provence</i>	Buenos Aires	Krische & Co.	1,556	1,556
8	<i>Les Andes</i>	Marseilles opt.	Salles Toledo & Co.	500	
do	do	do do	Baldwin & Co.	500	
do	do	do do	Hard, Rand & Co.	500	
do	do	Alexandria	Barbosa & Co.	500	
do	do	Bastia	Sundry	2	1,752
8	<i>Eastern Prince</i>	New York	W. F. McLaughlin Co	2,267	
do	do	do	Barbosa & Co.	500	2,767
8	<i>Thames</i>	Buenos Aires	Hard, Rand & Co.	750	
do	do	do	Krische & Co.	567	1,257
8	<i>Betty</i>	Hamburg	Prado Lima & Co.	9,700	9,700
9	<i>P. Waldemar</i>	do	Theodor Wille & Co.	8,000	
do	do	do	Barbosa & Co.	2,760	
do	do	do	Krische & Co.	2,000	
do	do	do	Baldwin & Co.	230	13,000
9	<i>Cromarty</i>	Havre	do	8,000	
do	do	do	N. Gepp & Co. Ltd.	3,000	11,000
9	<i>Manan</i>	Teneriffe	Schmidt & Trost	800	800
10	<i>Rt Humberto</i>	Genoa	W. Botel & Co.	500	
do	do	do	Nossack & Co.	125	
do	do	do	Sundry	517	1,142
11	<i>Cameroon</i>	New York	Hard, Rand & Co.	3,042	
do	do	do	Holworthy Ellis & Co	2,500	
do	do	do	Krische & Co.	250	5,792
Total					50,564

The coffee sailed during the week ended May 11th, was consigned to the following destinations

	UNITED STATES	EUROPE & MEDITERRANEAN	COAST	RIVER PLATE	CAPE	OTHER PORTS	TOTAL FOR WEEK	CROP TO DATE
Rio	7,262	30,823	1,151	3,325	—	—	42,549	3,000,871
Santos	8,559	38,994	—	3,011	—	—	50,564	6,933,232
Total 1906/1906	5,811	69,817	1,151	6,334	—	—	93,113	9,934,103
1904/1905	36,625	3,340	6,874	3,504	—	—	50,343	9,413,701

VALUE OF COFFEE CLEARED FOR FOREIGN PORTS

Week ended

	May 11	May 4	May 11	May 4	Crop to May 11	
	Bags	Bags	£	£	Bags	£
Rio.....	41,413	56,447	82,212	113,315	2,764,059	5,741,540
Santos.....	50,564	140,863	90,898	277,879	6,928,158	13,547,369
Total 1906/1906.....	91,977	197,310	173,110	391,194	9,692,217	19,288,909
do 1904/1905.....	43,566	122,189	88,204	236,784	9,162,198	18,325,974

S. Paulo, May 11th, 1906.

There is no change whatever in the situation of the different coffee markets and if anything they have only grown more stagnant.

Of course this is the dull time of the year, requirements are smaller and consumption feeds on its own stock bought previously.

Offerings from Santos moreover can only be insignificant as the stock there is reduced to about 450,000 bags, most consisting of old crop yellowish coffees for which there is hardly any outlet at present.

Yet we can presume that these qualities will command, as soon as the coffees of the new crop arrive, a premium, which according to all probabilities will be higher than in the last few years, as their quality is much reduced in Santos as well as elsewhere.

It appears as if the money stringency in the States, aggravated since by the large requirement caused by the destruction of São Francisco, is to a large extent answerable for the weakness of the New York coffee market and it is not likely that any relief will come there before late autumn.

The markets for future delivery in Santos have been very quiet whilst speculation seems to be fairly depleted and exporters do not want to entertain such transactions as the bill proposed by the financial Commission of the State Congress empowers Government to levy the surplus tax of 3 frs. any time, with or without the execution of the other financial measures i.e. the loan of £15,000,000.

The weather continues to be very fine, bright hot sunshine helps the harvesting and the preparation of the crop.

Exchange is firmer, cash balances are small every where and

it looks as if the Banco da Republica does not make any preparations for the moving of the coffee crop, probably for fear of the Congress interfering with the rate of exchange. Should nothing be done to fix the rate, a big rise appears inevitable.

Santos, May, 12th 1906.

Europe and States continued on the declining tendency, and in Havre the market dropped 1 1/4 frs. during the week.

In consequence orders from consuming centres are low Superiors at 38/6 to 39/6. Europe always sends orders and shows her wish to buy, but there is not much coffee available and the holders, including the Exporters, fetch much better prices here than abroad.

Business for new coffee and future shipments is also not practicable, first because the crop is late, then expected and suitable qualities likely not be had before July, and then on account of the uncertainty as to what will be done as regards the valorization plan. Altogether business is as quiet as can be and no feature whatsoever in the market.

Receipts point to a total of 230,000 bags for this month and the ideas for June are 350,000 bags. Shipments compare unfavorably against the previous week and our stock is still 456,959 bags.

We should say that fully 2/3 of this are in dealers' hands.

There is no doubt that the Rio receipts weigh upon the market; daily entries of 20,000 bags and more between Rio and Santos, at this time of the year cannot have a favorable effect upon the foreign markets, but on the other hand we all know that on account of the heavy floods in the States of Rio and Minas in the beginning of the year, coffee could not come down then and therefore we do not see anything unnatural in the larger receipts of Rio at present.

There ought to be at least 600,000 bags of coffee last crop's left in the hinterland of Rio.

Delivery business was slow, but some small lots were dealt. May at 58000 to 48500 and September at the same rates.

In running lots, Superiors fetch 48800 and the other grades the prices at their usual differences. All Specialities are neglected.

Exchange fluctuated between 15 15/16 to 15 9/16 but as the Export business is dead, did not interfere with the Santos Coffee market.

The Pauta stands unchanged at 480 reis.

Various important fazendas report that picking had to be stopped again on account of the coffee not being generally ripe as yet.

This refers to the earliest districts i.e. Ribeirão Preto and it is rumored that the Dumont Estates are under similar conditions.

Weekly Report of the Companhia Registradora de Santos.

Sales registered on the basis of New York Exchange Standard No. 4.

By Cable:—

Sales for the week ending May 12th	5,000 bags
Closing quotations for May	48550
do do do August	48950

OUR OWN STOCK

RIO: Stock on May 4	54,232
Entries during week ended May 11	565,424
	119,656
Loaded (Embarques) for the month	51,784
Stock in Rio on May 11	67,872
Stock at Nietheroy and Afloat on May 4	48,394
Entries at Nietheroy plus total embarques including transit	65,503
	113,897
Deduct: embarques at Nietheroy and sailings during the week	49,356
Stock at Nietheroy and afloat on May 11	64,541
Stock in 1st and 2nd hands and those at Nietheroy and afloat on May 11	132,413
SANTOS: Stock on May 4	456,919
Entries for week ended May 11	54,534
	511,453
Loaded during same week	54,494
Stocks in Santos on May 11	456,959
Stocks in Rio and Santos on May 11th, 1906	589,372
do do on May 4th, 1906	560,963
do do on May 12th, 1905	1,036,778

FOREIGN STOCKS

	May 5/1906	May 1/1906	May 6/1905
United States Ports	3,553,000	3,551,000	3,834,000
Havre	2,036,000	2,048,000	2,667,000
Both	5,589,000	5,599,000	6,501,000
Deliveries United States	90,000	108,000	149,000
Visible Supply at United States ports	3,776,000	3,842,000	4,130,000

Returns from the Leopoldina Railway show that on their system there was only on the 4th inst:—

2 hours of light rain in São Francisco Xavier.
16 " " heavy raid in Cachoeiras.
5 " " " in Mouiz Freire.

SALES OF COFFEE for the week ending

	May 11/1906	May 4/1906	May 12/1906
Rio.....	48,039	23,000	19,000
Santos.....	43,650	16,380	65,120
Total.....	91,650	41,580	85,120

COFFEE SAILED DURING THE MONTH OF APRIL 1906

Per Destinations

NAMES	RIO bags.	SANTOS bags.	TOTAL bags.
Hamburg opt.	8,379	—	8,379
Hernandez.	375	—	375
Sundswal.	125	—	125
Bergen.	2,200	—	2,200
Cape-Town.	10,259	8,140	18,400
Buenos Aires.	300	250	550
Montevideo.	2,777	28,075	30,852
Trieste.	69,482	96,205	165,687
New York.	80,580	37,900	117,980
Christiania.	750	—	750
Rotterdam.	1,000	52,250	53,250
Leixões.	225	—	225
Valparaiso.	3,508	—	3,508
Talcahuano.	350	—	350
Punta Arenas.	202	—	202
Bordeaux.	127	270	397
Antwerp.	2,356	15,947	18,303
Lisbon.	260	101	361
Charleston.	5,550	—	5,550
Marseilles opt.	750	—	750
Marseilles.	—	3,147	3,147
Oran.	500	—	500
Sansou.	250	—	250
Malta.	750	—	750
Constantinople.	1,875	—	1,875
Dedeagatch.	125	—	125
Algiers.	3,125	38,630	41,755
Havre.	2,750	250	3,000
Smyrna.	125	—	125
Varna.	125	—	125
Braila.	125	—	125
Galatz.	500	—	500
Genoa.	1,000	9,807	10,807
Naples.	50	739	789
Delagoa Bay.	350	—	350
Algoa Bay.	25	77,961	77,986
Hamburg.	125	—	125
Gottelburg.	125	—	125
Helsingborg.	125	—	125
Helsingfors.	250	—	250
Copenhagen.	1,875	1,500	3,375
Göteborg.	500	—	500
Norwegian.	250	—	250
Stockholm.	125	—	125
Skien.	125	—	125
Oslo.	125	—	125
Salonica.	125	—	125
Philippville.	100	—	100
Inchob.	125	—	125
Aivali.	375	—	375
Metelina.	500	—	500
Trebizonde.	125	—	125
Bone.	3,000	—	3,000
Port Elizabeth.	—	1,500	1,500
Bremen.	—	1,500	1,500
Southampton.	—	1,500	1,500
Rosario.	—	1,372	1,372
Fiume.	—	1,250	1,250
Alexandria.	—	1,250	1,250
Seville.	—	875	875
Nantes.	—	750	750
Valencia.	—	625	625
Malaga.	—	550	550
Venice.	—	500	500
London.	—	501	501
Aivali.	—	375	375
Cadiz.	—	325	325
Gibraltar.	—	300	300
Santander.	—	300	300
San Sebastian.	—	250	250
Port Said.	—	250	250
Scio.	—	125	125
Coastwise:			
Antonina.	50	—	50
Macedo.	35	—	35
Pernambuco.	2,640	—	2,640
Maranhão.	1,087	—	1,087
Pará.	2,705	—	2,705
Santarem.	70	—	70
Obidos.	20	—	20
Itacatiara.	30	—	30
Manaus.	1,170	—	1,170
Pelotas.	1,042	—	1,042
Rio Grande do Sul.	1,620	—	1,620
Porto Alegre.	1,117	—	1,117
Uruguayana.	300	—	300
Caucoim.	230	—	230
Natal.	100	—	100
Mossoró.	600	—	600
Fortaleza.	50	—	50
Arsenaty.	50	—	50
Parangod.	50	—	50
Rio de Janeiro.	—	954	954
Total—Oversea and coastwise 1905..	232,535	386,906	619,741
1906.....	105,164	547,629	652,793

Per Shippers

NAMES	RIO bags.	SANTOS bags.	TOTAL bags.
Ornstein & Co.	29,213	—	29,213
Carlo Pareto & Co.	4,825	—	4,825
Norton, Megaw & Co. Ltd.	5,250	—	5,250
Finto & Co.	26,468	—	26,468
Ed. Ashworth & Co.	2,290	—	2,290
Zenha, Ramos & Co.	7,765	—	7,765
Theodor Wille & Co.	31,915	57,704	89,579
Jorge Dias & Irmão.	385	—	385
Siqueira & Co.	2,617	—	2,617
Castro Silva & Co.	1,658	—	1,658
Eugen Urban.	17,936	—	17,936
C. Dabelow.	16,827	—	16,827
John Moore & Co.	1,376	—	1,376
Hard, Rind & Co.	20,127	24,592	44,719
Arbuckle & Co.	38,920	42,501	81,421
Roberto do Couto & Co.	3,500	—	3,500
Gustav Trinks & Co.	6,455	—	6,455
M. Placido Teixeira.	1,050	—	1,050
W. F. Mc. Laughlin & Co.	3,106	8,217	11,323
P. S. Nicolson & C.	9,000	—	9,000
A. J. P. Clarkson.	1,000	—	1,000
Naumann, Gepp & Co. Ltd.	—	50,800	50,800
E. Johnston & Co.	—	34,825	34,825
Krichke & Co.	—	32,477	32,477
McLachlan & Co.	—	26,304	26,304
Holworthy, Ellis & Co.	—	18,502	18,502
Nossack & Co.	—	17,509	17,509
W. Botel & Co.	—	15,929	15,929
Baldwin & Co.	—	15,225	15,225
Prado Lima & Co.	—	8,250	8,250
Prado, Chaves & Co.	—	6,504	6,504
Zerrenner, Bliow & Co.	—	6,382	6,382
George Grey & Co.	—	5,000	5,000
Pugliese Carbone Co.	—	3,055	3,055
F. Matarazzo & Co.	—	1,757	1,757
Salles, Toledo & Co.	—	1,502	1,502
Alves Lima & Co.	—	950	950
A. A. de Oliveira.	—	812	812
Schmidt & Trost.	—	700	700
Sandry.	1,242	7,449	8,691
Total 1906.....	232,835	386,906	619,741

Per Shipping Companies

NAMES	RIO bags.	SANTOS bags.	TOTAL bags.
Hamburg Amerika Line	5,055	82,524	87,579
Royal Mail Steam Packet Company	8,438	5,022	13,460
Lloyd Brasileiro.	6,163	42,447	48,610
Messageries Maritimes.	4,988	981	5,969
Navigation "Adria".	2,777	1,320	4,097
Lampo & Holt Line.	99,459	60,856	160,315
Hamburg-Südamerikanische D. G.	12,359	74,187	86,546
Pacific Steam Navigation Comp.	4,160	—	4,160
Société Générale de Transports Maritimes	7,610	6,736	14,346
Navegação Costeira.	3,779	—	3,779
Prince Line.	9,983	19,898	29,881
Cruzeiro do Sul.	3,125	39,380	42,505
Chargeurs Réunis.	340	1,300	1,640
La Valore.	1,881	2,159	4,040
C. N. Paraense.	2,255	—	2,255
Ligero Brazilian.	803	659	1,462
C. Comercio e Navegação.	2,935	—	2,935
A. Folk & Co.	1,045	5,552	6,597
Rob. Sloman Line.	2,000	10,250	12,250
Lloyd Austrian.	—	29,825	29,825
Navigation "Italia".	—	8,482	8,482
Sundry.	53,700	44,928	98,628
Total 1906.....	232,835	386,906	619,741

COFFEE PRICE CURRENT

For the week ended May 11th, 1906

DESCRIPTION	May 5	May 7	May 8	May 9	May 10	May 11	Average
RIO N. 6. per 10 kilos.	min. (—) max. (5.038)	— 5.038	4.902 4.970	4.902 4.970	4.902 4.970	4.902 4.970	4.956
• N. 7 • • • • •	min. (—) max. (4.902)	— 4.902	4.796 4.834	4.766 4.864	4.766 4.864	4.766 4.864	4.820
• N. 8 • • • • •	min. (—) max. (4.706)	— 4.706	4.639 4.698	4.630 4.698	4.630 4.698	4.630 4.698	4.684
• N. 9 • • • • •	min. (—) max. (4.630)	— 4.630	4.493 4.562	4.493 4.562	4.493 4.562	4.493 4.562	4.548
SANTOS superior per 10 kilos.....	4.531	4.533	4.533	4.533	4.533	4.533	4.533
• Good Average	4.333	4.333	4.333	4.333	4.333	4.333	4.333
N. YORK per lb.							
Spot N. 7..... cent.	8	8	8	8	8	8	8.00
• N. 8.....	7 3/4	7 3/4	7 3/4	7 3/4	7 3/4	7 3/4	7.75
Options.....							
• May.....	6.45	6.35	6.35	6.35	6.30	6.35	6.36
• Sept.....	6.80	6.65	6.65	6.65	6.65	6.70	6.68
• Dec.....	7.05	6.95	6.95	6.95	6.90	6.95	6.96
HAVRE, per 50 kilos							
Options..... francs.							
• May.....	46.25	46.00	45.50	45.75	45.75	45.75	45.83
• Sept.....	47.25	46.75	46.25	46.50	46.50	46.75	46.67
• Dec.....	47.75	47.25	47.00	47.25	47.00	47.25	47.25
HAMBURG per 1/2 k.							
Options..... pfennige							
• May.....	37.50	37.00	36.75	37.00	37.00	36.75	37.00
• Sept.....	38.00	37.75	37.50	37.25	37.50	37.50	37.67
• Dec.....	38.75	38.25	38.00	38.25	38.00	38.00	38.22
LONDON per cwt.							
Options..... shillings							
• May.....	37/6	37/3	37/-	37/-	36/9	37/-	37 1/2
• Sept.....	38/-	37/6	37/6	37/6	37/3	37/6	37/6
• Dec.....	38/6	38/3	37/9	37/9	37/9	38/-	38/-

THE COFFEE MOVEMENT

	FIRST 3 MONTHS JANUARY TO MARCH				FIRST 5 MONTHS OF THE CROP, JULY TO MARCH			
	1903	1904	1905	1906	1902-03	1903-04	1904-05	1905-06
ENTRIES :	bags	bags	bags	bags	bags	bags	bags	bags
Rio.....	789,817	788,816	492,307	393,115	3,349,622	3,664,262	2,326,201	2,734,697
Santos.....	1,491,819	616,530	981,159	745,372	7,161,839	5,515,811	6,879,531	6,298,796
Victoria.....	143,263	148,520	130,786	120,314	316,383	339,419	369,016	350,189
Bahia.....	60,154	29,396	49,179	73,698	181,659	260,276	157,303	185,397
Other ports.....	7,487	6,508	6,587	19,418	15,743	16,501	13,122	41,436
Total.....	2,492,570	1,540,000	1,610,018	1,351,417	11,025,246	10,155,569	9,745,173	9,610,416
CLEARANCES TO FOREIGN PORTS :	bags	bags	bags	bags	bags	bags	bags	bags
Rio.....	900,966	620,111	543,870	494,318	3,277,895	3,257,177	2,235,922	2,481,990
Santos.....	1,639,242	892,484	1,507,265	1,406,027	7,013,999	5,535,063	6,291,546	6,353,281
Victoria.....	143,263	148,520	130,786	120,314	316,383	339,419	369,016	350,189
Bahia.....	60,154	29,396	49,179	73,698	181,659	260,276	157,303	185,397
Other ports.....	7,487	6,508	6,587	19,418	15,743	16,501	13,122	41,436
Total.....	2,950,112	1,697,318	2,237,707	2,112,775	10,805,619	9,467,736	8,979,949	9,452,293
F. O. B. VALUE OF CLEARANCES TO FOREIGN PORTS NO. 7 NEW YORK BASIS	Mil réis paper	Mil réis paper	Mil réis paper	Mil réis paper	Mil réis paper	Mil réis paper	Mil réis paper	Mil réis paper
Rio.....	26,320,745	25,112,830	19,866,157	14,887,296	97,054,262	103,293,196	89,661,810	75,194,068
Santos.....	55,459,674	37,119,402	51,565,856	41,856,388	219,336,532	181,896,226	232,317,706	181,868,828
Victoria.....	4,206,847	5,972,320	4,580,358	3,663,438	8,986,530	13,689,608	14,442,371	10,639,028
Bahia.....	1,433,426	1,108,905	1,815,628	2,056,778	4,624,073	7,212,288	5,509,810	6,168,782
Other ports.....	177,852	232,918	297,727	563,240	393,358	536,858	471,350	1,268,466
Total.....	87,694,444	69,546,548	78,065,106	63,056,128	330,394,736	306,627,592	342,403,047	274,124,258
EQUIVALENT OF ABOVE IN £STG. :	£	£	£	£	£	£	£	£
Rio.....	1,282,691	1,268,652	1,137,759	1,030,496	4,783,160	5,147,389	4,691,664	5,167,149
Santos.....	2,709,012	1,890,569	2,922,235	2,820,560	10,813,673	9,076,738	12,249,711	12,498,412
Victoria.....	205,358	300,766	274,844	252,722	441,088	683,838	775,396	734,660
Bahia.....	70,166	55,935	103,991	141,793	227,056	359,110	313,593	353,364
Other ports.....	8,655	11,632	13,615	41,111	19,302	26,659	25,658	87,143
Total.....	4,275,913	3,506,854	4,492,444	4,296,102	16,294,900	15,293,744	18,066,524	18,840,928
DECLARED SALES :	bags	bags	bags	bags	bags	bags	bags	bags
Rio.....	707,000	399,000	364,000	381,000	2,130,000	2,254,000	1,362,000	1,307,000
Santos.....	1,598,000	919,000	1,065,460	756,070	5,302,000	4,202,900	4,024,960	3,464,100
Total.....	2,305,000	1,318,000	1,429,460	1,137,070	7,432,000	6,456,900	5,386,960	4,771,100
PRICES :								
Maximum :								
Rio, type No. 7, per 10 kilos.....	4\$766	7\$558	6\$468	5\$106	4\$902	7\$558	7\$013	5\$106
Santos, good average, per 10 kilos.....	4\$400	6\$400	5\$200	4\$350	5\$100	6\$500	6\$600	4\$950
New York, Spot No. 7, per lb.....	5.75c.	9.12c.	7.50c.	8.50c.	5.93c.	9.12c.	8.93c.	8.57c.
Minimum :								
Rio, type No. 7, per 10 kilos.....	4\$221	5\$212	4\$766	4\$957	4\$085	3\$813	4\$766	4\$221
Santos, good average, per 10 kilos.....	3\$900	4\$900	3\$800	3\$883	3\$900	3\$600	4\$200	3\$600
New York, Spot No. 7, per lb.....	5.18c.	6.50c.	7.50c.	8.12c.	5.06c.	6.12c.	7.12c.	7.75c.
Average :								
Rio, type No. 7, per 10 kilos.....	4\$467	6\$182	5\$650	4\$662	4\$496	4\$901	6\$169	4\$650
Santos, good average, per 10 kilos.....	4\$083	5\$608	4\$726	4\$110	4\$259	4\$700	5\$162	3\$916
New York, Spot No. 7, per lb.....	5.43c.	7.41c.	8.25c.	8.31c.	5.40c.	6.28c.	8.23c.	8.39c.

Entries for the first 9 months of the crop are 134,758 bags less than for the 1904-05 crop and are the smallest recorded during the last four crops.

Clearances to foreign ports show an increase over 1904-05 of 472,344 but fall short of 1903-04 and 1902-03 by 15,443 bags and 1,353,326 bags respectively.

The highest currency quotation for Rio No. 7 during the nine months was 5\$106 as against 7\$013 during the same period of the last crop, 7\$557 in 1903-04 and 4\$902 in 1902-03.

The highest gold quotation reached for No. 7 at New York was 8.87 cents as against 8.93 cents, 9.12 cents and 5.93 cents during the last three crops.

The lowest currency quotation for Rio No. 7, was 4\$221 as against 4\$766, 3\$813 and 4\$085 for the last three crops.

The lowest New York quotation was 7.75 cents as against 7.12 cents, 5.12 cents and 5.06 cents.

Local prices for the nine months show an average decrease, compared with the previous crop, of 24.62% whilst New York gold quotations show an average increase of 1.94%. Clearances show an increase of 5.27% in quantity and 5.45 in sterling value but a decrease in currency value of 19.94%.

Stocks on 31st March (in bags of 60 kilos)

	bags	bags	bags	bags
Rio de Janeiro.....	248,452	630,196	855,278	175,723
Santos.....	1,049,589	927,570	1,177,986	665,962
	1,298,041	1,557,766	1,533,244	841,685

Neuchatel Asphalt Company Limited

HEAD OFFICE:

LONDON.

Brazilian Agency—RIO DE JANEIRO.

TELEGRAPHIC ADDRESS:—

"HISLOP - RIO".

Caixa do Correio (P. O. Box) 1185

— Constructors of all classes of natural asphalt and mastic pavements —

Shipping

FOREIGN VESSELS AFLOAT
IN RIO DE JANEIRO HARBOUR
on May 11th, 1906.

Steamers		Sailing Vessels	
<i>Sallust</i>	3,308	<i>Hermu</i>	Tons. 877
<i>Parahyba</i>	1,940	<i>Vandua</i>	1,361
<i>S. Paulo</i>	3,965	<i>Geromna Bianchi</i>	799
<i>Valhalla</i>	1,660	<i>Guglielmo Marconi</i>	851
<i>Cromarty</i>	1,756	<i>Good News</i>	677
<i>Manan</i>	1,721	<i>Alfa</i>	277
<i>Willemsen</i>	3,141	<i>White Wings</i>	654
<i>Avianoor</i>	2,382	<i>Canadá</i>	2,137
<i>Conway</i>	2,591	<i>Mercator</i>	370
<i>Putney Budge</i>	2,147	<i>Martini</i>	722
<i>Wenoe</i>	1,918	<i>Saga</i>	261
<i>Melbridge</i>	1,855	<i>Brage</i>	238
<i>Chatana</i>	2,513	<i>Angara</i>	630
<i>Brokly</i>	2,371	<i>Blenheim</i>	199
<i>Angola</i>	2,801	<i>Las Palmas</i>	241
<i>Drinccree</i>	2,587	<i>Sullivan</i>	344
<i>Homer</i>	1,644		
<i>Undaunted</i>	2,026		
<i>Trunkby</i>	1,668		
<i>Barendrecht</i>	3,575		
<i>Oravia</i>	3,313		
<i>Snowdon</i>	2,467		
<i>Orion</i>	3,309		
<i>Brantingham</i>	1,635		
<i>Fremantle</i>	1,991		
<i>Carperby</i>	1,344		
<i>Ravenhoe</i>	2,351		
<i>Gothic</i>	1,660		
<i>Tentonit</i>	2,322		
<i>Coralie</i>	1,881		
<i>Burbo Bank</i>	1,818		
<i>Ben Grychan</i>	1,978		
<i>Hartlepool</i>	2,872		
<i>Llandgeby</i>	2,451		
<i>Livonia</i>	1,175		
<i>Ruthmate</i>	1,964		
<i>Crathorne</i>	1,695		
Total.....	Tons 88,791	Total.....	Tons 9,638

IN SANTOS HARBOUR
on May 11th, 1906.

Steamers		Sailing Vessels	
<i>Merchant Prince</i>	Tons. 2,020	<i>Isolda</i>	Tons 223
<i>Lewisham</i>	1,784	<i>Egeria</i>	807
<i>Tipica</i>	3,066	<i>Betty</i>	341
<i>Charterhouse</i>	2,929	<i>Cassandra</i>	663
<i>Bellena</i>	1,729		
<i>Sieglind</i>	1,914		
<i>Campinas</i>	1,927		
<i>Tibor</i>	1,678		
<i>Colombia</i>	1,767		
<i>Polluce</i>	1,280		
<i>Bentmills</i>	1,582		
Total.....	Tons 21,672	Total.....	Tons 2,124

ARRIVALS AT THE PORT OF RIO DE JANEIRO
During the week ended May 11th, 1906

DATE	NAME OF VESSEL	FLAG	RIO	TON- NAGE	FROM
May 5	<i>Tibor</i>	Austrian	S. S.	1,678	Fiume
5	<i>Olinda</i>	Brazilian	do	1,240	Manaos
5	<i>Itanemo</i>	do	do	553	Pernambuco
5	<i>Itapava</i>	do	do	707	Porto Alegre
5	<i>Guaica</i>	do	do	643	Paranaguá
6	<i>Sallust</i>	British	do	2,308	Liverpool
6	<i>Campinas</i>	French	do	1,972	Havre
6	<i>Sirio</i>	Brazilian	do	554	Buenos Aires
6	<i>Esperança</i>	do	do	469	Bahia
6	<i>Gloria</i>	do	do	253	Paranaguá
6	<i>Rudi</i>	do	do	164	Itajubá
6	<i>Henu</i>	Italian	Barque	877	Marseilles
6	<i>Estrella do Norte</i>	Brazilian	Schooner	24	Cabo Frio
6	<i>Macahense</i>	do	do	50	do
6	<i>Gama</i>	do	do	50	do
6	<i>S. Sebastião</i>	do	do	23	do
6	<i>Despique</i>	do	do	30	do
6	<i>Antora</i>	do	do	31	do
6	<i>Activo II</i>	do	do	33	do
6	<i>Joze</i>	do	do	32	do
6	<i>Vencido</i>	do	do	27	do
7	<i>Thames</i>	British	S. S.	3,093	Southampton
7	<i>Ruapehu</i>	do	do	5,069	Wellington
7	<i>Parahyba</i>	Uruguayan	do	1,940	La Plata
7	<i>Savonia</i>	Italian	do	3,361	Buenos Aires
7	<i>Mazoum</i>	Brazilian	do	925	Porto Alegre
8	<i>S. Paulo</i>	German	do	3,565	Hamburg
8	<i>Valhalla</i>	British	do	1,660	V. Constituição
8	<i>Carangola</i>	Brazilian	do	258	S. João da Barra
9	<i>Magdalena</i>	British	do	3,009	Buenos Aires
9	<i>Les Andes</i>	French	do	2,628	do
9	<i>Itabira</i>	Brazilian	do	467	Porto Alegre
9	<i>Garcia</i>	do	S. S.	141	Santos
9	<i>Eastern Prince</i>	British	do	1,378	do
9	<i>S. João</i>	Brazilian	Schooner	40	Macahé
10	<i>Grão Pará</i>	do	S. S.	1,003	Pará
10	<i>Camocim</i>	do	do	1,125	Santos
10	<i>Murupyr</i>	do	do	304	Victoria
10	<i>Itatuba</i>	do	do	717	Porto Alegre
10	<i>Prince Waldemar</i>	German	do	2,926	Santos
10	<i>Gromarty</i>	British	do	1,756	do
11	<i>Gonçalves Dias</i>	Brazilian	do	960	Manaos
11	<i>Saturno</i>	do	do	958	Bahia
11	<i>Ré Humberto</i>	Italian	do	2,066	Buenos Aires
11	<i>Manan</i>	British	do	1,721	Santos

SAILINGS FROM THE PORT OF RIO DE JANEIRO

During the week ended May 11th, 1906

DATE	NAME OF VESSEL	FLAG	RIO	TON- NAGE	FOR
May 5	<i>Caravelas</i>	French	S. S.	1,571	Havre
5	<i>Godwood</i>	British	do	1,577	Pensacola
5	<i>Itapava</i>	Brazilian	do	303	Aracaju
5	<i>Murupyr</i>	do	do	304	Victoria
5	<i>Jupiter</i>	do	do	1,800	Buenos Aires
5	<i>Itapava</i>	do	do	707	Porto Alegre
5	<i>Fangueiro</i>	do	Schooner	193	Prado
5	<i>Mandos</i>	do	S. S.	1,969	Manaos
6	<i>Teixcirina</i>	do	do	257	Florianopolis
7	<i>Ruapehu</i>	British	do	5,069	London
7	<i>Savonia</i>	Italian	do	3,361	Genoa
7	<i>Estrella</i>	Brazilian	do	225	Bahia
7	<i>Itanema</i>	do	do	553	Porto Alegre
7	<i>Industrial</i>	do	do	300	Laguna
7	<i>Pinto</i>	do	do	259	S. João da Barra
8	<i>Nos thwaite</i>	British	do	2,326	Santa Lucia
8	<i>Aragnary</i>	Brazilian	do	1,466	Macahé
8	<i>Thames</i>	British	do	3,093	Buenos Aires
8	<i>Tijuca</i>	German	do	3,066	Santos
8	<i>Francaberie</i>	Italian	Barque	906	Trinidad
9	<i>Magdalena</i>	British	S. S.	3,009	Southampton
9	<i>Melpomene</i>	Austrian	do	1,852	Fiume
9	<i>Yanarisa</i>	British	do	2,155	Barbados
9	<i>Itapava</i>	Brazilian	do	512	Porto Alegre
9	<i>Guaica</i>	do	do	643	Antonina
9	<i>Sieglind</i>	German	do	1,910	Santos
9	<i>Bellena</i>	British	do	1,729	do
9	<i>Vencido</i>	Brazilian	Schooner	27	Macahé
9	<i>Sulão</i>	do	do	50	Cabo Frio
9	<i>Olivia</i>	do	do	94	do
10	<i>Les Andes</i>	French	S. S.	2,628	Marseilles
10	<i>Esperança</i>	Brazilian	do	469	Aracaju
10	<i>Tibor</i>	Austrian	S. S.	1,678	Buenos Aires
10	<i>Gloria</i>	Brazilian	do	253	Antonina
10	<i>Garcia</i>	do	do	141	Santos
10	<i>Campinas</i>	French	do	1,972	do
10	<i>Charles Dickens</i>	Norwegian	Schooner	1,295	Mabile
10	<i>Konder</i>	Brazilian	do	151	Tijucas
10	<i>Alina</i>	do	do	33	Cabo Frio
10	<i>Dois irmãos</i>	do	do	39	do
11	<i>Prince Waldemar</i>	German	S. S.	2,926	Hamburg
11	<i>Ré Humberto</i>	Italian	do	2,066	Genoa
11	<i>Eastern Prince</i>	British	do	1,378	New York
11	<i>Tezbridge</i>	do	do	2,646	Savannah
11	<i>Itabira</i>	Brazilian	do	467	Pernambuco
11	<i>Victoria</i>	do	do	431	Porto Alegre
11	<i>Serphos</i>	German	do	2,194	Santos
11	<i>Margrethe</i>	Norwegian	Barque	1,002	Canada
11	<i>S. João</i>	Brazilian	Schooner	40	Macahé

ARRIVALS AT THE PORT OF SANTOS

During the week ended May 11th, 1906

DATE	NAME OF VESSEL	FLAG	RIO	TON- NAGE	FROM
May 5	<i>Sirio</i>	Brazilian	S. S.	554	Buenos Aires
5	<i>Satellite</i>	do	do	887	Rio de Janeiro
5	<i>Manan</i>	British	do	1,721	Antwerp
5	<i>Merchant Prince</i>	do	do	2,020	Rosario
5	<i>Isolda</i>	Russian	Schooner	223	Gottensburg
6	<i>Provence</i>	French	S. S.	2,279	Marseilles
6	<i>Jupiter</i>	Brazilian	do	667	Rio de Janeiro
6	<i>Savonia</i>	Italian	do	3,311	Buenos Aires
8	<i>Sirio</i>	do	do	2,275	Genoa
8	<i>Lewisham</i>	British	do	1,784	Rosario
8	<i>Les Andes</i>	French	do	2,627	Buenos Aires
8	<i>Itabira</i>	Brazilian	do	569	Porto Alegre
8	<i>Thames</i>	British	do	3,093	Southampton
8	<i>Magdalena</i>	do	do	3,009	Buenos Aires
9	<i>Industrial</i>	Brazilian	do	171	Rio de Janeiro
9	<i>Tijuca</i>	German	do	3,066	Hamburg
9	<i>Charterhouse</i>	British	do	1,729	Cardiff
9	<i>Ré Humberto</i>	Italian	do	2,066	Buenos Aires
10	<i>Bellena</i>	British	do	2,627	Antwerp
10	<i>Guaica</i>	Brazilian	do	277	Rio de Janeiro
10	<i>Sieglind</i>	German	do	1,914	New York
10	<i>Campinas</i>	French	do	1,972	Havre
11	<i>Gloria</i>	Brazilian	do	253	Rio de Janeiro
11	<i>Tibor</i>	Austrian	do	1,678	Fiume
11	<i>Planeta</i>	Brazilian	do	254	Montevideo

SAILINGS FROM THE PORT OF SANTOS

During the week ended May 11th, 1906

DATE	NAME OF VESSEL	FLAG	RIO	TON- NAGE	FOR
May 5	<i>Garcia</i>	Brazilian	S. S.	192	Rio de Janeiro
5	<i>Olinda</i>	Italian	do	1,974	Buenos Aires
5	<i>Cambridge</i>	British	do	2,204	Rio G. do Sul
5	<i>Sirio</i>	Brazilian	do	554	Rio de Janeiro
5	<i>Satellite</i>	do	do	887	Buenos Aires
5	<i>Jupiter</i>	do	do	567	do
6	<i>Savonia</i>	Italian	do	3,361	Genoa
6	<i>Provence</i>	French	do	2,279	Buenos Aires
6	<i>Les Andes</i>	do	do	2,627	Marseilles
6	<i>Thames</i>	British	do	3,093	Buenos Aires
6	<i>Magdalena</i>	do	do	3,009	Southampton
6	<i>Itabira</i>	Italian	do	2,275	Buenos Aires
6	<i>Industrial</i>	Brazilian	do	503	Rio de Janeiro
6	<i>Camocim</i>	do	do	1,125	Pernambuco
6	<i>Eastern Prince</i>	British	do	1,377	New York
9	<i>Cromarty</i>	do	do	1,746	London
9	<i>Prince Waldemar</i>	German	do	2,926	Hamburg
9	<i>Industrial</i>	Brazilian	do	171	Laguna
10	<i>Manan</i>	British	do	1,721	London
10	<i>Ré Humberto</i>	Italian	do	2,066	Genoa
10	<i>Guaica</i>	do	do	277	Paranaguá
11	<i>Gloria</i>	do	do	253	do
11	<i>Camocim</i>	Belgian	do	2,642	New York

CURRENT COFFEE FREIGHT RATES

FOR THE WEEK ENDING MAY 10TH, 1906

	Rio	Santos
Amsterdam.....	50/- in full	50/- & 5 %
Aden via Trieste.....	50/- & 5 %	50/- & 5 %
Antwerp 1,000 kilos.....	40/- & 5 %	35/- & 5 %
Alexandria.....	55 fres. & 10 %	55 fres. & 10 %
Alicante.....	50 fres. in full	50 fres. in full
Algiers via Marseilles.....	51 1/2 fres. & 10 %	51 1/2 fres. & 10 %
Almerie.....	58.50 fres. in full	—
Aguiles.....	73.50 fres. in full	—
Algoa Bay { via Southampton.....	42/6 & 2 1/2 %	—
" New York.....	42/6 & 5 %	—
" Hamburg.....	42/6 & 2 1/2 %	—
" Rotterdam, Antwerp or Bremen.....	42/6 & 2 1/2 %	—
Bassorah.....	99 fres. & 10 %	99 fres. & 10 %
Barcelona.....	35 fres. & 10 %	35 fres. & 10 %
Beira { via Hamburg.....	78/6 in full	—
" Trieste.....	55/- & 5 %	55/- & 5 %
" Southampton.....	78/6 & 2 1/2 %	—
" Rotterdam, Antwerp or Bremen.....	78/6 & 2 1/2 %	—
Bilbao.....	56.50 fres. in full	60.50 fres. in full
Bremen.....	40/- & 5 %	35/- & 5 %
Bordeaux, 900 kilos.....	35 fres. & 10 %	35 fres. & 10 %
Bombay via Trieste.....	50/- & 5 %	50/- & 5 %
Braila.....	57.50 fres. & 10 %	57.50 fres. & 10 %
Brindisi.....	49 fres. & 10 %	49 fres. & 10 %
Buenos Ayres per bag, 60 kilos.....	18200	18500
Beyruth.....	70 fres. & 10 %	70 fres. & 10 %
Cadix.....	35 fres. & 10 %	35 fres. & 10 %
Do via Genoa & Marseilles.....	63 fres. & 10 %	—
Calcutta via Trieste.....	55/- & 5 %	55/- & 5 %
Carthagena.....	50 fres. in full	50 fres. in full
Colombo.....	50/- & 5 %	50/- & 5 %
Corfu.....	55 fres. & 10 %	55 fres. & 10 %
Currachee.....	50/- & 5 %	50/- & 5 %
Corunna.....	53.50 fres. in full	53.50 fres. in full
Cavalla.....	58 fres. & 10 %	58 fres. & 10 %
Christiania.....	51/- in full	—
Copenhagen direct.....	42/6 & 5 %	37/6 & 5 %
" via New York.....	42/6 & 5 %	—
" Hamburg.....	37/6 & 2 1/2 %	—
" Buenos Aires.....	37/6 in full	—
" Rotterdam, Antwerp or Bremen.....	40/- & 2 1/2 %	—
Constantinople.....	37/6 & 2 1/2 %	—
" via New York.....	52 1/2 fres. & 10 %	52 1/2 fres. & 10 %
" Trieste.....	55/- & 5 %	55/- & 5 %
" Buenos Aires.....	42/6	—
" Southampton.....	45/- & 2 1/2 %	—
" Hamburg.....	42/6 & 2 1/2 %	—
" Rotterdam, Antwerp or Bremen.....	42/6 & 2 1/2 %	—
" via New York.....	70/- & 5 %	—
" Hamburg.....	70/- & 2 1/2 %	—
" Trieste.....	55/- & 5 %	55/- & 5 %
" Southampton.....	70/- & 2 1/2 %	—
Delagoa Bay { via New York.....	50/- & 5 %	—
" Hamburg.....	50/- & 2 1/2 %	—
" Southampton.....	55/- & 2 1/2 %	—
" Rotterdam, Antwerp or Bremen.....	50/- & 2 1/2 %	—
East London { via New York.....	50/- & 5 %	—
" Hamburg.....	50/- & 2 1/2 %	—
" Southampton.....	55/- & 2 1/2 %	—
" Rotterdam, Antwerp or Bremen.....	50/- & 2 1/2 %	—
Flame.....	40/- & 5 %	35/- & 5 %
Golats.....	62 fres. & 10 %	62 fres. & 10 %
Genoa 1,000 kilos.....	35 fres. & 10 %	35 fres. & 10 %
Gibraltar via Genoa.....	65	46 fres. in full
Gijon.....	56.50 fres. in full	56.50 fres. in full
Hamburg.....	40/- & 5 %	35/- & 5 %
Havre, 900 kilos.....	35 fres. & 10 %	35 fres. & 10 %
Hongkong via Trieste.....	60/- & 5 %	60/- & 5 %
Kobe via Trieste.....	65/- & 5 %	65/- & 5 %
Liverpool.....	35/- & 5 %	—
London 1,000 kilos.....	40/- & 5 %	35/- & 5 %
" Do (options).....	40/- & 5 %	—
Malaga.....	58 fres. & 10 %	35 fres. & 10 %
Do via Genoa & Marseilles.....	58 fres. & 10 %	—
Malta.....	53 fres. & 10 %	53 fres. & 10 %
Marseilles 1,000 kilos.....	35 fres. & 10 %	35 fres. & 10 %
Messina.....	45 fres. & 10 %	45 fres. & 10 %
Metelin.....	63 fres. & 10 %	63 fres. & 10 %
Montevideo per bag, 60 kilos.....	18200	—
Mombasa via Trieste.....	65/- & 5 %	55/- & 5 %
" via New York.....	70/- & 5 %	—
" Hamburg.....	50/- & 2 1/2 %	—
" Southampton.....	50/- & 2 1/2 %	—
Mosel Bay { via New York.....	50/- & 5 %	—
" Hamburg.....	50/- & 2 1/2 %	—
" Southampton.....	50/- & 2 1/2 %	—
" Rotterdam, Antwerp or Bremen.....	50/- & 2 1/2 %	—
Mostaganem via Marseilles.....	53 fres. & 10 %	53 fres. & 10 %
Naples.....	43 1/2 fres. & 10 %	43 1/2 fres. & 10 %
New York, liners per bag.....	40/- & 5 %	40/- & 5 %
N. Orleans liners.....	40/- & 5 %	40/- & 5 %
Odessa.....	55 fres. & 10 %	57 fres. & 10 %
Oran.....	51 1/2 fres. & 10 %	51 fres. & 10 %
Pasajes.....	60.50 fres. in full	—
Palma de Mallorca.....	53.50 fres. in full	—
Penang via Trieste.....	60/- & 5 %	60/- & 5 %
Palermo.....	45 fres. & 10 %	—
Patras.....	55 fres. & 10 %	55 fres. & 10 %
Pireus.....	52 1/2 fres. & 10 %	52 1/2 fres. & 10 %
Port Said.....	55 fres. & 10 %	55 fres. & 10 %
Rotterdam.....	40/- & 5 %	35/- & 5 %
Rangoon via Trieste.....	55/- & 5 %	55/- & 5 %
San Sebastian.....	56.50 fres. in full	60 1/2 fres. in full
Santander.....	56.50 fres. in full	60.50 fres. in full
Samsoun.....	58 fres. & 10 %	58 fres. & 10 %
Seville.....	50 fres. in full	50.50 fres. in full
Shanghai via Trieste.....	65/- & 5 %	65/- & 5 %
Smyrna.....	52 1/2 fres. & 10 %	52 1/2 fres. & 10 %
Southampton 1,000 kilos.....	35/- & 5 %	32/6 & 5 %

Suez via Trieste.....	50/- & 5 %	50/- & 5 %
Salonica.....	52 1/2 fres. & 10 %	52 1/2 fres. & 10 %
Sulina.....	57 fres. & 10 %	57 fres. & 10 %
Taragone.....	50 fres. in full	50 fres. in full
Trebizond.....	58 fres. & 10 %	58 fres. & 10 %
Trieste.....	40/- & 5 %	35/- & 5 %
Tunis.....	53 fres. & 10 %	53 fres. & 10 %
Valencia.....	50 fres. in full	50 fres. in full
Valparaiso (options).....	47/6 5 %	—
Varna.....	62 1/2 fres. & 10 %	62 1/2 fres. & 10 %
Venice via Genoa or Marseilles.....	50 fres. & 10 %	50 fres. & 10 %
Vigo.....	56.50 fres. in full	60.50 fres. in full
Yokohama via Trieste.....	65/- & 5 %	65/- & 5 %
Zanzibar via Trieste.....	55/- & 5 %	55/- & 5 %

* Royal Mail Steamers in combination with Houlder Bros.

** Conference rates via Marseilles, Genoa or Trieste.

WEST COAST PORTS

Punta Arenas.....	45/- & 5 %	45/- & 5 %
Corral.....	60/- & 5 %	60/- & 5 %
Coronel.....	60/- & 5 %	60/- & 5 %
Caldera.....	50/- & 5 %	50/- & 5 %
Taitai.....	50/- & 5 %	50/- & 5 %
Antofagasta.....	50/- & 5 %	50/- & 5 %
Iquique.....	50/- & 5 %	50/- & 5 %
Cochilmo.....	50/- & 5 %	—
Talcahuano.....	45/- & 5 %	—
Callao.....	50/- & 5 %	—
Valparaiso.....	47/6 & 5 %	—

Market Reports

Pernambuco, May 2nd, 1906.

Sugar. Market continues very quiet, and coast business has been on a very limited scale; the export trade is also at a standstill, the amount of bruto available being small, whilst New York market has gone from bad to worse, and it now looks as if there would be no more shipments that way this crop; the future depends on the beet sowings, these by last advices were expected to be on a much reduced scale for all Continental countries, but until there is a certainty about the plantings there can be no hope of improvement.

Today's quotations are:—

Usinas.....	38400 to 38600 per 15 kilos on shore
Crystal white.....	28400 to 28600
" yellow.....	18700
Whites 3a. bon.....	28600 to 28800
" 3a. regular.....	28200
Somenos.....	18800
Chyed.....	18300
Bruto secco.....	18100
" melado.....	18000

Clearances for the fortnight have been 14,652 bags Rio, 32,350 bags Santos, 12,530 bags (75 kilos) Rio Grande ports, and 22 April s.s. *Romney* 11,500 bags to Liverpool, 27 April s.s. *Matador* 4,180 bags to Liverpool 13,189 bags to Greenock.

Entries have been on a good scale for so late in the season and for April gave a total of 157,771 bags, compared with 112,928 bags for same month last year.

Cotton. The market was flat for a few days after my last, and buyers only offered 118200 for Seraios, and later only 118000, and Mattas were sold at 103000, but on 27th a renewed enquiry sprang up and 118500 was again paid by exporter for 1,000 bags, and Rio shippers were buyers of Mattas at 118200, and next day one of the *fabricas* here bought 650 bags of latter at 118500 and yesterday 118600 might have been got for Seraios; today the market is weaker and only one buyer for Seraios at 118500, whilst all exporters are out of the market in view of the rise in exchange. Sellers, however, do not seem to trouble about this and they still demand 128000 for Seraios and 118500 Mattas, alleging that the crop is very nearly ended, and many people say that up to end of August, there will probably not be over 30,000 bags to come in from the interior; if this estimate is correct, and Liverpool should still be a buyer, the remainder of supplies might easily fritter away for that port and eventually leave nothing for the requirements of Rio Mills, unless of course they have bought latterly to a larger extent than have done at this port. Entries for April totalled 23,148 bags, compared with 20,594 bags for same month last year, thus showing an increase once more. The reports from the high Seraios districts continue to be very favourable for the growing crop, as regards the Matta crop reports are more contradictory and in many places the new plantings are said to have been completely destroyed by plague of Caterpillars, which will necessitate replanting on a large scale, which will no doubt be done as prices past season have been so remunerative to planters, that they are sure to plant as much as they possibly can, but until the plants are well grown they are subject to so many enemies in shape of Caterpillars and want of rains at the proper time, that it is quite impossible to judge much before July, what the crop is likely to prove.

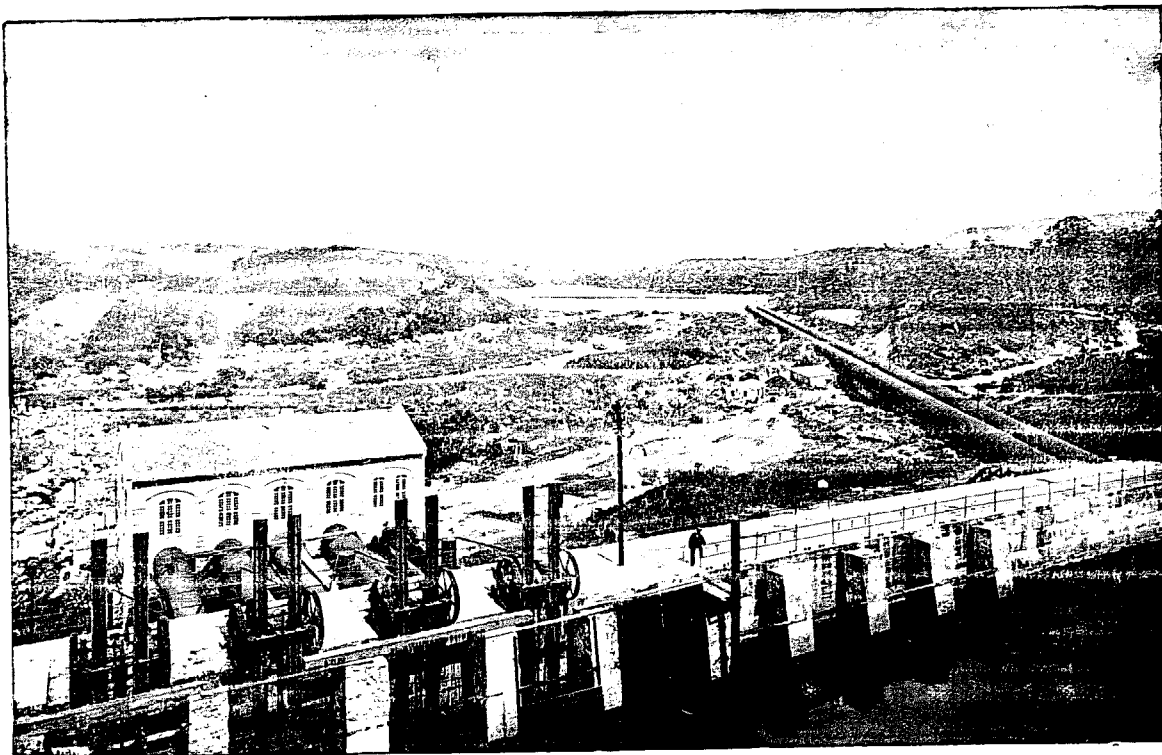
Clearances past fortnight have been 2,970 bags Rio, 112 bags and 500 pressed bales Santos, 200 bales Rio Grande, 1,400 bags and 4,597 bales Liverpool and 1,000 bales St. Petersburg.

Coffee. About 1,000 bags were sold to trapiche at 78800, and exporters have been quiet; today there are sellers at 78900 but buyers only offer 78800 and probably not much could be sold at this figure as it is much too high for exporters. Clearances have been 892 bags to Liverpool.

Beans. Rather weaker market at 135500 quality mostly poor now. **Milho.** After my last continued to command 95 *reis*, but past few days is weaker at 90 *reis* and some buyers only talk of 85 as value, the entries are however very small just now. Shipments have been 1,500 bags to Bahia, 2,180 Rio, and 2,900 to Santos and 2,233 bags to Northern ports.

Farinha. Has been a very quiet market and sales of quite a ratinal character at 38300 to 38500 per bag, receipts have been small and were any demand to come along, prices would go up quickly as no stock exists in the City. Shipments have been 3,350 bags to Northern ports and 700 to Santos.

Freights. Are low with not much cargo offering; in fact there is a superabundance of tonnage just now for U. K. ports. Liners rates to Liverpool are 10/- Sugar, 17/6 Cottonseed, and 1/4 Cotton. The s.s. *Cromarty* and *Syracusa* were fixed to load at Macae for Liverpool, *Cresat* at Parahyba, and when they clear there won't be much cargo left at these two ports.



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PLACES OF INTEREST

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To take a few instances, duties on Cotton textiles rule from 100 to 200%. On Hessians and Jute manufactures, about 100%. On Woollen textiles from 100 to 200%. On Shoes from 80 to 100%, and on Furniture about 100%. There are already a number of Cotton, Woollen and Jute Mills in full work, all of which are doing well. There is, however, plenty of room for newcomers. While at present the great bulk of the manufactured articles used in the country are imported, the policy of the Government is strongly towards the protection of National industries. Therefore, only brains and capital are wanted to make large fortunes, because the *sine qua non*, cheap and abundant Electric Power, is now provided by

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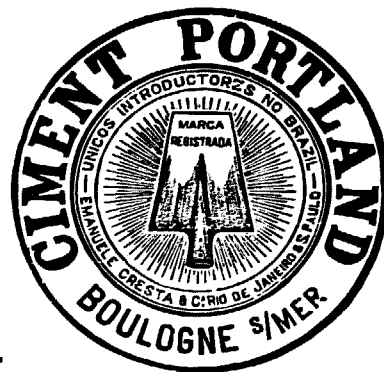
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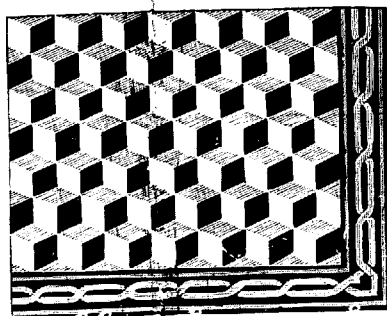
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The Brazilian Review

SUPPLEMENT

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RIO DE JANEIRO, TUESDAY, MAY 15TH, 1906

No. 20

MESSAGE

PRESENTED TO THE NATIONAL CONGRESS

BY THE PRESIDENT OF THE REPUBLIC

Dr. Francisco de Paula Rodrigues Alves

GENTLEMEN OF THE NATIONAL CONGRESS:—

Whilst congratulating you and myself on the resumption of your legislative labours it is my first duty to refer to the sad accident which occurred at Jacuanga on the 21st of January last and which plunged the Navy and the Nation into mourning.

Throughout all the States of the Union as well as abroad the echo of this terrible accident sounded and awoke a universal feeling of sympathy and touching evidences of National unity.

I am able to assure you that at that time of calamity all possible aid was rendered on the scene of the catastrophe with a quiet devotion to duty (which was in no way hindered by the grief produced by the accident) by the crews told off for the sad office.

The Government did all that lay within its province to succour the victims of the disaster and to honour the memory of the dead. Further measures are still necessary for relieving the grave position of families deprived of all means of support, and these I feel assured will be the object of your solicitous deliberations.

When I assumed the Presidency on November 15 1902 I made a solemn promise to devote all my energy to the advancement of the interests of the Nation. I promised to maintain internal order whilst respecting and causing to be respected free expression of opinion by legitimate channels; to settle difficult questions of international policy and to expand our relations with all peoples by means of high principled and dignified diplomacy; to strengthen the financial position of the country by valorizing the currency and improving the public credit; to develop the land and sea forces; to safeguard the interests of the States and assure them their rights without prejudicing those of the Union; to watch over, in fact, the economic life of the country and specially the sanitary improvements and general remodelling of this Capital as an essential basis upon which all progress may be actively pushed forward; such, clearly enunciated, were the aims and aspirations which I did not hesitate to sanction in my inaugural address as the liberal policy of my Government.

The period which has elapsed since then has shown a great advance towards the realisation of these objects and I feel confident that there will be no retrograde movement up to the end of my term of office which is now approaching. The future will prove whether or not I have loyally kept my promises with advantage to the country.

In our internal affairs the reform of the electoral system could no longer be delayed. Without a good and sound organisation founded on a true register and properly regulated processes I impressed upon you several times that we cannot expect satisfactory working of a system which depends on popular vote and therefore requires frequent appeal to the ballot box.

You understood the necessity of this great social reform and the law of November 15th 1904 gave unity to the registration of electors, provided for the proper representation of minorities and hedged about with safeguards such an electoral process as assures the rights of those who aspire to the honour of a seat in the Congress of the Republic. It is true, however, that the mere passing of an electoral law is insufficient to assure these rights without straight dealing without sound political methods and joint political action which is inspired by serious and worthy motives. It is, however, undeniable, that it has had an influence for good by raising the standard of representation and freeing our system from the abuses which dragged it down. It affords then the greatest pledge of the freedom and independence of elections. The elections which took place on January 30th and March 1st for the Congress and for the high positions of President and Vice-President of the Republic were conducted with the utmost freedom. The great responsibility falls on legislators to strengthen the law now that its efficacy has been proved, to remove the defects which experience has revealed and examine and pass judgment upon the process of elections in that spirit of equity which should always characterise their deliberations. Whilst the rulers of the country should not be indifferent to the fact that the policy pursued during their term of office has in its essentials the elements of

continuity or can be annulled or profoundly modified by their successors, it is also indisputable that the good rules of administration do not allow it to run counter to the legitimate course of public opinion in anything which is in the interests of the electors or vexatiously to stifle in any way whatsoever, the expression of the popular will. You may rest assured that before or after the elections none of these rules were disregarded but Republican truth respected in all its purity, accustomed as I have been for many years unbendingly to observe those rules partly by reason of my temperament, and political education but above all by my love of country.

I continue to take a lively interest in the economic problem. The great works so courageously undertaken as necessary to eliminate the causes which fostered the bad reputation which this city had acquired as being every unhealthy, were made the basis of a general system of sanitation which has been strictly and rigorously observed.

The results are most praiseworthy and compensate for the sacrifices entailed. As a result of energetic administrative action in the execution of a plan proposed by Government it may be truthfully asserted that we are nearing the day when yellow fever will be completely stamped out in this Capital. In spite of the enormous work of excavation and reconstruction which has been in progress (which many people looked upon as certain to bring a recrudescence of epidemics) statistics prove that since the year 1873 there is no example of the month of March having produced only 6 deaths, as is the case this year.

Provided that there is no interruption in the precautions taken and the Department of public health continues to display the same care and vigilance which it has hitherto shown, I hope that this terrible disease will, in a very short time, entirely disappear from this City. This is the opinion of the distinguished public servants who have devoted all their energy and intelligence to the cause of public health and it is shared by foreign professors of acknowledged standing in the scientific world.

As a complement to these precautions I am anxious to see built a large number of comfortable houses with low rents to be occupied by the working classes and the poorer members of the community. Government last session submitted the matter for your discussion and the worthy Prefect of the Federal District, understanding the necessity and importance of these houses and the influence which they would have upon the sanitary conditions in the District under his jurisdiction, with great determination took the first steps towards their construction. The large class of operatives, hard working and law-abiding as it is, well deserves more attention from the governing body.

Very complex indeed is the economic problem and whilst furthering the sanitation of the capital, which is being radically reorganised, I have brought Government action to bear upon those departments which demand attention in the States. Whilst the Director of Public Health traversed the whole coast of the country from North to South in order to see for himself the sanitary conditions, to ameliorate them and protect the population from epidemics brought from abroad, the Government was furthering the construction of new Railways, linking up those already existing (a policy already authorised), regularising tariffs and improving ports. It was contracting on very broad lines for the consting service of the reorganised Lloyd. It was studying, with good results, through the engagement of professors of great ability, the coal bearing districts of the country and was preparing bases for their exploration. It was doing, in a word, all that experience could teach to further the development of our products.

You must pardon me, however, if I continue to insist on the creation of a Ministry of Agriculture which shall act as a central force to give impulse to the great interests of National production and to the peopling of the land, so that these interests will no longer be looked after by a department already overburdened with many important matters of a different nature.

That insistence is opportune, at this moment with which Coffee cultivators are claiming your attention to their urgent wants and when the Presidents of the three great States of São Paulo, Minas Geraes and Rio de Janeiro, with the idea of

satisfying them, have entered into a Convention, of which you will have to take cognizance.

For long the low prices of Coffee have been disquieting the planters. It is difficult, indeed, to comprehend how, constituting as this product does the principal wealth of the country and furnishing to the markets of the world three fourths of the general production, there has not yet been discovered an efficacious means of protecting it from the effects of the fall.

The error has consisted in seeking a remedy for the crises when these become acute when only such measures as produce immediate effect are considered efficacious, because only they flatter and rouse the interest of those concerned, whereas it is necessary to act before, during and after the crisis, without ceasing, whilst seeking to resolve the difficulties definitively and in accordance with the lessons of experience and the good rules of economic science.

The crisis in Coffee, according to very authoritative opinions, is on the decline; stocks tend to decrease and consumption to increase, which, in a short time, will establish a steady equilibrium of supply and demand in the markets.

In addition, owing to the heavy crop of 1901, to the droughts and frosts that followed it, and to the want of means preventing the planters giving the necessary treatment to the plantations, and obliging them to consent to the planting of cereals, it is not reasonable to expect large crops in these next years. Even so, given the fertility of our soil and the extension of the area that could be profitably cultivated, the danger would remain of an irregular increase in the production, if the States where not vigilant to prevent this by means of laws, of a provisional character, to restrict fresh plantations, or rather, prohibit them.

Meanwhile, in the current year an abundant crop is expected, and the prospect of a greater fall in prices has impressed planters with the fear of imminent losses for which they do not consider themselves compensated by the rise that has to come later in consequence of reduced production. Hence the insistence in favour of measures that can be executed *now* so as to profit the present crop.

Debating on this difficult situation, Congress did not hesitate to insert in the Budget law now in force an authorization containing the measures deemed sufficient for the solution of all the difficulties of the moment. In virtue of that law the Government is authorized to enter into an agreement with those of the Coffee States—to regulate the trade in Coffee, promote its valorization, organize and maintain a regular and permanent service of propaganda with the object of increasing its consumption, and with the faculty of endorsing the credit operations necessary to that end, under certain conditions. This authorization, voted in accordance with the views of the Coffee States, which considered it sufficient for the satisfaction of their necessities, demonstrated, in an unmistakable manner, the solicitude of the Government of the Republic for the interests of the planting class.

It might be said, then, that the indications formulated with the object of regulating the situation of the Coffee trade no longer depend on legislation, seeing that the producing States, besides considerable revenues, enjoy good credit and are always able, without dependence on the Union of any nature, to prepare in the markets the resistance they consider efficacious.

The fall in the price of Coffee through excess of production is not a singular economic phenomenon. In all the countries of the world identical crises have been witnessed, affecting different products, and, everywhere, the same outcry has been raised with the same aims as those of our planters: never has any legislative measure been considered efficacious to raise, all at once, the price of products and sustain it. Provisional measures, of a commercial or speculative nature, when the occasion occurs of finding, to execute them, a staff skilled in business habits, acquainted with the secret of the markets and of superior honesty, may for a time work the markets and produce an encouraging movement in prices, but the situation, thus created, will not endure if public authorities do not assist with remedies of another kind to secure the regularity of the transactions in the markets and the normal working of the properties destined to industrial and agricultural exploration. This is the great function of the legislator.

In 1903, when for the first time I addressed the National Congress, touching on the low price of coffee, which already existed and was disturbing our economic relations, I frankly said that, as the crisis arose, as was generally believed, from over production, those means would be efficacious for combating it which tended towards the valorising of the product in consuming markets, and asserted that the greatest stumbling block to the regularisation of the coffee business and the consequent movement of prices lay in the feeble resistance of middlemen. I added that only the credit which has the crop as its security can provide the producer with the means to await that crop without precipitation. In following years I insisted on the statement that without institutions of credit, which create or strengthen existing elements towards resistance, nothing really lasting could be done for the relief of agricultural distress.

What most heavily handicaps the planter is the weight of engagements entered into on harassing terms and the lack of ready money, at moderate interest, for the working of his plantation. If the price of coffee is not sufficient for this purpose, as it has not been for a long time, and for the payment at least of the interest on his obligations, it is obvious that a remedy must be found which shall relieve him without delay from this situation. It is as a rule the *commissarios* who lend money for the working of the plantation but if they give this help, which

indeed is outside the functions of middlemen, they have no means of resisting when they wish to avoid pressure from the "bears." And, when the *commissario* has no longer money at his disposal, the planter, if he can get any elsewhere, has to pay such high interest that no price for his coffee can compensate him. This is the most important cause of our weakness in the coffee business.

As soon as the export of inferior qualities of coffee is made difficult and only the best possible qualities sent to foreign markets, as soon as a serious and regular propaganda to increase consumption has been instituted, as soon as agricultural credit, like real estate credit, has been definitely organised and the planter can get money on the guarantee of his property at a reasonable rate of interest to defray working expenses, having dispensed with the middlemen, he will easily be relieved from the burdens which have kept him down for so long and will with ease be able to resist the effects of a fall in prices. If the institutions which were founded for this purpose were able to operate freely in coffee and the system of "warrants" was used in our markets so that the value of the stored merchandise could circulate without embarrassment and without pressure from the speculators, we should obviously be armed with the elements of a resistance which would be lasting, efficacious and sound.

All the resources of Government should be applied to bring about this desired result. Measures framed on these lines, together with the help which you could render, would benefit also the producers of sugar and cotton, who for some time have been weighed down by difficulties of the same nature but are valiantly struggling to overcome them in the South but more especially in the various Northern States of the Republic.

There is no one who does not take the liveliest interest in planting, to which class I myself belong. Its claims ought to be attended to with judgment, without the idea of pleasing it by raising exaggerated and unrealisable hopes, nor with the fear of going contrary to ambitions and schemes which under its aegis have been cherished.

Rash measures might produce the opposite effect of restricting the consumption of coffee, provoke retaliation from the consuming countries and bring upon our markets the threat of agitation which a very recent experience has taught us to avoid.

It is a mistake to think that the agriculture of the country cannot prosper without low Exchange and a current has set in in favour of the idea of benefitting it by a low rate. Statistics show on the contrary that with higher rates than at present the prices of coffee have fluctuated but agriculture has lived and prospered.

It is the system of an inconvertible paper currency which causes these wanderings from sound doctrine. High Exchange is a sign of credit, well-being and prosperity, and all the forces of Government have been employed to keep it up to help on the production of the country and develop its riches. It will not be wise to abandon this principle or to upset a work which is founded on financial methods already recognised as the only possible methods which can pave the way for conversion of the currency without causing a shock or loss of credit.

The countries that adopted the fixing of a rate for use in their finances, did so as the logical preliminary to a breaking of the *par*. Even so, in one of these countries, where the reform has had the effect of impressing the minds of our planters, years of inaction followed without that measure producing any effect whatever in the national economy; and it was only when production increased and when prices rose from abnormal causes, some of which were unforeseen, that the economic situation showed itself prosperous, without, however, its being possible to attribute this prosperity exclusively to that reform.

Further, the valorization of coffee has no connection with the monetary question, as is so wisely affirmed by the *Associação Commercial* of this City, and as I myself had occasion to state, with frankness, whenever I was called to pronounce myself on the measure so much in favour with the planting class.

The financial reconstitution of the country has, for many years, been the principal aim of its Government. Valorize the currency and raise it gradually is the invariable formula we have all used to accentuate, with the sincerity of our aims, the obligation to realize this, and powerful and persistent efforts have, with praise-worthy uniformity converged towards that end. The collection of the duties in gold, the guarantee and Redemption funds, operating with regularity, and incessant labour in favour of the country's economic development have had, as their very flattering consequence, the revival of our credit. The bonds of our foreign and internal debt are highly quoted and Exchange, in spite of our being in the period of little or no exportation and the markets under the pressure of doubts created by the fear of a diminution in the value of the currency in order to raise prices of the national products, keeps at a reasonable figure.

Everywhere, as you know better than I do, the monetary problem is considered as the most delicate function in the apparatus of the great administrative machine and the legal *par*, once established, only is to be altered when want of confidence begins to be felt in the resources of the country. Happily, this is not the case with us, and everything indicates that we can and ought to persevere in the execution of the plans initiated by my predecessors, with advantage to the public credit and tending to valorize the currency.

It would be an error to go back as it will be a work of patriotism to banish from your deliberations the idea of breaking the *par* and of fixing Exchange, which are profoundly contrary to those plans initiated with such success.

The political system which we adopted, instituted a double organization, federal and local, with distinct powers and well defined functions. Each revolving in its own sphere, it will be impossible to strengthen national unity without perfect harmony between both. The Union ought not to embarrass the life of the States, nor the latter hamper the Union in its movements.

We have advanced with advantage on firm ground.

Previous to the electoral reform which established unity of registration, you voted the law regulating inter-State Imposts, thus removing the most perilous element of conflicts of a commercial or economic nature.

I must further call your attention to the exercise of certain attributes which were conferred on the States and claim the vigilance of the Federal Government. The faculty on the part of the State of taxing imports of foreign merchandize, when destined to consumption in their territory—the product of said taxes reverting to the Federal Treasury—might become a source of perturbation unless exercised rigorously in accordance with the interests of the Union. The Import duties, of whatever nature or origin, ought to be collected in the Federal departments, in conformity with the respective laws; this principle was established in the regulations issued with the decree No. 5,402, of 23rd December 1904 for the execution of the law relative to inter State imposts.

It could not be legal for the States to create such taxes, and collect them as they see fit, through their own agents, without rendering accounts of the collection, the product of which does not belong to them, and delivering the amounts that may have been collected when and how they please.

The Government, it is satisfactory to say, has met with good will on the part of the States which created such taxation and some of them suspended the execution of their laws. In my opinion, the constitutional disposition should be considered, according to the source from which it proceeds, rather as a measure of inspection, subject to examination by Congress, than, as many think, of protection to the local industries. Without some measure of a legislative character, regulating a matter of so much importance, it is not impossible that loss may result to the general interests of the Country, which, in the revenue from importation, has the most important element for meeting its obligations.

As to the external loans contracted by the States, I continue to think this a matter of the highest importance, that should be duly considered by Congress.

It is of the greatest utility that the Union be informed of the resources destined to the amortization of such loans, as also whether the States have provided for the payment of these calls in due time. Not only is it possible that they may not be prepared with the necessary funds to that end, thus causing difficulties owing to the delicate nature of the subject, but they may also require to come on the Exchange Mark 1 when bare of bills, thus causing the rate to suffer. There is, above all, to be feared the danger of the inclusion of clauses in the contracts, which should not be binding, as infringing fundamental principles of our system of Government.

A current of opinion has been formed against these ideas, which are contrary to be said to an attribute conferred on the States, and which was, in the regime of centralization, exercised by the old provinces. It is necessary not to examine, with exaggerated zeal, the nature of a function, the imprudent exercise of which might compromise the credit of the country and oblige the Union, at a given moment, to assume heavy responsibilities to escape from grave complications. Under the older Regime, the provinces contracted some loans, but the Presidents then were delegates of the Central Authority and always acted in accordance with its views. Without suppressing this attribute, as was already done in one American country, by means of constitutional reform in view of the admitted and great inconvenience resulting, there are measures for regulating its exercise, which a wise and prudent legislator, giving due weight to interests worthy of being considered, can and ought with advantage to decree.

The Acre Territory continues under the provisional administration which you authorized. Some services have been instituted and many others are still called for urgently. It is necessary to enlarge the administration, enabling it to satisfy the just claims of Brazilians and foreigners who are courageously exploring the region, securing them guarantees of civil and political order, which they still do not fully possess.

The inhabitants of the territory have frequently claimed measures for the legalizing of their holdings. It appeared at first that law 601, of 18th September 1850, with its regulations and instructions, might be applied to the government lands in the Acre under federal administration. The difficulties that arose in examining the question convinced me that it would be preferable to abide by the decision of Congress, which is expected with impatience and will restore to the inhabitants of the federal territory the certainty that the Government of the Republic is animated by the desire to give them the facilities they are in want of for the arduous work to which, with such sacrifice, they have devoted themselves.

Foreign Relations

Our relations with foreign Powers continue to be satisfactory it having been always my endeavour to draw closer the bonds which unite us to them.

A Treaty of Arbitration was signed in this City on September 7th by the plenipotentiaries of Brazil and the Argentine Republic which in due course will be submitted for the approval of

the Congress of both countries. A fine division of the Argentine Navy arrived in the Bay of Rio de Janeiro where it stayed some days, having been sent by the order of its Government, to take part in the celebrations commemorating our independence. The demonstrations which this visit evoked bore fresh testimony to the esteem in which the Brazilian Government and people hold the friendship of Argentina.

Our Treaty of Arbitration with Chile of May 16th 1899 having been lately mutually ratified in Santiago, I signed the decree of April 14th of the current year bringing this act into force.

On May 20th of last year the Arbitration Court of Brazil and Bolivia created by Art. 2 of the Treaty of November 17th 1903 commenced its deliberations in this city, whilst on January 15th last the Brazil-Peru Court, established by the Convention of July 12th 1904, also began its sittings. Both are under the Presidency of the Apostolic Nuncio. The former of these had doubts as to the exact meaning of a clause of its internal Regulations of June 3rd 1905. This question was decided by the two Governments on January 30th of this year.

There have been installed in the (provisionally) neutral zones of Beni (Alto Jurua) and Catay (Alto Purus) the fixed Police and Fiscal Commissions agreed upon in the Accord of July 12th 1904 between Brazil and Peru. The commissions appointed to report on the Alto Purus and the Alto Jurua, courageously overcoming great difficulties brought their explorations to a conclusion as rapidly as was possible, going not only to the sources of these two rivers and of their more remote tributaries but also to the small streams which connect them with certain tributaries of the Ucayale. The chiefs of the Commissions for the report on the Alto Purus have already delivered to their respective Governments their Report and their Maps. The Mixed Commission which went to the Alto Jurua is finishing its clerical work at Manaus. When these documents have been perused and more exact data in respect to these reasons are to hand, the two Governments will be able to enter into negotiations with more probability of arriving at a satisfactory solution of the frontier questions at present pending.

Two Protocols relative to the putting into effect of the Frontier Treaty between Brazil and Venezuela of May the 5th 1859 were signed at Caracas by the Plenipotentiaries of the two Countries on the 9th of December last. By the first there was approved and recognised the line of demarcation made in 1888 by the Mixed Brazil and Venezuela Commission from Pedra de Cuenhy, near the Rio Negro, up to Serra Cury in an easterly direction. By the second it was stipulated that a Mixed Commission should verify the line of demarcation, made in 1882 to 1884 by a Brazilian Commission without the concurrence of Venezuela, from Serra Cury up to the point on Monte Roraima where the three frontiers of Brazil, Venezuela and British Guiana meet, giving always the preference to the dividing line of the waters which go by the Amazon, Orinoco and Essequibo, and carrying out the line of demarcation in accordance with the disposition contained in Paragraphs 2 and 3 of Article 2 in the above mentioned Frontier Treaty of 5th. of May 1859.

The Frontier Treaty which we concluded with Ecuador on the 6th. of May, 1904 having been duly ratified by both Powers, I promulgated it by Decree of 18th. of May, 1905.

I hope that we may shortly bring to a satisfactory conclusion the negotiations at present proceeding with the Dutch Government with regard to the frontier of Brazil, and the Colony of Surinam.

Negotiations have been reopened in Bogota which had been broken off since 1870, for the adjustment of the frontier between Brazil and Columbia. The conciliatory and reasonable solution at which we have arrived, in the interests of the two friendly countries will only be rendered impossible if, which I do not suppose, the Columbian Government maintains that our effective power, which has continued for nearly two centuries on the left bank of the Amazon and on the lower Ica, or Putumayo, is of less value than that of the preliminary or Provisional Treaty of 1777, never completely executed and never followed by the definite Treaty which it itself provided for, but always broken since the war of 1801.

I propose to begin without further delay the work of demarcation of the new frontiers between Brazil and Bolivia and the construction of the Madeira to Mamore Railway, thereby faithfully fulfilling our obligations laid down in the Treaty of 17th. of November, 1903.

There are now awaiting approval by the two Governments interested the maps presented by the Brazil-Argentina Mixed Commission, which marks out the limits of the common frontier by the Uruguay, Pepiry-Guassu, Santo Antonio and Iguassu, from the confluence of the Quaraim up to the Alto Parana, as I announced to you in my last year's message.

By Decrees of 13th. of July, and 5th. of October, 1905, there came into force in Brazil the International Accord for the repression of the white slave trade to which we had given our adherence on the 18th. of May, 1904, and the International Sanitary Convention which we concluded in this city of Rio de Janeiro on the 12th. of June, 1904, with the Republics of Argentina, Uruguay and Paraguay.

Another Decree, dated 3rd. of February last, promulgated the Agreement on Trade and Commercial Marks, between Brazil and the Argentine Republic signed on the 30th. of October, 1901.

His Holiness Pope Pius the X, gave proof of his peculiar affection for the Brazilian people, by elevating to the Cardinalate in the Consistory of 11th. of December last, the Archbishop of Rio de Janeiro, Don Joaquim Arcoverde de Albuquerque Cavalcanti. It is the first time that so high a distinction has been conferred upon a Latin-American Prelate.

The third scientific Latin-American Congress held its sessions in this Capital from the 6th. to the 16th. of August of last year.

The representatives of South American Republics in Washington, in accordance with instructions received from their respective Governments, at a meeting held on the 6th. of December last chose the city of Rio de Janeiro as the place of meeting for the Third International American Congress. The first — as you know — was held in Washington from 1889 to 1890, and the second in Mexico in 1901.

A special Commission consisting of the Secretary of State of the United States of America, of the Ambassadors of Brazil and Mexico, and of the Ministers of the Argentine Republic, Chile, Costa Rica and Cuba drew up the programme to be discussed, which was unanimously approved at the sessions of April 6th. and 21st.

The Conference will open its Sessions on July the 21st, and close them on the 1st. of September in accordance with the programme already approved by the Union of American Republics in Washington.

Mr. Ethel Root, Secretary of State of the United States of America is expected to arrive in this Capital on July the 25th., on a visit to Brazil, and he will be our guest for several days.

It is a great satisfaction to me to note that the relations of cordial friendship between Brazil and the United States of America are ever becoming stronger. In this regard I have done no more than follow the traditional policy established by the founders of our Independence in the year 1822 which has been continued without interruption by all Brazilian Governments.

The Second Peace Conference to which we were invited, as we were to the first in 1896, was going to meet at the Hague on the 15th. of July next, in accordance with the proposal made to the various Governments by His Majesty the Emperor of Russia. Arrangements having already been made for the meeting in Rio de Janeiro during that same month of the Pan-American Congress, we, in conjunction with the Government of the United States of America, asked for a postponement of the meeting at the Hague to a date when the Pan-American Congress should have finished its deliberations, in order that some of the delegates might be able to take part in both Conferences. This postponement was readily and without question accepted by Russia and all the other European powers.

On the 30th. of April last, I notified our Legation in Berne that Brazil would give her adherence to the Convention of Geneva of August the 22nd., 1864, known as the Red Cross, this adhesion being subject to your approval. Paraguay, Ecuador and Columbia, the only South American countries in like case with ourselves have informed us that they also are disposed to adhere to this Convention from now onwards.

On the initiative of His Majesty the King of Italy an International Institute of Agriculture has been founded in Rome and Brazil, having been invited to take part in the preliminary discussions, will be duly represented. Finally I authorized our diplomatic representative in Italy to sign, as plenipotentiary and with an *ad referendum* to the National Congress, the Convention arranged between the Powers who approve of the creation of the aforesaid Institute.

Brazilian interests at the Sugar Conference have been defended by the Minister of Brazil to Belgium and by a delegate appointed by the Minister of Finance.

Our Legation in Mexico has been reestablished. The Dutch Government has created a Legation in Rio de Janeiro which was inaugurated on the 16th. of December last. The reestablishment of our former Legation at the Hague depends on your approval of a project which will be submitted to you.

Department of Justice

On the 9th. of November last, there was a riotous movement amongst the garrison of Fort Santa Cruz which was speedily put down by the intervention of the Federal forces. Otherwise there was no breach of public order during the past year.

A commission appointed by the Senate is still considering the project of the Civil Code. It is my duty once more to insist upon the necessity for the decreeing of this Code which has been promised for so many years and is anxiously awaited.

Law No. 1338, of 9th. of January 1905, by which justice in the Federal District was reorganized has been put into execution but the time is too short, as yet, for its result to be thoroughly appreciated.

Administration of justice in the Acre Territory has been put in the hands of lay judges. Those who were nominated for the Districts of Alto Acre, Alto Purus and Alto Juruá as soon as they were appointed took leave of absence on the plea of illness.

By the terms of Article 48, No. 11, of the Constitution, the President of the Republic has the power to nominate the Federal magistrates, on proposal of the Supreme Tribunal.

Doubt has lately been expressed as to how far Government has power to grant requests for transference to posts which are vacant when the Tribunal has opened a competition for the filling up of the vacancies, or, when they are closed, has submitted a proposal with the classification of the candidates.

The law grants to the judges a right of demanding their transfer without any time limit, whether or no the competition has been opened. There are certain cases in which, when Government has resolved upon the request for removal, I think that it ought not to put its decision into force without first assuring itself through the Tribunal that justice will be better served thereby.

To avoid, however, friction or misunderstanding in the exercise of this prerogative it would be as well for the legislative power to decide this question once for all.

By virtue of the authorization granted by Decree No. 1326, of 2nd. January, 1905 the police brigade has been reorganized and it now consists of 4,503 privates, and 165 Officers.

I must call your attention to the measures which I have recommended on other occasions with regard to Naturalization, Lunatic Asylums, and Municipal Elections.

By virtue of Law No. 1,269, of 15th. of November, 1904, by which electoral legislation was reformed, there was left in existence the list of municipal electors, and therefore, it will not be possible, notwithstanding the dispositions laid down in Art. 21, No. 11, of Law No. 1,338, of 9th. of January, 1905, to establish the committee treated of in Law No. 939, of 29th. December 1902, nor for the said committee to proceed to revise the sections of the Federal District and organize electoral lists for municipal elections.

As the day is approaching for the election of the new municipal council it is a matter of immediate moment that the process by which it shall be conducted shall be decided.

During the first few months of the year excessive rain produced serious floods which caused considerable damage in this Capital and in different States, principally those of Minas Geraes, Rio de Janeiro, Santa Catharina, Bahia, Sergipe and Alagoas.

Local authorities afforded the utmost relief in their power to the unfortunate victims of these floods, and I, on my part, furnished the aid which was asked, at the same time regretting that it could not be furnished with greater despatch.

PUBLIC INSTRUCTION. In my last message I laid stress on the fact that Public Instruction in all its various phases continues to claim your attention. "It is a matter of the liveliest interest to the progress of the country, which is not in as satisfactory a state as should be the case. Higher education is lacking in important essentials, indispensable discipline in the administration of the courses is not well taught, and the examinations have been so facilitated, that legislation is necessary to reform a matter of such importance."

I am still convinced of the necessity for the adoption of measures which will normalize this branch of the public administration in order that the abuses produced under the present system may not be aggravated from day to day.

PUBLIC HEALTH. The sanitary condition of the Capital is worthy of all praise. The year 1905 was the healthiest during the last five years. Avoidable diseases — with the exception of Tuberculosis — are tending to disappear. Yellow fever, above all, no longer exists in epidemic form and Rio de Janeiro can no longer be pointed at as a focus of this disease.

This wonderful result is entirely due to the special prophylactic service which the Federal Government established, maintained and defended in the face of all opposition.

This result is all the more praiseworthy when it is considered that the present condition of the city is very favourable to the outbreak and spreading of epidemics; the demolition, excavation and opening up of the drains would have afforded every facility for the spread of a disastrous epidemic had not these sanitary measures been carried out.

On this account it is absolutely essential that the present organization of the Health Service should in no way be altered. The Government is anxious to be always ready with a course of action to combat together with the prophylactic measures which it is executing, the numerous accidental causes of possible sickness outside existing ones.

And, with regard to yellow fever, even if such causes of possible sickness cease to exist on the termination of the great sanitary works, nevertheless the special prophylactic service must be continued since there are always existing conditions in the city favourable for the spreading of this disease, which can so easily be introduced.

The organization of the sanitary service of the ports is an urgent need as is the construction of a modern isolation hospital in this Capital. I would call your attention also to the Mangueiras Institute whose valuable services are recognized throughout the whole Republic. It is our duty to organize and develop such an important branch of study, already so well known in Europe, and so little amongst us.

THE ASYLUMS COMMISSION. As a complement to the reform of 1904, it is now necessary completely to reorganize the colonies on the Ilha do Governador, a matter on which I have already touched in my message of 3rd. of May, 1905.

The National Congress should also call its attention to the overcrowding of the National Hospital which, putting aside the state in which the inmates are, is a fact which by its nature and consequences calls for immediate legislation. The only means of putting a stop to this state of affairs, and at the same time completing the service of aid to lunatics, is to transfer from the Hospital to the Colonies such patients as are in a condition to be treated there, as it may be found necessary to remove them to a fit place, and to provide them with conditions necessary for their improvement.

The War Department

The most urgent and important measure required in this branch of the Service is its complete reorganization in accordance with the progress of the art of War.

Last year the Commission appointed by the Minister of War, consisting of an Officer from each arm of the Service, and of the Special Corps, presided over by a General, prepared the reforms in military instruction, the reorganization of the Army, and the recruiting laws.

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The first was approved by Decree, No. 5,968, of 2nd, of October, 1905, in view of the authorization granted the Government by Article 19 of Law, No. 1,316, of 31st of December, 1904; the others were submitted to you on the 19th. of October, 1905.

It is absolutely necessary to grant the Army this organization, which has already been commenced by the putting into force of the new regulations with regard to the Military School, and to make a reality of the law of ballot. Also it is necessary to add to these measures the inclusion in the war estimates of a vote specially destined for regular manoeuvres in all military districts on the same lines as those carried out with such excellent results last year by the forces of this garrison in Curato of Santa Cruz.

The military quarters in the various districts, including the Capital, are not satisfactory. It would be quite possible, without great outlay to include every year in the Army estimates a vote to cover the construction of at least two barracks of the same type as those constructed in Lorena for the 12th Infantry Battalion.

The Army Medical Service deserves the special attention of the Government.

The work in the Central Hospital is going on with great activity. This establishment already possesses departments of Electro-Therapeutics, Electric-Diagnosis, Hydro-Therapeutics and Laboratories of Bacteriology and Clinical Microscopy whilst, at the end of June, a Department of Mechano-Therapeutics will be inaugurated. The Director of this latter Department was sent to Europe for the special purpose of purchasing the necessary apparatus.

The headquarters of Medical Staff has already been installed in the building which was constructed for this purpose in the Praça da República and is provided with a most complete equipment for all the services of peace or war.

In accordance with the authorization granted in Decree No. 1,300, of 14th of October 1905, a property has been bought, called the Casa de Saúde da Bella Vista, as a Military Hospital in Porto Alegre, headquarters of the 6th Military District. This building has been constructed on the most hygienic principles and being provided with all necessary hospital equipment is ready for the immediate reception of patients.

After the most careful deliberation it was resolved to erect the smokeless powder factory in the town of Piquete in the State of São Paulo.

The work has already been begun there, and is progressing with great activity. In the course of the current year the electric plant for the factory will be inaugurated, as well as the branch line at present in course of construction between Lorena and that city.

The stud farm of Sayem which was a great burden to the Treasury, from 1903 till to-day, with its new administration has become a source of revenue and, I hope, that in a short time it will be able to supply all the needs of the Army.

The re-mount Department also is deserving of special attention.

Government has been bestowing special attention upon the defences of the Forts at the entrance of the Harbour. The Lage Fort at the entrance of the Harbour will be inaugurated during the current year.

Good progress is being made in the following works, general survey of the Republic, preparation of military roads, the Military Sanatorium at Lavrinhas, the new Arsenal, and the rebuilding of the front of the War Office.

New telegraphic offices have been established on the line from Mato Grosso at Corumbá, Margarida, Porto-Murtinho, Bella-Vista, and Livramento, on the branch from Cuiabá to Santa Luzia de Caceres. On the Paraná telegraphic line, the last station in the Military Colony of Iguaçu has been opened.

On the Rio Grande do Sul telegraphic line the existing wire has been doubled from Cruz Alta to Passo Fundo as far as the station of Santa Barbara and from there on is a single line which will be extended as far as the Colony of the Alto Uruguay.

Department of Marine

The authorization contained in Article 7, Paragraph 1, Law No. 1553, of 13th of December 1905, for the putting into force of the Naval programme of 14th of December 1904, will at one and the same time meet the needs of the country and satisfy the just ambition of our Navy.

In accordance with the patriotic expressions of the Legislature, the Government has paid the greatest attention to the interests of this great National Department. Acting on these expressions it will do all in its power to infuse fresh vigour into the Navy at a time when it is suffering from the sad blow caused by the sinking of the *Aquidaban* in the waters of Jacuanga.

I have already referred to this sad accident in the opening lines of this message.

The *Aquidaban* left this port on the 20th of January for the bay of Palmas, Ilha Grande, to make the last tests of its wireless telegraphy apparatus, and had on board the members of the Commission appointed to choose a suitable spot for the construction of the new Arsenal. On the following day, she arrived, with the Cruiser *Barroso*, in the bay of Jacuanga, where she anchored at five o'clock in the afternoon. There was no preliminary warning of the terrible catastrophe which took the battleship to her doom. At 10.45 p. m. that night there was an explosion in the after powder magazine, and the ship sank immediately, carrying with her, Admirals, Officers

of high rank and of established reputation, young and ambitious Officers full of enthusiasm, warrant Officers and sailors whose devotion to their duty was well known.

Many theories have been put forward as to the cause of the explosion, some of them not worthy of consideration, but others deserving of careful study. At the present moment a Military Commission is endeavouring to arrive at the true solution, but it will be in no way surprising if no definite conclusion is arrived at, as occurred in the cases of the *Maine* and the *Mikasa*.

In spite of this, an examination has been made of the cordite on board the battleship *Riachuelo* whose powder magazines are in exactly the same condition as were those of the *Aquidaban*, both as regards temperature and humidity, and also of samples taken from the powder magazine at Muttoso (which have been there since 1896) and of another sample from the Stores Department which belonged to the *Aquidaban*.

The Government is undertaking these investigations in order to verify if the disaster can be attributed to the spontaneous combustion of the cordite, the temperature of which in the powder magazine at 4 o'clock on the day of the catastrophe was 36 Deg. C., according to the information supplied by the ill-fated Commander Serra Pinto.

In order that fitting instruction should be given to the personnel in accordance with the advance of modern naval developments, schools have been established in accordance with your authorization for gunners, firemen and pilots, whilst that for instruction in the working of torpedos has been reorganized.

These schools will afford to young officers and sailors such practical knowledge as will fit them for the carrying out of their arduous duties.

With the same object a scheme for the reorganization of the Military School is being prepared which will shortly be submitted to your consideration. This scheme is modelled on those of the Schools at Osborne and Dartmouth, and, if it becomes law, will certainly raise the standard of efficiency amongst the future Officers and Engineers of the Navy.

The training ship *Benjamin Constant* left this port on the 22nd of April 1905, on a voyage of instruction, with 60 cadets, and returned on the 27th of November, having touched at the following places: Recife, Barbadoes, Newport News, Philadelphia, New York, Plymouth, Portsmouth, Cherbourg, Las Palmas, Fernando de Noronha and Bahia.

This was the fifth voyage to foreign ports which she has made during the last four years.

As soon as she has undergone the necessary repairs, the *Benjamin Constant* will sail once more, with a detail of second Lieutenants.

As order has been restored in Paraguay, the despatch boat *Fernandes Vieira* and the steamer *Antonio João* were ordered to proceed from Asuncion to Ladario.

The cruiser *Tamandaré*, which was believed to be incapable of putting to sea, has made under the command of Captain João Baptista das Neves, various voyages to Ilha Grande, Santos and Santa Catharina, with excellent results. The Northern Naval Division, being no longer necessary, has been dispersed, and the Destroyers *Tupy* and *Tupirã* have returned to this port. The Second Naval Division of the South (to-day the First) which left here on the 9th of December last, for Santa Catharina, under the command of Vice-Admiral Alexandrino de Alencar, for the purpose of manoeuvres, returned on the 22nd of March.

As you see, the Government as far as possible, has mobilized the fleet, whilst its personnel is undergoing regular instruction.

The gunboats intended for the navigation of the tributaries of the Amazon have their armament on board and are ready for service, whilst, on the 28th of September last, the Monitor *Prata Negra*, which had been a long time on the stocks, was finally launched.

The necessity has already been recognized of moving our principal Arsenal from the site where all its various Departments are scattered to one which will be more adequate for its satisfactory working. Feeling generally is in favour of this removal but the choice of a locality causes great divergence of opinion. One project maintained that the Arsenal ought to be in the Bay of Rio de Janeiro. In this case if the change was provisional a great outlay would be needed for the preparation of the site, whilst there is no area large enough for the concentration, in one spot, of offices, docks, storehouses etc.

The other party maintains the strategic importance of the canal of Ilha Grande, and the convenience of not interfering with the ports of Rio de Janeiro and Santos which are the two principal emporiums of our commerce, and pronounces in favour of the Bay of Jacuanga.

Most of the experts seem to incline to the latter opinion.

Government, however, realizing the responsibility which rests on them in a matter of so great importance, upon which the interests of National Defence depend, has nominated a Commission composed of six Admirals and two Naval Engineers to study the question from an expert point of view which will enable them to give a definite opinion.

The passing of the Law which is already under your discussion regulating the ballot will facilitate the filling up of vacancies in the ranks of the Marines by a Constitutional measure in the efficacy of which I repose confidence. I invite you also to revise the regulations affecting inferior officers, in such a way as to admit to their ranks firemen, gunners, torpedo men and pilots and to come to a definite conclusion with regard to the fishing laws.

Department of Industry and Public Works

The administrative organization of this Department requires revision. The most urgent reforms required are the separation of the Department of Agriculture, Commerce and Industry and the reorganization of the various branches of the Service. Without the first of these reforms we shall continue to allow our principal source of wealth to be under an administrative Department which already has many other interests to consult.

The creation of a Ministry of Agriculture towards which you have already taken the first steps, will have as salutary an effect on the Departments which are freed as upon those which will remain, as at present, under the Minister of Industry, and will permit the head of each Department to devote his time to the special objects committed to his care.

EXHIBITIONS. The diplomas conferred upon Brazilian producers at the St. Louis Exhibition have for the most part been received, the remainder, together with the medals, will be distributed as soon as they arrive. Owing to lack of appropriation in the estimates, Government has been unable to accept all the invitations to foreign exhibitions, it will however be represented at the International Agricultural Institute at Rome for which representation I ask you to vote the appropriation in the Budget. In the interior of the country several local Governments and Agricultural Societies are pursuing a propaganda, which is here made by the National Society of Agriculture, in the interests of agriculture and the industries depending on it.

The Federal Government has paid due attention to these efforts and has rendered all the aid in its power.

FLOODS AND DROUGHTS. The floods from which we suffered at the beginning of the present year, and to which I have already referred were terrible in their effects. No sooner had the devastating drought disappeared in the North, than fresh meteorological phenomena wrought havoc upon individuals and property over a vast area of our Territory.

The floods principally embraced the valleys of the San Francisco, Parahyba, and Rio Grande, the most disastrous effects being felt on the latter two rivers and their tributaries.

You already know what was the condition of the centres of population within reach of these floods as well as the loss of precious lives, and the damage done to the agricultural industry along the banks of these rivers.

The same condition of affairs prevailed in the north of Santa Catharina.

In the Capital also the rains were phenomenal, both on account of their intensity and their persistency, and they caused most lamentable consequences in spite of all precautions.

Both here and in the States every possible precaution and measure was taken to meet all cases so far as human ingenuity can combat calamities of such a nature.

The first were immediately dealt with by the direct intervention of the local Governments and every possible means of rendering aid employed.

Others are, even now, the object of works which will be executed with possible despatch. The Union also suffered heavy damage on its Railways, especially on the Central do Brasil and the Linha Auxiliar and West of Minas. The necessary repairs will require an expenditure greatly exceeding the ordinary estimates.

Besides these disastrous floods, the State of Rio Grande do Sul was ravaged by drought and by a plague of locusts which also laid waste the State of S. Paulo and other Southern States.

In the State of Rio Grande do Sul the lack of rain had a most prejudicial effect on production, restricting the crops and reducing the production of Xarque, (Jerked Beef), not only through the loss of cattle but also on account of the impossibility of bringing it to market since the railways were not in working order. The devastation caused by the plague of locusts has affected us considerably and obliged us to take permanent measures for the avoidance and combatting of this scourge. The experience of our Southern neighbours who suffered so much from this pest will be of great service to us if you approve of granting Government the necessary resources.

In accordance with your vote I have carried on the works destined to counteract the effects of drought, though convinced that we can never really successfully foresee and combat these terrible crises on account of their frequency.

To the work of construction of railways and dams in certain Northern States I have added the study of others conducing to the same end, and have caused wells to be sunk, the sites of which will be determined by experts from studies made abroad, which have been already published.

IMMIGRATION. In the Budget Law at present in force you authorized certain measures tending to facilitate the peopling of our soil. This problem is of capital importance and has already entailed upon us great labour and sacrifice, which now are bringing their reward.

I think that we ought to recommence these measures with caution on the practical lines which our experience has taught us, with the aid of the States and of the Companies interested through their capital in the economic and commercial development of each district. The co-operation of the Railway Companies will be of the greatest assistance in attaining this end, and Government is taking measures to secure it, not only as a condition in new contracts, but also in accord with those which already are working.

It will not be enough however to attract the immigrant and grant him material means of work, but it will also be necessary

for his well-being to give him an adequate education in order that he may understand our agriculture, our social life and our industrial methods, and to help him to learn the language in order that he may thoroughly understand how to handle his produce.

RAILWAYS. Our railway systems now open to traffic have an extent of 18,000 kilometres, whilst new lines are constructed every year on a satisfactory scale.

Government holds to its intention of furthering the construction of an important network of lines by those Companies which have the necessary funds, as this construction becomes necessary, and the maintenance thereon of a regular traffic.

In many cases the tariff demanded for transport would not allow the industry to be worked at a profit and it is undoubtedly a fact that railway expansion entails exorbitant freights which may crush the industries in the regions served.

Government action is hampered by the conditions of the contracts but in the meanwhile great care is being taken in the revision of these and in the choice of officials whose business it is to fiscalise them, with the result that an advance has been made towards safeguarding the interests of the public and of the producers.

This supervision defends general interests on the spot and advises the authorities so that they can take necessary measures.

Amongst other deficiencies the lack of proper stock for special transport has been most felt. This want I have temporarily supplied.

It will take some time to better the condition of pastoral and mining industries but persistent efforts will improve it year by year by establishing a service which will meet the needs of exporters and by duly improving and increasing the rolling stock.

This lack of means of transport was especially felt in pastoral districts such as Rio Grande do Sul where only now is the transport of cattle by rail to the xarqueadas commencing. This is an important source of revenue to the railways and a source of real advantage to the local industry.

Work is proceeding on the construction of the railways of which you read in the Report of Minister of Industry last year with certain alterations of which you already know the details. Study is also being made of lines whose future construction will be of advantage in view of statistics and technical data in addition to other circumstances which will influence their construction.

I have pursued the policy of allowing concessions to lapse when they fall in, and to the notable advantages of this system we may add the reversions of great lines which the Government has succeeded in obtaining for the Nation.

MIXING. It is my duty to insist on the necessity of a law which shall assure to the capital employed in mining the peace and quiet which attracts and retains it. We possess mining districts of sufficient value to employ large sums of money which will be forthcoming if the law assures facilities for acquisition and freedom from subsequent disputes. The Government is continuing the exploration of the coal areas of the South, the industrial value of which has been conclusively proved and there will be presented to you this year a complete report of the work done together with interesting details for the scientific comprehension of this industry.

Besides the exploration of the coalfields of Rio Grande do Sul and Santa Catharina soundings will within a short time prove whether or not we can count on veins of petroleum, especially in Parana, as the distinguished foreign expert in charge of the work expects.

PORTS. The proper equipment of our ports was begun under the Empire at the port of Santos, which the Republican administration has amplified as shown by its commercial prosperity. Under the present régime only the port of Manaus has begun to feel the benefits which its construction has brought. But to this I think I may add there will come improvement of the ports of Belém, Recife, Victoria, Rio de Janeiro, Massambú and Rio Grande do Sul, whilst at the latter the latter has also to be improved which has made the approach to that port so dangerous. To these may be added Bahia, bound by a contract the revision of which was made in such a way as to attract capital, and others the details of which are still under consideration. We shall thus possess the first elements of success for international traffic, both as regards the import and export of merchandise with safety, rapidity and greater cheapness for trade.

Not only will it be satisfactory to see the unification of these works but to see the enormous benefit which they will confer upon the markets of those vast regions which are within the sphere of their commercial influence, and without entailing further onus upon the public purse other than the establishment of a better means of collecting revenue and of increasing it.

COASTING TRADE. I have undertaken the reform in the Coasting trade which you authorized.

Those Companies which submitted to the conditions of the contract have been granted the same advantages as the Lloyd, with the exception of the subvention. These advantages whilst affording great stimulus and facilitating the working of these Companies confer the benefit of competition in freight rates, which will still further be accentuated, on trade.

The Lloyd Brasileiro has been reorganized on the lines which you approved and has begun its new existence with such a fleet as our coasting trade has never possessed. On the coast, as well as on the rivers, its service will be made by ships of a tonnage, type and speed superior to those at present in use. These

ships will have improvements giving better accommodation to passengers, increasing the freight carrying capacity, and facilitating the trade in fruit and other branches dependent on cold storage, whenever this is technically possible of execution. To these improvements must be added the beneficial result of a mutual traffic with foreign shipping companies and with the railways, and C.O.D. freight regulations and other measures which will facilitate trade.

RIVERS. Our system of rivers, which is so extensive, demands study which either has not been given it or only given intermittently. The basin of the Amazon—the most important and most useful of these—is being studied with regard to greater advantages to be got out of its tributaries, especially those which touch the trade of that region included in the treaty of Petropolis. It would be of the greatest advantage and only just that Government should have the necessary means to endow that region with improvements as a return for the notable contribution which its revenue represents. Information received demonstrates the possibility of providing for the needs of the trade of that district by means of works which the administration ought to take upon itself to execute. These are the most urgent; but there are others, not only in this basin but in those of the San Francisco and Parana, which will greatly contribute in granting to these rich districts the commercial activity which they deserve.

Besides the arrangements to which I have just referred, work will be taken in hand for improving the navigation of the rivers flowing through those territories acquired by the Treaty of Petropolis, in such a way as to facilitate the development of the trade of which they are carriers. I must further call attention to the urgent necessity of a land law which, while respecting the Acts of past Governments in those districts and taking into consideration the special situation of land tenure there, will permit the Federal Government to recognize the validity of titles already granted and to grant fresh ones when asked for. As no vote appeared in the Budget for this purpose it has not been possible to instal either postal or telegraphic service in this district, the lack of the first being felt very severely.

TELEGRAPHS. The telegraphic system of the Union has been increased in extent during later years, the cost of maintenance of which is sensibly increasing since the extensions of Matto Grosso and others in no way add to the revenue.

Since military and political needs have been satisfied by this extension we ought to turn our special attention to the improvement of the trunk lines which serve the great and populous commercial centres. The government has acted with this intention by remedying the defects in the older installations, increasing the number of wires and extending the use of modern apparatus which gives good results and already is in use as far as Fortaleza to the North and Porto Alegre to the South.

The question of telegraph service is at present deeply affected by the application of the Marconi system.

Our technical experts are *un content* in this respect. Our delegate has already studied at the principal centres and has made such experiments here as keep our staff in touch with the progress of this branch.

In this regard measures will have to be taken and it appears to me urgent that laws should be passed defining the legal position of the Union in order that it may provide for the future system of Marconi telegraphs and at the same time safeguard the national assets which the present system represents.

POSTS. The postal service is increasing rapidly to what an extent you will be able to judge from data in the reports which will be later laid before you. You will observe at once the increase of revenue and in the number of postal packets carried. The present organisation of this office is lacking in personnel and above all in material both here and in the States. The service of postal orders and parcel post, which depends essentially as to its profit and efficiency on conventions of an international character, contributes greatly to this high pressure of work. The Government is now represented in the International Postal Congress at Rome by a delegation which has the interests of this country at heart in questions there to be discussed.

WATER. Although the water supply in this capital is still intermittent few complaints have been made owing to three years of constant toil in the improvement of the distribution and regularising of the supply.

You will be able to see from the various reports the amount of technical work which has been done in the way of connecting supplies and of reforms which apart from administrative measures have produced the present regular service even in times of drought.

It is now necessary to increase the supply by means of new reservoirs in order that the service may become continuous instead of intermittent.

PUBLIC LIGHTING. The revision of the present contract is a matter of urgency in order that electric light may be supplied at a reasonable rate. Up to the present revision has been impossible—on account of difficulties which Government hopes to remove whilst maintaining its right and that of the public to a tariff which may not be burdensome and will at the same time give a fair return for the capital invested.

DRAINS. The work of relaying the drains, which are now constructed on the best principles has been pushed on with unprecedented rapidity whilst the contracting company has fulfilled its engagements in the other departments in its province.

It is all we can do to submit the refuse to an adequate pro-

cess before the reform, so urgently needed, of carrying it outside the bar has been made.

Department of Finance

The Budget law for the current fiscal year provoked complaints which you will certainly have to examine. They refer to modifications made in the tariff which caused an increase in certain duties without those interested having had time to furnish explanations which might have induced you not to approve of them.

The causes that have contributed to delay the budget estimates are well known, as are also obvious the embarrassments arising from that delay. I will not further insist on the convenience, which happily all now recognize, of the necessity of giving to your labours such a direction as to render possible the timely decreeing of the revenue and expenditure. It will be most useful to reserve for the Budget merely the alterations and rectifications considered urgent and indispensable for the good order of the service of collection. Trade is disquieted by the prospect of great reforms in the tariffs and transactions are considerably perturbed, during the passing of the budgets, by fears of unforeseen and unexpected innovations.

Another reflection which you will permit me to make is that the enormous mass of authorizations, added in the law, for expenditure, entails enormous confusion in the general Budget estimates. It is said, generally, that there is no inconvenience due to such authorizations as the Government may or may not act upon them, but the fact is that they are consigned in law, because the legislator considers them worthy of deliberation and there are, among them, some that cannot but be executed owing to the nature of the services to which they are destined. When the general Budget estimates can no longer be upset by supplementary expenditure authorized in this way, there will have been created a rule of the greatest importance to the regularity of our financial existence.

BANCO DA REPUBLICA. The reform of the Banco da Republica which you voted in the session of the past year is about to come into force. The preliminary operations, which it necessitated, have been effected, in the greatest harmony between the shareholders and the Government, to whom the direction of the Bank has been handed over, since September 1900. I hope that during the coming June all the measures indispensable to the working of the new Bank of Brazil will be completed.

The liquidation of the Old Account was profitably advanced in the course of the past year. The report of the last Director who had charge of this service states that during the short period of his management from October 1904 to March 1905, there were realized 32,728,738\$432, a sum sufficient for the redemption, which the Bank announced, of the remaining inscriptions amounting to 30,418,700\$000.

Of the entire issue of these bonds, made in virtue of the law of September 1900, there only remain to be retired 2,704,600\$, the holders of which have not yet responded to repeated calls made by advertisement.

The conditions of the Old Account still gives hopes of a valuable liquidation, which may reach about 19,000,000\$000.

Notwithstanding the restrictions to which it was subject under the special regime instituted in 1900, the Banco da Republica was able, with the credit resources furnished it by Government, to render such services to the Rio market as were appreciable in its critical situation and to some extent contributed to restore confidence which at one moment had forsaken similar establishments, not only in the Capital but in some States.

For a return to normal conditions, the improvement of which time and persistence in sound principles of political economy and the finances of the State will go on strengthening, the exemplary honesty of traders, who in the midst of the most afflicting circumstances with credit restricted and at times almost extinct, succeeded in heroically fulfilling their engagements, has greatly contributed.

It suffices to tell you, in honour of that class, so worthy of public esteem, that at 31st August 1900, on the eve of the crisis of the banks, there were 89,209,976\$310 of bills discounted; 133,819,960\$560 in guaranteed accounts current and 128,326,987\$370 in cash.

Seven months later, there having been withdrawn from the banks 45,888,435\$720, some of them having closed and others reduced their capital, the position of these items already was 34,429,326\$350 of bills discounted, 96,560,986\$119 of guaranteed accounts current and 82,438,555\$650 in cash.

At 31st December 1905 the following were the figures: bills discounted 26,452,201\$510; guaranteed accounts current, 80,061,282\$824; cash, 80,856,414\$670.

As you see from these figures, in the period of five years, beginning from the disasters of 1900, traders solved liabilities to the amount of 116,516,452\$536, thus giving evidence of their correctnes and force of resistance in the midst of the greatest trials.

The improvement which took place in the value of our circulating medium contributed in part to that result. The average rate of Exchange of 12 7/32d. in 1904 rose in 1905 to 15 57/64d., or 3 1/2d. more.

There is no doubt that this advance was greatly helped by the large entries of gold, about £12,000,000 of external loans, not all of which, unhappily, were destined to reproductive application.

Great part, however, remained in stalle value, such as the Sorocabana Railway, of which the native capital remain-

ed free for fresh application or came to create new wealth which will greatly contribute to augment the public fortune, as, for example, the Port Works of this Capital.

The excess in the importation of gold, which caused Exchange to rise above 18d., had immediately its reaction downward in September of last year, when the speculation determined in virtue of those loans did not readily find real bills for cover.

It was these bills, in reality already sold, that had caused the rise in Exchange stimulated still further by speculation. The fact provoked a tremor in the market which lowered quotations below 16d.

The proof, however, that once this phenomenon, natural to countries with paper money, at an end, there were real conditions of confidence and of credit to maintain encouraging rates for our currency, is that, as was seen, the crisis once liquidated with the decisive, prudent and beneficent intervention of the Banco da Republica, Exchange immediately thereafter slowly and surely advanced anew, until it passed 17 1/2d. in February last.

This new rise, independent of external loans, was due to the bills of the rubber crop in the north, which, as you are aware, occurs between the months of November and March.

The fact demonstrates that, once liquidated, in September, the excess of 1905, the real conditions of production and of the public wealth, the growing confidence in the future of the country which induces the entry of gold and prevents its retreat, the influence of the Banco da Republica in the Exchange market, were able to determine encouraging quotations for our paper money, which we ought to struggle to render convertible, attaining some day, without receding, the regime of metallic currency.

These hopes, however, were perturbed by the agitation lately caused by the idea of creating, side by side with the inconvertible currency, a special currency convertible at sight and at a rate as to which there is no harmony of ideas, but rather the most contradictory opinions.

The Exchange market is supplied chiefly by bills arising from the exportation of the Coffee crop which runs from July to November, and by bills of the Rubber crop, running from November to March, with slight variations.

During these periods, in both of these products there are months of greater or less supplies; there being, however, between the crops, a critical interval, running from the end of March or beginning of April to the middle or end of June.

In these two or three months our exportation is very small and sterling bills become scarce. As, however, the necessities of importation continue the same, aggravated by the "invisible" remittances, there would be a violent depression in the rates of Exchange, if the Banco da Republica, with large means of operating, could not dispose of a stock of bills.

It happened, however, this year that the uncertainty as to the value you would attach to the idea of the "fixing of Exchange" caused the greatest vacillations in the market, at one time inclined to believe in the realization of the new idea, and at another not to believe in it, reducing sales ahead and diminishing extraordinarily the resistance that the Exchange market could offer in these lean months.

I believe, however, that your firmness and your fixed intention to persist in the financial policy which has raised the credit of Brazil at home and abroad, will end by clearing public opinion of such fears, restoring the belief and confidence in the regeneration of our circulating medium.

The services of the departments of the Ministry of Finance continue to be executed with all regularity, the last law which reformed the Fiscal Delegacies and created two more sub-delegacies in the Treasury greatly contributing to this.

The organization of the definitive balances of revenue and expenditure has merited special attention. Beginning in 1903, those of 1895 to 1902 have been printed and that of 1903 is already being composed in the National Printing Office; that of 1904 should also be printed before the end of this year.

With the Budgetary resources which you granted, the construction of the new Custom-house edifice at Paranaguá was completed; the construction of the new buildings for the Custom-houses of Mato Grosso and Piahy, and the reconstruction of the Custom-house at Rio Grande are about to be finished; the reconstruction of the edifice of the Delegacy in Sergipe was authorized, and measures were taken for the repairing and improving of the national properties in which the Custom-houses of Alagoas and Recife and the Delegacies of Santa Catharina, Goyaz, Ceará and Espirito Santo carry out their functions.

The construction of the new edifice for the *Caixa da Amortização* is well advanced.

The Custom house of this Capital calls for urgent alterations to better adapt it to the necessities of importation. Due to the narrow proportions of its store houses and of the dock, the discharge of merchandise has been retarded, giving rise to complaints on the part of the trade.

The personnel is insufficient for the execution of the various services, the present number being inferior to that of the 1800 schedule, and it will be convenient to augment it by 6 *conferentes*, 6 *escrip-turarios* of the 1st, and 8 of the 4th class, and by a *fel* of the Treasurer, as also to increase the guard which polices the fiscal zone.

In order to cope with the increase of work at the *Imprensa Nacional*, a large printing hall has been added to the edifice, and apparatus is about to be installed to furnish electric light and motive power to the printing machinery.

In order to isolate the edifice of the *Casa da Moeda*, the adjoining buildings have been acquired; a measure which has

been asked for by the Directors since before the proclamation of the Republic. The construction of strongrooms and the works ordered to be executed for the new workshops, will considerably improve the conditions of this important establishment.

Coining of silver money will be initiated there this month, for the substitution of the Treasury notes of 25, 1\$, all \$500, in accordance with the disposition of art. 31 of Law No. 1453 of 30th December 1905.

The work of unifying the type of the 5% *apólices* has proceeded with all regularity, 240,000 of the new bonds having already been delivered.

The decrees Nos. 5874 of 27th January and 5890 of 30th February were issued, giving new regulations for the collection and fiscalization of the transport and consumption taxes.

In order to guarantee the good collection of the Custom-house revenues, the Government has made special efforts to improve the direction of these departments, furnishing them with the material elements necessary, and creating fiscal posts and *entrepôts* in the places specially indicated.

ECONOMIC SITUATION. The general movement of the trade of the Republic with the exterior, according to the data furnished by the Department of Commercial Statistics, amounts in 1905 to the sum of 1,114,454:426\$ paper, equal to £72,761,880 and in 1904 to 1,288,955:307\$ paper, or £65,345,559, showing, therefore, an increase of £7,416,321 in the sterling value of exports and imports for 1905.

These large amounts are composed as follows:—

1904	Exports.....	776,367:41\$	or	£39,430,136
	Imports.....	513,587:88\$	"	25,915,423
1905	Exports.....	684,801:78\$	"	44,643,113
	Imports.....	429,622:64\$	"	28,118,767

Above shows that the excess of exports over imports in 1904, during which period the average ruling rate of Exchange was 127.3d., was 263,779:529\$ paper or £13,514,713; and in 1905, with an average exchange of 15 1/2 d., 255,209:148\$ paper of £16,524,346 there being, consequently, an increase of £3,609,633, in the sterling value of the balance of 1905 over that of 1904.

The decrease in paper, in 1905 as compared with 1901, of 91,535:633\$ in the exports and of 82,965:248\$ in the imports, are the result of the rise in Exchange, as the sterling value exports in 1905 increased £5,212,977 and that of imports £2,203,344.

In fact, the quantity of merchandise exported in the past year and its corresponding sterling value show an appreciable increase worthy of mention:—sugar, of which the export in 1904 was 7,861,450 kilos reached 37,746,510 kilos in 1905; *seringueira* rubber rose from 28,792,206 kilos to 32,073,285; Coffee, from 10,024,536 bags to 10,820,661; Cotton seed, from 26,600,538 kilos to 37,493,736; Cotton, from 13,262,738 to 24,081,753 kilos; and *mandioca* flour, the exports of which were falling off, increased by 1,296,070 kilos. Only tobacco and matte show a decrease in the quantities exported and declined respectively by 3,573,697 and 3,042,122 kilos.

In the five years 1901-5 the following was the movement of our trade with the exterior:—

	Imports	Exports	Balance of Exports
1901.....	£21,377,003	£40,621,993	£19,244,990
1902.....	23,279,418	36,437,456	13,158,038
1903.....	24,207,896	36,883,175	12,675,279
1904.....	25,915,423	39,430,136	13,514,713
1905.....	28,118,767	44,643,113	16,524,346

To this commercial movement, which may be considered satisfactory, there has corresponded an encouraging collection of revenue.

FINANCIAL SITUATION. The revenue collected by the Custom-houses of the Union in 1905 was 177,735:851\$ paper and 53,775:501\$ gold, showing an increase of 15,936:635\$ paper and 7,187:543\$ gold over that of the previous year.

The revenue of the Consumption taxes in the same period was 36,015:892\$, according to the data known and still incomplete, showing already an increase over 1904 of 822:412\$.

From the collections of the Custom-houses in the first quarter of this year we already know of a revenue of 40,138:743\$ paper and 16,871:979\$ gold, being a decrease of 7,751:381\$ paper and an increase of 4,319:567\$ gold, as compared with same period last year.

The revenue from the exportation of the Acre territory has shown considerable increase. Having yielded 570:502\$529 to the Union in 1903, it rose in 1904 to 2,376:932\$877, in 1905 to 8,416:972\$068, and in the first quarter of the present year it has already reached 4,458:689\$.

Law No. 1,313 of 30th December 1904 estimated the general revenue of the Republic for 1905 at 47,844:880\$889 gold and 260:813:000\$ paper, excluding such amounts as might be collected for improvements of the ports in the States, and whose collection had not been ordered.

The revenue inscribed, in view of the balances already received from the fiscal Delegacies and departments of this capital is 45,153:136\$704 gold, and 227,808:320\$154 paper; that demonstrated by the Delegacies but not yet inscribed is 10,206:144\$679 gold and 50,870:322\$821 paper; and that of the additional quarter is estimated at 1,000:398\$130 gold and 9,073:083\$979 paper.

Uniting these amounts, the approximate revenue is verified as 56,359:679\$813 gold and 287,751:726\$054 paper, deposits not included.

From the comparison of these figures it results that the revenue collected exceeded the budget estimates by 8,514:798\$924 gold and 26,938:726\$954 paper.

The budget expenditure was fixed at 46,794:481\$720 gold and 273,679:237\$085 paper, excluding the amount for improvements and work on the State ports not yet collected.

Adding to these amounts 1,677:207\$042 gold, and 27,808:249\$389 paper, of expenditure on account of special, extraordinary and supplementary credits belonging to the fiscal year, we arrive at an effective expenditure of 48,471:688\$762 gold, and 301,487:486\$474 paper.

Comparing the revenue collected with the expenditure, the following is the result:

Revenue, gold	50,359:679\$813
Expenditure, gold	48,471:688\$762
Surplus, gold	7,887:991\$051
Revenue, paper	287,751:726\$954
Expenditure, paper	301,487:486\$474
Deficit, paper	13,735:759\$520

This is the approximate result of the balance of the fiscal year excluding, as above mentioned, the account of Deposits, it being noted that the total amount consigned in the Budget for expenditure has been taken as really expended. The Deposits account, which is being liquidated, saw great movement in 1905 in consequence of the sale of the Sorocabana realised in that year, and the large sums destined to pay the creditors of that railway. In the Savings Banks (*Caixas Economicas*) the withdrawals exceeded the amounts lodged by 14,747:299\$832.

PAPER MONEY. The Government has not neglected the redemption of the paper money and of the bonds of our debt, persevering with the greatest confidence in the execution of the measures so highly important to the country.

The amount of paper money in circulation at 31st March was 669,347:014\$250.

In April last, besides the decrease owing to exchange of substituted notes and of those subject to discount, the Government ordered the incineration of 1,000:000\$, for account of the respective Budget article.

The following table shows the reduction made in the paper currency since August 1898.

On 31st August 1898	788,364:614\$500
" " December 1898	785,941:758\$000
" " " 1899	733,727:153\$000
" " " 1900	699,631:719\$000
" " " 1901	680,451:058\$000
" " " 1902	675,536:784\$000
" " " 1903	674,978:942\$000
" " " 1904	673,739:908\$000
" " " 1905	669,492:608\$750
On 30th April 1906	668,347:014\$250

The reduction is therefore 15,2%.

REDEMPTION OF BONDS. For the taking over of the railways that had guarantees of interest, 4%, Rescission Bonds were issued to the nominal value of £16,619,320.

That amount is today reduced to £15,649,569, by the amortizations effected of £165,920 in 1903, of £387,849 in 1904, and £416,000 for account of the fiscal year 1905; the total amortization since 1903 thus amounting to £969,750.

The first amortizations were made at 76% and the last at 90 7/8, 91, 91 1/8 and 91 3/16d. in consequence of the rise in these bonds.

The 1868 6% gold loan is now extinct. In November 1902, there existed of this loan bonds of the nominal value of 6,710:000\$ or £754,780 which have all been paid off, with exception of about £47,000, the holders up of which had not up to 20th April presented them for payment.

Of the internal 6% loan of 60,000:000\$, there have been retired since November 1902, 22,260 *apolices* of the nominal value of 22,260:000\$, in virtue of amortization by drawings in three fiscal years, and of the calling in for redemption of all the bonds "to bearer" that were in circulation, to the amount of 4,260:000\$000.

The Amortization Fund of the currency internal loans, created by Decree 4,382 of 8th April 1902, held at 31st March last 20,331 *apolices* of the value of 19,175:500\$.

Its movement has been follows:—

	Apolices	Value
At 31st December 1902	14,414	13,741:800\$000
" " " 1903	16,713	15,946:600\$000
" " " 1904	18,815	17,802:800\$000
" " " 1905	20,316	19,160:506\$000
At 31st March 1906	20,331	19,175:500\$005

EXTERNAL DEBT. With the issue of the Funding Loan bonds the

Foreign debt reached in 1902

This amount is further increasing by the following issues:

Rescission Bonds for the redemption of the railways with guarantee of interest	16,619,320,0,0
West of Minas Railway loan taken over by the Government	3,388,100,0,0
Rio de Janeiro Port Works Loan	8,500,000,0,0
Rescission bonds redeemed	£70,931,237,9,9 999,760,0,0

Actual External Debt

The balance to credit of the Treasury with its London Bankers was on 31st March last £6,469,966-6-0.

Adding to this sum the remittances made in April, amounting to £469,887-6-4, and further £289,820 of Rescission Bonds belonging to the Treasury, the balance is raised to £7,229,673-12-4 in which is not included the balance of the Port Works Loan amounting to £3,521,992-3-4, nor £1,000,000 of Consols in possession of the Banco da Republica.

The movement of the revenue, the steady redemption of our obligations and the large balances abroad, as shown by this exposition, demonstrate that the situation of the country is hopeful and that we can, with safety, confide in the destinies of the Republic.

Rio de Janeiro, 3rd May 1906.

FRANCISCO DE PAULA RODRIGUES ALVES.
President of the Republic.