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## CHAPTER XI.

### THE ANNALS OF BRAZIL.

The Brazilian Empire, an absolute monarchy, was overthrown in 1889. The United States of Brazil, according to the Constitution adopted in 1891, comprises twenty states, one Federal District, and the Territory of Acre, acquired in 1903 by treaty with Bolivia.

The United States of Brazil includes 43 per cent of the continent of South America, and 48 per cent of its population. The bulk of the country lies in the basin of the Amazon River and is tropical in character, but there are also extensive plateaus along the coast and in the southern districts.

The area of Brazil is 3,286,170 square miles,<sup>1</sup> ranking as the fourth largest country in the world. The total population in recent years is given in the following table:

Census Date	Population	Persons per Square Mile
August 1, 1872.....	10,112,061 <sup>a</sup>	3.1 <sup>a</sup>
Dec. 31, 1890.....	14,333,915 <sup>a</sup>	4.4 <sup>b</sup>
Dec. 31, 1900.....	17,318,556 <sup>a</sup>	5.3 <sup>b</sup>
Dec. 31, 1910.....	23,414,177 <sup>c</sup>	7.1 <sup>b</sup>
Sept. 1, 1920.....	30,635,605 <sup>a</sup>	9.3 <sup>a</sup>

<sup>a</sup> Official census record. Brazil Directoria Geral de Estatistica, *Synopse do Recenseamento em 1 de Setembro de 1920*. Rio de Janeiro, 1924. p. 67 and vol. i, p. 412 of the *Report*.

<sup>b</sup> Brazil Directoria Geral de Estatistica, *Annuaire Statistique du Bresil, 1908-1912*. Rio de Janeiro, 1916. Vol. i. p. 254. Computed from original data given in square kilometers by multiplying by 2.59.

<sup>c</sup> *Ibid.*, p. 252. Official estimate.

<sup>d</sup> Computed from area given above.

The increase in population is chiefly due to natural growth, the total immigration for the 100 years prior to 1922 totaling only 3,774,450 persons. Only 15.6 per cent of the population is urban, the remainder living in small towns or rural districts.

Brazil is essentially an agricultural country, although, even in-

<sup>1</sup> Brazil Directoria Geral de Estatistica, *Summary of Some Financial and Economic Statistics*. Rio de Janeiro, 1924. p. 7. Computed from original data in square kilometers by multiplying by 0.3861.

cluding rubber and cocoa forests, but one-fifth of its area is under cultivation. By far the most important commodity produced is coffee. The coffee region in southern Brazil supplies four-fifths of the world's requirements. The coffee crop is harvested in the fall, but often does not reach the market until the following year. Because of this interval, a crop is named according to these two years. In these annals, the crop is discussed as of the year in which it is harvested. Since 1897, when the coffee crop was unusually large, the government, particularly that of the state of São Paulo, has entered the coffee market during periods when the industry was near collapse, and has purchased and withdrawn large quantities of coffee from the market. This process is known as valorization. The cultivation of rubber in northern Brazil, chiefly in the Amazon basin, became important in the nineties, but since the development of enormous plantations in the East Indies, the Brazilian industry has suffered. During the war, agriculture developed rapidly along other lines, sugar, cotton, cocoa, rice, and cattle-raising becoming increasingly important. The production of wheat, rye, and barley is small and insufficient for home demands.

Manufacturing industries have developed slowly in Brazil. In 1920, there were 13,423 factories with 356,615 employees. Before the war, the textile industry was the only one of note, but the war gave impetus to many others. The mineral resources are very rich, especially iron and manganese, but they are chiefly undeveloped.

Construction of the first railway was begun in 1852. The following table gives the length of railroads in operation:

December 31,—	Miles of Railways <sup>a</sup>
1880 .....	2,112
1890 .....	6,198
1900 .....	9,519
1910 .....	13,342
1920 .....	17,747

<sup>a</sup> Brazil Directoria de Estatistica Commercial, *Economical Data about Brazil*. Rio de Janeiro, 1924.

Approximately 57 per cent of the railway mileage is owned by the Federal Government, and an additional 10 per cent by the various States.

For the first fifteen years covered by the annals, there was little increase in the total value of goods entering into foreign trade. Since 1905, however, there has been gradual expansion. During the entire

period, only five years reported an unfavorable balance of trade. Coffee constitutes about two-thirds of the total exports. Rubber, which was second in importance, has been displaced since the war by sugar, cotton, and hides and skins. Important imports are wheat, metal products, and cotton goods.

The leading bank is the semi-official Banco do Brasil, organized in 1905. Acting at first as a purely commercial bank and as fiscal agent of the Government, in 1923 it was made a central bank of issue, and began issuing notes in July, 1923. There are a number of other large domestic banks, with little government supervision. Banks controlled by foreign capital are also prominent. References made in the annals to foreign exchange are based on rates on London prior to 1914, and New York City thereafter.

The history of Brazil has been dominated by political and monetary uncertainties. Extensive foreign borrowing and a costly government resulted in a depreciated currency and continual fiscal difficulties. In 1822, Brazil separated from Portugal. After a period of unsteadiness, Dom Pedro II ascended the throne in 1840, and reigned until 1889. The war with Paraguay, 1865-1872, exhausted the country and was followed by a long and severe depression. The decade 1880-1889 was prosperous, but the revolution of November, 1889, whereby Dom Pedro II was dethroned and a republic formed, although very quiet, nevertheless introduced a period of depression.

#### 1890 Depression.

Little industrial activity; speculative promotion of new companies; falling off in foreign trade.

Great increase in note issues with establishment of banks of issue, January; speculation; money tight with Baring crisis, November; marked fall in foreign exchange.

Small coffee crop, good price.

Revolution continues; decline in immigration.

#### 1891 Depression.

General paralysis of home trade; commodity prices rise rapidly; reduction in foreign trade.

Currency inflation fosters speculation; further sharp drop in exchange; banking and government finance in unsound condition.

Coffee crop fair, falling price; good rubber yield.

Constitution promulgated, February; civil war, November, with settling up and overthrow of Fonseca's dictatorship; record immigration.

- 1892    Depression.  
Little industrial activity; home trade stagnant; foreign trade improves with large favorable balance.  
Further currency inflation; continued decline in exchange.  
Agricultural depression lessened by excellent coffee crop with rising price and good rubber yield.  
Political situation unsettled with continual riots and revolts; decided falling off in immigration.
- 1893    Depression.  
Home trade continues inactive; large increase in imports but greater decline in exports.  
Financial situation grows worse; foreign exchange fall slackens.  
Small coffee crop, high price; fair rubber yield.  
Unrest, February, requires martial law; serious insurrections, September, with naval bombardment of Rio de Janeiro.
- 1894    Revival.  
Improvement in industry and domestic trade; great excess of imports.  
Exchange decline checked by sharp rise, August.  
Coffee crop very large; good rubber yield; good prices.  
Election of President, March; insurrections quelled, April; further decline in immigration.
- 1895    Mild prosperity.  
Increased activity and expansion hampered by transportation shortage; large foreign trade with favorable balance.  
Rising but fluctuating exchange.  
Excellent crops with higher prices.  
Political calm except for brief rebellion, spring; great increase in immigration.
- 1896    Recession; panic; depression.  
Industrial activity slackens; crisis, October; general paralysis; many failures, particularly railroads; decline in foreign trade, excess of imports.  
Increasing financial strain leads to panic, October; exchange depressed; government finances embarrassed.  
Good coffee crop with very low price; merchants combine to suspend coffee exports, July; small rubber yield with slightly higher price.  
Yellow fever epidemic, summer; anti-Italian demonstrations with internal riots; Italian immigration restricted.

1897 Depression; panic, October.

Inactivity in home trade; failures decrease; foreign trade shows large favorable balance.

Money tight; currency depreciates; financial panic, October, precipitated by agricultural situation; public finance very unsatisfactory; sharp drop in foreign exchange to low level.

Enormous coffee crop with very low price causes São Paulo government to undertake valorization; good rubber yield with slightly higher price.

Rebellion and martial law, November.

1898 Depression deepens.

Increased depression in home trade; many failures; foreign trade maintained.

Financial distress; wild fluctuations in exchange; suspension of specie payments; government's creditors agree to moratorium, June, when Rothschild's loan stabilizes government finance; period of currency inflation ends.

Large coffee crop further depresses price; fair rubber yield, high price.

Improved political conditions with suppression of rebellion, February; period of lessened immigration begins.

1899 Depression; revival.

Home trade shows improvement, autumn; foreign trade declines.

Exchange falls sharply, reviving late in year; speculation; improvement in public finance.

Large coffee crop with higher price; large rubber yield, price very high.

Plague.

1900 Revival; panic; recession.

Increase in activity checked by financial situation, autumn; bank failures, September, cause general disorganization; further decline in foreign trade.

Widespread speculation; sharp financial and monetary panic, September, with collapse of Bank of Brazil; after gradual rise, foreign exchange drops, last quarter.

Large coffee crop with fair price; rubber yield very poor, price extremely high; government assists rubber industry by subsidies.

- 1901 Mild depression.  
Home trade quiet; foreign trade increases with large favorable balance.  
Money very tight; exchange recovers and rises gradually; government resumes gold payments on debt, June.  
Enormous coffee crop with rising price; fair rubber yield, lower price.
- 1902 Mild depression.  
Home trade recovery checked by agricultural depression; sporadic failures; foreign trade declines.  
Foreign exchange firm.  
Excellent coffee crop with low price depresses coffee industry; poor rubber yield, low price.  
Government begins extensive railroad construction.
- 1903 Depression deepens.  
Decline in home and foreign trade; many banks and planters fail.  
Money very tight; financial panic; fall in exchange.  
Good coffee crop, fair rubber yield; prices low; São Paulo prohibits new coffee plantations.  
Settlement of Bolivia boundary dispute increases area 60,000 square miles.
- 1904 Depression.  
Gradual liquidation; many failures; slight improvement in foreign trade.  
Money tight; foreign exchange steady.  
Small coffee crop and fair rubber yield with higher prices.  
Distress and revolt.
- 1905 Depression.  
Inactivity in home trade; many failures; decided decline in foreign trade.  
Money tight; rising exchange; Bank of Brazil organized.  
Poor coffee crop at low price causes great distress; rubber yield good with slightly higher price.
- 1906 Slow revival.  
Home trade quiet but improving; increase in foreign trade with large favorable balance.  
Money easier; exchange steadies and is put on gold basis, December.  
Record coffee crop with very low price; government enters market; average rubber yield with lower price.

- 1907    Revival; recession.  
 Reviving home trade relapses, autumn, with many failures; foreign trade improves.  
 Money tight and credit restricted; exchange steady.  
 Large coffee crop with low price; increased rubber yield, lower price.  
 Japanese agreement stimulates Japanese immigration.
- 1908    Depression.  
 Domestic trade sluggish; rubber boom begins; marked decline in foreign trade with slight improvement late in year.  
 Money tight; foreign exchange steady.  
 Fair coffee crop; large rubber yield; prices low, improving late in year.  
 Tariff reduction, January; large immigration.
- 1909    Revival.  
 Home trade improves with rubber boom; record volume and favorable balance in foreign trade.  
 Paper currency fluctuation; exchange steady.  
 Good coffee crop with improved prices revives coffee industry; large rubber yield with high price.
- 1910    Prosperity.  
 Decided improvement in home trade; rubber boom continues; foreign trade maintained.  
 Money abundant; exchange rises, summer, but suddenly drops, December.  
 Record low coffee crop with higher price; excellent rubber yield, record price.  
 Brief naval mutinies, November and December.
- 1911    Prosperity.  
 Active home trade and improved foreign trade.  
 Exchange firm on higher level.  
 Small coffee crop with high price brings prosperity to coffee trade; good rubber yield, price drops sharply late in year; tobacco and sugar crops fail.  
 Increase in immigration.
- 1912    Prosperity; recession.  
 Continued activity retarded late in year; commodity prices very high but profits curtailed; speculative land boom; volume of foreign trade increases.  
 Exchange steady.  
 Poor coffee crop and falling price; record rubber yield with lower price.  
 Further increase in immigration.



- 1913    Depression.  
Gradually declining industrial activity accelerated by agricultural difficulties; land boom terminates; many failures; large but unfavorable foreign trade.  
Money very tight; financial strain severe, autumn; government finances unsound.  
Small coffee crop and fair rubber yield; sharp decline in prices; "plantation" rubber exceeds Brazilian yield for first time; government adjusts taxation to aid rubber industry.  
Immigration peak.
- 1914    Depression deepens.  
Home trade paralyzed; many important failures; severe decline in foreign trade.  
Continued financial strain; foreign debt defaulted, August, and Rothschild organizes funding scheme; falling foreign exchange collapses, October, when low is reached for war period; moratorium.  
Poor crops; coffee prices falling; rubber prices very low.  
Rebellion, February.
- 1915    Depression; revival.  
General inactivity; improvement late in year; exports maintained, imports very small.  
Money tight; exchange recovers; moratorium extended.  
Large coffee crop with fair price; fair rubber yield, sharp rise in price, November.  
England restricts coffee imports.
- 1916    Revival; prosperity.  
Trade brisk and expanding along new lines; commodity prices rise; foreign trade improves.  
Money eases; exchange more favorable; public finances improve.  
Coffee crop good with falling price; poor rubber yield, price rises gradually after collapse at beginning of year.  
Revolt suppressed, April.
- 1917    Prosperity.  
Trade sound and active; expansion; commodity price rise continues.  
Money plentiful; exchange improves strongly.  
Coffee crop poor with low price; rubber yield excellent, price high; government undertakes coffee valorization.  
Coffee consumption restricted in United States; Brazil enters war, October.

- 1918 Prosperity; brief recession.  
Expansion in home industry continues; confusion, Armistice, gives way to gradual readjustment; great activity in foreign trade retarded by shipping shortage.  
Active security speculation; falling foreign exchange rises rapidly after Armistice; export of specie prohibited.  
Record low crops, frost killing one-half coffee-bearing trees, June; prices rise.
- 1919 Prosperity.  
Domestic expansion continues unchecked; commodity prices high; large volume of foreign trade.  
Exchange rises rapidly to peak, December; speculation.  
Good coffee crop, price peak, July; excellent rubber yield with declining price.
- 1920 Prosperity; recession; depression.  
Continued activity; general strike, March; commodity prices rise, then fall rapidly, summer; commodity speculation; industrial activity checked, autumn; peak year in foreign trade, particularly imports.  
Exchange falls slowly to June, then very rapidly.  
Poor crops; sharp fall in coffee and rubber prices causes distress.  
Heavy immigration.
- 1921 Severe depression.  
Little activity; many commercial and financial failures; commodity prices decline; exports maintained, imports fall off severely.  
Financial strain; exchange declines to July, then recovers slightly.  
Good coffee crop and very low prices cause government to undertake valorization; rubber yield very small and price low.
- 1922 Lessening depression.  
Gradual improvement hampered by political and monetary conditions; imports continue small, exports revive.  
Further decline in exchange late in year.  
Good coffee crop, but continued low prices require further government aid; rubber yield increases with slightly improved price.  
Political disturbances, June and July.

## 1923 Revival.

Decided improvement in domestic trade; local industries flourish; foreign trade increases.

Money tight; brief panic with bank failures, June; further decline in exchange to low point in November; Treasury transfers authority to issue currency to Bank of Brazil.

Good coffee crops and price; coffee panic, July, when government leaves market; rubber yield very small, good price.

Widespread civil unrest.

## 1924 Mild prosperity; recession.

Increased activity and expansion in domestic industry, first half-year; dislocation of trade and commerce, second half-year; severe transportation shortage; commodity prices rise; increase in volume of foreign trade in spite of serious port congestion; favorable balance maintained.

Money tight, especially last half-year; exchange improves to February, falls to August, then rises; revolt, November, causes thirty days' moratorium.

Fair coffee crop with sharply rising price; coffee plague appears; rubber yield high, price low.

Political difficulties and revolutions, July and November.

## 1925 Depression.

Continued dullness; transportation troubles and water shortage with consequent lack of power hamper manufacturing; urban unemployment and rural labor shortage; commodity prices rise; increased foreign trade with large unfavorable balance early in year.

Money very tight, especially autumn; foreign exchange declines, first half-year, and then recovers strongly; marked reduction in currency in circulation and restriction of bank credit.

Increased rubber output, very high prices; good coffee yield, prices high under government regulation of export.

Gradual suppression of revolt; continuance of martial law; Colombia boundary dispute settled, February.