

Mailman's Brazilian Review

A JOURNAL OF TRADE AND FINANCE

PUBLISHED WEEKLY TO CATCH BRITISH MAILS.

VOL. 5

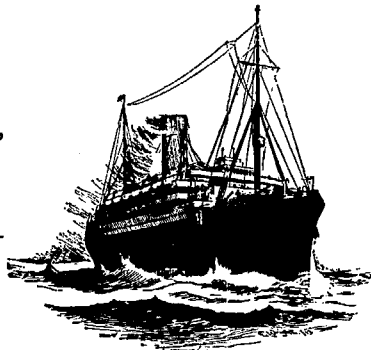
RIO DE JANEIRO, TUESDAY, 8th May, 1917

N. 19

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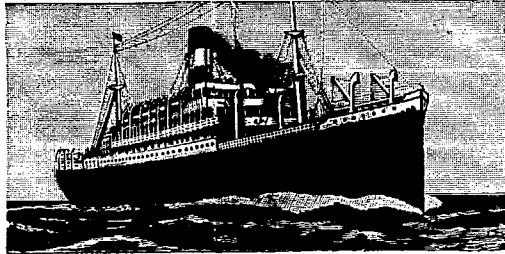
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Wileman's Brazilian Review

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VOL. 5

RIO DE JANEIRO, TUESDAY, May 8th, 1917

No. 19

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All communications to be addressed to the Editor.

Announcements of Births, Deaths and Marriages concerning Subscribers and Friends are inserted in the Review free of charge.
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	POSITIONS					Single per ins.
	52 inserts per ins.	26 inserts per ins.	18 inserts per ins.	6 inserts per ins.	4 inserts per ins.	
One Page.....	£5 5 0	3 10 0	4 0 0	4 7 6	4 15 0	5 0 0
Half Page...	1 12 6	1 15 0	2 0 0	2 5 0	2 7 6	2 10 0
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13 or 6 insertions are quoted for upon the understanding that the Advertisement appears at least once a month. The 52 and 26 rates are for Consecutive Insertions.

The Roll of Honour. We should be glad if the friends and relations of men at the front would inform us of any casualty—killed, wounded or missing—in order that The Roll of Honour may be kept up to date.

DR. ALFRED A. REGO

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RIO DE JANEIRO.

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All British Passports issued prior to the 5th August, 1914, are now invalid. Holders of such Passports should apply at their convenience for fresh Passports from this office.

Wife and children under 16 years of age may be included in the holder's Passport.

Passports must bear the photograph of the holder, and of his wife, if included in the Passport. These photographs must be supplied in duplicate to this office by applicants for Passports.

British Consulate General, Rio de Janeiro.

28th April, 1917.

MAIL FIXTURES

FOR EUROPE.

May 12.—AMAZON, Royal Mail, for Liverpool.
„ 15.—DEMERARA, Royal Mail, for Liverpool.

FOR RIVER PLATE AND PACIFIC.

May 15.—VAUBAN, Lamport and Holt, for River Plate.
„ 24.—ORTEGA, P.S.N.C., for River Plate and Pacific

FOR THE UNITED STATES.

May 14.—BYRON, Lamport and Holt, for New York.

NOTES

LADY BURGHCLERE'S PRISONERS OF WAR FUND.

Donations Received up to 5th May, 1917.

Previously reported	10:350\$700
Rio de Janeiro Tramway, Light and Power Co., Ltd., 7th contribution	200\$000
Mrs. F. S. Pryor, 3rd contribution	30\$000
F. A. Huntress, 7th contribution	20\$000
F. S. Pryor, 9th contribution	25\$000
H. F. Wileman, 7th contribution	20\$000

Rs. 10:645\$700

A Letter from Lady Burghclere.

I expect by now you will have had mine that I wrote a couple of months ago and you may have felt it well to publish them. I am enclosing a letter from a N.C.O. in a German camp to whom, in common with all other N.C.O.'s in command of our men I wrote last Xmas, explaining how your friends are coming to their assistance. It is not sentiment on my part, but sober fact that the knowledge of the sympathy, the practical sympathy going out to them from the four quarters of the world is of inestimable value to the prisoners. It helps them as they would say "to keep smiling." Only the other day a man wrote "I trust that those responsible for parcels will accept my deepest thanks and appreciation. Such kindness helps me to bear with fortitude any hardship which happens to be my lot. And the knowledge that we are not forgotten by our countrymen is a source of great comfort to us as prisoners of war."

The best means, however, of thanking generous subscribers is that I should forward you the letter of which I spoke and which I now enclose. With very many grateful thanks.—Yours, etc.,

Winifred Burghclere.

S—Barracke Nr—Provinz—

To Lady Burghclere, President of Lady Burghclere's Fund for Prisoners of War.

Dear Madam,—My comrades in this camp desire me to write and thank you for your message of Christmas cheer and goodwill, which was read to the assembled camp. Although a little delayed

(for we did not receive your letter until 28th ult.) your message was received with great pleasure. No one but ourselves can possibly know how much we appreciate the way in which people at home have stood by us in our misfortunes. We cannot say anything adequate to express our debt to them for the self-sacrifice which has made it possible for us to receive parcels throughout. We felt this more especially at Christmas time when, thanks to the people mentioned in your letter, we were able to have our 'Plum Puddings.' At this camp there were many thoughts carried back to the Homeland, as we drank a toast to 'The Folk at Home'—in coffee. We would like to thank everyone of the contributors individually, but mere thanks sound hollow. Perhaps the knowledge that owing to them we spent a more enjoyable Christmas than we thought possible will convey to them in a measure our feeling of gratitude. We wish to thank you for your kindness and tireless efforts and those of your staff on our behalf, which will never be forgotten by the soldiers whom you honour by calling friend.

Sincerely yours,

Lance-Corporal, Suffolk Regiment.

A.H.L.

Patriotic League of Britons Overseas, Rio de Janeiro Branch.

Statement for April, 1917:—

Warships and General Fund	£166 17 1
Prince of Wales' National Relief Fund	11 14 11
	£178 12 0

Rio de Janeiro, 3rd May, 1917.—F. S. Pryor, Hon. Treasurer.

The Red Cross in Minas. We beg to acknowledge receipt from an anonymous donor of a parcel, which has been forwarded to Mrs. Bensusan for the Ouro Preto Gold Mines bazaar.

The Resignation of Dr. Lauro Muller. As far as British interests are concerned, the resignation of Dr. Lauro Muller can only be a matter for regret.

From the outbreak of the war, the ex-Minister of Foreign Affairs maintained the attitude of strict neutrality dictated by the policy of the President of the Republic, which, whatever his individual sympathies might possibly be, has not been modified.

If, on the one hand, the Foreign Office objected, on the grounds of neutrality, to the sale of arms and ammunition to the Allies and seemed to give support to claims of certain Tuto-Brazilian firms for relaxation of the British blockade with regard to goods said to have been bought in Holland and paid for before the outbreak of war, on the other hand, the F.O. did not hesitate to refuse support to any such firms as failed to show proof of really Brazilian origin.

Whilst protesting on principle against the seizure of goods of suspicious destination—on the ground that it was contrary to the international precepts and the Declaration of Paris, whereby the flag covers the cargo—the F.O. declined to discuss the matter during hostilities and reserved action for each concrete case in which really Brazilian interests might be affected.

In obedience to the rules of neutrality established by the Brazilian Government, the German gunboat Eber and its crew were interned at Bahia, whilst German and Austrian merchant vessels that had taken refuge in Brazilian harbours, were forbidden to leave again without written permission of the Captain of the respective port and express consent of the Minister of Marine.

Effective measures were adopted for stopping the use of "wireless" by foreign vessels, whether in transit or retained in Brazilian harbours and dismantling of clandestine stations on the coast and inland.

With the same aim, the Brazilian Government undertook to restrict wireless messages despatched by Brazilian stations to purely Brazilian official communications.

Following the initiative of Great Britain, the Brazilian Government at the outbreak of war, prohibited the use of codes or

cifred telegrams and on its relaxation by Great Britain and France again followed their examples.

In virtue of the decree of 24th August, 1914, the Brazilian Government permitted repairs to the Glasgow and Carnarvon to be effected in the docks belonging to this Government and on several occasions afterwards allowed similar repairs to be effected and on more than one occasion relaxed the severity of the rule under which a delay of only 24 hours was permitted to British cruisers in the face of all objections and protests by the German and Austrian Ministers.

Had the Brazilian Foreign Office really decided to favour German interests, no better opportunity could have been afforded than the Blacklist. But, on the contrary, not only was no protest presented, but it was a personal friend of the Minister of Foreign Affairs who set polemic to rest by declaration in Congress that the principles involved in the Blacklist were perfectly legal.

If there has been some apparent favouring of one side by affording undue preference to German shippers of rubber and coffee by Lloyd Brasileiro steamers, it is to the Minister of Finance, to whom the Lloyd Brasileiro is subordinate, and not to the Minister of Foreign Affairs that is should be attributed.

The Minister of Foreign Affairs has been most unfairly attacked for not having secured more favourable treatment from Argentina with regard to cereals imported from that country, under circumstances that made it impossible to do more than appeal to the goodwill of the neighbouring country, seeing that Brazil was powerless, owing to certain resentment by the United States, the largest importer of our coffees, of any modification of the differential tariff on flour, and the determination of Argentina to utilise to the full this opportunity to get even with her rival.

That the A.B.C. policy should not have been as successful as expected is proof that, whatever appearances may be, sentiment in Argentina towards this country is by no means so cordial as generally represented. Dr. Lauro Muller was, in this instance, but a victim of his own good faith.

German origin might in England or France be motive for distrust even of a man who, like Dr. Lauro Muller, has devoted his unquestionable talent and all his energies to the service of the country in which he was born, bred, and with which all his future, political, material and domestic, is indissolubly bound up; but never in a country like this, where the classes that really govern the country are themselves mostly of cosmopolitan origin, and the great population of German extraction must for decades work hand in hand with national elements for its development!

The crisis that culminated in the resignation of Dr. Lauro Muller can find no justification in his acts or his conduct as Minister of Foreign Affairs, which from the first obeyed the policy of strict neutrality for which only the President of the Republic is responsible.

The protest in reply to threats of unrestricted submarine warfare originated with and was despatched by Dr. Lauro Muller, as was the declaration suspending relations with Germany, and, finally, the stoppage at the frontier of Uruguaay of the German Minister and his staff until arrival of news of the safety of the accredited Brazilian Minister at Berlin.

To no official act or suggestion of the late Minister, so far as we are aware, can partiality for German interests be imputed, and, if anyone should have to resign because Brazil did not sooner abandon strict observance of neutrality, it should be the only really responsible party—the President of the Republic!

The new Minister, Dr. Nilo Peçanha, is not unknown to fame. After passing through the usual apprenticeship to statesmanship as Deputy and Senator and Governor of the State of Rio, on the death of Dr. Affonso Pena, he became President of the Republic and some years afterwards Governor again of the State of Rio de Janeiro. In both instances his administration of that State was fruitful and practically saved that State from hopeless insolvency.

As Minister of Foreign Affairs his knowledge of men and affairs should stand him in good stead. So far the only indication of the policy he is likely to adopt is that it will be 'American';

whether that is merely a phrase or intended to convey still closer cooperation with the United States time will tell.

Meanwhile, he has some rather serious problems to tackle: (1) whether Brazilian ports shall be thrown open to the Allies prior to any declaration of war; (2) what the attitude of the Brazilian Government will be with regard to shipments by German subjects to the U.S. or elsewhere in Brazilian vessels; (3) the steps that should be taken in the interest of Brazil itself, as of the Allies, for arrest and punishment of the authors of the outrage on the s.s. Tennyson at Bahia; (4) the position of the Lloyd Brasileiro as carrier of cargo shipped abroad by Germans.

Cost of Living. To combat the prevailing cost of living, some of the greater American municipalities have undertaken to eliminate the middleman and distribute necessities to the "starving" population at cost price. They have likewise succeeded in enlisting a number of the large grocery stores on their side and in the words of the promoter of the Retail Grocers' Association hope to "unite all retail groceries of the city into a bond strong enough to war successfully on wholesale dealers and manufacturers who only want to screw as much profit as possible from the public."

In compensation the retail grocers are, apparently, to be allowed discounts on their purchases. But who will pay the discount—the city or the wholesalers—is not clear. In any case the scheme merits investigation.

Defaulting Governments. The Corporation of Foreign Bondholders has just issued its report, according to which the principal loans in default prior to the outbreak of war were:—

	Capital	Interest
Argentina, Prov. Corrientes	£1,297,520	£ 35,702
Ecuador	2,747,555	523,243
Honduras	5,398,750	20,472,653
Mexico	44,620,703	6,023,102
United States (Southern States)	15,048,000	36,000,000
Former Confederate States	2,418,800	8,719,774
	£71,531,328	£71,774,474

Since then S. Luiz de Potosi, Nicaragua and Paraguay have likewise defaulted, whilst Brazil, Salvador, Uruguay, Bahia, Para, Amazonas, the City of Santos and State of Minas have funded their interest. Brazil is expected to resume payment of interest in July of the current year. The arrangement with Bahia was for funding of the interest and suspension of the sinking fund for three years, 1915 to 1917. The State of Para funded interest payments for four years from July, 1915, and sinking fund to 1918.

The Following Telegram of the Agencia Americana was published in most of the London financial papers:—

Rio de Janeiro, 21st March.—The President of Brazil has signed a decree authorising the issue of 15,000 contos paper (about £760,000). This issue is intended for the payment of 250,000 bags of coffee purchased by the Bank of Brazil for the account of France. The bank will pay for the coffee in paper money, and will be paid for it in gold, this latter money being added to the funds deposited in Europe for the resumption next August of the service in cash of the foreign loan. The stock of sugar is 100,000 bags more than twelve months ago. The Agricultural Committee entrusted by the Federal Government with the task of examining the districts recently flooded in the northern states reports that the inundations have served to fertilise the ground for the forthcoming harvest. The directors of the Rio de Janeiro Transport Company, recently founded in New York with a capital of £1,000,000, have informed the Brazilian Ministers of Commerce and Marine of the forthcoming initiation of their service with large and rapid cargo boats, which will assure a regular connection between the United States and Brazilian ports. The commercial exchange between the two countries will be further assured by the West Indies Steamship Co., which on the one part will carry on a regular service between Cuba and the United States, and on the other between Cuba and

Brazil, the River Plate ports and the Pacific, making the returning journey via the Panama Canal. The Armour Co. has just established a large model freezing establishment at Santa Anna do Livramento, State of Rio Grande do Sul. The new enterprise has signed a contract with the State railway for the construction of a branch line to the freezing plant, lining up with the Uruguayan railways. A strong Brazilian-American company has been formed to exploit the cultivation of the textile fibre pita (the "century plant") to replace jute. The Brazilian Government has granted a concession to a Brazilian-American syndicate for the construction of a railway line between Ubatuba, State of S. Paulo, and Paraisopolis, State of Minas Geraes, via Taubate. The Government acknowledges the right of crews of merchant vessels to refuse to embark, in view of the submarine dangers involving the life and property of the sailors. The Government will intervene with ship-owners only for the purpose of offering its mediation, deeming that the crews cannot be forced to embark in case of refusal. An agreement has been reached between the big States respecting the presidential candidates for 1918. Sr. Rodrigues Alves will be nominated as President and Sr. Delphim Moreira as Vice-President.

[Although the decree itself offered no explanation of the object for which the Rs. 15,000,000\$ were issued in February, we always imagined that it was intended for purchase of coffee, though why, with 2,000,000 bags at Havre, France should require 250,000 bags more is hard to explain and much less its utilisation of the proceeds of its sale for resumption next August of specie payments on the foreign debt!

The information in respect to the selection of Dr. Rodrigues Alves for the coming presidential term is no doubt interesting as an indication of the aspirations of the powers that be, though so far it is not a fait accompli and much water must run under the bridges between now and November, 1919.

The Agencia Americana may be regarded as the mouth-piece of the Brazilian Treasury and occasionally of the Minister of Foreign Affairs.]

Prohibition of Importations of Goods into France and Algeria.

In the "Journal Officiel" of 24 March, a decree is published which prohibits importation of all goods excepting: (a) goods imported on account of the State; (b) consignments proved to the satisfaction of the competent authorities to have been despatched prior to the date of present decree; (c) goods declared for warehousing by same date.

Exceptions may, however, be allowed by the Minister of Finance by: (1) special licence in respect of certain goods; (2) fixation of a quarterly contingent of specified products; (3) division of each contingent among industrial and commercial groups in France in proportion to their needs.

This decree is said to have abrogated or superseded, as seems to be the case anyhow as regards coffee, if the rumour that 250,000 bags will be shipped by the Bank of Brazil has any foundation.

War Loans. The following shows more or less the terms on which a war loan might be negotiated by this country in case of war:—From temporary capital of Rumania comes announcement that Great Britain has agreed to advance Rumania £40,000,000 on 5 per cent basis at par. According to "Rumanie," State revenues have practically ceased as a result of occupation of larger part of Rumanian territory by enemy forces. On other hand, expenditure has increased owing to reorganisation of army and feeding of refugee population of Moldavia.

Brazilian Finance and Economics. Holders of Brazilian bonds will be interested to learn that in a recent report the Minister of Finance stated that, with a view to the resumption of specie payments on the external debt, funds had been accumulated in the republic and also abroad, and that cash payments had thereby been guaranteed. The Minister estimates that the war is effecting Brazil to the extent of 30 millions sterling per annum, so that it is no small achievement for her to arrange the resumption of cash payments on the expiration of the funding period. Under the

Budget for 1917, which shows a deficit of £86,000, import duties which were payable 40 per cent in gold and 60 per cent in paper will now be payable 55 per cent in gold and 45 per cent in paper; this alteration is expected to result in a net increase in the duties of 18 per cent. But the financial rehabilitation has resulted chiefly from the very considerable economies that were effected during the first two years of Dr. Wenceslao Braz's administration. He has reduced expenditure generally, overhauled the collection of taxes, increased some of them, and introduced new imposts, even levying a tax of 20 per cent on the pay for all public functionaries, from the President, Senators, Deputies and Ministers, down to the doorkeepers of the departments. In order to redeem indebtedness existing at the close of 1915 the Treasury had considerably more than £4,000,000 of bills. Four millions of these debts have been liquidated, one half in cash and the other half in paper, and the balance will be paid off this year. One interesting result of the war has been to direct attention, as in other countries, to the production of primary colouring matter for fabrics, hitherto exported exclusively from Germany. Recalling that in the past the tropics were the great furnishers of dyes of vegetable origin, Brazil directed her industrial ingenuity towards satisfying her own dye wants. To-day she is utilising on a large scale dyes derived from her own forestine essences, from the plants of the garden, the wood, the waters, and the marsh, which are peculiarly adapted for aniline dyeing, and of which Brazil is already becoming a considerable exporter.—"The Times."

BRAZIL AND HER SONS.

By Mr. Thomas Rowley, of S. Paulo.

They judged we were scattered and weakened
In the spheres of our works and desires,
That the night of the Kaiser had meekened
The souls that we have from our sires,
That our glory no more did we treasure,
That our legends no more made appeal—
Proud and ruthless they stopped not to measure
The outcome of wrong that we feel.

And, alas! we recall in our sadness,
While we smart from the blow they have struck,
That we welcomed the Germans with gladness
To partake of our life and our luck;
Nor dreamed, when they traded and flourished,
Settled strong in our lands that are good,
That unbrotherly aims would be nourished,
And our culture and rights be withstood.

But, behold! in her vigour and beauty,
With some Guarany flash in her eye,
Brazil makes appeal of our duty
To her, lifting banner on high:
"The land I have fashioned and guarded
With my children whose races are run,
With your arms and your lives must be warded
In its rights, and be kept always one."

And the voice of the young mother troubled
Has rung over mountain and plain,
And has swelled, in intensity doubled,
In the towns built by river and main.
Our petty dissensions are ended,
With our worth and our veal put at stake.
In souls strong, and with means made and mended,
On ourselves our protection we take.

Nor doubt we but friends we shall get us,
When we stigmatise Germany's cause,
And, true to traditions, we set us
To maintain imprescriptible laws.
Then away with unworthy misgiving!
In the names of our streets we proclaim
That we, too, share the impulse of living
For men's freedom, for country, for name.

BOOKS RECEIVED.

The India Rubber, Diary and Year Book for 1917, issued by the "India Rubber Journal" (London). In spite of all difficulties, our enterprising contemporary still manages to distribute this useful diary, for which we beg to thank them and to suggest that in next number a diagram showing the course of prices for the preceding year might be included. On pages 59-73 of same will be found a useful Trade Index for London, Manchester and the Provinces, Scotland and Wales.

THE REPORT OF THE SECRETARY OF FINANCE OF S. PAULO.

Value of dutiable Exports in 1916:—	
Coffee	Rs. 372,640:107\$
Hides	2,624:880\$
Tobacco	496:570\$
Firewood	4:540\$
	<hr/>
Duty free	375,766:067\$
	218,878:869\$
	<hr/>
Total Exports of State of S. Paulo to all destination, Brazilian and foreign	594,344:936\$

Dutiable exports account for 63.2 per cent and duty free 36.8 per cent of the total value of exports from the State to both other countries and to other Brazilian States.

Compared with last year the value of duty free exports rose from Rs. 90,311:748\$ to 218,878:000\$, or nearly treble, of which:—		
Chilled meat	5,802:425\$	17,216:248\$
Salted meat	1,565:382\$	4,371:878\$
	<hr/>	<hr/>
	Rs. 7,467:807\$	21,588:126\$
	10,223:117\$	17,539:396\$
	<hr/>	<hr/>
	17,690:925\$	39,127:522\$

Finances:—

Expenditure, including Valorisation charges	212,001:438\$
Revenue, 1916	Rs. 230,769:467\$
	<hr/>
Surplus...Rs	18,769:029\$

Purely budgetary expenditure was estimated at 80,648:399\$ and yielded 78,248:019\$.

Internal and Foreign Indebtedness of the State of S. Paulo...

Foreign funded	£6,521,244	
Valorisation loans outstanding	10,443,255	
	<hr/>	
	£16,964,499 at 12d	339,239:950\$
Internal funded		72,490:590\$
Floating debt		15,329:562\$
		<hr/>
		427,109:942\$
Deduct (as table below)	£14,611,000 at 12d	292,220:000\$
	<hr/>	<hr/>
Net	£2,353,499 at 12d	24,889:918\$

Details of Deductions:—

Coffee at Havre	Bags 1,182,869	
Coffee at Berlin	1,832,530	
	<hr/>	
	3,015,399	£10,887,000
Responsibility of the Sorocabana Railway		3,123,843
Funds in hands of Schroeder, Soc. Générale and Banque des Pays Bas (about).....		600,157
		<hr/>
		£14,611,000

On the assumption that the coffee in the hands of the German Government will be realised, the stock at Havre and Marseilles disposed of and the indebtedness for which the Sorocabana is liable be paid off, the foreign debt might be reduced to only £2,353,500 and the total obligation of the State, internal and foreign, to the trifling sum of Rs. 24,889,998\$, were it not that, in fact, neither one nor the other is likely to occur nor any of the obligations to be paid off until absolutely due.

The payment by the German Government is particularly doubtful, and, as it is payable in marks at no fixed exchange, unless the Allies agree to guarantee it, who can tell what its value may be after the war?

Still the position of the State of S. Paulo is not unenviable from either the financial or economic point of view. A great deal of money has no doubt been spent that might have been economised, but meanwhile the State has made great progress, has developed its manufactures and agriculture so that it is no longer so dependent on coffee as before the war. It seems a pity that the Administration does not embrace this opportunity to get rid of all the valorisation coffee and so prepare the way for the abolition of the surtaxe of 5 francs, that, should prices fall, would again press so heavily on producers.

Much of S. Paulo's actual prosperity is due to the war and enormous consumption of coffee in the United States. After the war conditions may be reversed, the demand for many of S. Paulo's products fall off and imports increase in volume and value and again upset economic equilibrium.

Value of Imports, 1913	Rs. 273,103,000\$
1915	135,899,000\$
1916	215,572,000\$

EXTRACT FROM THE MESSAGE OF THE PRESIDENT OF THE REPUBLIC

FOREIGN AFFAIRS.

Neutrality and Unrestricted Submarine Warfare. Inflexible in the maintenance of neutrality, generally recognised to be exemplary, the Brazilian Government was obliged to put on record its protest against the menace to neutral commerce contained in the German threat of waging unrestricted submarine warfare, and to make that Government responsible for attacks on the lives or property of Brazilians.

Shortly afterwards the German Government was notified that torpedoing a Brazilian vessel in any sea or under any pretext whatsoever would entail suspension of diplomatic relations between the two countries.

Torpedoing of s.s. Parana. On the occasion of the torpedoing of the Brazilian steamship Parana, we only awaited the official confirmation of the fact to break off relations with Germany—which has been done.

I can conscientiously affirm that at this critical moment the sincere aim of Government, strengthened by unmistakable support of public opinion, is but to do its duty.

Cordial Relations with all Countries except Germany Unaltered. In spite of the effects of the war on national and international financial and economic conditions, Brazil continues to maintain unaltered its old cordial relations with all other countries excepting the German Empire.

Declaration of War by Germany, Italy and Roumania. Since 3rd May last year, decrees were issued relative to the declaration of war between Germany and Italy in 1916 and between Rumania and Austria-Hungary.

Peace Proposals. The peace proposals originating in Germany, and reiterated afterwards by the Governments of the United States, Switzerland, Scandinavia, Argentina, Mexico and Ecuador, were received by this Government with the greatest sympathy.

Pacific by character, the Brazilian Government could not, however, be indifferent to proposals that might be interpreted as unneutral in character, and might, therefore, be resented by one or more of the belligerents.

Torpedoing of s.s. Rio Branco. Such was the position when news of the torpedoing of the Brazilian steamship Rio Branco by a submarine in the North Sea reached this Government.

After full investigation of the facts by our Legation at London, this Government duly filed its claim upon the German Government. Meanwhile the details presented in the note of the German Government were of a nature to counsel postponement of any action until a decision by the Prize Court at Hamburg had been reached. According to the papers of the steamer, now in possession of the Hamburg Prize Court, the Rio Branco, contrary to dispositions of decree 11,803 of 9 December, 1915, had been sold in Norway, and was, therefore, making unlawful use of the Brazilian flag in flagrant violation of Art. 3 of the federal decree of 11 Nov., 1892, whilst all the crew were Norwegians with the exception of two, whose naturalisation papers proved to be irregular.

s.s. Tocantins stopped at Martinique. On 4th June of same year, the French cruiser Marseillaise stopped the Brazilian steamer Tocantins, belonging to the Lloyd Brasileiro Line, on its way from New York to Rio de Janeiro, and, after examining her papers, obliged the Tocantins to proceed to Port de France, in Martinique, where 84 cases, despatched to order by the Hamburg-America Line for Pernambuco, were landed.

Seeing that the Tocantins is the property of the Brazilian Government, and, moreover, was engaged in traffic between American ports, it could not be subject to the same treatment as vessels proceeding to the continent of Europe. In reply to my protest, the French Government promptly acceded to my request and promised to pay for the merchandise that, in view of its perishable nature, had been sold, without intervention of the Prize Court.

Seizure of s.s. Rio Pardo. On 9th December of last year the Rio Pardo was also seized by the German naval authorities in the North Sea. This vessel, which had been chartered for a long period in Europe, was commanded by a Norwegian subject naturalised in Brazil and had a crew of 29 men, of whom five were Brazilians. The steamer was employed in transport of suspected merchandise between Rotterdam and Hull. Acquainted with the facts, the Minister of Foreign Affairs had previously issued instructions to the commander not to compromise Brazilian neutrality. The Brazilian Government, however, did not fail to file its protest against the seizure, subject now to decision by the Prize Court, and especially against the bad treatment of Brazilian members of the crew during their detention.

Notification of Unrestricted Submarine Warfare. On 3rd February, 1917, the German and Austro-Hungarian Governments notified their intention to blockade the coasts of Gt. Britain and adjacent islands, France, Italy, and the Western Mediterranean by means of submarines, and that from 1st February onwards they would not only stop traffic with the interdicted areas, but would no longer observe the restrictions observed until then in the conduct of sea warfare, but insisted on the unrestricted use of every means at their disposal for the destruction of vessels.

The German and Austro-Hungarian Governments, added the Note, confided in the just appreciation by Brazil of the circumstances that forced them to adopt such measures and trusted that Brazilian steamers would be advised of the danger they would run should they venture on the interdicted areas, as also passengers or cargo on same in either Brazilian or other neutral ships.

Reply to German Note. On 7th February the Brazilian Government acquainted the German and Austro-Hungarian Governments with:—

- 1.—Its anxiety that the situation of exemption created by the strictest observance of the rules of neutrality during the actual war should undergo no modification, whilst reserving the right of protest in concrete cases that affected Brazilian interests.
- 2.—The justly profound impression produced in Brazil by the communication of the Governments of the two Empires that threatened unjust sacrifice of life, destruction of property and complete stoppage of commercial transactions.
- 3.—That the blockade thus reestablished could not, in accordance with Law and International Conventions, be accepted by the Brazilian Government, and, finally, that the

Brazilian Government protested against such a blockade and held those Governments responsible in all cases affecting Brazilian citizens, merchandise or vessels on verification of the abandonment of the principles recognised by International Law and Conventions to which Brazil and those Empires were parties.

It is notorious that at that moment several Brazilian merchantment were en route for the blockaded ports, of which the German Government was immediately advised and the necessary measures were said to have been taken by said Governments for protection of those steamers.

German Evasions. To this the German Government replied that its goodwill referred exclusively to the steamers already en route not yet advised of the blockade and foretold the possibility of their encounter with submarine mines.

Reply to German Note. In view of this declaration, the Brazilian Government notified Germany on 13th February last through the Legation at Berlin, that it was considered essential for the maintenance of relations between the two countries that no national vessel should be attacked in any sea or under any pretext, even were it carrying contraband of war, seeing that the belligerents had arbitrarily classed everything in that category.

There can, therefore, be no doubt that the German Government was aware of the dispositions of the Brazilian Government in case of attack on national vessels and of our intention to defend the liberty of the seas and vital interests of Brazil.

Circumstances attending Torpedoing of Parana. It was, therefore, a matter of surprise that the news of the torpedoing of the steamship Parana by a German submarine on the high seas in the neighbourhood of Barfleuer was received.

I immediately instructed our Legation at Paris to institute a strict inquiry at Cherbourg, where the crew, all Brazilians, were landed.

This enquiry, instituted by the Secretary of the Legation at Paris, proved that the Parana had been unquestionably torpedoed by a unit of the German navy at the forementioned point, on the night of 3rd to 4th April last, under circumstances absolutely inadmissible, while steaming at reduced speed with all the regulatory lights and its distinctive sign—Brazil—clearly illuminated and in evidence. In spite of these precautions, no intimation was made for her to stop for examination of her papers or nature of her cargo, and she was torpedoed without warning and, after being torpedoed, five shots were fired into her.

Inhuman Proceedings of Submarine. Besides, in spite of being perfectly visible and so close, the submarine lent no humanitarian assistance to the commander or the crew, in consequence of which lives were lost and some of the crew were wounded.

Relations with Germany Broken Off. In view of these conditions and in virtue of the positive communication to the German Government, I could not, in view of an act so hostile to the relations of Brazil with Germany, fail to immediately take energetic steps for suspension of diplomatic and commercial relations with that country.

Meanwhile, the Brazilian Minister at Berlin, on advice of the torpedoing of the Parana, took the initiative of visiting the German Minister of Foreign Affairs, from whom he received a verbal communication in the following effect:

Berlin Contemporises. "Referring to the interview of Sr. Amaral with Minister Zimmermann, the Imperial Department of Foreign Affairs has the honour of informing the Legation of Brazil in Berlin that: Up to the present no information has been received relative to the loss of the Brazilian s.s. Parana, and, therefore, I have no means of judging whether it was caused by a mine or torpedo. Howsoever, it may be, the Imperial Government has no hesitation in offering the Brazilian Government the expression of its sincere regret at so unfortunate an occurrence in case it were caused by the action of a unit of the Imperial Marine, trusting, however, that there was no loss of life. The Imperial Government would thank the Legation to communicate by telegraph the sentiments of the Imperial Government."

Under the impression that this proceeding of the German Government was designed to leave the door open to future negotiation, our Minister at Berlin replied on 11th that, while thanking the German Government for its sympathy, its communication

could not be considered satisfactory and that we could not withdraw from the determination expressed in telegrams of 7th and 13th February.

This was communicated to the German Government by our Minister at Berlin, who asked for his passports, whilst simultaneously those of the German representative in Brazil were handed in, accompanied by a note in which my resolution and the causes that provoked it were imparted.

In this document, recapitulating the expressions of my note of 7th February and the peremptory declaration of 13th of same month, the Brazilian Government brought to the knowledge of Germany that its attitude, limited until then to demanding compliance with the principles of laws and stipulations recognised by the German Government itself and confirmed both by the Declaration of Paris of 1856, by the legislation in force, and, moreover, by the Declaration of London of 1909, wherein the rules agreed upon corresponded in substance to the principles of International Law, hitherto recognised.

The Brazilian Government, moreover, declared in the same note, that, in the opinion of experts in international law, both Brazilian and German, the position might be summarised as follows:

- 1.—Neutrals are not obliged to respect a blockade unless effective; i.e., unless maintained by a force sufficient to really prevent access to the enemy's shores.
- 2.—That vessels attempting to run the blockade are liable to be seized but not to be destroyed.
- 3.—That even if, in exceptional cases, it were necessary to destroy the vessel itself, persons on board said vessel must be respected.

In view of the torpedoing of the s.s. Parana under conditions so clearly contrary to those established in the foregoing statements, and of the anxiety of the Brazilian Government that the situation created by observance of the strictest neutrality should not be modified during the war, and, moreover, of the absolute lack of reciprocity in respect to the sovereign rights of this country, this Government was forced to suspend diplomatic and commercial relations with Germany.

Exequaturs Cancelled. In consequence of this and further measures, I directed that all our consular and other functionaries in Germany should leave the country and by decree of 11th April last, cancelled the "exequaturs" granted to the functionaries of that Empire in Brazil.

Sympathy with Belgium and France. I may mention that some time back the Brazilian Government refused to accede to the desire of the German authorities when they exacted that this Government should ask permission of the Government in occupation of Belgian territory for our consular representatives there to continue their functions, replying that, whilst respecting the situation de facto created by the war, the exequatur granted by the Government of H.M. the King of the Belgians still subsisted and that Brazil would take no steps in the above sense, seeing that in accordance with International Law, occupation cannot imply sovereignty.

German Minister Conveyed to Uruguayan Frontier. In view of the difficulties of conveyance of the German Minister in Brazil and his staff to Germany, I ordered the Lloyd Brasileiro ss. Rio de Janeiro to be prepared for this purpose, as also to abbreviate their departure.

Difficulties with regard to the neutral port to which the German Minister Adolf Paoli should be transported were finally overcome by leaving the selection of a port in Scandinavia or Holland to the Brazilian Government, as also of the port of call for examination of luggage.

In view, however, of the German Government having declared that there was no certainty of its being able to advise all its naval units in time to guarantee the outward and return voyage of the Rio de Janeiro, it was resolved that Mr. Adolf Paoli should be conducted to the frontier of Uruguay by land or sea at his option. Having determined to go by land, the Government at once took steps for himself and his staff to proceed by railway to St. Anna do Livramento or 27th April last.

Switzerland protects Brazilian interests in Berlin. The Swiss Government has consented to take charge of the archives of our Legation at Berlin, whilst the Legation of H.M. the Queen of Hol-

land at Rio de Janeiro has accepted the protection of German subjects in Brazil.

Occupation of German Interned Ships. It having been found that the crews of the German ships had wantonly practised acts of destruction of property under police jurisdiction and it coming to the knowledge of the authorities that, contrary to the regulations of the Port, they had thrown pieces of machinery overboard and pretended even to sink some, if not all these ships, to the grave prejudice of internal navigation, I resolved, as a measure of precaution, and without any intention of confiscation, the Minister of Marine should cause said ships to be guarded for the duration of the actual situation.

Congress to Act Now. The Executive has proceeded constitutionally throughout and as Congress was about to reopen, awaited that opportunity for you to take into consideration the grave international situation that Brazil is now placed in.

Declaration of War by U.S.A. on Germany. The Brazilian Government took due note of the official communication of declaration of war between the United States and Germany.

Commercial Interests. With regard to commercial interests, unfortunately, the restrictions imposed on international commerce by the belligerents were aggravated by the resolution of the Central Empires already alluded to.

Prohibition of Imports of Coffee by Ct. Britain. The British Government decreed complete prohibition of imports of coffee, fortunately since somewhat attenuated, whilst the French Government, after likewise prohibiting imports of every kind, suspended this order on 4th April. In Italy, however, there is no restriction.

The reason for the measures adopted by the British Government is the increasing dearth of tonnage. The logical course for us to adopt is to increase as much as possible our own mercantile fleet, without which our commerce is threatened with extinction. With this end in view, I issued a decree dated 9th December, subjecting to expropriation for public service all vessels belonging to the Brazilian mercantile marine.

Brazilian Merchandise on board German steamers in Portugal. With the entry of Portugal into the war, the Brazilian Government expected that all difficulties with regard to the transfer and transport of Brazilian merchandise retained on board the German steamers in Portugal would be removed once those steamers were requisitioned, but so far the applications of consignees have only been partly complied with.

Government has been untiring in its efforts to obtain delivery of merchandise ordered by Brazilian commercial houses in England, France and Italy for Federal and State purposes and it is with pleasure that I recognise the goodwill of the British Government to do all in its power to prevent shipments of coal for lighting purposes being suspended, as also for Brazilian railways and the Lloyd Brasileiro.

The Blacklist. In accordance with their Allies, the British Government determined as a measure of economic defence to organise the Statutory (Black) List in 1915, for reasons explained in its Note of 10th October, 1916, to the United States Ambassador in London:—

“As the Government of the United States is well aware, Anglo-American procedure in the past considered domicile to be the test of enemy character, as opposed to Continental practice, by which nationality was regarded as the proof. Anglo-American procedure was the outcome of a period when means of communication and transport were yet in development, and the action of persons established in far distant countries could exercise little influence on a struggle. To-day the position is different. The activities of enemy subjects in all parts of the world are universal and under modern conditions it is easy for them, wherever they reside, to remit funds to their Government or to forward its aims to the prejudice of Powers with whom they are at war. It is easy to understand that they have made full use of their opportunities.”

In this context, I expressed myself as follows in my Message of 3rd May, 1915:—

“Under our own legislation and in accordance with the Mercantile Law of Western Nations, the Brazilian Government always considered companies duly constituted in

Brazil under contracts registered at the respective Junta Commercial, to be Brazilian, apart from the nationality of the individuals composing same. Although the juridic personality of such societies may be distinct from the personality of its members, the Brazilian Government, notwithstanding, refused to lend its support to claims of mercantile associations composed of individuals of foreign nationality against acts of any of the belligerent nations excepting when on previous examination of the facts and appreciation of the circumstances, the Government was absolutely convinced not only of the justice on which claims were founded, but that the action of such associations were disassociated from any political object. In this way the Brazilian Government endeavours to prevent a principle, salutary and fecund in times of peace, from being perverted from its original design to cover acts inconsonant with the neutrality Brazil has so strictly maintained.”

Reiteration of this paragraph may be excused, because whenever the Brazilian Government had occasion to use its good offices, the British Government almost always rectified any injustice arising from misappreciation of facts by withdrawal of the respective commercial firms established in this country from the ‘Blacklist.’

Such extreme measures on the part of belligerents are to be lamented in a country like Brazil that has encouraged innumerable foreigners to develop their activities under the protection of liberal laws, as such measures give rise to vicarities that tend to disturb commercial freedom.

S. Paulo Coffee. The product of the sale of the coffee belonging to S. Paulo is still in deposit in Germany, under the responsibility of that Government for payment post pacem. The State of S. Paulo arranged with those bankers for a higher rate of interest on the money in deposit. The Federal Government has followed this matter with the greatest solicitude and protected the interests of S. Paulo in this transaction as far as laid in its power.

Such were the most important matters that the Brazilian Government had to treat of with the belligerents with regard to acts arising from the war. I am happy to recognise the goodwill of the respective Governments and their desire to satisfy our desires and the guarantees we solicited.

Deportations in Belgium and France. The Brazilian Government could not be insensible to the lot of the deportations of French and Belgians by the German Government, that caused so profound an impression in this country.

Repairs of British Warships. Complying with the request of H.B.M.’s Government to permit repair of warships that patrol the South Atlantic, in accordance with rules of neutrality, the Brazilian Government gave its consent.

Prohibition of Exports of Wheat by Argentina. With regard to prohibition of exports of wheat decreed by the Argentine Government, so prejudicial to our interests, the Minister of Foreign Affairs has succeeded in obtaining an increase in the quantity destined to this country, proportional to the balance available for exports to all destinations from that Republic.

Herva Matte. The crisis of the herva matte industry has been conjured by rejection of proposals to increase import duties on the improved (canjeado) article, as also by Uruguay.

FINANCES.

Omitting tables too voluminous for reproduction, this section of the President’s Message reads as follows:—

The sacrifices the Nation has been called on to make to redeem its promises begin to bear fruit.

Sterling Floating Debt. The increase of £5,027,916 in the sterling floating debt, most of which has since been paid off or is about to be, results from the following operations:—

Issue of Treasury Bills at London	£3,191,800
Ditto, by Treasury here	1,636,552
Balance to be issued for payment to S. Paulo-Rio Grande Railway	199,564
	<hr/>
	£5,027,916

Already paid off	£3,540,163	
Deposited	31,383	3,571,546
Still in circulation	1,453,370	
£48,686 due to Banco Ultramarino	48,686	
Balance to be consolidated	£1,407,634	

Of the balance, £500,000 are under negotiation. Part of the payments have been effected entirely in apolices (internal bonds) and others half in specie (gold or paper at current exchange at option of holder) and half in apolices (internal bonds) at 92 to 89 per cent of their face value, according to the amount. Further conversions will be effected on the same footing.

Currency Floating Debt. Liquidation of Treasury bonds payable in currency continues, the balance outstanding amounting to Rs. 41,086,600\$ on 1st April.

The liquidation of both series is now guaranteed—that of gold Treasury bills by the resources of the Treasury and consent of 80 per cent of their bearers; and Treasury bills payable in paper by the progressive rise in value of apolices (internal bonds) which makes 85 per cent more acceptable.

Cash Balance in London. In spite of these operations, deposits in London have not diminished and on 28th April last amounted to £1,685,945.

Treasury Payments up to date! All Treasury payments are up to date excepting those for which credits have yet to be voted by Congress or in consequence of acts of creditors themselves.

Exercicios Findos. Obligations corresponding to former fiscal years (exercicios findos) are being rapidly liquidated and those corresponding to last year, that entered the Treasury in March, are already being reported on. Of the mass of accounts accumulated during the last ten years, only 309 now await solution.

£3,000,000 in the Treasury. Moreover, the Treasury succeeded in accumulating over £3,000,000 in the country itself, which in the hypothesis of the continuation of the war, might be held either in reserve or utilised for the extinction of the amount owing to the Caixa de Conversão or for redemption of the Fund for guarantee of paper money.

External Foreign Debt:—

Foreign debt, 31st December, 1917	£112,332,968
Ditto, 31st December, 1915	108,439,438
Increase	*£3,703,530

*Figures of Message not correct.

Funding bonds to value of £3,765,650 having been issued between 1914 and December, 1916, and bonds to value of £62,120,000 withdrawn.

Issue of Funding Bonds in 1916. In 1916 funding bonds to value of £3,744,349 were issued in payment of interest on the following loans:—1883, 1888, 1889, 1895, 1901 (Recission), 1906 (Lloyd Brasileiro), 1908, 1908-1909 (Itapura and Corumba Railway), 1909 (Port of Pernambuco), 1910 (Lloyd Brasileiro), 1910, 1910 (Goyaz Railway), 1911 (Rio Ports Works), 1911 (Bahia Railways), 1911 (Ceara Railways), 1913 and £21,301 for guaranteed interest on railways, etc.

Total Issue Funding Bonds to 31 March, 1917. The total issue of funding bonds since 1914 was for £9,962,228, of which £9,323,227 for payment of interest on the above-mentioned loans, £117,700 for amortisation of the Porto de Rio de Janeiro loan and £521,301 for guaranteed interest of railways, etc.

Between January and March, 1917, funding bonds were issued to value of £568,127, whereby the foreign debt was raised by 31st March, 1917, to £112,901,095.

Internal Funded Debt. On 31 December the internal funded debt amounted to Rs. 864,346:400\$, as follows:—

Apolices geraes (5 per cent annuities)	515,026:000\$
Ditto, (4 per cent annuities)	119:600\$
Rio de Janeiro Port Works, 1903	17,300:000\$
Construction and acquisition of railways	231,267:000\$
Drainage of Baixada de Rio de Janeiro	13,841:000\$
Jolivan indemnity	1,629:000\$
For Expenses of Lloyd Brasileiro	671:000\$
Different Ministries, decree 24 April, 1912	17,742:000\$
Judicial sentences	1,311:000\$
Payment and consolidation of floating debt prior to 1915	65,429:800\$

Total, 31st December, 1917	864,436:400\$
Ditto, 31st December, 1915	781,904:3:00\$

Increase	Rs. 82,532:100\$
----------------	------------------

Accounted for by—

Settlement of Treasury obligations prior to 1915 and consolidation of Treasury Bills	Rs. 63,930:100\$
Railway construction	16,210:000\$
Baixada, Rio de Janeiro	1,556:000\$
Judicial sentences	714:000\$
Expenses of Lloyd Brasileiro	117:000\$
Polivian claims	5:000\$

Rs. 82,532:100\$	
From January to March, 1917, apolices were issued to value of	17,557:300\$

Rs. 90,089:400\$

Total of Internal Debt on 31 March, 1917. Inclusive of the above issues, the Internal Debt on 31st March last amounted to Rs. 881,993:400\$.

Paper Money. From the table showing notes in circulation, the following has been extracted:—

30 November, 1889	Rs. 179,364:995\$000
31 December, 1891	165,380:678\$500
31 December, 1898	779,565:423\$000
31 December, 1911	612,025:525\$000
31 December, 1916	1,122,559:761\$500
31 March, 1917	1,137,527:725\$500

Financial Conditions Normalised. Financial conditions in home markets seem to have been normalised. The rate of discount rules the same as registered in last year's Message, whilst new branches of industry have been founded and the country now enters definitely on a new phase of development.

The restrictions resulting from the war have forced us to make greater uses of our own resources, amongst them our coal deposits in which greater development may be shortly expected.

State of Industry. The spinning and weaving industries are very prosperous and textiles, hitherto reserved solely for home consumption, are now being exported.

Substitutes for other manufactures previously imported are being adopted with great advantage to the country. All this vast movement of liquidation and economic recovery was the result of reduction of expenditure, increase of "consumption" dues, and recourse to the admirable instrument of credit that, thanks to public confidence, our 5 per cent internal bonds or apolices afford.

The prudent manner in which such appeals to credit were utilised may be appreciated by the quotations of these securities and of exchange.

Extract from the tables showing oscillations of apolices:—

	Funded Debt.		Treasury Obligations.	
	Min.	Max.	Min.	Max.
1916, per 1:000\$.	720\$	840\$	700\$	825\$
1917, per 1:000\$.	740\$	833\$	755\$	793\$

Fund for Amortisation of Internal Loans: 31 December, 1901, Rs. 4,516:100\$; 31 December, 1916, Rs. 31,990:100\$. This fund consists of 32,003 apolices or bonds of different denominations.

Foreign Exchange. Oscillations of 90-day sight bills on London:—Jan., 1916, 11 9-32d; Sept., 1916, 12 7-32d; Dec., 1916, 11 55-64d; Jan., 1917, 11 15-16d; March, 1917, 11 51-64d.

Savings Banks. The movement of the Caixas Economicas shows the savings of the poorer classes to be increasing. The Rio de Janeiro branch shows the following movement, in contos of reis:

	Receipts	Payments	Surplus	Deficit
1913	24,436	39,777	—	15,341
1914	11,030	23,754	—	9,723
1915	19,069	19,275	—	206
1916	28,615	21,632	7,013	—
1917 (3 months)	8,215	6,521	1,634	—

Foreign Trade. The tables of the Commercial Statistical Department show the following general result:

	Gross Weight, tons of 1,000 kilos.		
	1913	1915	1916
Imports	5,863,039	2,799,170	2,641,371
Exports	1,366,628	1,780,407	1,841,667
Excess Imports	4,496,411	1,018,763	799,604

Value of Exports for 12 months—f.o.b. in contos of reis paper:

	Merchandise	Specie	Total
1913	973	91	1,064
1915	1,023	97	1,120
1916	1,108	3	1,111

Imports, c.i.f.:

1913	1,007	19	1,026
1915	583	1	584
1916	811	—	811

Value of Exports, 12 months, f.o.b. in £1,000:—

	Merchandise	Specie	Total
1913	64,849	6,061	71,005
1914	46,527	8,257	54,784
1915	52,970	5,149	58,119
1916	55,010	159	55,169

Imports:—

1913	67,166	1,248	68,414
1914	35,473	852	36,325
1915	30,088	45	30,133
1916	40,237	4	40,291

Balance of Trade, in £1,000:—

	Merchandise	Specie	Total
1912	+11,224	-2,531	+ 7,693
1913	- 2,317	+4,813	+ 2,496
1914	+11,054	+7,405	+18,459
1915	+22,882	+5,104	+27,986
1916	+14,723	+ 155	+14,878

Three months, January-March—Imports:—

	Gross weight 1,000 tons	F.O.B. £1,000	F.O.B. per ton, £
1913	1,414	17,777	12.5
1914	1,155	12,357	10.6
1915	650	5,900	9.2
1916	616	7,863	12.7
1917	496	9,251	18.6

Exports:—

1913	310	17,792	57.3
1914	377	15,877	42.0
1915	397	14,222	35.8
1916	381	12,869	33.7
1917	474	15,631	32.9

Shipping Movement—Entries:—

	Number		1,000 tons gross.	
	National	Foreign	National	Foreign
1913	20,905	6,887	10,344	18,826
1915	18,504	4,095	9,001	10,491
1916	18,172	3,657	8,623	8,605

Departures:—

1913	20,970	6,895	10,346	18,859
1915	18,426	4,078	8,972	10,500
1916	18,250	3,659	8,635	8,602

Revenue and Expenditure, 1915 and 1916, in contos of reis:—

	Gold	Paper
1915—Revenue	68,299	202,312
Brought forward from previous year	48,334	325,743
Ordinary Revenue	79,517	366,358
Extraordinary	—	—
Total	190,150	891,413

	Gold	Paper
Expenditure—Ordinary	79,042	503,819
Extraordinary	47,297	111,012
Total	126,339	619,831

Carried forward to 1916

1916—Revenue		
Brought forward from 1915	69,811	274,683
Ordinary revenue	60,710	364,629
Extraordinary	43,678	223,283
Total	174,199	862,495

Expenditure—Ordinary	75,906	502,469
Extraordinary	6,762	43,404
Total	82,668	545,834

Carry forward to 1917

Ordinary Expenditure includes payment of deficit at Caixa de Conversão and expenditure not yet written up at Treasury, accounted for by telegrams, etc.

Consumption Dues yielded \$3,181,513 in 1916, inclusive of 499,060\$ not yet written up at Treasury.

Treasury Balances, in Contos of Reis, Jan, 1916, to Mar. 1917:

	Gold	Paper
Received by Treasury	163,794	800,668
Expended by Treasury	163,460	798,940
Bal. in hand, 30 April, 1917	334	1,728

Bank of Brazil. The report of the President of the Bank of Brazil, Dr. Homero Baptista, already published, is evidence of the importance of the services lent by the Bank in 1915 and 1916 to the Government and vice-versa.

The creation of branches by the bank in many cities of the interior and the coast has already done good service, not only with regard to the circulation of gold vales (custom house certificates) for payment of duties at the customs, but by improving local economic conditions, by facilitating transfer of funds, both for the public and the Treasury. The value of such transactions reached Rs. 39,227,000\$, of which Rs. 15,415,000\$ from the Capital to Treasury delegacies in the States and from the States to the Capital of 23,812,000\$. Except for the creation of these agencies, most of the money would have been shipped and been subject to the delays and risks inherent to such operations.

The service of gold vales has been very regular and conducted in accordance with the conditions laid down by the Minister of Finance, according to which these certificates are liquidated directly they are presented to the Treasury.

The total value of gold vales issued in 1916 was £3,493,682, of which £6,122,303 have been liquidated and the balance on 31 Dec, 1916, inclusive of 1915, shows vales outstanding to value of £1,260,938 to be in circulation.

As a consequence of the opening of agencies, the number of directors was, by deliberation with the shareholders, raised to six by election of Dr. Norberto Custodio Ferreira, who took charge of that department, his place as director of the exchange department being taken by Dr. Custodio de Almeida Magalhães, appointed by decree of 12 June, 1916. Mr. Magalhães was even then suffering from illhealth that on more than one occasion prevented close attention to business and his death on 31 March last finally deprived the Bank of his invaluable cooperation.

In his report, the President of the Bank testifies to the value of the services of Mr. Magalhães, in consequence of which the profits of the exchange department under his management reached Rs. 2,908,320\$.

The Lloyd Brasileiro. The management of this, the most important of Brazilian shipping concerns, is still subordinate to the Minister of Finance. This Line gave the following results in 1913:

	Contos of Reis	
Receipts of Steamers	44,060	
Upkeep and expenses	30,639	13,421
Smaller vessels and water boats		171
		13,250
Docks and workshops, surplus	779	
Sundry		912
		13,941
Credit		
Sundry expenditure	2,955	
Loss on warehouses	99	3,054
Surplus		11,887
Subvention		4,480
		15,767

The steamers of the Lloyd Brasileiro made 402 voyages during the year, travelling 1,132,240 miles and transported 39,609 passengers of 1st class and 64,059 of 3rd class. The total merchandise carried was 11,506,180 volumes weighing 685,598 tons of 1,000 kilos.

Receipts amounted to Rs. 44,060:642\$, discriminated as follows:—Passengers, 5,541:021\$; freight, 37,148:716\$; parcels, 42:595\$, specie, 91:243\$; discharge, 937:061\$.

Whilst lending the most important services in this difficult period, Government took measures for training of sailors for the mercantile marine and not only started schools for instruction of officers and mechanics, but put the training ship Wenceslau Braz into commission.

All the shipping lines worked to their maximum capacity. In order to give the greatest development possible to oversea transportation, Government has, under the terms of its contract with the owners, requisitioned four steamers of the Costeira Co. and all the fleet of the Comercio e Navegação Co.

MONEY

Official Quotations, Exchange Camara Syndical and Vales:—

	90 days	Sight	Sovs.	Vales
Monday, 30 April	12 53-64	12 45-64	19\$300	2\$171
Tuesday, 1 May	12 63-64	12 55-64	19\$300	2\$139
Wednesday, 2 May	12 63-64	12 55-64	19\$400	2\$139
Thursday, 3 May	Holiday.			
Friday, 4 May	12 31-32	12 27-32	19\$400	2\$139
Saturday, 5 May	12 63-64	12 55-64	19\$650	2\$139
Average for week	12 61-64	12 53-64	19\$400	2\$145

Caixa de Conversão. Gold in deposit, Rs. 75,230,952\$, equivalent to £5,015,397. Notes in circulation, R. 44,559,930\$.

Monday, 30 April. The Bank of Brazil opened at 12 27-32d, other banks at rates varying from 12 9-16d to 12 ¼d, some offering to take at 12 7-8d. Bank of Brazil dropped its rate almost at once to 12 25-32d and by 11 a.m. was only giving 12 ¼d, with takers of commercial at 12 13-16. At 2 p.m. the Bank of Brazil came out at 12 25-32d and by close of day was drawing at 11 15-16d. Export business paralysed and, consequently, no commercial bills offered.

Tuesday, 1 May. Bank of Brazil opened at 13d and later drew at 13 1-32d cash, at which it closed. Other banks quoted 12 15-16d and later on some of them offered to draw at 13d. Takers all day at 13 3-32d; market very dull; no bills offered and little cash.

Wednesday, 2 May. Bank of Brazil opened at 13 1-32d, others at 13d., all offering to take at 13 1-8d; market paralysed in morning and Bank of Brazil at one time reduced its rate to 13d, others to 12 31-32d, with takers of commercial at 13 1-16d; no bills offered; just before closing Bank of Brazil came out again at 13 1-32d, at which rate it found money.

Thursday, 3 May. Holiday.

Friday, 4 May. Bank of Brazil opened at 13 1-32d, others at 13d, all offering to take at 13 3-32d; Bank of Brazil kept lowering and raising its rate at frequent intervals and at one time quoted

only 12 15-16d, but closed at 12 31-32d, the same as majority of other banks; no ready money offering nor commercial, for which there were takers at 13 1-16d.

Saturday, 5 May. Bank of Brazil and some others opened at 12 31-32d and later on some banks drew at 13d, at which they found money; takers of commercial at 13 1-16d; no bills offering.

Rio de Janeiro, May 5th, 1917.

After rising to 13 1-32d on Wednesday, drawing rates dropped to 12 15-16d on Friday, but on Saturday recovered to 13d. again.

None of the outports furnished bills during the week and both Santos and S. Paulo were takers.

With the exception of the Bank of Brazil, which sells for end of the month, none of the other banks will sell except for cash.

Little market money is offering but less bills. The export movement is absolutely paralysed, shipments being limited to filling of orders prior to the rise.

Shipments of coffee last week were 98,234 bags, as against 320,194 the week before and 233,968 bags the week before that, and their f.o.b. value £226,143, £743,276 and £550,657 respectively!

In beans business is limited to old contracts, but little new business being reported and the British Government is said to have given instructions to suspend further purchases and to have reduced its buying limit equivalent at current exchange to about 22\$000.

Unless really closed, which seems doubtful, the big sugar deal on which the bulls counted, seems, if exchange keeps up, scarcely likely to materialise, and at the limit fixed by Great Britain for purchase for all the Allies, further shipments of meat seem impossible.

Rumours that the Government propose to force exchange up to 14d are rife, whilst statements of the most incredible character are being diligently circulated as to the manner in which it is to be effected.

The least improbable is that the Bank of Brazil is furnishing money to buy up coffee, beans, rice, and other produce, the value of which in sterling will be credited to the Brazilian Government in France and be applied either to meet the renewal of specie payments in July or to settlement with the French creditors of the £2,000,000 payable in cash arranged by Mr. Chevallier.

We, however, hold to our surmise that the said £2,000,000 have been paid out of the £4,000,000 in Caixa notes held by the Bank of Brazil and that the money supplied by the Bank of Brazil for purchase of cereals is derived from the gradual sale of £2,000,000 odd in apolices payable on balance to the French creditors and that a credit in favour of the Bank of Brazil to some amount or other has been opened by the Bank of France, against which the Bank of Brazil has been and seems still to be drawing.

These, of course, are but surmises, that the utterances of Mr. Chevallier and certain inspired cables published in some of the London financial journals would seem to confirm.

If it is true that the Bank of Brazil is buying coffee and cereals in the manner reported, though it may help the Treasury to meet its engagements abroad, it means that the market will be deprived of the equivalent in bills, and be, practically, entirely dependent on the United States for coffee bills. Meanwhile, if exchange is maintained, exports can scarcely fail to shrink, whilst dependence on American markets on the eve of a bumper if not record crop, can scarcely fail to depress the price of coffee in American markets.

From every point of view the rise of exchange seems likely to react disastrously on exports, on which the exchange market depends for bills.

Of course, should Brazil declare war and negotiate a loan with the United States to meet expenditure, so long as the money lasts exchange may be boosted to any point that may be desired!

But war can never, in the long run, be a bull factor or enhance the prosperity of the countries involved.

Fortunately, up to now the rise in prices of coffee and tremendous demand for other exports like meat, manganese and beans, have not only maintained but improved their f.o.b. value. But how will it be with us next season should not only the volume

but the value of shipments decline, but other exports be restricted and the aggregate, too, be reduced by the rise in prices?

In spite of the urgency of the case, there must be a limit even to the prices the Allies can pay for foodstuffs, that as the action of the British Government with regard to beans indicates, has in this instance been already reached; nor can we believe that the action of Mr. Chevallier in contributing to a further and prohibitory rise in the gold value of foodstuffs supplied by this country can be in the real interest of either Allied or Brazilian consumers.

COFFEE

The Rio Market. Hardly any business doing, the market in the States for spot having advanced 1-8c. since March from 9 7-8c to 10c or 1.27 per cent, whilst exchange has risen 1d and milreis quotations at 10\$000 per 15 kilos remain the same, but parity with New York spot quotation shows a difference of 0.8 per cent and rise of 8 per cent as below:—

	Spot N. Y.	Exchange	Rio No. 7	Parity
March	9 7-8	12d	10\$000	8.45c
May	10	13d	10\$000	9.25c
Rise	1-8	1d	—	0.80c
Per cent	1.27	—	—	8.5

The Weather in S. Paulo coffee area was dry during the week.

Entries fell off 2.6 per cent compared with previous week, by 3,128 bags at the two ports, but compared with the same week last year show increase of 58.4 per cent, which, if it continues to end June, would raise the total of the current crop to over 13,000,000!

Evidently, as we remarked before, there is plenty of this crop coffee up-country yet, that the ruling high prices will bring down in anticipation of the pressure the next big crop is likely to exercise.

Entries per month, in bags:—

	Rio	Santos	Victoria	Other	Total
Jan.	286,298	393,912	34,975	2,712	718,387
Feb.	86,950	252,373	33,400	3,089	1,377,500
March	207,059	619,695	26,951	12,420	866,423
April	99,995	311,759	*45,595	—	—
	680,302	1,577,739	140,921	—	—

*Of these 948 bags went to Rio for shipment.

Entries at Rio and Santos for the month of April aggregated 411,754 bags as against 443,517 bags last year.

Clearances. The manner in which the rise of exchange is checking business may be gathered from last week's coffee move-

ment. For the week ended 3rd May shipments oversea were relatively small, being only 98,234 bags as against 320,194 bags for the previous week and 238,968 bags the week before, 50.7 per cent going to the States, 31.5 per cent to France, and 17.8 per cent to other destinations.

For the crop to 3rd May shipments show decrease in the average of 2,366,015 bags or 18.2 per cent, but increase to the United States of 947,898 bags or 17.6 per cent and of 209,292 bags or 10.2 per cent to France. Coastwise shipments show decrease of 107 bags for the crop.

Enemy Shipments for the week were as follows:—

	Bags	%
Per s.s. Tapajoz (Braz.)	10,100	—
Previously reported	499,520	—
Total Enemy, 1 July, 1916, to 2 May, 1917	509,620	4.8
Total Allies and Neutrals to same date	10,091,034	95.2
	10,600,654	100.0

Of the 11,100 bags exported by the Lloyd Brasileiro s.s. Tapajoz; 10,100 bags or 91 per cent was shipped by enemy and black-listed firms at Santos.

Shipments by Flag to 2 May, 1917:—

	Bags	%	Bags	%	Week to May 3
British, to U.S.	1,836,162	60.5	—	—	—
To Europe	964,301	31.8	—	—	—
To The Cape	169,350	5.6	—	—	—
Plate & Pacific	65,341	2.1	—	—	—
Total British	3,035,654	28.7	—	—	—
Other Flags—French	1,159,326	10.9	—	—	—
Dutch	149,386	1.4	—	—	—
Italian	443,745	4.2	—	—	—
Japanese	366,626	3.5	—	—	—
American	1,021,346	9.6	30,073	—	—
Spanish	176,626	1.7	12,360	—	—
Scandinavian	2,418,125	22.8	13,751	—	—
Brazilian	1,753,811	16.5	42,500	—	—
Portuguese	11,789	0.1	—	—	—
Cuban	62,500	0.6	—	—	—
Argentine	1,720	—	—	—	—
Total	10,600,654	100.0	98,234	—	—

There were no shipments in British bottoms during the week. 30.6 per cent of the total for the week going in American, 42.8 per cent in Brazilian, 14 per cent in Scandinavian and 12.6 per cent in Spanish steamers.

COFFEE CLEARANCES, RIO AND SANTOS, 1st JULY TO 2nd MAY.

	1915	1916	Inc. or Dec.	%	Crop 1915-16	Week ending May 2.
United States	5,362,780	6,310,678	+ 947,898	17.6	5,896,114	49,924
France	2,053,649	2,262,941	+ 209,292	10.2	2,391,320	30,950
Italy	883,736	617,769	- 265,967	30.1	1,119,225	—
Holland	590,237	127,697	- 462,540	78.3	618,582	—
Scandinavia	3,151,458	135,266	- 3,016,192	95.7	3,260,947	4,750
Great Britain	291,192	561,922	+ 270,730	93.7	392,066	—
Spain	109,883	140,872	+ 30,989	28.2	130,293	7,505
Portugal	12,450	6,794	- 5,656	45.4	12,450	—
Egypt	94,473	21,000	- 73,473	77.8	94,473	—
Plate and Pacific	263,450	246,362	- 17,088	6.5	328,431	5,105
The Cape	132,356	169,350	+ 36,994	27.9	208,067	—
Greece	21,035	—	- 21,035	100.0	21,035	—
Total	12,966,669	10,600,654	- 2,366,015	18.2	14,473,003	98,234
Coastwise	259,270	259,163	- 107	—	287,797	7,152
Grand total	13,225,939	10,859,817	- 2,366,122	—	14,960,800	105,386

Of the total shipped since 1st July, 1916, to the United States, 1,836,162 bags or 29.1 per cent went in British bottoms and 4,474,516 bags or 70.9 per cent in vessels of other nationalities.

F.O.B. Value of Clearances Oversea:—

	1915-16		1916-17	
	Bags	£	Bags	£
1 July to 2 May ...	12,866,699	24,823,331	10,600,654	24,851,665
3 May to 30 June..	1,506,304	3,555,504	—	—
	14,473,003	28,378,835	—	—

Embarques for the week show big decline of 136,747 bags or 48.1 per cent compared with previous week and at £2.3 per bag yielded £333,910 as against £659,097 for previous week and £579,461 for the week before.

F.O.B. Value for the week ended 3rd May works out at £2.3 per bag, as against £2.321 for previous week.

Stocks at the two ports show decrease for the week ended May 3rd of 9,766 bags, accounted for by increase of 2,136 bags at Rio, but shrinkage of 11,902 bags at Santos.

There seems to be no way of getting Rio stocks to agree: For 4th May the Comtebuero gives 195,000 bags, the "Jornal do Commercio" 69,851, the Centro de Café 82,348, whilst we give 70,162 bags for Rio on 3rd May and for Rio and Nietheroy 174,575 on 3rd May. Evidently the Comtebuero stocks refer to Rio and Nietheroy. Although, allowing for different point to which stocks seem to refer, the differences are not very great, it might be as well for stocks to be verified to clear up misunderstandings.

At Bahia the stock on 5th May was 27,000 bags.

The stock at Havre on 5 May was 2,072,000 bags, of which 1,774,000 Brazilian and 298,000 other sorts, as against 1,813,000 and 301,000 bags last year respectively or a total of 2,114,000 bags of all sorts. No lack of coffee in France!

The Next Crop... Our Santos correspondent estimates the coming 1917-18 Santos crop at 14,000,000 bags.

Clearances during the Month of April, 1917, at Victoria:—

2—Belgian Prince, New Orleans	29,250
10—Alderney, New Orleans	9,500
16—Christian Bors, New York	5,900
Rio and Coastwise	945
	45,595

Total Exports during April, 1917.—

	U.S.A.	Coastwise	Total
Hard, Rand & Co.	18,750	—	18,750
Arbuckle & Co.	8,500	—	8,500
Cruz, Sobrinhos & Co.	6,900	—	6,900
Vivacqua & Irmaos	10,000	200	10,200
A. Prado & Co.	500	435	935
Cia. Commercial	—	310	310
	44,650	945	45,595

Total Export from 1st July, 1916, to 30th April, 1917:—

	U.S.A.	Coastwise	Total
Hard, Rand & Co.	170,126	—	170,126
Arbuckle & Co.	81,000	—	81,000
Cruz, Sobrinhos & Co.	36,270	4,858	41,128
Vivacqua & Irmaos	79,500	7,385	86,885
A. Prado & Co.	19,000	15,596	34,596
Cia. Commercial a/e Ornstein	29,000	—	29,000
Cia. Commercial	—	11,675	11,675
	414,896	29,514	454,410

Total Export from 1st July, 1915, to 30th April, 1916, 643,765 bags.
Total Export from 1st July, 1915, to 30 June, 1916, 718,021 bags.

Consumption of Coffee in France, 1916 ... Bags 2,550,030

Stock at Havre on April 26, 1917..... 2,144,030

In spite of the stock at Havre alone being sufficient for ten months consumption, civil and military, by France and rates for freight having risen to 600frs. per ton, whilst scarcity of tonnage is threatening absolute famine in Europe, exports of coffee to that country go merrily on, 326,000 bags having been engaged for May only for French ports, of which 160,000 by French boats and 166,000 by Brazilian lines.

Why any vessels, allied or neutral, should, under actual menacing conditions, be permitted to load anything but indispensable foodstuffs for any allied parts, when, to correct shortage of tonnage even exports from Great Britain are restricted, is but another instance of the failure of the two Governments to harmonise commercial procedure.

France has already coffee and to spare but of cereals cannot get enough. Why, with so much rice and beans offering, preference should be given by French steamers for coffee is incomprehensible.

Stocks at Amsterdam. According to a Dutch paper, stocks in Holland on 1st March were 189,108 bags.

Stocks and Visible Supply (From "Le Café"), in 1,000 bags.

	1 Apl. 1917	1 Mar. 1917	1 Apl. 1916	1 Apl.'17	1 Apl.'15
United Kingdom	634	622	479	+ 12	+ 155
Havre	2,335	2,478	2,264	- 143	+ 71
Bordeaux	83	78	72	+ 5	+ 11
Marseilles	295	303	211	- 8	+ 84
Total Allies	3,347	3,481	2,026	- 134	+ 321
Holland	133	180	163	- 47	- 50
Copenhagen	—	—	90	—	- 90
Antwerp	—	—	25	—	- 25
Hamburg	—	—	60	—	- 60
Bremen	—	—	5	—	- 5
Trieste	—	—	5	—	- 5
10 European ports	3,480	3,661	3,374	- 181	+ 106
Brazil sorts	2,742	2,861	2,732	- 113	+ 16
Other sorts	752	800	642	- 68	+ 90
Visible Supply—					
Europe	4,135	4,299	4,402	- 64	- 167
United States	3,356	3,440	2,453	- 84	+ 903
Both	7,591	7,739	6,855	- 148	+ 736
Stock, Brazil	2,177	2,503	1,980	- 326	+ 197
Visible Supply	9,768	10,242	8,835	- 474	+ 933
Brazil sorts	8,821	8,763	7,581	- 442	+ 740
Other sorts	1,447	1,479	1,254	- 32	+ 193

The visible supply of the world on 1st April shows shrinkage of 474,000 bags compared with 1st March, as against decrease for same period last year of 463,000 and 404,000 bags in 1915. On 1st April, 1917, the total visible supply was 9,768,000 bags as against 8,835,000 bags in 1916 and 9,614,000 in 1915.

Deliveries for the month amounted to 1,386,000 bags, as against 1,647,000 in March, 1916, and 2,028,000 in 1915.

For the nine months of the current season they amount to 11,613,000 bags, as against 16,533,000 for 1915-16 and 16,115,000 for 1914-15. The shrinkage compared with 1915-16 to date amounts to 4,920,000 bags or 29.7 per cent and at the same rate for the rest of the crop world deliveries for the current crop would amount to 14,904,000, as against 21,200,000 for 1915-16 and 21,658,000 for 1914-15.

To find a parallel we have to go back to 1900-01, when deliveries were 15,295,000 bags, since when to 1912-13 they averaged 17,456,000 per annum, and reached their maximum of 21,658,000 in 1914-15, before the blockade was rigorously enforced.

COMPANHIA COMMERCIAL DE SÃO PAULO

P. O. BOX 1113.

CABLE ADDRESS "WYSARD"

SÃO PAULO

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Catalogues & Correspondence Invited.

AGENTS FOR THE EXPORT DEPARTMENT LONDON MERCHANT BANK LIMITED. LONDON.

SOLE AGENTS FOR THE STATE OF S. PAULO OF THE BYLLESBY MERCANTILE CORPORATION OF NEW YORK

Stocks and Visible Supply (Ouring & Zson):—

	1917	1916
30 April		
Stocks, 9 European markets	3,358,000	3,599,000
Afloat from Brazil	733,000	763,000
Ditto, from East	—	165,000
Afloat from United States	—	6,000
Stocks, United States	2,874,000	1,984,000
Afloat from Brazil	659,000	476,000
Afloat from East	—	1,000
Stocks, Rio	191,000	296,000
Ditto, Santos	1,318,000	1,167,000
Ditto, Bahia	28,000	30,000
Visible Supply	9,161,000	8,487,000

Consumption in the United States to end of March was 2,470,000 bags, as against 2,154,000 bags same month last year.

Santos Coffee Prospects. In a letter received by F. Eug. Nortz, from the interior of S. Paulo, dated January 15, the following is said of coffee crop prospects:—

Present Crop.—It looks now, contrary to my letter of the beginning of December, that the present crop will run from 9,750,000 to 10,000,000 bags of coffee. There is little coffee left on the railways of Paulista, Mogyana and Araquara, while the Sorocabana line is the only one which still has coffee to ship, the crop in that district having been late this year.

Crop 1917-1918.—There have been abundant and continued rains, but, unhappily, they came rather late, as we needed them in September and October. In consequence of these rains and strong winds, a good deal of coffee has been lost, and it is really only the September flowering which will come to maturity. The next crop will, therefore, probably be of very regular quality. I estimate it to be from 12,750,000 to 13,000,000 bags. The coffee trees have well recovered and the foliage is abundant, although it is not the usual dark green, healthy colour, in consequence of the prolonged drought.

New Plantations.—Competent people here think that during the last four years about 250,000,000 new trees have been planted. In calculating 80 arrobas of coffee for each thousand trees (about 2½ pounds a tree) this would mean an increase in production of about 5,000,000 bags in three or four years, from which we would have to deduct 1,000,000 bags in view of the decreasing producing power of the older trees. At present a new railway line is laid out in connection with the Araraquara Railway (S. Paulo Northern Railroad Co.) known as the S. Paulo-Matto Grosso, and a branch line going to Noroeste do Brasil (Bauru, Pennapolis). One of the engineers of this railroad tells me that along 40 kilometres of the line for which plans have been laid, about 8,000,000 trees from one to four years already exist.

Contrary to the information that about 18,000 Japanese are expected in Santos during the month of May, I am informed that in consequence of the breaking out of an epidemic in Japan, for the present no Japanese immigration is to be expected.—New York "Journal of Commerce."

Coffee Propaganda in the United States. Owing largely to the use of substitutes, the consumption of coffee has fallen from 12lb. to 10lb. per head, to correct which an association termed "Promotora de defesa do Café", has been formed that, cooperating with roasters all over the United States, now proposes to undertake a vigorous press campaign in defence of coffee. The Association already counts most of the largest planters, and to raise the necessary funds, proposes that a new surtaxe of 100 reis per bag should be created by the S. Paulo Legislature.

On the part of the S. Paulo Government it is pointed out that the surtaxe of 5 francs will be certainly removed after the war, as we trust may be the case, though we have our doubts; and that the contribution of 100 reis per bag to the wages of one labourer on fazendas yielding 4,000 to 20,000 arrobas corresponds to the wages of a single labourer and, of course, very much less on the greater estates.

A list of planters who have agreed to the tax is interesting: exclusive of Fazenda Dumont and the S. Paulo Coffee Estates, which do not figure, the largest is Francisco Schmidt with 13,000,000 trees, next A. Prado with 3,650,000 and third Arthur Diedrichsen and Theodor Wille with 3,500,000. There are four firms, all Brazilian, with 2,200,000 to 2,750,000 trees, 20 with 1,000,000 to 1,650,000 and 118 with 90,000 to 850,000 trees, all of them apparently Brazilian and Portuguese.

Dr. Rodrigues Alves, contrary to what might be expected, does not seem to figure in the list!

Coffee Statistics

ENTRIES.

IN BAGS OF 60 KILOS.

During the week ending May 3rd, 1917.

RIO	FOR THE WEEK ENDED			FOR THE CROP TO	
	May. 5 1917	Apr. 23 1917	May. 4 1916	May. 3 1917	May. 4 1916
Central and Leopoldina Ry.....	20,939	18,689	14,359	1,745,864	2,559,724
Inland.....	—	881	—	23,292	81,690
Coastwise, discharged ..	1,912	4,878	8,359	103,498	154,218
Total.....	22,851	23,948	22,718	1,872,654	2,795,632
Transfer of from Rio to Nictheroy	—	—	727	12,615	71,826
Net Entries at Rio.....	22,851	23,948	21,991	1,860,039	2,723,806
Nictheroy from Rio & Leopoldina.....	—	—	8,815	38,200	322,116
Total Rio, including Nictheroy & transit.	22,851	23,948	30,806	1,898,239	3,049,218
Total Santos: to 3rd	91,685	93,696	41,495	9,700,694	10,951,089
Total Rio & Santos.	114,516	117,644	72,301	11,598,933	14,010,307

The total entries by the different S. Paulo Railways for the Crop to May 3 1917 were as follows:

	Per Past Jundiaby	Per Sorocabana and others	Total at S. Paulo	Total at Santos	Remaining at S. Paulo
1916/1917	7,551,109	1,734,494	9,285,603	9,700,694	—
1915/1916	8,921,598	1,918,505	10,839,904	10,961,079	—

FOREIGN STOCKS.

IN BAGS OF 60 KILOS.

	May. 3/1917.	Apr. 26/1917.	May. 4/1916.
United States Ports ...	—	—	—
Havre.....	1,813,000	2,144,000	2,047,000
Both.....	1,813,000	2,144,000	2,047,000
Deliveries United States Visible Supply at United States ports.....	—	—	—

SALES OF COFFEE.

During the week ending May 3rd, 1917.

	May. 3/1917.	Apr. 26/1917.	May. 4/1916.
Rio.....	19,622	17,216	8,594
Santos.....	—	—	55,000
Total.....	19,622	17,216	63,594

COFFEE LOADED (EMBARQUES).

IN BAGS OF 60 KILOS.

	DURING WEEK ENDED			FOR THE CROP TO	
	1917	1917	1916	1917	1916
	May. 3	Apr. 26	May. 4	May. 3	May. 4
Rio.....	46,657	28,608	56,296	1,988,348	2,792,484
Nietheroy.....	—	—	23,247	29,145	362,340
In transit.....	—	—	—	—	—
Total Rio including Nietheroy & transit.....	46,657	28,608	79,543	2,017,493	3,124,826
Santos.....	100,567	255,963	162,454	4,662,004	10,245,129
Rio & Santos.....	147,224	284,571	241,997	10,679,497	15,369,955

VALUE OF COFFEE CLEARED FOR FOREIGN PORTS.

IN BAGS OF 60 KILOS.

	May. 3		Apr. 26		Crop to May. 3/1917	
	Bags	£	Bags	£	Bags	£
Rio.....	17,250	39,225	39,225	89,805	1,882,903	4,064,313
Santos.....	80,964	280,969	186,275	654,349	8,716,975	20,767,352
Total 1916/1917..	98,214	320,194	225,500	744,154	10,599,878	24,831,665
do 1915/1916..	172,607	194,365	438,188	420,575	12,936,699	24,823,351

COFFEE SAILED.

During the week ending May 3rd, 1917, were consigned to

the following destinations:—

IN BAGS OF 60 KILOS.

PORTS	UNITED STATES	EUROPE & MEDITER-RANEAN	COAST	RIVER PLATE	CAPE	OTHER PORTS	TOTAL FOR WEEK	CROP TO DAT
Rio.....	12,250	4,750	3,456	250	—	—	20,706	2,043,746
Santos....	36,674	38,455	3,687	4,855	—	—	83,671	8,805,905
1916/1917..	48,924	43,205	7,143	5,105	—	—	104,377	10,849,654
1915/1916..	77,601	86,797	10,589	11,209	—	—	186,196	18,244,652

OUR OWN STOCK.

IN BAGS OF 60 KILOS.

RIO Stock on Apr. 26th, 1917.....	53,468
Entries during week ended May. 3rd, 1917.....	22,851
Loaded «Embarques», for the week May. 3rd, 1917.....	116,813
STOCK IN RIO ON May. 3rd, 1917.....	46,627
STOCK AT Nietheroy and Porto da Madama on May. 3rd, 1917.....	79,162
» Afloat on May. 3rd, 1917.....	24,527
» Afloat on May. 3rd, 1917.....	54,045
Entries at Nietheroy plus total «embarques» including transit.....	46,457
	125,229
Deduct: «embarques» at Nietheroy, Porto da Madama and Vianna and sailings during the week May. 3rd, 1917.....	20,715
STOCK IN NICTHEROY AND AFLOAT ON May. 3rd, 1917.....	104,514
STOCK IN 1st and 2nd HANDS and THOSE AT NICTHEROY and AFLOAT ON May. 3rd, 1917.....	174,676
SANTOS Stock on Apr. 26th, 1917.....	1,335,756
Entries for week ended May. 3rd, 1917.....	91,665
	1,425,451
Loaded («embarques») during same week.....	100,567
STOCK IN SANTOS ON May. 3rd, 1917.....	1,324,884
Stock in Rio and Santos on May. 3rd, 1917..	1,499,565
do do on Apr. 26th, 1917.....	1,509,320
do do on May. 4th, 1916....	1,380,945

COFFEE PRICE CURRENT.

During the week ending May 3rd, 1917.

	Apr. 27	Apr. 28	Apr. 30	May. 1	May. 2	May. 3	Ave- rage	Clos- ing May 5
RIO—								
Market N. 6 10k..	7.013	7.081	7.081	7.149	7.149	7.081	7.082	7.013
» N. 7	6.877	6.945	6.945	7.013	7.013	6.945	6.946	6.877
» N. 8	6.722	6.809	6.809	6.877	6.877	6.809	6.820	6.740
» N. 9	6.605	6.672	6.672	6.740	6.740	6.672	6.693	6.604
SANTOS—								
Superior per 10 k..	6.000	6.000	6.000	6.000	6.000	6.000	6.000	—
Good Average.....	5.500	5.500	5.500	5.500	5.500	5.500	5.500	—
Base N. 4.....	—	—	—	—	—	—	—	6.000
N. YORK, per lb..								
Spot N. 7 .. cent.	—	—	—	—	—	—	—	—
» 4 .. cent.	—	—	—	—	—	—	—	—
Options—								
» May....	7.96	7.96	8.02	—	—	—	7.98	—
» July....	8.18	8.15	8.22	8.35	8.22	8.10	8.20	8.18
» Sept....	8.32	8.31	8.37	8.43	8.37	8.24	8.35	8.27
» Dec....	—	—	—	8.68	8.37	8.45	8.56	8.47
HAVRE per 50 kilos								
Options..... francs								May 4
» May....	86.25	88.50	89.25	—	—	—	88.00	—
» July....	87.50	88.00	89.00	89.75	90.25	88.25	88.73	89.00
» Sept....	87.00	87.50	88.50	89.25	90.00	87.75	88.33	88.56
» Dec....	—	—	—	88.00	88.75	86.75	87.83	87.50
HAMBURG per 1/2 k								
Options..... pfennig								
» May....	—	—	—	—	—	—	—	—
» July....	—	—	—	—	—	—	—	—
» Sept....	—	—	—	—	—	—	—	—
» Dec....	—	—	—	—	—	—	—	—
LONDON cwt.								
Options..... shillings								
» May....	50/6	51/-	52/3	—	—	—	51/3	—
» July....	—	—	—	52/6	—	52/6	52/6	—
» Sept....	53/-	53/6	53/6	53/9	—	54/-	53/7	—
» Dec....	—	—	—	—	—	—	—	—

MANIFESTS OF COFFEE.

RIO DE JANEIRO.

During the week ending May 3rd, 1917.

28—MOSKOV—Copenhagen	Hard. Rand & Co	1,500
Ditto	Pinto & Co	1,125
Ditto	Jessouroun Irmaos	1,000
Ditto	Atlas Coffee Co.	750
Ditto	Leon Israel & Co	375
		4,750
2—DAKOTAN—New York	Leon Israel & Co	8,500
Ditto	Pinto & Co	2,000
Ditto	Castro Silva & Co	1,000
Ditto	Hard. Rand & Co	250
Ditto	Louis Boher & Co	250
Ditto	Grace & Co	250
		12,250

3-COMETA—Buenos Aires	Grace & Co	—	250
Total overseas		—	17,250

COASTWISE.

5-ITASSUCE—Maceio	McKinley & Co	200	
Ditto—Pernambuco	Eugen Urban & Co	30	230
5-ITATINGA—S. Francisco	Grace & Co	200	
Ditto—	Ornstein & Co	450	650
25-CEARA—Maceio	Ornstein & Co	50	
Ditto—Natal	Kastrup & Co	100	
Ditto—Maranhão	Sequeira & Co	75	
Ditto—	Theodor Wille & Co	455	
Ditto—	Ornstein & Co	240	
Ditto—Pará	Eugen Urban & Co	50	
Ditto—	Grace & Co	50	
Ditto—Mανάos	Eugen Urban & Co	105	1,125
25-ITAUBA—Pelotas	Grace & Co	200	
Ditto—	Ornstein & Co	530	
Ditto—	McKinley & Co	250	
Ditto—	Gastro Silva & Co	50	1,030
29-ITAPURA—S. Francisco	Grace & Co	—	360
30-ITAIPAVA—Pelotas	De Lamare Faria	30	
Ditto—Porto Alegre	Sequeira & Co	100	130
Total coastwise		Total coastwise	3,465

SANTOS.

During the week ending May 3rd, 1917.

27-CATALINA—Spanish ports	As per last issue	—	7,505
27-DAKOTAN—New York	As per last issue	—	17,823
1-CAMPEIRO—Marseilles	Jesscroun Irmaos	—	30,950
2-VALBANERA—Buenos Aires	Baccarat & Co.	2,700	
Ditto—	R. Alves Toledo & Co.	600	
Ditto—	Raphael Sampaio & C.	550	
Ditto—	S. Jacobsen & Co	500	
Ditto—	Hard. Rand & Co	305	
Ditto—	Leite Santos & Co	200	4,855
2-FAGER—New York	M. Wright & Co	3,000	
Ditto—	Levy & Co	2,500	
Ditto—	Picene & Co	2,000	
Ditto—	Raphael Sampaio & C.	1,250	
Ditto—Consumption	Ed. Johnston & Co	1	9,751
2-TAPAJOZ—New York	Theodor Wille & Co	3,500	
Ditto—	Pedro Trinks & Co.	6,600	
Ditto—	J. Osorio	1,000	11,100
Total overseas		—	80,984

SANTOS—COASTWISE.

25-ITANEMA—Rio	Cia. Paul A. Geraes	500	
Ditto—Pernambuco	A. Bulle	150	650
27-ITATINGA—Rio Grande	Vanancio de Faria	426	
Ditto—Pelotas	Diebold & Co	103	529
30-ITAUBA—Porto Alegre	Venancio de Faria	591	
Ditto—Pelotas	Venancio da Faria	178	
Ditto—	Cia. Prado Chaves	1	770
27-JAGUARIBE—Rio	Picene & Co	800	
Ditto—	Malta & Co	612	1,412
29-ITAPURA—Pelotas	J. C. Mello & Co	50	
Ditto—Porto Alegre	Venancio da Faria	276	326
Total coastwise		—	5,687

MANIFESTS RECEIVED AFTER FOREGOING ANALYSIS.

SANTOS.

4-CHAMPLAIN—Havre	M. Wright & Co	2,000	
Ditto—	Hard. Rand & Co	2,000	
Ditto—	Sucrerie Bresilienne	500	
Ditto—	Sonza Queros Lins & C.	500	
Ditto—	Mil e Uma Saccas	420	5,420
3-BOUANA—Bordeaux	Nioac & Co	500	
Ditto—	Joao Osorio	2,000	
Ditto—	Jesscroun Irmaos	1,000	
Ditto—	Raphael Sampaio & C.	1,000	
Ditto—	F. S. Hampshire & Co.	2,000	6,500
4-RIO DE JANEIRO—New York	Pedro Trinks	9,600	
Ditto—	McLaughlin & Co	2,000	
Ditto—	Theodor Wille & Co	1,000	
Ditto—	Gustav Trinks	375	
Ditto—	S. Cramer	4	12,979

Note.—All manifests received after 3rd May and published in this issue are not included in the week's analysis but are carried over to the following week.

PERNAMBUCO MARKET REPORT.

Pernambuco, 27th April, 1917.

Sugar. Entries to 23rd have been 126,281 bags compared with 34,251 bags for same date last year and some days receipts dropped as low as 2,000 bags. All the week market has been very firm and great competition in the market, where planters have established further considerable rises in all qualities. For some days best usinas have fetched 10\$ and white crystals up to 9\$. Bruto secco has also gone up to 4\$ for really good quality and during the week the home markets have been fair buyers of this quality, Santos being quite keen buyers of it and somenos. Market prices are firm at 9\$600 to 10\$ for usinas, 8\$500 to 9\$ for white crystals, 6\$900 to 7\$200 whites 3a boa, 5\$900 to 6\$200 somenos and 3\$500 to 4\$ bruto secco, all a granel. Dealers prices for the bagged article are also considerably up, their quotations to-day being as under:—

Usinas	10\$000 to 10\$500	per 15 kilos on shore
Crystal (white)	9\$000 to 9\$400	" " "
Ditto (yellow)	6\$500 to 6\$800	" " "
Whites 3a boa	7\$800 to 8\$000	" " "
Somenos	6\$000 to 6\$600	" " "
Bruto secco	3\$900 to 4\$200	" " "

Shipments during the week have been: Rio 5,890 bags, Santos 1,000 bags, Northern ports 150 bags, Buenos Aires 8,000 bags, Montevideo 2,013 bags and Rio Grande ports 7,825 bags.

Cotton. Entries to 23rd have been 17,965 bags compared with 7,179 bags for same date last year. The week opened undecided, with sellers asking 31\$ but buyers at 30\$ only, and so far buyers have gained the day and during the week about 2,500 bags have been sold to shippers and a mill here and at this figure quite a keen demand prevails with still more buyers in the market to-day but so far sellers will do no business under 31\$ and brokers think that sellers may yet get their point, as orders from south seem to be increasing, whilst entries here are certainly on the downward track. Shipments during the week have been larger, with Rio 3,335 bags, Santos 3,242 bags, Bahia 820 bags, Itajahy 80 pressed bales and 100 pressed bales have also gone to Rio.

Coffee firm at 10\$500 to 11\$ for ordinary run of quality, with 11\$500 bid for superior quality.

Cereals. There has been a steady demand during the week for most kinds; milho sells at 7\$500 to 8\$ per bag of 60 kilos; beans, imports at 25\$ to 26\$ per bag of 60 kilos, with 28\$ paid for home grown; farinha, imports from Porto Alegre, 8\$500 to 9\$ per bag of 50 kilos and home grown 22\$ to 24\$ per bag of 100 kilos.

Freights. The s.s. Orater is now in port and reported a full ship at £9 for sugar, £10 for cottonseed, maize, cottonseed meal, etc; cotton rates 75s. for each pressed bale and 3 1-4d per lb. for ordinary bags. Coastwise rates are going up and one company has advertised a rise of 30 per cent to come into force after 5 May.

Exchange has been rising all the week in sympathy with Rio advices. Market opened on 23rd with collection at 12d., with 1-16d better for business. 24th, collection at 12d, later banks offered to draw at 12 1-16 and 12 1-8d, but found little or no money; 25th, the same rates prevailed as on 24th, business being at a standstill; 26th, collection was at 12 1-16, with later banks offering to draw at 12 5-16d and at close 12 3-8d, some private paper reported as done at 12½d.; this morning collection is at 12 1-4d and banks offer to do business at 12 5-16d, at which a few takers are appearing and it is just possible that more money may be got at this lower rate than was found yesterday at 12 3-8d. Private drawers have withdrawn to-day. At opening banks tried to buy at 12½ paper they refused yesterday at this rate, but found it was now too late, as would-be sellers had evidently got news of weakness South as quickly as the banks and so were not caught.

Railway News

THE LEOPOLDINA RAILWAY COMPANY.

ESTIMATED WEEKLY TRAFFIC RECEIPTS.

Year	Week Ended.	Receipts for Week			Total from 1st Jan.
		Currency.	Exca.	Sterling.	
1917	28th. Apr.	454,000\$	12 9,32	£ 23,242	£ 389,423
1916	29th. Apr.	387,000\$	11 23 32	£ 18,896	£ 361,345
Increase....	—	67,000\$	9,16	£ 4,336	£ 28,080
Decrease....	—	—	—	—	—

THE S. PAULO RAILWAY COMPANY.

ESTIMATED WEEKLY TRAFFIC RECEIPTS.

Year	Week Ended	Receipts for Week			TOTAL from 1st January
		Currency.	Exchange	Sterling	
1917	29. th. Apr.	524,436\$900	12 11 16	27,724-2-9	372,120-12-6
1916	30. th. Apr.	416,566\$900	11 11 16	20,285-19-16	387,557-19-11
Increase...	—	107,870\$000	1	7,438-9-11	—
Decrease...	—	—	—	—	13,467-7-5

BEANS

Beans. Quotations for beans at Santos for the week ruled 25\$ to 30\$ per bag of 62 kilos.

Beans. That the food shortage has been drawing heavily on unusual sources of supply is well known, and, according to the United States Department of Agriculture, not always fully desirable. This is especially true of beans, as shown by the following communication received by handlers of such products:

U.S. Department of Agriculture,
San Francisco, Feb. 28, 1917.

Notice to Importers of Beans:

It has recently come to the notice of this Bureau that there have been offered for entry certain importations of so-called Burma beans or Burma whites, also known as Rangoon beans. This variety of bean yields more or less hydrocyanic acid. This office is instructed to inform importers that all shipments of this or similar beans, any part of which yield hydrocyanic acid in amounts which may be dangerous will be refused admission.

For the information of importers who may contemplate bringing in such shipments, it may be stated that, as far as present information goes, it appears that nearly all shipments of these beans would be refused entry on the above grounds.

R. W. Hiltz, Acting Chief of Western District.

This is likely to hit some of the trade rather severely, for beans of the variety named have been heavily imported here ever since the food shortage due to the war. Last year something like 200,000 bags were received here, and it is understood that there are still considerable stores of them in warehouses in bond, which will, of course come under the ruling above, with attendant loss to owners.

It appears that the local Health Department has decided to look into the big lot of Brazilian beans bought by the Perkins food committee, and now being offered to the "starving" East Side sufferers, presumably at cost. These are the same beans about which, as stated in these columns last week, the trade has been saying some very doubtful things of late.

Late yesterday afternoon, inquiry at the office of Lucius P. Brown, chief of the food bureau of the New York Health Department, indicated that the department had been investigating the beans, but that the result had not yet been placed before the bureau for a final decision, though it is likely that data will be ready for judgment by to-day.

In the trade, it is said that beans were refused by several jobbers, on the ground that the animal life was far above what trade practice permits for wholesome food; at any rate, several houses state that they feared to take the goods into their warehouses for fear that the warmth and development would hatch out life which is dormant under present temperature and contaminate their shops. Rumour has it that the Health Department inspectors found five per cent infected.

Another feature of the Perkins transaction which awakens comment in trade circles is the price at which the beans are being offered by the Perkins selling agencies. The beans are said to have been offered jobbers on a basis of 4c, and would have gone to retailers at probably 5c. The common understanding is that the Perkins committee sold them to retailers at 6 1-4c, and that they are selling at retail at 8c. Another comment in the trade as to the "relief" work of the Perkins committee's mercantile efforts is to the effect that the really poor parts of the city are not being supplied with the beans and Pacific Coast smelts, but that most of the trading in them is in quarters better able to pay regular prices. —New York "Journal of Commerce," 7 March.

SUGAR

Sugar. Up to 23rd April, entries at Pernambuco aggregated 126,281 bags as against 54,281 for last year, an increase of 57.1%.

The Campos crop will also be a big one, so that there can be no justification for the rise of retail prices, were proper steps taken to prevent sugar required for home consumption being exported. All that is required to put a stop to further rise in the cost of living would be to prohibit exports of articles of prime necessity when prices rose over a certain level and so oblige dealers to hold stocks in this country to meet home consumption.

With regard to the alleged contract for sale of 330,000 bags to Argentina, there is said to be some uncertainty as to delivery by the Campos mills. The price at which this sugar was supposed to have been bought was 27\$ per bag in the usinas, equivalent to 36\$ Rio terms or 600 reis per kilo.

About the same time 20,000 bags were sold at Pernambuco at 720 reis Rio or 777 reis c.i.f. The difference of 177 reis or 29 per cent seems too great for a business on the above basis to be feasible.

—It is difficult to estimate the Campos crop that should begin to come down to market in June, but according to information from well informed parties, it will not be under 1,000,000 bags this year.

RUBBER

Cable Quotations for Hard Fine. London per lb. and Para per kilo:—

	London s. d.	Para
31st March, 1917	3 2½	5\$400
14th April, 1917	3 1½	5\$200
5th May, 1917	3 0	4\$600

SHIPPING

Engagements. Royal Mail.—Nothing to report.

Lampport and Holt report 40,000 bags of beans from Rio per s.s. Raeburn for Liverpool, sailing on 12th May; 20,000 bags beans from Rio per s.s. Cavour for London, end May, and 40,000

bags beans and rice from Santos per s.s. Phideas for Liverpool end May. Rate 360s and 5 per cent per 1,000 kilos.

Wilson, Sons & Co. report s.s. Jungshoved withdrawn from Rio and Santos berths and has sailed for the West Coast of S. America to load ore on charter by Grace & Co.

The Japanese s.s. Tacoma Maru is now timed to sail in early part of June. She has 3,000 bags coffee engaged to load at this port.

The s.s. Santa Barbara will be berthed early in June to load coffee for the States.

The s.s. Trafalgar has been taken off the Santos and Rio berth.

Mr. Luiz Campos informs us that the steamers of the Johnson line have been released by the Swedish Government and sailings for Brazil and River Plate will recommence.

—The s.s. Highland Heather sailed on 29th April for Genoa with 1,700 tons of frozen meat from Rio and 1,300 tons from Santos. The s.s. Highland Watch is due to arrive about mid May to load meat for Genoa.

—Messrs. Wilson, Sons & Co., agents of the Japanese s.s. Co. Osaka Sinsen Kaisha, report the following sailings from Rio of the steamers of this line:—Tacoma Maru, early June; Seattle Maru, Aug. 15; Tacoma Maru, Oct. 21; Seattle Maru, Jan 15, 1918; calling at Santos, Buenos Aires, Cape Town, Durban, Singapore, Nagasaki, Kobe and Yokohama.

Argentina The market for Brazil is, of course, quite nominal, and we hardly see our way to quote. Coasters are asking \$20 for hay, whereas shippers say that it is impossible to do business at more than \$12. Under the circumstances it is not surprising that the market is conspicuous mainly by its absence. We hear that very high rates are being paid from the Brazilian ports for Europe and the United States, the rate per liner for coffee to Liverpool being advanced from 325s to 365s in the course of two days. They must be having happy times in Brazil.

Coal rates are still nominal. We understand that both steamers and licences are unobtainable at Cardiff and the last business done in the U.S. for the River Plate was 120s and we hear that 5s extra has since been offered without success.

The River Plate market has not yet risen to the level of the Brazilian market and this is proved by the fact that an Argentine coaster has left in ballast for Santos in order to load a full cargo of beans for Havre at about £16 a ton.—“Times of Argentina,” 23rd April, 1917.

The Mowe. There arrived at Copenhagen from Keil on 29th March 22 neutral seamen, including one American, who belong to crews of ships sunk by the German auxiliary cruiser Mowe. The released seamen state that one British vessel, the Otaki, which was sunk on March 10, offered a stout resistance, fighting a regular engagement. The Mowe was hit by seven shells, one of which struck her 2ft. under the saloon, where the neutral prisoners were congregated and killed two German soldiers. The Mowe was set on fire and the outbreak was only got under three days later. In the end the Otaki surrendered. Her captain, first officer, chief engineer and two of her crew had been killed, while the Mowe had six men of her crew killed. Two Hindu prisoners were also killed. During the fight the British prisoners on the German cruiser burst open the iron door of their quarters, but German soldiers armed with hand grenades prevented them from getting up on to the deck. The Mowe was at one time cruising outside Cape Town and at another outside Rio de Janeiro. When her coal supply began to run low she turned homewards via Newfoundland and the North Atlantic. The Mowe carried five big guns and four torpedo tubes. She was fitted with high removable masts, and with dummy funnels that could also be unshipped. She was repeatedly repainted in different colours: There was also a sham steering wheel aft. At night the masts were set up and full speed was put on, whilst during the day the ship steamed slowly. It was 11 a.m. on 21st March when the Mowe passed Elsinore and entered the Sound.

It was announced in Berlin on March 22 that the Mowe had returned to a German port, and on the 24th the British Admiralty published the names of 10 British vessels which had been sunk or captured by the raider in addition to those whose loss was reported in January. Among the new victims the Otaki was included. She

was a vessel of 9,575 tons, owned by the New Zealand Shipping Co. —“The Times.”

—The following is a supplementary list of vessels sunk by the German raider Mowe:—Brecknockshire, 8,422 (1917) R.M.S.P. Co; Demeter-ton, 6,048 (1914) R. Chapman & Co; Eddie, 2,012 (1895) T. Turnbull & Son; Esmeraldas, 4,678 (1906) P.S.N.C.; French Prince, 4,766 (1900) Prince Line; Governor, 5,524 (1915) T. and J. Harrison; Katherine, 2,926 (1904) C. Salvessen & Co; Otaki, 9,575 (1908) N. Z. Shipping Co.; Rhodanthe, 3,061 (1902) Petersen & Co; Jean (s.v.) 215 (1905) J. C. Crosbie; Staut (sv) 1,227 (1870) J. B. Linnae. With the exception of the last-named, all the others were British owned, and as the total is just over 49,000 tons, there is no doubt that the raider made the most of her opportunities. With the batch of vessels reported in January, the total “bag” for the round voyage is just under 120,000 tons.

The fate of the s.s. Brecknockshire, so long in doubt, is now settled. She is said to have been sunk on her maiden voyage off the Brazilian coast.

German and Austrian Vessels in U.S. and Philippines. In U.S. ports, 81 boats of 569,398 tons gross; interned Kronprinz Wilhelm, 14,908; Prinz Eitel Fredrich, 8,797; Philippines, 23 boats of 86,524 tons; Pacific Islands, 1 of 6,951 tons; total, 107 boats of 686,578 tons gross.

Germans to Give Up the Appam. A belligerent nation may not bring prizes of war into a neutral port, according to a decision handed down by the United States Supreme Court, in the case of the Appam, the British steamship captured by a German auxiliary cruiser while en route from African ports to London and taken by a German crew into Hampton Roads, where her British owners filed suit to recover possession of her from her captors.

The Supreme Court holds that it would be unneutral for the United States to permit either belligerent to bring prizes into American ports and that Germany cannot claim such a right under any of the existing treaties between that country and the United States. In bringing the Appam to an American port, it was held, the Germans were committing a clear breach of American neutrality. This contention has now been upheld and ship and cargo valued at between three and four million dollars, must be delivered within thirty days, as the court's order is final.

The decision, written by Justice Day, affirms decrees by Federal Judge Waddill of Virginia and upholds the original ruling by Secretary Lansing that prizes coming into American ports unaccompanied by captor warships have the right to remain only long enough to make themselves seaworthy.

The court states that neither the ancient treaties relied upon by Lieutenant Berg, the German prize commander, the Hague conventions, nor the Declaration of London, entitles any belligerents to make American ports a place for deposit of prizes as spoils of war under such circumstances. “The principles of international law,” the opinion adds, “leaving the treaty aside, will not permit the ports of the United States to be thus used by the belligerents. If such use were permitted, it would constitute the ports of a neutral nation harbours of safety into which prizes might be safely brought and indefinitely kept.”

“From the beginning of its history this country has been careful to maintain a neutral position between warring governments, and not to allow use of its ports in violation of the obligations of neutrality, nor to permit such use beyond the necessities arising from perils of the seas or the necessities of such vessels as to seaworthiness, provisions and supplies.”

Almost from the moment that the liner passed into Hampton Roads on February 1, 1916, after a transatlantic dash of 3,051 miles, the legal contest for possession of ship and cargo began. Right to asylum in American waters until the war ends, or failing that, to have disposition of the vessel and cargo determined by the State department and German Government, was claimed by the German captors. In an admiralty libel suit, attaching the Appam and her cargo, the British and African Steamship Co., British owners,

sought repossession. They denied that German-American treaties or international law gave the German claimants authority to retain the prize. The German Government, claiming the Appam as a public ship of war belonging by its captors to the government, was the real defendant in the libel suit, although Lieutenant Berg, prize master, and German Vice-Consul von Schilling of Norfolk, Va., were the nominal claimants.

The British owners were successful in the lower courts. Return of vessel and cargo was ordered in July, 1916, by Federal District Judge Waddill of Virginia. The manner of bringing the Appam into United States waters Judge Waddill held a violation of American neutrality. He interpreted the German-American treaties to give no permanent, but only a temporary, right to American asylum to German war prizes. Upon appeal to the Supreme Court, bond for \$2,000,000 was given by the German claimants to retain possession, under supervision of Virginia court officials. Receipts of \$634,000 from court sale of perishable cargo have been held by the lower court awaiting the Supreme Court's final decision. That no attempt would be made to run the Appam out of American jurisdiction pending the appeal was formerly pledged to the State Department by German Ambassador von Bernstorff, and the prize crew remained aboard at Newport News. All British persons aboard were promptly released by order of Secretary Lansing. The three principal grounds relied upon by the German claimants were:

1. That the Appam, as a public ship of war, belonging by capture to the German Government, is entitled to indefinite American asylum under article 19 of the 1799 treaty between the United States and Prussia, renewed in part by article 12 of the German-American treaty of 1828.

2. That American courts are without jurisdiction, enjoyed solely by German prize courts.

3. That the American and German Governments—not American admiralty courts—must determine the Appam's decision.

All three principal and other minor contentions were rejected by Judge Waddill. He construed the treaties to grant asylum to warships—not to prizes unaccompanied by captor warships. That the Appam, having violated United States neutrality, must be treated "as abandoned and stranded upon our shores" and the British owners therefore "entitled to restitution of their property," was his decision.

The American Government intervened in the proceedings, but only as a friend of the court. The State Department had ruled that its construction of the treaties does not give Germany "the right to deposit spoils of war in an American port," and that they gave the Appam the right to enter American waters "only in case of stress of weather, want of fuel or provisions, or necessity for repairs," and obliged departure "as soon as such cause was removed." The failure of President Wilson's various neutrality proclamations to interdict bringing of prizes to United States ports also was relied upon by the German claimants. The treaty clause upon which the German claimants relied in chief declares that the "vessels of war, public and private, of both parties shall carry free . . . the vessels and effects taken from enemies . . . nor shall such prizes be arrested, searched or put under legal process."

That this treaty provision applies only to prizes convoyed into American ports by warships and not to a prize unaccompanied, was held by Judge Waddill and also by the State Department.

The Appam was appraised at \$1,250,000. She is 400 feet long and of 7,800 tons. Her cargo from the West African coast was estimated at between \$2,000,000 and \$3,000,000. In addition about \$1,000,000 in gold bullion was reported to have been taken off by the Moewe. The Appam's capture was regarded as one of the most spectacular sea exploits of the war. Intercepted off the Madeira Islands while en route from Dakar, Africa, to Liverpool, Lieut. Hans Berg and his prize crew of 22 men ran the vessel, with lights out across the Atlantic. Bombs were placed throughout the vessel and the vessel's crew of about 160 and also 350 passengers were kept under subjection, by threats of the captors to blow up the ship upon interference. The Appam arrived at Hampton Roads with supplies exhausted but seaworthy. The libel suit of the British owners was immediately begun and because of the unique and important questions involved, the case was expedited for hearing before the Supreme Court last January.

VESSELS ARRIVING AT THE PORT OF RIO DE JANEIRO

During the week ending May 3rd, 1917.

April	27.—AYMORE, Brazilian s.s. 243 tons, from Recife
	27.—JAGUARIBE, Brazilian s.s. 1356 tons, from Santos
	27.—BRAGANCA, Brazilian s.s. 751 tons, from Recife
	27.—ITANEMA, Brazilian s.s. 533 tons, from Porto Alegre
	27.—CAVOUR, British s.s. 3451 tons, from Liverpool
	27.—ITAJUBA, Brazilian s.s. 958 tons, from Porto Alegre
	27.—ITAPURA, Brazilian s.s. 1179 tons, from Recife
	28.—ITAIPIVA, Brazilian s.s. 707 tons, from Santos
	28.—GOYAZ, Brazilian s.s. 981 tons, from Bahia Blanca
	28.—DAKOTAN, American s.s. 4069 tons, from Buenos Aires
May	29.—CAPIVARY, Brazilian s.s. 311 tons, from Macau
	30.—SERGIPE, Brazilian s.s. 820 tons, from New York
	30.—VESTREIS, British s.s. 6627 tons, from Buenos Aires
	30.—COMETA, Norwegian s.s. 914 tons, from Christiania
	30.—S. FRANCISCO, American s.s. 3164 tons, from Norfolk
	30.—TALISMAN, Norwegian s.s. 1178 tons, from New York
	2.—SERVILLO DOURADO, Braz. s.s. 515 tons, from Manaus
	2.—CAMPEIRO, Brazilian s.s. 1374 tons, from Santos
	2.—FOCANTINS, Brazilian s.s. 2500 tons, from New York
	2.—MEISSONIER, British s.s. 4823 tons, from Port Said
3.—MAROM, Brazilian s.s. 925 tons, from Santos	
3.—TAPAJÓZ, Brazilian s.s. 3282 tons, from Santos	
3.—DEMERARA, British s.s. 7293 tons, from Liverpool	
3.—ITAPEMA, Brazilian s.s. 926 tons, from Porto Alegre	

VESSELS SAILING FROM THE PORT OF RIO DE JANEIRO.

During the week ending May 3rd, 1917.

April	27.—SOCRATES, British s.s. 3175 tons, for Liverpool
	27.—MURTINHO, Brazilian s.s. 354 tons, for Rio Grande
	27.—ZINAL, British s.s. 2573 tons, for Liverpool
	27.—RIO DE JANEIRO, Brazilian s.s. 1487 tons, for Santos
	27.—MINAS GERAES, Brazilian s.s. 1545 tons, for Santos
	28.—ITAPIUCA, Brazilian s.s. 859 tons, for Recife
	28.—MOSKOV, Danish s.s. 1489 tons, for Baltimore
	28.—RIO AMAZONAS, Brazilian s.s. 1392 tons, for Marseilles
	28.—ANNA, Brazilian s.s. 247 tons, for Laguna
	29.—FRED. LUCKENBACH, American s.s. 2322 tons, for New York
May	29.—HIVARY, American s.s. 2392 tons, for Santos
	29.—BRAGANCA, Brazilian s.s. 751 tons, for Buenos Aires
	29.—HIGHT AND HEATHER, British s.s. 3837 tons, for Gibraltar
	29.—FAGER, Norwegian s.s. 656 tons, for Santos
	29.—ITAPURUNA, Brazilian s.s. 613 tons, for Aracaju
	29.—ITAPURA, Brazilian s.s. 1179 tons, for Porto Alegre
	30.—AYMORE, Brazilian s.s. 243 tons, for Recife
	30.—ITAIPIVA, Brazilian s.s. 707 tons, for Pelotas
	30.—VESTREIS, British s.s. 6623 tons, for New York
	1.—JUNGSHOVED, Danish s.s. 2462 tons, for Porto Alegre
1.—DAKOTAN, American s.s. 4069 tons, for New York	
1.—CAPIVARY, Brazilian s.s. 311 tons, for Santos	
1.—LAGUNA, Brazilian s.s. 300 tons, for Laguna	
1.—FLORIANOPOLIS, Brazilian s.s. 467 tons, for Porto Alegre	
1.—COMETA, Norwegian s.s. 914 tons, for Buenos Aires	
3.—OYAPOCK, Brazilian s.s. 192 tons, for Guaratiba	
3.—DEMERARA, British s.s. 7229 tons, for Buenos Aires	
3.—ITAJUBA, Brazilian s.s. 859 tons, for Porto Alegre	
3.—ITAPUHY, Brazilian s.s. 926 tons, for Manaus	

VESSELS ARRIVING AT THE PORT OF SANTOS.

During the week ending May 3rd, 1917.

April	26.—MAROM, Brazilian s.s. 779 tons, from Macau
	26.—DAKOTAN, American s.s. 4096 tons, from Buenos Aires
	26.—ITATINGA, Brazilian s.s. 926 tons, from Rio
	26.—CATALINA, Spanish s.s. 3491 tons, from Buenos Aires
	27.—ITAIPIVA, Brazilian s.s. 825 tons, from Aracaju
	27.—ITAJUBA, Brazilian s.s. 825 tons, from Recife
	28.—MINAS GERAES, Brazilian s.s. 1545 tons, from New York
	28.—RIO DE JANEIRO, Brazilian s.s. 1487 tons, from Rio
	29.—ANNA, Brazilian s.s. 247 tons, from Rio
	30.—ITAPURA, Brazilian s.s. 926 tons, from Recife
May	30.—MAYRINK, Brazilian s.s. 234 tons, from Laguna
	30.—ELISOBETH, Brazilian yacht, 93 tons, from Recife
	30.—M. IRIANDO, Argentine lugger, 1258 tons, from Rosario
	30.—IOWAN, American s.s. 4147 tons, from New York
	30.—FAGER, Norwegian s.s. 656 tons, from New York
	1.—ITAIPIVA, Brazilian s.s. 613 tons, from Rio
	1.—ITAPEMA, Brazilian s.s. 925 tons, from Porto Alegre
	1.—RIO AMAZONAS, Brazilian s.s. 1940 tons, from Rio
	1.—VALBANERA, Spanish s.s. 3299 tons, from Barcelona
	1.—JUNGSHOVED, American s.s. 2452 tons, from New York

VESSELS SAILING FROM THE PORT OF SANTOS.

During the week ending May 3rd, 1917.

April	26.—ST. ANDREWS, Norwegian s.s. 1899 tons, for New Orleans
	26.—FOCANTINS, Brazilian s.s. 2500 tons, for Montevideo
	26.—ITANEMA, Brazilian s.s. 533 tons, for Rio
	26.—CATALINA, Spanish s.s. 3491 tons, for Barcelona
	27.—ITAJUBA, Brazilian s.s. 825 tons, for Porto Alegre
	27.—DAKOTAN, American s.s. 4059 tons, for New York
	27.—ITAIPIVA, Brazilian s.s. 613 tons, for Rio
	30.—ANNA, Brazilian s.s. 247 tons, for Laguna
	30.—ITAPURA, Brazilian s.s. 926 tons, for Porto Alegre
	30.—CAMPEIRO, Brazilian s.s. 1374 tons, for Marseilles
May	1.—MAYRINK, Brazilian s.s. 234 tons, for Rio
	1.—ITAIPIVA, Brazilian s.s. 613 tons, for Pelotas
	1.—ITAPEMA, Brazilian s.s. 825 tons, for Recife
	1.—MAROM, Brazilian s.s. 779 tons, for Rio
1.—VALBANERA, Spanish s.s. 3299 tons, for Buenos Aires.	

BOATS LOADING OR EXPECTED TO LOAD COFFEE.

FOR THE UNITED STATES.

	Capacity	Rio	Santos	Engagements Total	Rate of freight
August (Amer.) May	95,000	—	—	—	\$1.75
Suffolk (Amer.) May	120,000	—	—	—	
Matanzas (Amer.) Ed. Johnston & Co., May	?	—	—	—	\$1.40 New Orleans
Henrik Lund (Norw.) May	10,000	—	—	—	
Theor (Norw.) May	90,000	—	—	—	
Pacific (Norw.) Prince Line, May	100,000	—	—	—	\$1.40
Byron (Brit.) May	5,000	—	—	—	\$1.40
Talisman (Norw.) Brazilian Warrants, May	50,000	10,000	40,000	50,000	\$1.40
Tricolor (Norw.) Brazilian Warrants, May	70,000	28,000	42,000	70,000	\$1.40
Ada F. Brown (Amer.) Wilson Sons & Co. May	40,000	—	—	—	
Minas Geraes (Braz.) May	30,000	—	*30,000	30,000	\$1.30 New York
Kentuckian (Amer.) Prince Line, June	150,000	—	—	—	\$1.40
Henrik Ibsen (Norw.) Prince Line, June	80,000	—	—	—	\$1.40
Sta. Barbara (American) June	150,000	—	—	—	

FOR SOUTH AFRICA AND EAST.

Tacoma Manu (Jap.) June, Wilsons Sons & Co.	120,000	3,000	—	3,000	
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FOR EUROPE.

Provence (French) May	50,000	25,000	25,000	*50,000	
Monte Rosa (Italian) May	10,000	—	—	—	
Belem (Braz.) May	70,000	10,000	60,000	70,000	550 to 600 frs.
Campinas (Braz.) May	45,000	10,000	35,000	45,000	550 to 600 fcs.
Cometa (Norw.) May	45,000	15,700	15,000	30,700	
Valbanera (Spanish) May	20,000	—	20,000	20,000	375psta & 5%, 1,000k.
Mont Rose (French) May	70,000	—	—	—	600fr 1,000k. Marseilles
Samara (French) May	40,000	—	40,000	40,000	450fr. & 10% per 900kls.
Rio Amazonas (Braz.) May	36,000	—	36,000	36,000	550 to 600frs.
Arassuahy (Braz.) May	15,000	—	—	—	550 to 600frs

Coffee and/or Beans.

Note.—The s.s. Jungshoved and Trafalgar are taken off the Rio and Santos berths. The s.s. Raeburn will load beans only.

	Capacity May	June	Total
For United States	610,000	380,000	990,000
For Europe	401,000	—	401,000
For S. Africa and East	—	120,000	120,000
	<u>1,011,000</u>	<u>500,000</u>	<u>1,511,000</u>

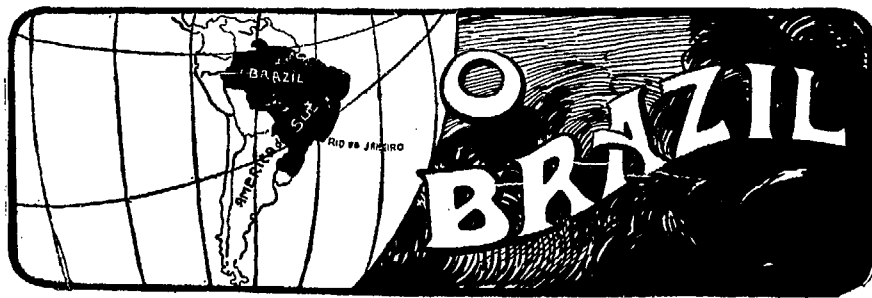
Capacity by Flag.

	May	June	Total
For United States—			
British	5,000	—	5,000
American	255,000	300,000	555,000
Brazilian	30,000	—	30,000
Neutral	320,000	80,000	400,000
	<u>610,000</u>	<u>380,000</u>	<u>990,000</u>
For Europe—			
French	160,000	—	160,000
Italian	10,000	—	10,000
Brazilian	166,000	—	166,000
Neutral	65,000	—	65,000
	<u>401,000</u>	<u>—</u>	<u>401,000</u>
For South Africa and East—			
Japanese	120,000	—	120,000

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