

MR. J. P. WILEMAN'S WEEKLY LETTER

"MOSTLY ABOUT COFFEE"

APRIL 14th, 1914.

No. 15.

NOTICE.

In consequence of the temporary suspension of publication of the "Brazilian Review," Mr. Wileman's weekly contribution "Mostly About Coffee", which until lately appeared as a Supplement of that journal, will be distributed to subscribers of the "Review" separately, until arrangements can be made for its again being incorporated with that journal.

RIO DE JANEIRO.

CAIXA 1521.

Rio de Janeiro, April 13th, 1914.

At New York, Havre and Hamburg Saturday was a holiday. At Santos type No. 4 ruled April 5\$375 to 5\$525; May 5\$475 to 5\$625; June 5\$675 to 5\$725; August 5\$775 to 5\$825; and September 5\$850 to 5\$875.

Entries for the week ended 9th April and 10th April respectively were as follows:—

	1914	1913
Rio	39,164	24,261
Santos	69,294	39,728
	<u>108,458</u>	<u>54,989</u>

Increase, Rio, for week, 14,903 bags, or 61.4 per cent. compared with last year.

Increase, Santos, for week of 38,566 bags or 125.5 per cent. compared with last year.

Increase, both ports, for week of 53,469 bags or 97.2 per cent. compared with last year.

Entries for the crop to April 9th were:—

	1914	1913
Rio	2,479,469	2,462,888
Santos	10,090,339	8,045,893
	<u>12,569,858</u>	<u>10,508,671</u>

Increase, Rio, for crop, 16,601 bags, or 0.67 per cent. compared with last year.

Increase, Santos, for crop, 2,061,586 bags or 25.3 per cent. compared with last year.

Increase, both ports, for crop, 2,061,187 bags or 19.5 per cent. compared with last year.

Entries at Rio and Santos to April 9th or corresponding dates of previous six years were:—

1913-14—12,569,858	1910-11— 9,973,783
1912-13—10,508,671	1909-10—14,201,301
1911-12—11,428,923	1908-09—11,583,177

Clearances to 9th April were as follows:—

	Week ended April 9.		Crop to April 9.	
	Bags	£	Bags	£
Rio	42,093	95,366	2,162,579	5,337,141
Santos	46,422	132,526	9,853,442	29,494,648
1913-14	88,515	227,892	12,016,021	34,831,189
1912-13	72,601	228,632	10,299,258	39,191,395
1911-12	125,133	494,065	9,723,266	36,714,649

Increase clearances for both ports for current crop to April 9th compared with 1912-13, 1,725,763 bags or 16.8 per cent.

Decrease in value £4,360,206 or 11.1 per cent., as against 11.2 per cent. on April 2nd.

Stocks were:—

	April 9th	April 2nd
Rio	263,212	269,505
Santos	1,238,730	1,267,666
9th April, 1914	1,501,942	1,537,111
10th April, 1913	1,625,154	1,665,614
11th April, 1912	2,234,556	2,258,102

Monthly Entries. Entries at Santos during the month of March, estimated at 300,000 to 325,000, only reached 297,416, as against 180,541 last year, making 9,996,583 for the crop to that date, as against 7,999,115 last year.

	March		Crop	
	1914	1913	1914	1913
Rio	165,507	171,042	2,431,195	2,424,612
Santos	297,416	180,541	9,996,583	7,999,115
	<u>462,923</u>	<u>351,583</u>	<u>12,427,778</u>	<u>10,423,727</u>

The coffee market, after a short spell of better prices, eased off again on disappointing statistical news and lower exchange rates. It seems that the market will make use of every depression in the rate, to lower gold prices, alleging that present stocks in consuming countries are sufficient to carry on business, whilst the Brazilian producer ought to be satisfied with

ruled current prices and all attempts to raise these in proportion to the decline in exchange, will be opposed. This can only be done, of course, so long as supplies, especially from the coffee producing countries, are heavy, but in two months' time these, also, will fall off and then consumption, largely developed and sick of the vile concoctions and substitutes served out to the public under the name of coffee, will be confronted with a small Brazilian crop. In the United States this reaction seems to have been especially pronounced, as deliveries there surpass all previous records.

The tendency of prices will then depend almost exclusively on the way in which the crop is marketed. Many think the goods will be rushed down as soon as they are hulled, owing to the continued tightness of money, this may be correct for the central districts of the State of S. Paulo, where planters have old standing commitments with their commissaries in Santos, these will have to obey the order of early remittance. The inability of Santos and S. Paulo to supply money for upkeep to a large number of farmers who make use of such a convenience, has rendered these entirely free from interference and it is most likely that these will not display much hurry. Colonists have an abundant crop of cereals and beans and will therefore feel inclined to meet the landlord and not press him if he cannot meet his wages bill at the time stipulated, especially as long as the crop remains on the plantation.

We hear of several such agreements between landowners and colonists and it is most likely that resident planters in those districts, where the soil is not exhausted and the yield not poor, will by force of circumstances free themselves of financial obligations and live in future within their yearly income. The commercial crisis will work this good: it will compel the planters to practise economy and self-denial and in spite of themselves attain this enviable position.

All declarations to the effect that the crisis is economical as well as commercial are mistaken and misread the symptoms. The agricultural class in so far as it is agricultural is not suffering, although it may be hard up at present, between the crops, owing to the rise in wages of late years. The landowner who lives far from his land and goes in for all sorts of industrial enterprises or speculates in fazendas with borrowed money, is the one who is clamouring for help.

Europe could, without fear of loss, lend very much larger sums to S. Paulo than asked for, if the assurance could be got that it would be judiciously employed and not used to bolster up untenable positions.

The rice crop this year is the biggest ever harvested in this country and prices of this absolutely necessary commodity of life will go down to a level which will be more in accordance with the world's market price and yet leave a good profit to the grower. The maize crop is equally large and prices in the interior have already gone down considerably. The stock of pigs for fattening purposes has unfortunately been so much reduced during the period of high prices for maize, that maize is likely to be for a time a drug in the market, unless it is used for distilling purposes on a large scale. If the rate of exchange was more in tune with Brazil's producing capacity, say 12d. or 13d., the country would in future be one of the great suppliers of maize to the world's market; at the rate of 16d., however, the pitiful price of Rs. 2\$500 per 100 litres would not be low enough to make exportation profitable.

News from the interior about the growing crop is scant, as nobody wishes to prophecy, but we hear from good sources that there can be no doubt about its exceptional smallness. Moreover, it is ripening most irregularly and whilst a fair percentage of ripened and even dried up berries are already on the trees in all the "terras quentes," the bulk of the crop is still green.

Many of the ripe berries have fallen to the ground and have been lost in the weeds when the soil was cleared for the harvest and more of those which fall from now onwards will be lost if the rains set in and continue up to the time picking commences.

In the "terras quentes" the crop is likely to commence at the beginning or middle of May and ground sweepings, if the weather allows such to be made, will come down in June as usual.

Should planters not allow the crop to ripen entirely, the quality of it will be very poor as far as roasting merits are concerned and old crop coffees will command a considerable premium.

A cold spell has set in since the beginning of the month, the nights and mornings are cold. Rain is much wanted, especially in the Paulista zone, where little or none has fallen for a number of weeks. The Mogyana zone was better favoured.

Circular of Miller and Co., New York, of March 20th, 1914: Since our last formal advices, the coffee market has made new low levels, but with a volume of liquidation entirely disproportionate in size to the extent of the decline, and with a very observable tendency around the low levels to run into dullness—even if such dullness has not been accompanied by any recovery worth discussing.

The news coming along has passed from one phase to another. More latterly, the markets had been largely concerning themselves with the matter of daily receipts, which have continued heavy and, of course, upset any calculations made thereon at any recent period. To this factor, however, less of the decline has been due of late, than to the matter of the rise in Brazilian Exchange, or as more generally stated, the decline in the sterling rate on London, which now amounts to something over 3/8d. during the past four weeks. This decline, of course, has increased the financial difficulties of Brazil, which, being a creditor nation, has, of course, to settle its foreign payments in gold, and naturally the disturbing influence of this has permeated the domestic trade of the country sympathetically.

It is to be assumed that the decline will continue so long as the Brazilian gold reserves keep falling, with apparently the only immediate source of relief being indicated by a temporary suspension anyway, of the operation of the various sinking funds. Countries which years ago were free lenders, and benefitted by the vast construction expenditures of various kinds developed by their loans, were willing enough to lend to Brazil whatever money was required at high rates of interest, heavy discounts and sinking fund arrangements which gave them a good profit on their redemptions, and now that Brazil is in difficulties, we assume that at a price, further money will come along, with its uses largely contemplated in making good obligations temporarily suspended, and leaving Brazil to work out her future salvation through domestic retrenchments, which will immediately affect all her population, and by the perhaps logical development in time, of better prices for her leading commodities.

We do not think there is any particularly pleasing moral to be drawn from the present situation, nor one particularly creditable to those financial interests abroad who, knowing full well the financial tendencies of the Latin Nations, take no initiative measures to regulate the disbursement of the loans made, and who, so long as these mean business for the capitalistic interests associated with the financiers, and entirely willing to have the money spent and put into all sorts of unsound schemes. It would seem, looking backwards, as if a proper guardianship at the proper time would have prevented the debacle now confronting Brazil.

Otherwise, the bears still «have it,» but happily in a minor degree. With each successive decline their position becomes more tentative. Differences between the near and the far months are narrowing, a matter, of course, much in favour of the bulls, and indicated by the showing three months ago, the quotation between the December and September was 90 points difference, while to-day between the March and December, the difference is but 54 points. Equally at Santos, notwithstanding her financial troubles, the differences over the same period have narrowed rather than widened, with the same tendency observable at Havre and Hamburg.

And, of course, we realise the futility of trying to get anyone to give the proper consideration to this matter of the daily receipts. Every letter reaching us from Santos is of the same tenor, namely that the owners of fazendas are scraping up everything in sight with the idea of converting their available supplies of coffee into cash, for whatever they may be worth, and that whereas in previous and normal years, several hundred thousand bags of old crop coffees have been carried over into the new crop, the prospects are that July 1st of this year will see the fazendas swept bare of coffee and that the deliveries of the new crop will relate wholly to that production.

Equally, it is interesting to observe that there are still a few people around who have an abiding faith in the value of the options, on around an 8 cent March basis, judged by the way they are caring for their commitments, and, after all, if the holders of these insist on keeping good their contracts, there is that much less available coffee for the bears to work upon and the action of the market during these miserable few weeks past, pretty clearly demonstrates this point.

And as a straw indicating that the actual article appeals in other directions, we might remark that our warehouse deliveries in this country are again beginning to show substantial in-

creases, being nearly 50 per cent. heavier than a year ago for the week ended March 7th, 100 per cent. heavier for the week ending March 14th, and with indications that the week during March 21st will show even more than 100 per cent. increase over the same week last year.

Looking ahead, it strikes us as if ruling prices had discounted about the worst which can be reasonably conceived and that the very difficulties which surround and beset the bull of options, constitute in themselves the factors which should invite intelligent buying into the market.

Brazilian Situation Forces Coffee Selling. (From the New York «Journal of Commerce,» March 14.) Coffee closed at within a few points of the low for the day, being 19 to 24 decline on sale of 94,000 bags. Those who had covered shorts, either paper or against actual coffee, were disposed to put out new lines because of the lack of support from influential bulls. In fact, some observers thought the selling was of a very good character, which demoralised sentiment the more. The question of the decline in the Brazil rate of exchange came in for consideration, and the fact that the Government peg had been withdrawn was not liked. For some years the rate has been maintained above 16d. and the trade fears that the financial conditions are getting too much for Brazil. Rubber and coffee are furnishing a much smaller volume of exchange with which to keep the rate steady. The spot trade was badly depressed by the decline in options and consignment stocks were offered at material concessions. Brazil was not pressing cost and freight offers, however, and previous prices were asked.

Liquidation was more urgent in the coffee market following the receipt of lower foreign cables, Havre being 3/4 francs off and Hamburg unchanged to 1/4 easier. The failure of Europe to reflect the closing improvement here the previous day was not liked, and long holders of options hastened to sell, uncovering good sized stop loss orders with a bad effect on prices. On sales of 18,000 bags early declines of 15 to 19 points were scored, putting the market in new low territory. The support was discouraging, the large bulls letting the reaction take its course. Buying was scattered chiefly for the short account. Sentiment was depressed by the cables from the other side telling of weakness in Brazilian securities, this being taken as a bag augury for the maintenance of the primary coffee market, which heretofore has had the aid of the S. Paulo Government.

But the Santos cables showed no especial sign of weakness yesterday, fours being quoted at 58450, the same as the previous day. Possibly this was due to the smaller receipts—11,000 bags at S. Paulo. The weather was unfavourable for an active crop movement from the interior, though good for the next harvest, being rainy at four points and fine at one. Port receipts were 21,000 bags, as against 14,000 last year. Stocks at Rio and Santos were 1,915,000 bags, compared with 1,806,000 last year.

Mr. Sielcken explains Fluctuation in Exchange. Herman Sielcken, discussing the Brazilian exchange situation, which has recently caused apprehension in coffee circles and Brazil trade circles generally, expressed himself hopefully to a representative of «The Journal of Commerce.» «On December 16, 1910,» he said, «the rate of 16d. to the milreis was voted by the Brazilian Congress as against 15d., the former figure. The amount of convertible gold certificates was fixed at £16,800,000, or the exact amount of gold in the Caixa de Conversão. Lately, the Government being the subject of slight political troubles and attacks from other countries, it was thought wise to put the private rate of exchange below 16d. in preference to a little above—16 1/4d. being the level for several years. This move prevents the redemption of paper into gold and the possibility of exports of precious metal. The loss in the latter operation would not be less than 1 1/2 to 2 per cent.»

The desire of the Government to keep gold at home and to prevent exports simply as a paying banking transaction, is no different from the course pursued by other countries. In France during the whole year of 1913, the hotels made change only in paper money or silver. Germany and Austria have also in the past attempted to keep gold from going out, and the United States and England are the only countries giving it up on demand for export.

The Brazilians have been experiencing difficult financial times ever since the end of 1912. Money has been hard to obtain in any part of Europe or the United States, and only since the beginning of 1914 has the world become financially easy.

Unfortunately there is a certain amount of distrust which is felt in the United States as well as elsewhere. Financial troubles, the poor showing of our large railroads, the unsettled Mexican question prevents confidence from being restored in spite of easy money.

Therefore, it is not surprising that Brazil is feeling financial distress as a result of loss of credit, or that it has been attacked in many places for its supposed bad financial position.

The fact that Brazil has been compelled to sell rubber at present low prices as compared with the last ten years and the way coffee is being hurried to market as quickly as possible is another proof that it is straining every nerve to secure money for its products. I might say that Brazil is sending down coffee with extraordinary diligence and I may refer to the fact that a year ago in January we estimated Rio and Santos at 13,500,000 bags. Then we supposed that the Santos crop would be 10,000,000 and Rio 3,500,000 bags; instead it seems to be 10,500,000 bags Santos and 3,000,000 Rio. Now out of this Santos nearly 9,900,000 bags have come to market in eight and a half months; but in spite of the fact that such pressure of the market can only be at the expense of values, they will continue until the last bean has been forwarded to the seaports.

Regarding the future financial prospects of Brazil I am quite optimistic. It has a fine record of having taken care of all loans principal and interest, and the desire to keep up this reputation will drive them to greater economy in Government expenses and to a reduction of imports from foreign countries, until the financial question is solved. There need be no fear; people who work hard like the Brazilians, whose exports are always larger than imports by millions, may be temporarily embarrassed but always come out in the end by redeeming every obligation they have made.

MONEY.

Gold in deposit at the Caixa de Conversão on Saturday, 11th April, amounted to Rs. 217,523:242\$000, equivalent to £14,501,549, a shrinkage of £261,580 since the previous Saturday and of £3,898,950 since the beginning of the year.

Gold in deposit 12th Feb, 1913 (max)	401,584:500\$	£26,772 800
„ „ 31st August, 1913	312,885:500\$	19,570,018
„ „ 30th September, 1913.	316,885:500\$	19,836,713
„ „ 1st January, 1914 ...	276,007:520\$	18,400,501
„ „ 28th February, 1914 .	265,209:419\$	17,680,634
„ „ 31st March, 1914	224,639:032\$	14,975,935
„ „ 4th April, 1914	221,446:939\$	14,763,129
„ „ 11th April, 1914	217,523:242\$	14,501,549

Exchange. The Banco do Brasil maintained its nominal rate of 16d. for drafts at 90 days sight on London, and continued to give sparingly to market takers throughout the week.

Monday, 6th April. The market opened with foreign banks drawing at 15 13/16d., 90 days sight on London and buying commercial bills at 15 7/8d.; soon after opening banks declined to draw better than 15 25/32d. and some transactions were registered in private paper at 15 27/32d., and later at 15 13/16d.

Tuesday, 7th April. The market opened with foreign banks drawing at 15 3/4d. and 15 25/32d., the latter rate being for the first mail and with money for commercial purposes at 15 27/32d. and closed unchanged with little business recorded.

Wednesday, 8th April. The market opened with most foreign banks drawing at 15 25/32d. and money for commercial paper at 15 27/32d. During the forenoon no bills were offering above 15 13/16, and few bills at that. There were, however, few market takers, and about mid-day one foreign bank was offering to sell at 15 51/64d. The market closed stronger, with some banks drawing at 15 13/16d. The northern ports were offering bills during the day and in Santos coffee bills were done at 15 7/8d.

Thursday, April 9th. The market opened less firm. To cover the market money for Saturday's mail the banks took at 15 27/32d., a rate they were refusing overnight. Business, however, was restricted, as other ports were closed until Saturday.

Good Friday, 10th April. Holiday.

Saturday, 11th April. Exchange opened with foreign banks drawing at 15 25/32d., except the London and River Plate, which quoted 3/4, and with most banks buying at 15 27/32d. Santos and the northern ports again furnished cover at 15 7/8d.

The feature of the week has been the steadiness of exchange, due to the small amount of market money offering.

Silver coin continues to arrive in large quantities from Germany, on account of the 60,000 contos contracted for by the Government, and is being disbursed immediately by the Treasury. Some banks have been willing to exchange silver coin for paper money at a discount of 5 per cent. Nickel pieces of 100 reis each have become so plentiful that we have heard of large sums having been offered at 20 and even 30 per cent. discount!

Some of the Paris papers pretend to see a break in the clouds. We hope it may be so, but for our part, in view of the enormous falling off in the customs receipts, we fail to see how the Government can carry on either without a loan or a paper issue. Should it resort to the latter expedient, undoubtedly the fall in exchange would be hastened, whereas otherwise, because of the stringency of the local money market and the decreased market requirements, it might possibly be maintained for a time. With the balance of payments against us tightness of money will not prevent, but may retard a fall in the rate of exchange.

From the 1st to 11th April, entries of coffee in Santos have been large, 101,777 bags against 44,668 last year, whilst the northern ports have supplied a fair amount of bills, which with the tightness of money already mentioned, have contributed to keep exchange steady during the week.

The March balance sheet of the Banco do Brasil shows a decline in its cash of 750 contos. The market had looked for an increase as its drawing rate for the last ten weeks has been higher than that of foreign banks and during that time it has bought practically no commercial paper.

March Bank Returns. The following changes are noticeable in the balance sheets of the 13 principal banks in Rio de Janeiro (excluding the Banque Française et Italienne, which publishes its balance sheet in S. Paulo.) "Cash in hand" has declined by 3,500 contos; "discounts" are less by 2,700 contos, and "deposits at call" have decreased 6,000 contos.

Cash of seven foreign banks in Rio for the months of January, February and March compared with last year:—

	(In contos of reis.)	
	1914	1913
31st January	35,871	41,137
28th February	37,399	34,891
31st March	35,559	44,311

Empreza Lloyd Brasileiro. No proposals having been received up to the 11th inst for the purchase of the above company, we are informed that fresh invitations to tender, on a different basis, will shortly be issued.

The Directors of the London and Brazilian Bank, Limited have proposed a dividend distribution of 20 per cent. for the year ending 31st January, 1914, leaving £290,155 to be carried forward to new account.

A propos of the recent Anglo-French loan negotiations, we are informed on good authority that the loan was offered subject to the following conditions being accepted by the Government:—

1. The nomination by the bankers of 2 directors at the Bank of Brazil.
2. The lease of the Central Railway to the Leopoldina Railway Company.
3. The lease of the Lloyd Brasileiro to a company to be formed.
4. The scrutiny of all Government expenditure by the Bank of Brazil.

CUSTOMS REVENUE (FEDERAL.)

	1913	1914
Rio, April 1-11	£379,420	£170,971
Decrease £208,449 or 56 per cent.		

INLAND REVENUE (FEDERAL.)

	1913	1914
Rio, April 1-11	688:213\$	670:611\$
Decrease, Rs. 17:602\$ or 2.6 per cent.		

THE TROUBLES OF LATIN-AMERICA.

(From the New York "Journal of Commerce," 27th February.)

It is just three years ago that a Pan-American Commercial Conference was held in Washington for the avowed purpose of promoting closer and more extensive trade relations between the United States and the twenty Latin-American republics. The protagonist of this gathering declared it to be his confident belief that the next ten years would be a Latin-American decade—that all the world would then be studying and watching Latin-America, and that a material, economic, intellectual and political advancement would be witnessed in Latin-America rivaling that which had been accomplished in the United States. The speaker said that were it not for the lamentable ignorance which prevails throughout the United States in regard to the peoples, institutions, resources and governments of this section of America, his statement would not seem in the least surprising. He went on to say that twenty republics, varying in size from the area of Brazil, which is larger than that of the United States proper, to Salvador, the smallest, which would take in Rhode Island six times over, having a combined population of seventy millions and a foreign commerce valued at more than two billions of dollars per annum, are going ahead so rapidly that no man can safely prophesy the limit of what they will accomplish during the next ten years. "Gifted with a variety of climates and of resources, blessed with a marvellous intermingling of cool plateaus and tropical lowlands, provided with vast navigable river systems and a long extent of accessible coast line, supplying numerous important products which the rest of the world must purchase and possessing a people of deep sympathies and high intellectuality based on an old and worthy civilisation, they all challenge our best study and keenest appreciation." These rosy anticipations are not recalled for the purpose of comparing them with the melancholy conditions of to-day. If the optimism of 1911 in regard to Latin-America was overdone, it is as easy to overdo the pessimism of 1914. But they serve to illustrate a fact which can perhaps be better emphasised in times of depression and distress than in a period of apparent prosperity, that what is more needed than Pan-American conferences, societies or unions is an organisation, quite free from any sentimental bias, capable of separating truth from falsehood in the mass of testimony that comes to us in regard to the resources of Latin America and the openings which it offers to our trade.

In fact, it is not so much a question of the veracity of the witness as of his freedom from any tendency to a rhetorical treatment of matters belonging to the domain of fact. In business short views are the safest, and whatever may be the possibilities of an inspiring future, it is the conditions of the immediate present that count. For example, when the Brazilian Vice-Consul in New York bore testimony to the resources of his country before the Pan-American Conference of February, 1911, there was no deliberate exaggeration about his somewhat flowery periods. It was and is entirely true that Brazilian institutions of learning are modelled after the best in Europe; the Brazilian cities are built after the most artistic and sanitary plans; that Brazil has a large number of brilliant statesmen, and that its farmers are cultivating the soil by the most modern processes, thus reaping great and profitable results. Even the spokesman of the "Brazilian propaganda" was within the truth when he said on this same occasion that Brazil in regard to its undeveloped opportunities is where the United States was one hundred years ago. And so the suggestion did not seem unreasonable which was implied in his question: "How many are there here, gentlemen, who would not, with your now perfected hind sight, be very glad indeed to seize some of the opportunities that you have seen seized in the United States and developed?" It is true enough that "Brazil to-day is full of exactly those opportunities," but what this speaker and those who testified with him in regard to the commercial opportunities of Brazil failed to say was really what it was most essential for such a gathering to know. This was that the production of Brazil's chief source of wealth rested on an absolutely false economic basis, and that the second most valuable product of the Republic was slowly but surely being ousted from the markets of the world by a competing product produced more cheaply and propagated by more scientific methods. Again, whatever might be the brilliance of the attainments of some of the statesmen of Brazil, its Government had embarked on a policy of reckless extravagance which had in its plain possibilities of serious disaster, while private enterprise in the building of railroads and the supply of modern public utilities had been guided by speculative considerations rather than by those of immediate necessity and profit. All of this did not alter the fact that the Republic of Brazil is the most colossal republic in area on this earth's surface to-day, although it did seriously affect the amount of commercial credit which might safely be extended to merchants and contractors operating in that part of the world.

That Europe was much more liberal than the United States in extending this credit finds evidence in the returns of the foreign trade of Brazil; that there are solid reasons for regretting that liberality may be inferred from the deliberations of Tuesday's conference of bankers in London in regard to Brazilian affairs. If our merchants, manufacturers and bankers derived but little profit from the boom times in Brazil, they have the less responsibility for helping its Government to tide over a period of adversity. Thus it may be held that a certain attitude of detachment from the people of Latin-America and their affairs is, commercially speaking, a safer one than that of closer identification and sympathy. The Brazilian Vice-Consul complained at the Washington conference that in spite of all they were doing to keep abreast of modern progress, his people had not yet acquired the reputation of being a civilised nation. So also at the present time might have complained the Peruvian and the Mexican, but in the light of contemporary experience, the general opinion of our people on this subject would be fully justified. The conclusion seems thus to be a quite plausible one that the ordinary North American who has had some opportunity as a business man to study the people and the institutions of South American republics, has a fairly correct estimate of both. Unfortunately, his views are not of the character to lend themselves to after-dinner oratory or even to the more sober but still largely sentimental kind of discussion which finds acceptance in Pan-American conferences. It sounds very well to insist on the necessity of the Latin-American and English-American cultivating a closer acquaintance with each other by exchange of visits of distinguished public men and of college professors. But, after all, the radical defects of Latin-American civilisation which are so painfully in evidence at the present time pass entirely untouched in any such interchange of ideas and the narrowness of our own range of international vision does not become sensibly enlarged. The fact that more than half the Latin-American republics are very crude experiments indeed in the organisation of free government may not be a good foundation for the all-embracing union, society or association, but is quite an essential preliminary to any search after the truth.

Note—If Americans and for that matter, almost everyone else, have been misled by appearances, they have chiefly themselves to blame; whereas, with every element for drawing right conclusions, they allowed themselves to be hypnotised by the glitter of a fictitious prosperity, dependent on cheap money and easy credit.

For years statistics unmistakably showed that in Brazil favourable trade balances were the effect almost exclusively of rising prices and not of the expansion of the volume of exports that should accompany increase of foreign indebtedness, and that all that was wanted to upset economic equilibrium was the fall of the two staples on which the prosperity of the country depended.

The warnings of the few who dreaded the *denouement* were denounced as the croakings of hopeless pessimists and even diplomacy was utilised to boom Brazil and sometimes unconsciously, to misinterpret the real significance of a prosperity that reposed on the abuse of credit.

It is easy to be wise after the event. But why, with every element requisite to arrive at conclusions, did not monitors of opinion, like the New York "Journal of Commerce", warn their readers betimes of the certain result that too eager discounting of the future would entail?

Now, if by good luck, American exporters got off with much smaller losses than they expected, it will be because Europe, and particularly England, will have found the money to put the country once more on its legs and so aided the liquidation of the international situation.

Americans, in their eagerness to extend their export trade, have, of late, been very active in South America and so probably put rods in pickle for themselves.

It is, as the "Journal of Commerce" remarks, easy to go to the other extreme and, in consequence of disappointments, to become hopelessly pessimistic.

In spite of misgovernment, crises and drawbacks, this country is unquestionably developing and must have its wants supplied. There is plenty of room for trade between the two countries and for its regular development as soon as excessive stocks, accumulated in the boom are worked off.

RUBBER.

Latest London Quotations, (Saturday, 11th, holiday):—

	April 4	March 28	March 21
	s. d.	s. d.	s. d.
Fine hard Para.....	2 11 ³ / ₄	3 0	3 0 ³ / ₄
Plantation	2 7 ¹ / ₂	2 6 ¹ / ₂	2 5 ¹ / ₄