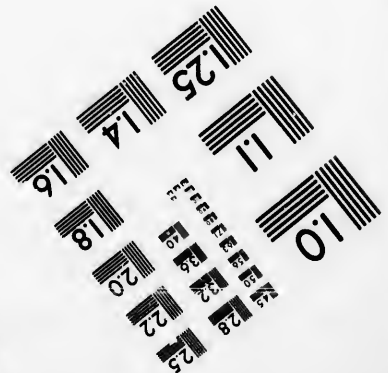
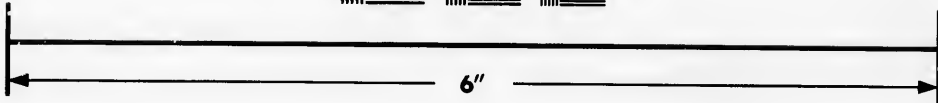
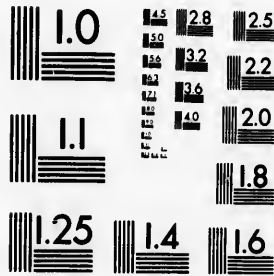


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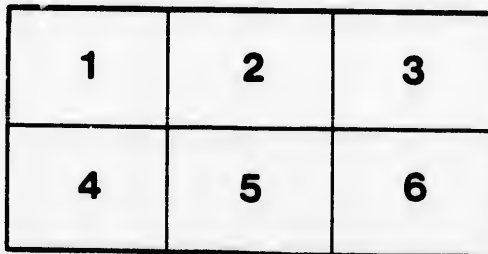
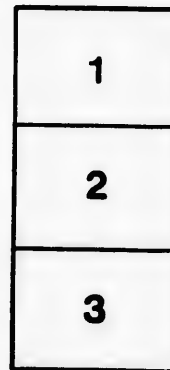
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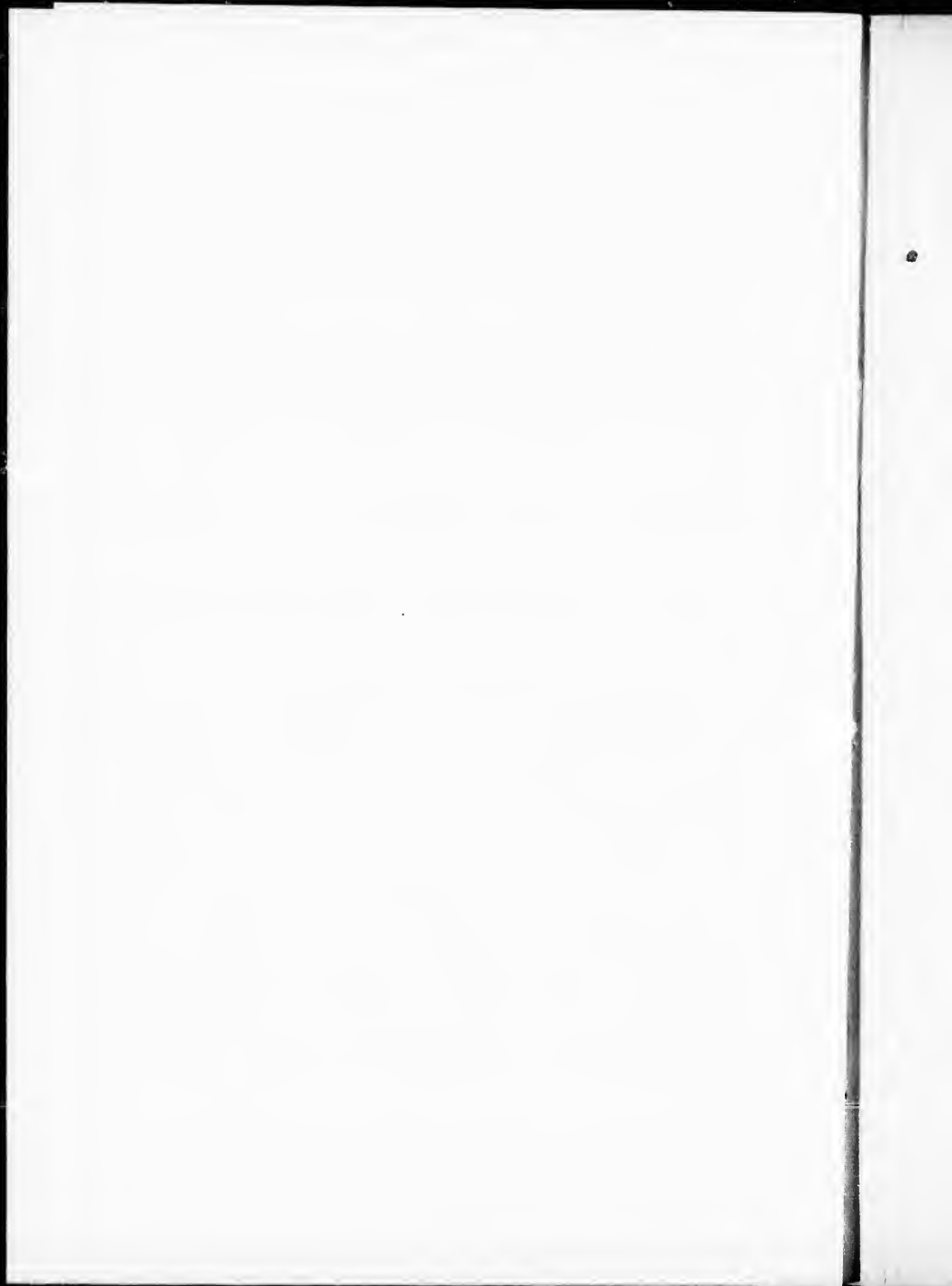
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BRAZIL
AND
HER RAILWAYS,
&c. &c.

REPRINTED FROM THE "*FORTNIGHTLY REVIEW*,"

WITH A

PREFACE AND APPENDIX

BY

W. DARLEY BENTLEY,

Brazilian Consul-General for Canada.

Montreal:

PRINTED BY THE GAZETTE PRINTING COMPANY.

1883.

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PREFACE.

The paper on "Brazil and Her Railways" by CHARLES WARING, appeared in the *Fortnightly Review*, for March, and I hasten to have it reprinted, because it places the position of the Empire in its true light in a clear and concise form, and because it is written by a man who not only has a thorough practical knowledge of his subject, but who is an authority on all the points contained in his valuable paper.

Unfortunately there are comparatively few books relating to the resources of Brazil, and to many it is a "terra incognita," so that I hail with pleasure this means of increasing the knowledge of an Empire with inexhaustable resources, and an Empire whose trade and commerce it is the duty of all Canadians to cultivate and develop.

Sir Leonard Tilley in his speech introducing the budget of the present year referred to the deputation which waited upon him in reference to some reciprocal arrangement with foreign countries. In 1879 when I was in Brazil a law was passed at the instance of His Excellency Senhor Sinimbu, the then Prime Minister, by which the Government was authorized to make a reciprocal treaty with other countries. What was chiefly aimed at then, was an agreement with Canada and therefore I am certain that though the Government of Senhor Sinimbu has given place to another, yet there will be no difficulty raised on the part of Brazil to make a reciprocal arrangement with Canada, so long as it does not interfere with her existing treaties. Every one knows the enlightened views of His Majesty the Emperor and how any proposal for the advancement of his country meets with his entire and cordial co-operation. I know he is ably supported by his Ministers. All are fully alive to the advantages of opening up new commercial relations and I can guarantee that when the Government of Canada approach that of Brazil they will find the same desire on their part to bind commercially the two countries more closely together.

From the magnificent sum of \$8! the imports from Brazil into Canada have risen to \$1,328,316 in three years, while the duty collected was \$491,556.26, and from being the last of the 42 countries with which Canada did business in 1879 Brazil has risen to the 7th place in the value of her trade with this country.

In like manner the exports which were formerly placed under the heading of "South America" and which included all the countries in that large continent showed that while the total amount for 1882 is \$910,771 an increase of \$195,709 over the preceding year or about 30 p. c. Brazil has taken more than half, viz.: \$495,549.

These figures speak for themselves! If the trade with Brazil has taken such strides in three years with only 6 months of direct communication what will it do in the future especially if the Government carries out their intentions of reciprocal treaties? England to secure the trade of Brazil gave an enormous subsidy to the Royal Mail Steamship Co., what is the result? England to-day does two-third of the trade of that country. In Rio de Janeiro alone out of the 1,341 native and foreign ships (steam or sail) which entered that port in 1882, 520 were British.

It is thus that England has ever obtained the command of the commerce of foreign countries. A trade which springs from \$8 to over a million and a quarter in three years is surely worth cultivating, and worth spending some money to cultivate, I know it is! and what is more I believe every thinking man in Canada will agree with me.

Very much more can be done, let us all therefore put our shoulder to the wheel, and show at the end of the next three years, that Brazil and Canada are commercially necessary to each other.

MONTREAL, 2nd April, 1883.

WM. DARLEY BENTLEY,
Brazilian Consul General.

BRAZIL AND HER RAILWAYS.

The notable advance, in recent years, in the value of British securities of the more solid kind, has been the subject of much discussion. That advance has not only been large but gradual, and the prudent investor has been perplexed to account for it. One operating cause, which may readily prove to have been the chief one, has been left out of the reckoning. It is now, however, more generally admitted that the enhancement of the values of home and colonial securities has been due in some measure to distrust of the securities of foreign countries. There has assuredly been reason for such distrust. The prosperity of the years preceding the panic of 1875 was a spurious prosperity. Our foreign trade had been enormous and prices had been high. Great Britain manufactured, produced, exported, and sold large quantities of merchandise at apparently a large profit; she even received payment for her goods in cash. Yet, as a matter of fact, she herself provided the money. The purchases of the foreigner in the English market, which enriched the Exchequer and caused trade to be driven at high pressure, were made with English money—with the proceeds of English loans to foreign governments and subscriptions to foreign enterprises. The enterprises for most part proved profitless; the foreign governments into whose coffers our capital had gone, either through poverty or dishonesty, have not paid the interest on their debts. The result was an amount of disaster sufficient to alarm that least discriminating and most careless speculator in the world, the English investor. Distrust, as has been said, of all foreign securities succeeded the previous excess of confidence. It was only natural that the feeling should be carried to the other extreme, and that, in the remembrance of numerous defaults, we should have forgotten the few instances of the punctilious fulfilment of engagements. In short, investors have, in this respect, used no discrimination. The absence of this quality has resulted in a short-sighted policy, un-

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just on the one hand to some of our best customers, and prejudicial, on the other, to the investor. To place all foreign loans and enterprises under the ban of one universal condemnation has been equally impolitic and inequitable. For of foreign states there are the honest as well as the dishonest, the solvent as well as the insolvent; whilst England, least of all nations, can afford to dispense with the custom of the former, or to relinquish the profitable employment of her capital in legitimate foreign enterprise.

Of the hundreds of millions loaned or invested abroad in the few years of inflation, the greater portion went to the New World, and was sent there with disastrous results. Even the United States, solvent as a country, has failed to pay interest on a great portion of the British capital then invested in her railroads, and whilst this has been the case with the Great Republic, most of the other States—Mexico and Peru, Guatemala and Honduras, Costa Rica and Ecuador, Bolivia and Uruguay—have become synonyms for repudiation and insolvency. The consequence is that the ordinary investor lumps together all South American securities, the good, the bad, and the indifferent. He forgets the exceptions to the general rule of default—that three of the States, Chili, The Argentine Confederation, and Brazil, have faithfully fulfilled their engagements.

It would, I think, be worth while to attempt to dispel these fallacies by an enquiry into the economic conditions of the foreign countries habitually applying for English capital for industrial enterprises. Such an inquiry, if thorough in its nature and helped by personal knowledge of the facts, should result in showing how far our confidence has a substantial basis. What, therefore, I now propose to do in reference to the empire of Brazil is to describe its industrial enterprises, and especially its railways, their present position and future prospects; and to supplement this with a brief survey of political, social, and economic conditions of the country and its resources. Such a study will, at all events, prove a useful guide to readers unacquainted with the subject, and will help them to a just appreciation of Brazil as a field for the employment of British capital. In selecting this one country for the enquiry, I have no desire to disparage the prospects offered by either Chili or the Argentine Confederation. But the former is, at the moment, in some little financial con-

fusion in consequence of the war with Peru. The extent, too, of Chilian territory is comparatively small, and her prosperity is relatively dependent too much on the production of copper. The resources of the Argentine confederation are undoubtedly boundless; but, compared with Brazil, its government is unsettled. Brazil, on the other hand, possesses not only unlimited resources, but resources of the most varied nature, and also enjoys the advantages of a settled government in the form of a limited monarchy, such as few countries but our own can boast.

The empire of Brazil lies between the mountain ranges of Peru and Bolivia on the west, and the Atlantic Ocean on the east, along which it has a coast line extending from four degrees above the equator, near the mouth of the Amazon on the north, to thirty-three degrees south, within 300 miles of the estuary of the River Plate. The length of this coast-line is nearly 4,000 miles. The country has the great width of 2,600 miles about eight degrees south of the Equator. It narrows considerably towards its northern frontier, whilst towards the south the width gradually diminishes to a comparative strip of land lying between the river Uruguay and the sea, and bordered by the Republic of Uruguay. This territory of 3,200,000 square miles is as large as that of the United States between the Atlantic and the great lakes. Two magnificent mountain chains rise behind the capital, Rio de Janeiro, and extend, the one over 500 miles towards the north and the other 250 miles southward at a distance of ten to one hundred miles from the coast. These mountains rise abruptly from the low lying sea coast, and, unlike European ranges, descend on the other side only one-third of their height, forming an interior plateau elevated 2,000 feet above the level of the sea, offering extraordinary, if as yet only little developed pastoral resources. This immense plateau, which rolls away southward in gentle undulations and a gradual slope towards the great rivers is broken by another mountain range, extending from the frontier of the Province of Pernambuco, near the Equator, across the entire empire, having other minor ranges connected with it. This lofty mountain chain divides the country into two immense watersheds; the northern one being drained by numerous river into the great basin of the Amazon, which is within Brazilian territory, and the other to the south, into the rivers Parana and Uruguay. The soil of Brazil is of surpassing fertility. The climate of the

northern provinces, Para, Maranhão, Pernambuco and Bahia, is tropical, but, except in places, the altitude of the country makes them unusually healthy, as tropical districts. The southern provinces, Rio de Janeiro, San Paulo, Minas Geraes, Rio Grande do Sul, and Parana, are all extremely healthy, and offer every advantage in this respect to European immigration. The capital, Rio de Janeiro, has one of the most magnificent harbours in the world, whilst the northern provinces give tropical products, and specially sugar and cotton in great abundance. The southern portion of the Empire, is suitable for the growth of every variety of crops. It furnishes coffee, the principle staple of Brazil, in enormous quantities. Sugar, too, has lately been cultivated with marked success. Cotton also, an industry of recent growth—dating, in fact, from the cotton famine—now forms a large portion of the exports from the south, as it has always done from the north. As a matter of fact, the yield of it is greater than can be obtained in the United States! Every kind of grain can be successfully raised, in such abundance, indeed, that maize yields from two hundred to four hundred fold, and wheat from thirty to seventy fold. The slopes of the great mountains and the southern plains have an ample growth of succulent grass, admirably adapting them for breeding and feeding cattle of every kind. The export of jerked beef and hides has always been the principle trade of the port of Rio Grande do Sul, and the market at Rio de Janeiro is now supplied with prime beef from the Sierras of San Paulo and Minas Geraes.

The mineral wealth of the country is so great, that while its capital may be said to be as yet untouched, its ultimate resources are practically inexhaustible. In the foregoing enumerations I have not included all the provinces by name. The Province of Matto Grosso, for example, which lies on the confines of Bolivia, is practically a new country. Then, again, going north, it is not possible to form a notion of the productiveness in the future, of the great basin of the Amazon. It is only in recent years that any attempt has been made to develop the latent resources of the empire. A special interest is added to our inquiry by the fact that the money furnished by English capitalists has been applied largely, if not solely, to such development, in increasing the means of communication and transport between the different centres of industry and the seaboard.

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As regards population, the number of people, which was reckoned at the time of the declaration of independence in 1824, at four and a half millions, is now estimated to exceed eleven and a half millions, a number which only suffices to people sparsely a fringe of the coastline and the more favored provinces of the South. Thus, in 1872, Minas Geraes contained 1,500,000 inhabitants. As to the polity and progress of the Empire, from the time Brazil ceased to be a Portuguese colony, its material, moral, and intellectual advance has been continuous and considerable. The revenue, which in 1826 was only £604,000 is now £12,896,000; whilst its external trade, which has now reached £36,756,150 was then little over £2,250,000. In 1823, 185,000 bags of coffee were exported from Rio de Janeiro. In 1880 the exports had increased to 3,513,368 bags. Since the accession of the present Emperor, in 1840, to the present day, the Empire has progressed uniformly in civilization. A considerable sum is now devoted by the Government to the purpose of education, and for the support of institutions devoted to technical and special teaching; whilst in the capital alone an additional sum of £100,800 is annually applied to primary and gratuitous education. The political constitution of the country is, as I have said, that of a limited monarchy. It possesses a representative Government, guided by the Emperor, operating through the houses of Parliament and a responsible ministry. The electoral system is based on a liberal franchise, which has been recently changed from an indirect to a direct mode of election, thus increasing the representative character of the Constitution. Whilst internal tranquillity has thus been assured, religious intolerance, once a source of political disquiet, has decreased. The opposition to civil marriage has almost entirely disappeared. One other difficult question (slavery,) has also been faced with courage, and treated from an enlightened point of view. The slave-trade itself was wholly suppressed thirty years ago, whilst a law was passed which has made the children of slaves free, and this has now been in operation over eleven years. The institution of slavery is, in fact, publicly condemned, and by the operation of the law named the number of slaves has diminished, and now only represents a tenth of the total population, the rest of which enjoy unrestricted political freedom and a large share of social equality.

Having thus given a brief outline of the features, and condition

of the country, I will pass to the consideration of the position, and prospects of its chief industrial undertaking—the system of railways. The railways of Brazil may be divided into three series or groups. The first group comprises the lines for which a government guarantee was voted in 1852, 1855 and 1857, and may be called the experimental series. The second group is a growth from the first, consisting of minor, and branch lines, built and equipped with native capital and in so much of less interest to us. The third group or series comprises the railways lately built, and mostly in course of construction, authorized by the law of 25th September, 1873, issued more than twenty years after the decree authorizing the construction of the first series. The aim of the latest measure is furnish each province with the needful communication, and the funds for this purpose have been readily found in this country.

The first series of railways on the capital of which the State guaranteed a minimum interest of 7 per cent. for thirty years, comprised three separate lines in the provinces of Pernambuco, Bahia, and San Paulo, respectively. In the former province the Recife, and Sao Francisco runs from Cinco Pontas near the foot of Pernambuco southwesterly, terminating on the river Una. It traverses a sugar district, having stations about four miles apart. Its length is seventy-seven and a half miles, and its total capital is £1,285,660. The Bahia and San Salvador railway starts from the city of Bahia, the capital of the province, and the second largest city of the Empire, traversing the sugar, tobacco, and cotton districts of the town of Alagoinhas. Its length is seventy-seven miles, and the guaranteed capital £1,800,000. It was the intention that both these lines should, as may be inferred from the names, be continued to the river Sao Francisco, making a junction above the falls, and tapping the immense inland district served by that waterway. Any extension, however, is likely to be a work of the distant future. The San Paulo railway has a capital of £2,650,000, and enjoys a government guarantee of 7 per cent. for ninety years from 1858. It starts from the port of Santos, from which cotton and other produce is largely shipped, is carried up the acclivity of the mountain range to the city of San Paulo, and thence to its termination at Jundiaby, from which, however, the route is carried on by a native company. The length of the railway is eighty-six and a half miles. The total capital of these three lines is £5,735,660.

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Besides these railways, the concessions for which were given English companies, the Government decreed, at the same time, the construction of the Dom Pedro Segundo line. The railway has since its completion been worked by the Government, and now returns to it 8 per cent., on the large capital of £24,000, per mile expended in its construction. It starts from Rio de Janeiro, traverses the most important part of the province to E. Barra do Pivahy, where it branches to the province of San Paulo on the one side, and to the southern part of the province of Minas Geraes on the other. Its construction involved great engineering skill and much labour. The length in operation is 426 miles, and 65 miles are under construction, the cost which has been defrayed by the State, amounted to £10,000,000.

During the early period of the existence of the subsidised lines, and before traffic was developed, the guaranteed interest had to be made good out of the Imperial treasury. Traffics have since so largely increased that the net revenues are sufficient, for the most part, to enable them to dispense with the government guarantee. One of them, the San Paulo, contributes a profit to the State. It last year paid a dividend of 10½ per cent. on its capital, and handed to the Treasury £57,902, being one half of the net receipts over and above 8 per cent. upon its capital, to which payment the Government is entitled until it is re-imbursed for all advances previously made under the guarantee. In considering the financial results of the first series, the surplus receipts of the Dom Pedro Segundo line may fairly be included. If we take the difference between the actual net income of this line, and the interest of the capital if borrowed at 5 per cent., as it virtually is, we have an annual income from this source of £336,490, and if to this be added the surplus receipts of the San Paulo line, we have a total of £394,392, as against a total annual liability of the Government of £391,783, thus showing that the liability of the State on the first series is more than covered by the sum of £2,608 per annum. There is a word more to be said on this head. If the two lines which still require State support the claims of the Bahia line alone are important. The idea of reaching the falls of Sao Francisco was grand but impracticable. It has unfortunately prejudiced the companies, for the route taken was not direct to the chief area of production. The lines projected and in course of construction in the two provinces are happily not open to this objection.

After the complete opening of these trunk lines, about the year 1862 the second group or series was commenced. This consists of an entire network of provincial lines, forming extensions, and branches of the main lines, and constructed by Brazilian enterprise, and Brazilian capital without any Imperial guarantee. In some instances, however, the companies enjoy provincial guarantees of a moderate amount. Of these railways established without Imperial aid, details would occupy much space, and would scarcely help our enquiry. I must be content, therefore, to say that many of the lines are now earning from 7 to 10 per cent on their capital, and that the total length is 2,305 miles, of which 1,382 miles are in operation, and 923 miles are under construction.

By the law of the 24th September, 1873, to which reference has already been made, the construction of the third group or series was decreed. It authorized the construction of twelve railways in the various provinces of the Empire; the Government undertaking to guarantee interest at 7 per cent. for 30 years upon construction. The distribution among the several provinces has been made upon the equitable principle of giving to each an amount of railway communication in proportion to its population and necessities. Like the railways comprising the first series, these railways are designed to supply the main arterial communication between the productive centres, and the seaports of the different districts; and it will doubtless be found, as in the case of that series, that private enterprise will supply subsidiary lines. The following are the twelve railways constructed or under construction under this decree.

The Great Western of Brazil, in the province of Pernambuco, length 60 miles, capital £562,000.

The Conde d'Eu, in the province of Parahyba, length 75 miles, capital £575,000.

The Campas and Carangola, in the province of Rio de Janeiro, length 215 miles, capital £675,000.

The Imperial Central of Bahia, in that province, length 187½ miles, capital £1,642,500.

The Minas and Rio, in the province of Minas Geraes, length 100 miles, capital £1,816,875.

The Donna Theresa Christina, in the province of Santa Catharina, length 73 miles, capital £713,238.

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The Natal and Nova Cruz, in the province of Rio Grande do Norte, length 75 miles, capital £618,300.

The Alagoas, in the province of Maceio, length 55 miles, capital £512,212.

The San Paulo and Rio, in the province of San Paulo, length 145 miles, capital £1,200,000.

The Rio Grande do Sul Railway, in that province, length 300 miles, capital £2,700,367.

The Quarahin and Itaquí, also in the above province, length 124 miles, capital £675,000.

The Compagnie Generale (Parana), in the province of Parana, length 68 miles, capital £889,508.

Total mileage. 1483. Total guaranteed capital £12,500,000.

I should perhaps observe that the first eight in the above list have already been successfully issued in London.

With the third series the approximate length of both guaranteed and unguaranteed railways in Brazil is 4,400 miles, of which 2,500 miles are already in operation, and 1,900 miles in construction or planned. The cost of the constructed portion has been an average of about £12,700 per mile. Out of the 2,500 miles now working, most of which, although some are only recently constructed, are earning good dividends, made up in some instances with the aid of the Government guarantee, over 1,400 miles have been worked for some years, and earn an average dividend of 8 per cent. per annum. It will be observed that both groups of railways guaranteed by the State have been established on a principle of equity to the whole population. The object of the Government has been to obtain main routes of traffic from the coast to the interior of the country, so as to insure to the producer the cheapest and most expeditious mode of transit of his products to the seaports. I should add that when the Government in 1855 undertook the liability of £391,783 per annum, involved in the guarantee of interest in the first series, the revenue amounted to only £4,194,200. With this revenue rapidly increasing the State was well able to support the burden until the railways became self-supporting. Moreover, the railways themselves materially helped to increase the revenue: for it goes without saying that their construction incalculably increased the trade, commerce, and material prosperity of the country.

Having now learned the character, cost, and revenues of the

entire network of railways in the Empire, it will be gratifying to note how large a share Great Britain has taken in the work. The participation of other countries in it has been so small, that it may be said England has practically accomplished the whole of it. From the declaration of Brazilian independence to the present time, England has been the moneyed partner of Brazil. The loans of the Empire have been subscribed here, and the railways have been made by English engineers, and contractors with English capital. England furnished the technical knowledge, and supplied the material of construction, and all the rolling and fixed stock. The co-partnership has been profitable to both partners. In the first series, all the concessions came into the hands of Englishmen, and these railways are entirely carried out under English superintendence. And although the initiation, and construction of the second group of railways is due to native enterprise, yet the greater part of the material used in the construction, together with the rolling and fixed stock was purchased in this country. Of the £12,500,000 of guaranteed capital appropriated to the third series, concessions absorbing five-sixths of the whole have been confided to English capitalists and contractors, and with the exception of a trivial amount raised in France, the necessary capital has been raised here.

If it be not possible to ascertain with absolute correctness the profit derived from these undertakings, a tolerable estimate may be made. The shares of twelve railways quoted on the London Stock Exchange, stand at a greater or less premium above their par value. The difference between their par value and their quoted value is £3,120,978. To this profit must be added the profit on the materials, on the equipment, and on the contracts for the construction of the lines. It may be fairly estimated that the material purchased in this country would be equal to one fourth of the total cost of the railways, or £4,558,915. If on this a profit of 10 per cent. be assumed the amount would be £455,891, Assuming also that the contractors may have realized a profit of 10 per cent. upon their contracts, amounting in the aggregate to £18,235,660, a further profit would arise of £1,823,566. These figures bring the profit of the English partner in the business to the formidable total of £5,400,435, irrespective of the profit made by our shipping, on the sea-carriage of the material which I do not estimate. Bearing in mind, also, that the capital has returned an

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interest of from 6 to 7 per cent. per annum, I think it will be admitted that the money partner in these transactions has good reason to be satisfied.

In concluding this portion of my subject, I should observe that the high esteem in which Brazilian railway stocks stand in our money market has recently had a very natural result. On the 3rd of February 1881, the Government found active competitors for the concession of the Rio Grande do Sul railway at one per cent, under the heretofore guaranteed interest of 7 per cent. It is related of the Quaker Banker of Darlington, Joseph Pease, one of the earliest promoters of the English Railways and a personal friend and patron of George Stephenson that he once said to the latter who then usually charged £5 per day for his professional services:—"If I were thee, George, I would charge £10 a day. People would think the better of thee." The English firm of contractors who offered to construct the Rio Grande do Sul Railway on guarantee of 6 per cent, did in effect, give similar advice to the Brazilian Government. The advice was taken. The Government have resolved to limit the guaranteed interest on all future public works to 6 per cent per annum. Other large enterprises have since been undertaken at the lesser rate, and it seems probable that people will think the better of Brazil for appraising her own credit at a higher value.

The custom of raising the capital required, as and when required involves necessarily a large number of separate issues, and brings the Brazilian demand for money continually before the Public. It has given rise to an erroneous impression that the public enterprise is being pushed forward with a rapidity disproportionate to the means of the country. That this is not the case can readily be shown. When the public revenue amounted to only £4,194,200 the Government, as we have seen, undertook a liability in respect of the first group of railways of £895,500 or nearly one fourth of that revenue. Later, when the revenue reached the sum of £10,800,000, its current liabilities, in respect of the guarantees for the third group of railways, reached £868,248 or only one twelfth of the total revenue. It follows therefore that in the proportion indicated, the State was far better able to guarantee the third than it was to guarantee the first series. Moreover with the increased and progressing trade and commerce of the country, it is likely that the liability in res-

pect to the third series will disappear more rapidly than that in respect to the first disappeared.

It is not my present purpose to deal with the question of the national debt of the empire but I may say that when deduction is made for the temporary or extraordinary expenditure on public works which sooner or later will become reproductive the budgets have for so many years nearly balanced. The foreign debt which amounts to £20,653,937 (exclusive of the new loan just issued) is rapidly repaid by the operation of a sinking fund. Other loans will doubtless be issued; but it may be fairly assumed that the same prudence which has guided the financial policy of the past will guide that policy in the future. The internal debt though large is in no way a danger to the country for it is exclusively held by the Brazilians themselves. It had its origin in the days of the war with Paraguay,—a war which in effect threw Brazilian progress back a decade, and from the effects of which the country has only recently thoroughly recovered.

It will be seen that remunerative investments have been found for English capital in Brazil. Considering the magnitude of the empire and the necessity for improved means of communication it is clear the field for further investment is practically unlimited. The question therefore to be answered is: Are there any rocks ahead on which our fortune might split? The answer is, that there are undoubtedly features affecting the prosperity of the country which it would be unwise to ignore if our inquiry is to be effected. The chief considerations are five in number, viz: slavery, immigration, the succession to the throne, the question of frontier line involving war, and the production of coffee.

As to slavery. With the advance of civilization and the application of machinery to production, this institution is probably doomed. If the prosperity of Brazil rested mainly on the continuance of slavery, I should despair of her rising to the magnitude of a great power, or developing a strength commensurate with the extent of her territory. But so far from this being the case, Brazil has for the last thirty years been cutting herself adrift from the "peculiar institution," the importance of which to her prosperity is daily diminishing both relatively and positively. In 1831, the law freed all Africans thenceforth brought into the

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Empire; in 1850 the slave-trade was effectually abolished; in 1871, as I said before, the Law of Emancipation freed all children born of slave parents after its promulgation, and established an emancipation fund designed to give gradual freedom. The action of the law is accelerated by the action of individuals who release their slaves from bondage. The slave population of Brazil, in August, 1872, numbered 1,510,815. And while of this large number the Emancipation Act has freed only 11,000 in eleven years, 60,000 have been freed by the operation of private philanthropy.

The question for consideration on this point is not one of sentiment, but whether the economical constitution of the State will be seriously injured by the disappearance of slavery. In the opinion of those best able to judge the abolition of slavery will not be sudden. Nor is it thought there is any probability that its collapse will endanger the future of Brazil by social convulsion, civil war, or the lack of labour. In the tropical north, which is the black man's paradise, and where his services are really indispensable it is not likely the negro population will either disappear or deteriorate. We may indeed assume that the negro will, as a free man, working for his own profit, not labour less willingly than heretofore he has laboured for a taskmaster. In the southern provinces, by far the most important of the Empire, any loss of negro labour will be compensated by the free labour of European immigration, which it may be expected will gradually take the place of the former. There are two other aspects of this question, reassuring in the face of the certainty that, by mortality and more rapid emancipation, free labour, whether black or white, must be the labour of the future. Brazil has a considerable Indian population. The men are called Indians, but are in reality whites, the original inhabitants of the country. The number is reckoned as half a million, which probably underestimates the total, as they live away from civilization. These men, when brought into contact with civilization are found to be docile and industrious, and as the country is opened up may largely recruit the ranks of labour. Again, there is no marked line drawn between black and white. The existence of a large mulatto population is an assurance that there will be no abrupt severance of the interests of the two races in this way linked together in blood. As to immigration, the tide has hitherto set towards the river

Plate, because of the advantages and facilities of communication which it offers to the European settler. The southern Provinces of Brazil are, however, quite as fertile and as healthy and temperate as the countries farther South; while the Government is infinitely more stable than that of the neighbouring republics. With the increased means of communication, immigration is already taking this direction. Rio Grande do Sul alone contains a German population exceeding seventy thousand. Official statistics show that the number of third-class passengers—all of whom may be fairly assumed to be emigrants—arriving in Rio de Janeiro in the two years, 1880 and 1881, was 40,783. Of these, Portugal sent 17,280. But it is a significant fact as showing that other nations are now turning their eyes to Brazil, that the total included 13596 Italians, 4239 Germans, and 3920 Spaniards. I should add that the Portuguese and Spaniards settled chiefly in the seaports, while the Italians and Germans went on into the interior. The completion of communication now on hand should, I think, give considerable impulse to immigration which will also be encouraged by the passing of the Protestant Emancipation Bill that has established religious freedom.

As to the succession, reflection on this subject must be more than usual affected by the striking personality of the present Emperor, who is still in the full vigour of life. Of his capacity and patriotism I need say nothing, for he is acknowledged to be one of the first monarchs of the century. His strict adherence to the letter of the Constitution has helped to endear him to his people, while it has stamped the polity of the country. The dynasty, in truth, seems as firmly fixed as ours. The succession to the throne is fixed by law approved of by the people, and will doubtless take effect as quietly as it would with us. The Princess Isabella, daughter of the Emperor and heiress to the throne is married to the Conde d'Eu, grandson of Louis-Philippe. Her husband, therefore, inherits the tradition of a great governing family, and has become popular through his successful conclusion of the Paraguayan war. A succession thus legally assured, embodying the religion and traditions of the people is a guarantee for the continuance of social order and prosperity. There are no pretenders to the throne while the exhibition of republican misrule in the other South American States must endear their own form of government to the Brazilians.

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As to the frontier question, it would be to travel in search of difficulties, to imagine that in an immense and sparsely peopled country like Brazil, any dispute about frontier would occasion war. It is true that the *Messioes* question was a question of frontier. The fact however that it has been submitted to the arbitration of the Queen of England is an argument in favour of what is here advanced. Brazil entertains no feeling of animosity towards her neighbours, and she is placed beyond the influence of European political complication. The war, too, waged with Paraguay, although successful, has left bitter experiences. The Brazilian people are not warlike, and it is understood to be the settled policy of the Government to avoid extensions of the empire, whilst maintaining its integrity. Under these circumstances war would appear to be one of the least probable events in the future history of the empire.

It cannot be denied that Brazil depends largely for her prosperity on a single produce. "Coffee is King," they say in Rio and well they may, for its production represents more than half of the average value of the export produce for the last fourteen years. Since 1876 inclusive, it has exceeded this proportion. In the year 1876-77 the value of coffee exported was £11,211,100, and in the year 1877-78 £11,020,500 out of a total export of £19,556,300 and £18,634,900 in the two years, respectively. In 1878-79 it gave £11,348,100 out of a total of £20,405,700 which included cotton, sugar, hides, india rubber, mate, tobacco, gold and diamonds. In quantity the export of coffee in these year was nearly one half of the total annual consumption of the world. The importance, therefore of its production is apparent. It appears, however, to rest on a secure basis. The Brazilian planter can complete successfully with any other planter in the markets of the world, and will be aided largely by the economy of transport afforded by the new communication with the sea board. The culture of the plant is not, fortunately dependent on slave labour. Official statistics show that, so far back as seven years ago, more than half the labour employed in the province of Rio de Janeiro, Minas Geraes and San Paulo was free, the proportion being 662,371 free and 521,102 slave labourers a proportion increasing every year. It must, nevertheless, be admitted that to depend so largely on one production is not wise. Prudence would dictate the desirability of encourag-

ing the cultivation of other agricultural products. The means of doing this are not far to seek. The river Plate republics already grow and export to Rio de Janeiro breadstuffs in considerable quantities. The southern provinces of Brazil are just as capable as those territories are of producing grain of all kinds; and we may expect that before long they will not only supply the homestead markets but themselves become exporters of breadstuffs.

The facts above set forth as to the present condition and prospects of the country seem to me to warrant the conclusion that there is nothing existing or impending calculated to retard permanently or seriously its continuous material prosperity. And it seems likely therefore, that Brazil will continue to afford, as she has afforded in the past, profitable occupation for British industry for generations yet to come.

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APPENDIX.

TABLE shewing the Imports into Canada of articles which are products of Brazil and the amount actually imported direct, for year ending June, 1882.

	Total Imports.	Imported from Brazil
Sugar.....lbs.	134,999,510	36,605,257
Coffee....."	2,757,892	1,164,535
Tapioca....."	428,409	6,392
Hides.....\$	2,200,805	2,378
Wool.....bbs.	9,646,684	.....
Cotton....."	18,127,322	.....
India Rubber...."	751,083	8,135
Tobacco....."	12,286,391	263,142
Cocoa Nuts.....No.	451,450	.....
Cocoa.....lbs.	183,682	42,000

IMPORTS

From Brazil to Canada for the years:

	1879,	1880,	1881,
	\$8	\$147,430	\$611,577
			1882, \$1,328,316

EXPORTS

From Canada to South America for the same period:

\$707,648	\$756,201	\$715,062	\$910,771
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To Brazil alone, \$493,549.

NOTE.—In the export returns Brazil was always included under South America. In 1882, the trade had so much improved that Brazil was awarded a place in the returns by herself, and both for imports and exports appears the 7th on the list of countries, with which Canada trades, in amount and value. The whole amount of the trade in 1882 from Canada to South America including Brazil, Chili, Peru, Bolivia, U.S. of Columbia, Uruguay and Argentine Confederation was \$910,771 of which Brazil took more than half, viz., \$493,549.

Number of Vessels entered *outwards* from Canadian Ports to Brazil in the year ending June, 1882:

No. 41 Tons, 10,119

Number of Vessels entered *inwards* from Brazil at Canadian Ports during same period:

No. 62 Tons, 29,274

RIO DE JANEIRO, BRAZIL.

Exports for the years 1880 and 1881.

	G. Britain. mil reis.	British Colonies. mil rs.	United States. mil res.	Germany. mil reis.	France. mil reis.	Portugal. mil reis.	Belgium. mil reis.	Argentine. mil reis.	Other Countries. mil reis.	Totals. mil reis.
Sugar.....	1,712	.....	.....	95	239	3,088	.....	85,512	120	90,766
Coffee.....	9,138,296	2,486,246	55,425,027	10,845,609	15,576,003	5,007,340	6,259,007	2,166,351	2,407,675	100,311,554
Cotton.....	.....	.....	.....	.....	25	1,094	.....	632	.....	1,778
Hides.....	1,254	.....	90,060	15,291	710,788	.....	.....	.....	138,086	355,479
Diamonds.....	390,784	.....	.....	.....	377,360	.....	.....	.....	.....	768,144
Cobalt.....	8,441	.....	.....	235	1,566	11,238	128	684,746	.....	708,576
Woods.....	3,646	.....	77,083	.....	282,833	6,405	.....	10,522	.....	360,489
Gold.....	1,220,028	.....	.....	.....	3,333	.....	.....	.....	.....	1,223,361
Sundries.....	242,833	.....	56,808	12,252	159,109	34,677	.....	1,377,935	7,735	1,893,303
Total 1880-81.	11,006,994	2,486,344	55,648,978	10,873,485	17,111,256	5,063,842	6,259,791	4,315,206	2,596,550	115,332,344
" 1879-80.	8,963,758	2,220,608	58,867,299	9,453,534	9,111,905	2,693,965	2,411,361	.....	4,305,702	98,128,136

Total number of bags of coffee exported, 3,139,419.

NOTE.—The mil reis at present exchange is worth forty-three cents.

NUMBER

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VALUE of the Chief Articles imported into Rio de Janeiro in 1880-81.

Leather and Skins	\$1,718,718.17
Salted Meat, Fish, &c.....	3,941,812.15
Cereals, Flour, &c.....	2,410,166.34
Plants, Fruits, &c.....	824,772.54
Wine and Spirits	2,934,575.22
Perfumery	1,298,870.66
Chemical.....	959,426.75
Cottons	8,536,645.52
Wollens.....	3,411,618.47
Linens.....	1,556,687.29
Silks.....	807,179.23
Paper.....	678,730.92
Coal Brick, &c.....	1,967,466.72
Metal, Iron Steel, &c.....	1,423,014.48
Machinery	1,241,260.25
Sundries	4,160,978.22
Gold and Silver.....	3,163,016.36
Crockery and Glass.....	479,631.45

NUMBER of vessels entering the Port of Rio de Janeiro in the year 1882.

Nationality.	Sailing.	Steam.
British	280	244
German.....	78	58
American.....	120	13
Brazilian	21	60
Argentine	7	—
Belgian.....	1	31
Danish.....	14	1
French.....	27	97
Spanish	94	—
Dutch.....	3	—
Italian.....	17	25
Norwegian	53	—
Portuguese	55	—
Russian.....	3	—
Sweedish.....	39	—
Total.....	812	529

Total Steam and Sail : 1,341 ; Tons, 1,192,647.

Total number of bags of coffee exported, 3,139,419.

Note.—The mil reis at present exchange is worth forty-three cents.

PERNAMBUCO.

Principal Exports for the year 1882.

Cotton.....	bales	146,543
Sugar.....	bags	1,672,646
Hides.....	dry galled	45,280
Do	wet	25,989
Do	dry	2,348
Assu. Salt.....	litres	1,464,380

IMPORTS.

Codfish	drums	245,124
Do	$\frac{1}{2}$ "	31,282
Lard.....	kegs	13,619
Do	cases	158
Potatoes.....	boxes	14,410
Do	baskets	17,585
Rosin.....	brls.	5,181
Coal.....	tons	33,977
Onions.....	boxes	8,885
Cement.....	brls.	21,174
Beer.....	cases	9,369
Do	brls.	6,079
Flour	brls.	166,966
Beans.....	bags	8,156
Kerosine.....	cases	135,100
Butter	brls.	10,956
Do	kegs	17,780
Do	cases	3,792
Cheese	cases	10,151
Wrapping Paper.....	bales	28,788

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