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ANNUAL REPORT OF THE

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AND INDEX

FOR THE YEAR 1900

BRITISH AND FOREIGN TRADE

IN THE YEAR 1900

FOR RECEIVING AND EXPORTATION

BY

1900

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1900

With the Author's Respects.

A REVIEW,
Financial, Statistical, & Commercial,

OF THE

EMPIRE OF BRAZIL

AND ITS RESOURCES :

*TOGETHER WITH A SUGGESTION OF THE EXPEDIENCY
AND MODE OF ADMITTING*

BRAZILIAN AND OTHER FOREIGN SUGARS

INTO GREAT BRITAIN

FOR REFINING AND EXPORTATION.

By J. J. STURZ.

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P R E F A C E .

THE present publication is submitted to the mercantile community of Great Britain, for the purpose of shewing, in a more prominent point of view than has hitherto been done, the financial, monetary, and commercial condition of the empire of Brazil; and further, with the view of proving, that Great Britain would enjoy much greater advantages than she now derives in her intercourse and commerce with Brazil, from the adoption of measures calculated to place the commerce between the two countries on a permanent basis; and from a liberal commercial policy, at the expiration of the present treaty of commerce, when Brazil will be free to regulate her importation duties according to the degree of reciprocity manifested by other nations towards her.

Brazil abounds in the richest natural productions, and only requires moderate capital and labour to enable her to supply all the wants of Europe with most of the primary articles of commerce, and of those which contribute to the luxuries of life. Europe, in want of those articles, has abundance of capital and labour, but her soil will not produce them; whilst her capital and ingenuity yield in superfluity all the articles of which the inhabitants of Brazil stand in need. An exchange has consequently already commenced between the two countries, which could be carried to a much greater extent, and greatly to the benefit of both parties, by the one enabling the other

to increase her natural productions, and therewith to pay for a greater quantity of the works of art. Here, then, is a grand field open to British and other European capitalists, agriculturists, mechanics, and labourers, to benefit themselves, and at the same time Brazil.

At a time when British enterprise is extending itself to many more distant countries, and when new fields are daily required for the employment of the accumulating capital of the merchants of England, it has appeared to the writer that a few statistical notices, on so extensive, fertile, well-situated, salubrious, and, it may now be justly added, well-governed country as Brazil, might be received with some interest, particularly when accompanied by tabular and official documents, which will be found in this work, corroborative of his premises.

From these documents it will be perceived that the annual imports of British produce and manufactures into Brazil are considerably more than one-third of the amount imported, in ordinary times, into the United States; equal to the whole amount imported into the British East India possessions, including Ceylon; and equal to the amount imported into Russia, Prussia, Norway, Denmark, Sweden, and France combined; and considerably exceeding the amount of all the republics of South America together; doubling that of all Africa, including Mauritius and St. Helen's: whilst so fertile is the soil, and so favourable the climate of Brazil, that labour alone is required for the extension of its agricultural exports, and its corresponding imports of manufactures to an unlimited extent.

The population of Brazil receives daily accessions by emigration from both of the kingdoms of the troubled peninsula, and no inconsiderable addition from Germany, Italy, and France. Its wealth and intelligence increase at a more than ordinary ratio, by means of its numerous

splendid ports, which bring its population into daily intercourse with the nations of all the world; and from its climate being so mild, and the productions of its soil so various and so valuable, and so easily reared, that not the slightest inducement exists for manufacturing pursuits, it is no doubt destined to become more important to England as a market for sale of manufactured goods, and purchase of raw materials, than any other part of the globe.

The documents on financial topics are from authentic sources, and were translated by the author in the full conviction that none so important and interesting have been presented to the English public for a considerable time, or conveying so accurate a knowledge of the present financial and monetary position of Brazil.

Though the Brazilian bondholders have always been honourably paid, it may be presumed that what will appear in these pages will raise the character of that country for the scrupulous observance of its public faith, and may be useful for the guidance of those capitalists who may henceforth become connected with that empire by future domestic loans, if such, as it is not improbable, should be resorted to for the improvement of its currency; which, debased by former unprincipled administrations, now presents the only financial difficulty which the empire has yet to overcome.

In this sketch of the history of the finances and of the circulating medium of Brazil, a lesson will also be found for those sovereigns, statesmen, and republics, who shortsightedly suppose that a profligate expenditure can be really covered by those frauds upon the mass of the people which are perpetrated in deteriorations of the paper-money and in enhancing the value of the coin, or in disregarding the just claims of the public creditors of the

state, whose advances have carried them over times of imminent danger.

The derangements which were occasioned by deterioration of the currency were the principal cause that led to Don Pedro's abdication of the crown of Brazil. Nor can there be any doubt but that the high degree of honour, and firm resolution to preserve public faith, with which the Brazilians set out from that period, rejecting all sophistry and excuses, which ill-designing persons and their own then really great necessities at home pressed upon them, has procured the union of the empire, and given to all Brazilians a national pride strong enough to resist greater temptations than those which they have stood the proof of, but of which the present situation of Brazil affords no probability of the recurrence.

Brazil is now possessed of a well-ordered, economical, and popular Government, with the prospect of a rapid diminution of its national debt by the prudent administration of the finances of the country,—its population is increasing by emigration from many of the European countries,—internal improvements are rapidly proceeding, and steam-navigation is about to connect the various ports of its extensive coast, as well as separate enterprises in steam-navigation, already facilitating the internal traffic on its many and extensive rivers and bays;—such is the situation of Brazil, and its prospects such, that some attention to the contents of these pages may be of use to the capitalists of England and to the world at large.

NOTICES,
FINANCIAL AND STATISTICAL,
OF
BRAZIL.

WHILST the present empire of Brazil was a Portuguese colony, and had no direct intercourse with any other nation, its commercial transactions were of course confined to the mother country, and its monetary system governed by the decrees of the Portuguese king. Brazil then produced gold in abundance. All remittances thence at that time were made in ingots of gold, or gold coins of 68400 each, called by us johannes or joes, and of which the intrinsic value was thirty-six shillings sterling, at the par of exchange of $67\frac{1}{2}d.$ per mil., or a thousand reis: the weight of the peça of 68400 being 4 oitavas, equal to 9 dwts. 5 grains, and their fineness 22 carats, or $\frac{917}{1000}$.

Besides this coin, which was exclusively used for the purpose of remitting any sum in reis to Portugal, Brazil had other coins for her internal currency; namely, one of gold, which passed for 4 milreis, weighing $2\frac{1}{4}$ oitavas or 5 dwts. $3\frac{1}{2}$ grains, fineness 22 carats, or also $\frac{917}{1000}$; and one of silver, current at 640 reis, called a two-crusades piece, weighing 5 oitavas, or 11 dwts. 12 grains, and fineness $\frac{895}{1000}$; the crusade of 320; with its quarter

of 160; and its eighth, of 80 reis. Hence it appears, that the small gold coin was 11 per cent worse than the large, or the 68400 peça, and the silver coins 20 per cent worse. This difference in intrinsic value caused the superior coins to be called "strong money;" and those of the less intrinsic value were called "weak money"—terms which, though novel, were sufficiently significant and appropriate.

These colonial coins must have had their origin in the olden time, many being still extant that were coined in the beginning of the last century. There were likewise current copper coins, the size and weight of which varied in the different provinces in which they were coined and circulated, without any standard uniformity; and they differed from one-third to one-fourth, and even one-fifth of their nominal value, as compared with the gold coin of 68400. The quantity, however, of copper in circulation was small, and not more than sufficient for change and the retail trade, which, in countries where slavery exists, is usually considerable in amount.

FINANCIAL AND CURRENCY OPERATIONS OF DON JOHN VI.

This was the state of the currency of Brazil upon the arrival of the Portuguese king, Don John VI., in the year 1808. Considerable agitation and consequent derangement took place in the currency and monetary system of Brazil, through the extravagant splendour of a court arriving without means, with a numerous retinue of nobility and priests without income, all having their own protégés, and all of whom were determined to live at the expense of the *ci-devant* colony, and had accordingly places

created for them. Much was therefore required to sustain the expenses of the court; and as the revenue of Brazil was far from being sufficient for this purpose, recourse was had to that easy expedient of coining silver, which yielded 20 per cent profit; and in order that no time might be lost by first melting the metal, Spanish dollars were taken and stamped 960 reis, for which 800 reis in the strong gold coin was freely received. Circumstances favoured this speculation, and gave opportunities to carry it on upon a very large scale immediately.

The convoys from the Southern Seas which conducted to England the remittances of the silver of Peru and Chili, the commerce of which countries had become free, came into the port of Rio de Janeiro, and nearly all the Spanish dollars which they brought were sold there, either against drafts on London, or against gold, an operation which left a net profit of about 5 or 6 per cent. During that period, the par for gold being $67\frac{1}{2}$, the exchange was generally from 80 to 84*d.*; and during the years 1812 and 1813, it was as high even as 98. It then happened that this weak silver coin was supplied in greater quantities than the commerce and retail business required. The shopkeeper paid his debts to the merchant with it; and as the latter could no longer pay for the drafts he bought on London to remit to his consigners in gold pieces of 68400, this weak silver coin was adopted to regulate the exchange with foreign countries. In proportion as the silver currency was depreciated, the gold rose in value, and was soon at a premium. The mines, too, about this period, began to be less productive, from their owners neglecting them for the attractions of the metropolis. Thus Government had to relinquish the former lucrative operation of issuing silver. From Rio this species of silver coin spread into the interior, or at least the effects there

were the same. The quantity of silver coin thus struck is estimated at about forty millions of crusades ; but a large part of it was not entered in the official returns of the mint, and a very large quantity was smuggled in, ready coined, from abroad.

This was the first false step or deviation from the path of rectitude, and was soon followed by others equally impolitic and unjust ; and which led to all the fiscal embarrassments and financial difficulties Brazil has since had to contend with. The exchange fell to about *55d.* ; and the merchants had recourse to remittances in gold in preference to bills, and soon drained Brazil of nearly all her large and small gold pieces, by which the exchange had heretofore been regulated. But the evils of this and later tamperings with the currency were only gradually felt ; for Brazil had no political economists, nor Rio a well-conducted periodical press, which could open the eyes of the people to the robbery about to be committed on them.

As soon as the Portuguese financiers whom Don John had brought with him, considering themselves there merely as birds of passage, and caring little about the true interests of Brazil, saw that this resource was about to fail them, they devised another much more simple and lucrative. Hitherto they had, for 68660 in silver, which cost them only about 28s. sterling, obtained a gold piece of 68400, worth 36s. sterling ; and now they were arranging matters still more cleverly, viz. so as to get back altogether into their hands the 68660 in silver, of which the people began to complain, giving in exchange bills on posterity, or inconvertible paper money.

With this intention a bank was established at Rio, with a very small capital raised by subscription. At first the subscribers could with difficulty be persuaded to enter into it, even by a liberal distribution of knighthood,

although in the sequel they made very large profits: and the directors soon found it particularly convenient to be able to oblige one another, by gratuitous discounts, to the amount of a few hundred thousand milreis for each, without interest, and for an indefinite time.

But the constitution of that establishment was such, that Government could draw from it according to its pleasure; and it made such free use of this facility, that in 1821 it was a debtor to the bank for above 15,000,000 ~~8~~000, worth then 3,000,000*l.* sterling; and this sum the bank owed to the public, because it could no longer pay its notes. The bank was therefore the nominal creditor of Government, but the public the real one. And it is a curious and singular fact in the history of banks, that, although the issues of notes by the Rio bank exceeded ten times the capital originally deposited in metal, no one holder of its notes ever thought of demanding cash for them. The cause of this, no doubt, originated in the great business resulting from the continued increase of the agricultural produce of Brazil, which required each year an increased circulating medium, and from the exchange on England supporting itself at a rate which required no exportation of the 960-reis pieces; for the exchange from 1813 to 1819 was from about 85 to 60*d.*

In 1819 the paper currency was felt to have become redundant; the monetary equilibrium was destroyed; and the bank not being able to take up its notes in coin, it became necessary to give these notes a forced *legal* currency. They thus became the regulators of the exchange, and went to a discount shortly after against silver, which became merchandise, and acquired a premium. The exchange then continued to fall as the discount on the bank paper increased. This state of things began in 1819, and exists to this day; and the fluctuations in the

discount of paper, or rather in the premiums on gold and silver, have been continual, sudden, and ruinous.

To conclude with the financial operations of Don John VI., the *copper currency* must now be mentioned, and the manner in which, under his government, the fatal sluices were opened which his successor so much abused for want of better advice.

The court at Rio had frequent and pressing wants for money. In its embarrassment, the treasury there drew in anticipation on the treasuries of the northern provinces, without caring whether they could pay such drafts or not; but the governors had strict orders never to let them come back dishonoured. It happened, that on one occasion the presidents of the Province and Treasury of Pernambuco, not knowing how to devise means for paying drafts of this kind, called a meeting of merchants, at which they presided, when the fatal resolution was adopted of calling in all the copper currency then in circulation in the province, in order to re-issue it with a new stamp of double the value it had previously borne. This shameful proceeding produced the sum requisite to cover the necessities of the moment; but what happened afterwards? In less than six months, the greater part of the copper in Brazil made its appearance at Pernambuco, duly stamped to resemble the new die, which had raised it to double its value. Some mercantile houses were concerned in these transactions, as well as in subsequent similar ones; but they were principally North American supercargoes, who thus, to their great discredit, realised enormous sums.

Thus copper coin soon became superabundant in Pernambuco, from whence it could no more find its way to the places from which it had been imported. It therefore oppressed the circulation, became an article of mer-

chandise, and took a discount against silver in that province.

In the other provinces there had previously been a want of copper coin, which was increased by this abstraction of it to Pernambuco; and the respective governors incessantly importuned the court at Rio to remit them copper to pacify the people, who had no adequate circulating medium. The Portuguese-Brazilian financiers hailed this request as an unexpected blessing; and having immediately bought up all the sheet copper in Brasil, and given orders for large quantities from England, they coined out the pound of copper, which cost them 400 reis, at 1280 reis; and in proportion as this coin was sent to the treasuries of the provinces, they drew on them for the value in silver coin; and these drafts had in Rio a premium of from 15 to 20 per cent against bank notes. They had taken the precaution of stamping this copper in a new manner, to which, however, the false coiners soon conformed themselves; and an immense quantity of spurious copper was poured into all parts of Brazil from the United States and England, as will be seen from a subsequent statement. It was chiefly introduced in blank pieces of the size required, and received the necessary impression in Brazil.

As a *finale* to his maladministration of the finances of Brazil, Don John, on quitting it in 1822, in order to resume the government of Portugal, left his loyal and loving subjects in Brazil an everlasting proof of his royal and paternal solicitude for their welfare, by emptying the treasury, the bank, and even the museum, of every article worth taking away, even to the specimens of gold and diamonds which had for years belonged to the latter national establishment.

Let us now, by way of retrospect, compare the state

in which Don John found Brazil, with that in which he left it, as to pecuniary matters. On his arrival, gold and silver were in abundance, with scarcely a sufficiency of copper, and the circulating medium was purely metallic; the small coins being from 10 to 20 per cent inferior to the exchange peça of 68400. *At his departure*, gold and silver had almost disappeared from circulation, and the country was overrun with bank paper and deteriorated copper monies. The exchange had declined from 84 to 48; and gold, silver, and even copper, had risen to a very large premium, as compared with bank notes.

FINANCIAL OPERATIONS UNDER DON PEDRO

THE FIRST.

ALTHOUGH the departure of Don John and his satellites from Brazil relieved that country from a very heavy burden, yet the exhausted state of the province of Rio de Janeiro, the dilapidated condition of the treasury, and the difficulties in which the bank was involved, were such, that the existing Government could with great difficulty keep the state machine going. Don Pedro (afterwards the first Emperor and Perpetual Defender of Brazil) was left, exercising the functions of Viceroy, with positive orders from his father on no consideration to suffer Brazil *to be lost to the Braganza family*. The Count dos Arcos, considered an experienced and clever politician, remained as his councillor and prime-minister, but was soon superseded by Don Pedro's choice of José Bonifacio de Andrade e Silva, a Brazilian by birth. The most influential and richest provinces were at the time involved in civil wars and commotion, and therefore no longer contributed to the general expenses of the central Government; whilst

the revenues of the metropolitan province were not half so productive as in former years, or as they are at present.

In this dilemma the old remedy was had recourse to, and copper was coined with renewed vigour, as seen by the subjoined returns from the mint; whilst divers sums were borrowed from individuals, and from the bank, which, although in an insolvent state, continued to transact business and issue notes at the dictation of Government; and towards the latter part of 1822, the foundation of a national funded debt was laid, by borrowing 400 contos of reis by way of loan, the principal subscribers to which were residents in the capital.

In 1823, the necessity of raising more money became imperative, and the difficulty of procuring it at home (war having been commenced with the mother country) almost insurmountable, a negotiation having at the same time been set on foot for the separation of Brazil from Portugal by treaty, under the auspices of the British Government,—it was determined to have recourse to a *foreign loan*;* and the plenipotentiaries † for concluding the treaty of peace were therefore likewise furnished with powers to contract a loan for 3,000,000*l.* sterling, in order to carry out their negotiation. In case the treaty should be concluded, the greater part of the loan was intended as an indemnification for the property of the Portuguese crown, and the private property left by Don John in Brazil; or, in case of a rupture of the negotiation, to be

* This was first suggested to the then minister of finance, Senhor Manoel Jacintho Nogueira da Gama, now Marquis de Baependy, by Mr. Edward Oxenford, who had obtained a grant for working a mine he had bought, on the payment of 25 per cent of its produce.

† General Felisberto Caldeira Brant Pontes, and Chevalier Manoel Rodriguez Gameiro Pessoa, the one now Marquis de Barbacena, the other Viscount de Itabayana.

expended in naval and military armaments; whilst the remainder, it was proposed, should be applied to recruit the finances of the Brazilian Government, and relieve the bank by repayment of a great part of its advances to the treasury, and, by substituting metallic coins in lieu of its notes, to ameliorate the currency, and with it to improve the exchange, which was now at 47*d.*

In the meantime, serious exertions were made to ascertain the precise financial situation of the country, when it was found that the debts of the treasury amounted to 20,000,000*₮*, equal, at the exchange of the day, to 4,000,000*l.* sterling. Brazil,—following the example of the Spanish colonies, her neighbours, then struggling like herself for independence, and who had found no difficulty in raising money on the credit of their *future* revenue,—contracted a loan for 3,000,000*l.* sterling: 1,000,000 at 75 per cent in August 1824, and 2,000,000 at 85 per cent in January 1825, making the amount of bonds issued 3,686,000*l.* The treaty with Portugal not having been immediately concluded, 600,000*l.* were remitted to the bank at Rio de Janeiro in specie and bullion; and remittances in bills of exchange followed monthly, to the total amount of three or four hundred thousand pounds more. Ships of war and steam-boats were built in England and the United States; and naval and military stores purchased from the manufacturers, and the arsenals at Rio de Janeiro and Bahia supplied, to the amount of more than half a million. The exchange improved a little; and, at the latter end of 1825 and at the beginning of 1826, vibrated between 52 and 56; but unfortunately the effort to re-introduce a metallic currency was frustrated, in the first place, by the selfishness of the bank, who kept the 600,000*l.* in specie and bullion in their coffers, under pretence that, if put into circulation, it would soon find its

way back again to England; whereas their real motive was grounded on the fact, that the circulation of their notes was more profitable to them, the notes having recovered a little from their deterioration on its being known that the bank held so much specie or bullion in its vaults.

In August 1825, the treaty of independence was concluded and ratified; but, instead of paying Portugal the two millions for her palaces and ships of war left in Brazil, and now become the property of the Brazilian empire, it was arranged that Brazil should take on herself the loan of a million and a half sterling, which Portugal had raised in England in 1823, but of which 100,000*l.* had been redeemed or paid off, leaving 1,400,000*l.* for Brazil to pay interest on and redeem,—engaging to employ 50,000*l.* sterling annually for that purpose; and the remaining 600,000*l.* was to be paid to Don John's privy purse, for his personal property, in two instalments, of which he lived to receive no more than the first. The amount was 250,000*l.* which was received from the late Mr. Rothschild by the Brazilian envoy, and paid by him to the Portuguese ambassador; but was omitted to be charged by Mr. Rothschild in the next quarterly accounts!!

By this arrangement, the whole of her own loan of 3,000,000*l.* was left at the disposal of Brazil, and would no doubt have proved adequate to the placing her currency again on a solid basis; but no such desideratum was accomplished, the funds (with the exception of those locked up by the bank) having been dissipated in expensive diplomatic and special missions to Europe,* and in further purchases of naval and military equipments,

* Marquisses de Barbacena, S. Joan de Palma, St. Amáro, de Taubaté, Rezende, and Maricá, and a variety of other gentlemen as envoys.

which were soon expended in the unfortunate war in which Brazil was shortly after engaged with Buenos Ayres, arising out of the disputed right of the former to Monte Video, and the Cisplatine Province, as it was at that time called, and in other wasteful expenditure, such as in bringing out 3000 Irishmen to Rio de Janeiro under Colonel Cotter, who, being too troublesome and untractable, were all sent back again to Ireland, at an expense of 50,000*l*.

During this war, which, on the part of Brazil, was carried on in the most reckless manner, with a total disregard to expense, instead of procuring, as had previously been done, the stores direct from the manufacturers in England, their purchases were made on the spot for the supply of the arsenals in Rio de Janeiro; and the price of *new*—nay, oftentimes more—was given for *old* and second-hand stores, mere rubbish, supplied by parties who knew how to pave the way for business, and frequently bought in Europe on purpose to be sold to the arsenals at Rio,—such as shot and powder condemned by the British Navy Board, &c.

Close on the heels of peace with Buenos Ayres followed the claims of the United States and of England for compensation for the vessels and cargoes of both nations detained during the blockade of the river Plata, and improperly condemned and sold, for which Brazil subsequently consented to pay the sum of 4,500,000*ƒ* as indemnification to the owners, and for payment of which the funded debt was increased by that amount. Then followed the usurpation of Don Miguel in Portugal, which induced Brazil to discontinue paying the dividends on the Portuguese loan which she had taken to her charge; and in lieu thereof, by order of the Emperor Don Pedro, the monies which should have been applied to the

second instalment due to the Portuguese crown, were appropriated to the armament, maintenance, and transport of such of Donna Maria's subjects as had emigrated and espoused her cause. About the same time, his Imperial Majesty expended a large sum of money in conducting his second empress to Brazil.*

All these outlays prevented not only the desired amelioration of the currency, but kept the exchange so low, that remittances (now to be made half-yearly for interest and the sinking-fund of the loan raised in England) became very difficult to effect, and onerous to the treasury. It was therefore determined to raise another loan of 400,000*l.*, *the amount to be kept in England*, to provide for the dividend and sinking-fund, *without any remittances* (except in diamonds and Brazil-wood) *being required from Brazil* for that purpose. This loan, however, was obliged to be effected when the Brazilian treasury was known to be in a very exhausted state, and not likely to be soon replenished, the previous bonds in this country being then at 47 and 48; consequently, the moment was very unfavourable for the negotiation of another loan, however small. Nevertheless, to the surprise of every one, the moment it was known that the proceeds of this loan were to be appropriated as stated above, the old bonds experienced a sudden rise; so much so, that the new ones were issued at 54*l.*, creating a nominal capital of 767,000*l.* The London Stock Exchange, however, opposed the introduction of this loan,

† A difficulty occurred in finding a second empress, from the reports which then prevailed of the emperor's ill-usage of his first consort; and 100,000 francs were presented to a lady at Paris for pointing out the Princess Amelia of Leuchtenberg, now dowager Duchess of Braganza, who, in September last, had an annuity voted her of 50,000\$000 by the Brazilian chambers.

and would not admit it in their lists, for the alleged reason of its infringing on their resolution, "not to acknowledge any loan raised for the purpose of paying the dividends of another;" and, moreover, on the ground "that Brazil had not fulfilled her engagements with respect to the Portuguese loan," which she had taken to account: therefore, the bonds of this small loan have always been somewhat lower than those of the large loan of 1824 and 1825, although it was equally well guaranteed. This loan was offered to Mr. Rothschild at 50 per cent, who refused it; but when he suspected that other capitalists (Messrs. Barings) were offering for it, he took it, in conjunction with Messrs. Thomas Wilson and Co., at 54!

It was the intention of the Brazilian minister, the able and honourable Viscount de Itabayana, who negotiated this loan, to have applied the whole of the sinking-fund of the three loans to its redemption, it having been contracted at a lower price, and consequently at a higher rate of interest, than the others; but this he was unfortunately prevented from effecting, by its management being taken out of his hands and placed in those of others, who, viewing the interests of Brazil through a different medium, have not exerted themselves to prevent the sinking-fund from becoming a dead letter.

About the same time the domestic, like the foreign debt, was increased, by additional inscriptions in the great book to the amount of 10,000 contos, at an annual interest of 6 per cent.

Until the year 1828 no budget had ever been presented to the Brazilian legislative chambers; but Senhor Calmon du Pin e Almeida, having been appointed at that time minister of finance, first introduced them. He had spent several years in Europe to qualify himself as a member of the house of deputies; during which time,

however, he did not pay any particular attention to matters of finance, his object having been directed more to the making himself acquainted with the detail of parliamentary business, and with the operations of such establishments as savings-banks, benefit-clubs, life-insurances, &c. But being a gentleman of extensive knowledge, industrious habits, and a man of business, his first object, on being placed at the head of the treasury, was to introduce a proper system in the national accounts.

At first, the "estimates," or budgets, from the different provinces were very inexact and irregular; and therefore the general budget of the empire for 1828 and 1829 cannot be depended on, but must be considered only as approaching to the actual receipt and expenditure. Senhor Calmon, however, by his perseverance, ability, and zeal, succeeded in procuring more accurate returns from the respective treasurers of the provinces, and in 1830 brought the budget to a comparative state of perfection; which, by the parliamentary practice of the last six years, has reached a precision completely European—its only defect being, perhaps, that it enters too much into detail of expenses purely appertaining to the provinces in their individual capacities, rather than as members of the general community. It would be desirable that the budget of the minister of finance should embrace only what is *public* revenue and expenditure; leaving what may be considered purely *provincial* to the legislature of each province, and such as may be considered *parochial*, to the respective municipalities; which is now being done.

Neither Senhor Calmon, nor those who succeeded him during the period which elapsed from the peace with Buenos Ayres to the abdication of the Emperor, could ameliorate the currency or improve the exchanges.

In 1829 the bank charter expired, and the legisla-

ture refused to renew it, in consequence of its bad management, and the culpable facilities it had at all times afforded the court, and minister of finance for the time being, to carry on the most profligate expenditure.

Its affairs had in the meantime been placed in the hands of a committee, appointed by the legislature and proprietary conjointly, for liquidation; the gold and silver, so long retained in its coffers useless and idle, was put into circulation in part payment of the notes; and the debt of the Government having been ascertained to be 16,900,000\$, notes of the bank were ordered to be withdrawn to that amount, and those of the Government substituted.

The bank continued to the last to make handsome dividends; and but for its fatal connexion with, and truckling to, the Government, might have remained prosperous to the present day, and its paper in good repute.

Copper money still continued to be issued, and to be introduced clandestinely throughout Don Pedro's reign; and, on his abdication, the amount in circulation was calculated at 19,000,000\$. Some part had been withdrawn, and *cedulas* (provincial promissory notes) substituted; but nothing could check the issue of this spurious coin.

Brazilian consuls had been established in all the principal ports of Europe and America, whose certificate of origin was required to the cockets of all goods shipped from the ports of their residence; but such was the laxity, if not the venality, of the custom-house officers in Brazil, that, notwithstanding the consular establishment, smuggling to a fearful extent was still carried on, to the great detriment of the revenue; till at length both native and foreign vessels were required to be furnished with manifests of their cargoes, legalised in due form by the resident

Brazilian consul ; and fines, pains, and penalties were enacted against the captains of all vessels for any deficiency or overplus in the delivery of their cargoes at their ports of destination : but even with all these restrictions, spurious copper continued to be clandestinely introduced.

The receipts of the different custom-houses in Brazil, however, increased considerably after the adoption of these measures, and the establishment of a better surveillance,—to which the Marquis of Barbacena, and Senhors Calmon, Bernardo P. de Vasconcellos, Manoel Alvez Branco, and Nascimento de Castro e Silva, contributed not a little.

In the first budget, that of 1828-29, the ordinary and extraordinary expenses were estimated at 20,000 contos of reis, and the revenue under 14,000 ; but the chambers refused to adopt these estimates, and, after an arduous struggle, the minister of finance was obliged to give way, after having obtained leave to raise 6,000 contos, by inscriptions in the great book ; and neither income nor expenditure were regularly voted till the session of 1830-31, for the financial year of 1831-32.

This state of things continued, with frequent changes of the head of the finance department,* during the remainder of Don Pedro the First's reign and residence ; insomuch that, in 1830, the then minister of finance demanded a vote of 18,444 contos to meet the exigences and expenses of the financial year 1830-31 (the budget includes the expenditure, and ways and means, from the 1st July of one year to the 30th June of the following ; and the session of parliament commences 3d May, and closes the

* From 27th February, 1822, to 7th April, 1831, there were no fewer than thirteen ministers of finance ; when, on the other hand, the last minister of finance under the regency kept his post for nearly three years, and retired from it solely from ill health, owing to the great exertions which he underwent in the improvements brought about by him in this department.

30th September, in each year). This was a reduction of nearly 20 per cent from the preceding budget; but still the chambers insisted on great deductions being made in the army and navy estimates, and would not listen to any middle terms; at the same time resisting all attempts or proposals of the minister to create new imposts. The result was, the cutting down the estimates to the amount of the ways and means, or of the calculated income, being 13,000 contos only.

This was the first step towards checking, if not putting an entire stop, to that system of extravagance and folly, which emanated from the desire of the Emperor to imitate the etiquette and splendour of the crowned heads in Europe, forgetting that Brazil was a new empire, just rising from a state of bondage.*

The party opposed to him held up the United States of North America for example and for imitation, particularly in the unostentatious and economical establishment of her President, and the federal system of union amongst the States; which, by some superficial judges, was then interpreted as a demonstration of a republican bias; and which, whatever it might have been with the few most prominent opponents to Don Pedro's infractions of the constitution, may now be considered as extinct in Brazil.

But as the object of this review is to exhibit the financial and not the political history of Brazil, alluding to the one only so far as it is connected with the other, we shall drop this subject, and proceed to sum up the

* Every birthday a new batch of nobility was created, new orders of knighthood instituted, and grand crosses, stars, and ribands plentifully distributed. The condecorations of the order of Don Pedro the First were presented to most of the crowned heads of Europe; and then came the ladies' order of the Rose.

effects of the monetary system pursued by Don Pedro the First.

The frequent dismissal of his ministers of finance was occasioned by their not being able to coin money fast enough for the imperial demand for it, nor to bring the chambers to adopt the imperial views. Indeed, the whole tenour of his conduct with respect to money matters was quite opposed to the constitution he himself had framed and proclaimed, as the basis on which his government should be founded; and which there is every reason to believe he gave with sincere intentions to conform to it. The simplicity of his personal habits, the real goodness and honesty of his character, and his good natural abilities, would have rendered this an easy task to him, had he not been too much influenced by a few Portuguese favourites, whose aim appears to have been to make him unpopular by inciting him to extravagance, the easier to dispose him to abdicate, at least for a while, in favour of his son, Don Pedro II., in order that he might support the cause of his daughter by his activity and personal valour.

In 1831, when Don Pedro the First abdicated, the debts contracted by Brazil were as follow :—

Foreign Debt.

First loan, raised in England in 1824-5	. £3,686,000
Second loan, in 1829	. 769,000
Portuguese loan of 1823 taken to account	. 1,400,000
	<hr/>
Total	. £5,855,000
Of which, however, had been redeemed or paid off (first and second loans)	£623,300
Portuguese loan	. 100,000
	<hr/>
	723,300
Actual foreign debt	. £5,131,700

Or, at 43 1-5th the par of exchange, equal in Brazilian currency to about 28,500,000 $\text{\$}$.

Domestic Debt.

Amount of the notes of the extinct bank, which the Government became responsible for to the public	16,000,000 $\text{\$}$
Copper in circulation (including the spurious), which the Government was bound to with- draw	19,000,000
Arrears on various budgets	3,500,000

Unfunded Debt 38,500,000 $\text{\$}$

Funded debt inscribed in the great book, or
6 per cent stock 18,000,000

Of which about 5,400 contos for prizes were acknow-
ledged, but not yet issued.

Total Domestic Debt 56,500,000 $\text{\$}$

Grand total 85,000 contos*

Thus it will readily be seen, that, during the seven years of Don Pedro's administration, after allowing for the expenses and debt incurred by the war of independence, there must have been great mismanagement and improvidence in the whole financial affairs of Brazil.

At the conclusion of this will be found such Tables, financial and statistical, as it has been possible to collect, and to which we must refer those readers who wish to trace more minutely the rise and progress of the evils which have been entailed on Brazil up to the year 1830, by the pre-

* At the par of exchange equal to about 15,000,000 \% sterling.

ceding two administrations; from amongst them that of the issues from the mint—first in gold, to the enormous amount of 50,000,000*l.* sterling—then of silver, and lastly of copper, to the amount of more than 10,000 tons in weight—and, last of all, an inconvertible paper currency, with their effect upon the exchanges,—will not be the least interesting.

FINANCIAL OPERATIONS UNDER THE REGENCY.

ON the 7th April, 1831, the Emperor Don Pedro the First abdicated the throne of Brazil in favour of his son, then not quite six years of age; and a provisional regency was therefore immediately appointed. On the 18th of June following, three persons were installed by the legislative chambers to act conjointly as a regency for a term of four years, agreeably to the constitutional charter, in the name and on the behalf of his Imperial Majesty Don Pedro II.

The task imposed on them was onerous in the extreme, as respected the finances of the country, from the actual state of the circulating medium; the credit of the treasury, both at home and abroad, being at a very low ebb—the domestic debt at 45 per cent at Rio de Janeiro, and the foreign at 47 in London—the exchange between the two countries as low as 19*d.* per milreis, and the treasury nearly empty. Such was the gloomy picture before the regency and the chambers: they, however, put their shoulders cheerfully and manfully to the wheel, and by dint of retrenchment, frugality, and perseverance, things began soon to alter their appearance; and during the six years now elapsed since Don Pedro's departure, much has been done in lessening the expenditure, increasing

the revenue, improving the value of the notes, withdrawing the copper from circulation, and improving the exchange, as will be perceived on looking over the budgets for the above period.

Their first two acts augured well for their future proceedings: one having been to effect a reduction of the troops of the line, and the other to resist a right set up by the British merchants at Pernambuco, to pay all the duties on imports *in copper money*; and these were soon followed by another annulling the decree that prohibited the carrying of copper coastwise from the capital to the provinces, and against the smuggling of slaves into the empire.

Since then their labours have been directed to the following most important objects:—

1. A total revision and consolidation of the national and provincial treasuries,—a more strict and economical mode of collecting the imposts,—the adoption of very salutary reforms in the management of the custom-houses and the various treasuries, and in regard to the persons employed in these services,—and the establishment of a perfect system of accounts.

2. The liquidation of the affairs of the bank, whose charter expired on the 11th December, 1829, when a committee of management for winding up its concerns was appointed, as before stated, consisting of three persons named by the Government, and of six by the bank proprietary; the withdrawal of its notes then in circulation, amounting to 18,000 contos, and the substitution of others guaranteed by the Government; these latter to be gradually withdrawn from circulation, as the state of the finances will admit.

3. The annual budgets have been regularly laid before the chambers; and while the actual expenditure has sel-

dom or never exceeded the estimates, it has always been within the revenue. The classification of the ways and means, and the different items of expenditure in the respective departments and provinces, have been more clearly defined. Indeed, the exposé of the Brazilian minister is far more clear and intelligible than that of the chancellor of the exchequer of England.

4. The coinage has been revised and ameliorated, but so as not to make too sudden a transition from the debased currency which had crept into circulation since 1826. The gold coins now consist of pieces equal to those which formerly passed for 68400, weighing 4 oitavas Portuguese, and representing 108000 currency; the half, or 58000 piece, weighing 2 oitavas; the quarter, or 28500, weighing 1 oitava: all of 22 carats fineness, and intrinsically worth in sterling 36s., 18s., and 9s. respectively, thus fixing the par of exchange at $43\frac{1}{5}$.

The new silver coins are of 1200 reis, weighing $7\frac{1}{2}$ oitavas; of 800, weighing 5 oitavas; of 400, weighing $2\frac{1}{2}$ oitavas; of 200, weighing $1\frac{1}{4}$ oitavas; and 100, weighing 45 grains.

5. The copper money has gradually been withdrawn from circulation, being substituted by Government notes, which circulate readily throughout the provinces; and it is intended to recall the rest of the copper now in circulation, and in lieu thereof to issue a new coinage of copper pieces, whose value shall be *intrinsic*, and not *nominal*, so as to do away with all temptation for smuggling or imitating it, as has been done to so great an extent hitherto, in despite of all the precaution taken to prevent it.

6. The redemption of the funded debt, particularly the domestic, has occupied the attention of the chambers and of the different ministers of finance; and to promote

this, various items of receipt have been set aside for the sinking-fund.

The amount of annual imposts formerly belonging to the bank (as hereafter shewn), with various other amounts existing without any special employment, in different parts of the empire, have been assigned to it; as also about 400,000 ₮ which had been for a long time lying unemployed in a fund called coffer, or chest of public deposits, subject, however, to be returned to the depositors or their representatives whenever claimed; but which, like our unclaimed dividends, is not very likely to take place. By the operation of the redemption-fund, about 1-14th part of the domestic funded debt has been already cancelled; whilst 1-8th more is held by the savings' bank, which has only been established since July 1831—the number and amount of its depositors and deposits each year increasing nearly twofold, as will be seen from the subjoined statement of its operations; and should it continue to augment in the same ratio, in eight or ten years more it will absorb nearly the whole of the domestic debt.

Though the redemption of the foreign debt has not been so perseveringly attended to, it has not been from any want of inclination on the part of the Government or legislature to effect it; but from the circumstance of the exchanges being so unfavourable. From the tenour of the last report of the minister of finance, on presenting his budget for 1837-8 to the chambers, there can be little doubt that steps will be taken to accomplish so desirable an object; and as it is understood that an adjustment of the accounts between the treasuries of Portugal and Brazil has been concluded (although on what exact basis is not yet made public), it is to be presumed that some substan-

tial measures will be resorted to, to keep up the high credit Brazil at present enjoys in the European money market.

7. At Mont Piété a kind of annuity society has been set afloat, for the benefit of civil, military, and naval officers, who are so far compelled to contribute or become subscribers thereto in an annual sum, proportionate to their public pay or emoluments, that they will by so doing be entitled to a pension from this fund, according to the rules and regulations thereof, in lieu of superannuation or retired pensions, hitherto conceded by the Government, but which will henceforward be *discontinued*. The amount of contributions or subscriptions to this fund is, like that of the savings' bank, laid out in the purchase of Government 6 per cent bonds; and if extended, as proposed, to all the other country or provincial towns and sea-ports, will no doubt greatly assist in absorbing the whole of the domestic funded debt of the empire. The accomplishment of this object will enable Brazil to provide more immediately for the conversion of her foreign into domestic debt, and to diminish her now superabundant quantity of treasury notes.

8. The formation of another national bank, after a protracted discussion, was agreed upon in 1833; but the conditions were very uninviting, not to say objectionable. In consequence of the party spirit which then prevailed, and had ran so high during Don Pedro's lifetime, and also through the exertions of a clique whose private interests are opposed to every kind of banking or other business subject to publicity, the expediency of the measure was strongly disputed by many members of the chambers, particularly when connected, as this bank was proposed to be, with the Government, like the one recently extinct, and even to be in some measure under its control: it was

consequently found impossible to carry it into effect; and the law, of which a translation will be found in the Appendix, remains to this day a dead letter.

The present regency and chambers of Brazil have shewn a strong disposition to effect an improvement in the actual circulating medium, and by its amelioration to cause an advance on the present low rate of exchange between Europe and Brazil; and with this view a nobleman, highly conversant with the subject, and well known as a skilful negotiator, was sent on a special mission to Europe, to sound the English and continental capitalists on the best means of accomplishing so desirable an object. The result of his mission has been published in Brazil, and a translation thereof will be found in the sequel, as likewise of the various plans proposed to the Brazilian treasury for adoption: neither of which, however, was approved of by the committee of merchants appointed by Government to take the same into consideration, who proposed instead to raise the duties on importations to 20 per cent *ad valorem*, being 5 per cent in addition to those now existing. This was likewise objectionable, if not impracticable, being in direct contravention of the existing treaty with England, and therefore cannot be enforced till the expiration of said treaty in 1842.

One of the propositions above alluded to was for the establishment of a states bank, on the principle of that of Louisiana, with some improvement as to a redemption-fund; but as this embraced rather a complicated machinery, and its success in some measure depended on the sale of lands, *to be mortgaged to the bank*, it is probable that it would have led, if adopted, to the same spirit of speculation which has lately been manifested throughout the United States; and the grasping at lands for the purpose of raising money, and not for that of cultivation,

would have most likely been attended with the same baneful consequences in Brazil, as have lately been felt throughout the federated Union of North America.

But in consequence of the want of a powerful mediator in financial operations, such as Brazil will be obliged shortly to enter into for the improvement of its currency, and from a conviction of the inefficiency of the bank law above cited, a strong disposition has been manifested, both by the Government and legislature of Brazil, to adopt any measure that may promise most speedily to remove the grievances under which their country at present labours from a depreciated currency, and a superabundance of paper and copper circulation; and both have given the most unequivocal proofs of being actuated purely by patriotic motives in wishing to attain their object, and would consequently give every encouragement to a banking company, if it were made evident to them that such an establishment, based on sound and liberal principles, unconnected with, and uncontrolled by the Government, would prove effectual in assisting them to accomplish the great desideratum of securing a sound currency, by means of a convertible paper and metallic circulation combined—the former legalised by the legislature, so far as to make it a *bonâ fide* tender in payment of duties, rent, and purchases of land.

CURRENCY.

A NUMERICAL statement hereof is annexed ; but in order to convey a correct and complete view of the present condition of the currency of Brazil, and to exhibit the manner in which the financial concerns of the empire are now treated by the Government and the more enlightened of the public characters of the country, the following documents, which are from official sources, will be found of the highest utility to those who are interested in the progress of events in the empire of Brazil.

Owing to the discontents which existed in the years 1834 and 1835, caused by the immense amount of copper circulating, and the pressing necessity of devising some method of redeeming, or of raising the value and credit of the paper money which had been issued so extensively by the lately extinct bank, and of withdrawing part of the copper currency, and which paper was now of the character of national money and a national debt to the holders of the notes,—it was determined to send to Europe the Marquis of Barbacena, a Brazilian nobleman of great experience and skill in the management of financial affairs, for the purpose of inquiring into the opinions, and to solicit the advice, of the various capitalists and others known to be experienced in the management of loans and other extensive transactions between England and foreign states.

Upon the return of this nobleman to Rio de Janeiro in the summer of last year, the following report of his proceedings in London was presented by him to the then secretary of state. Accompanying this report were the documents which follow, being the opinions upon the state of the currency, and opinions and plans for its redemption, which the Marquis had received from the

houses of Messrs. Baring Brothers and Co., and Thomas Wilson and Co., and also from a third party, known to the Marquis, without signature or date:—

REPORT of the Marquis of Barbacena, on his Return from Europe in 1836, to the Minister of Home Affairs.

Rio de Janeiro, July 25, 1836.

ILLUSTRIOUS AND EXCELLENT SIR,

Having, by various communications addressed to you at different times, acquainted you with my proceedings in London, and with the names of the capitalists to whom I addressed myself, in order to ascertain the most advantageous mode for the redemption of our paper currency, for which purpose I had been expressly commissioned by my instructions of the 23d of October of last year, I now beg leave to lay before your Excellency the result of my labours, which I flatter myself will prove of some benefit to our country.

Long and frequent were my conferences with each of the capitalists alluded to on the present state of our finances, and on the manner and means of withdrawing our paper money. There was, as might be expected, a difference of opinion on the period of time in which the withdrawal should be effected, and the department which should be charged with this operation, and on the degree of fineness of the metallic coin which should first be substituted; but all agreed that the paper money should be recalled within a certain period, not exceeding ten years; that the substitution of the paper could only be made by precious metals, and that these cannot be obtained without a temporary national sacrifice, which would be rendered least sensible by the contracting of successive loans, according to the quantity necessary in each year, which would be in a decreasing ratio, owing to the progressive increase of the revenue of the empire.

Hence they concluded that the principal object was the making of a loan. But it was easy for me to shew to these

gentlemen that there existed no such intention, as, under constitutional governments, loans could not be contracted without the authority of the legislature; and that they well knew that no such authority was as yet either demanded or given; that it was indispensable to obtain, in this present session (1836), some legislative and definitive measure with regard to an evil of which the nation has complained, with so much reason, for these last four years; and that such a measure could never be obtained without a proposal for the same being made by the Government; as experience has sufficiently shewn, that numerous assemblies are not so likely to hit upon the best financial measures, as a reunion of a few individuals versed in the theory and practice of such matters; that therefore my Government, desirous of proposing such a measure, and judging there was ample time for consulting the most influential parties in financial operations in Europe, had charged me with this important commission; and that I trusted some from former commercial relations with Brazil, and others from having done so much in similar matters for other countries, would kindly favour me with their frank opinion of what might be for the best for Brazil.

The improvement of our circulating medium is as important to England as it is to Brazil, for more than the half of our commerce is transacted directly with England.

As soon as the above gentlemen were aware of my real intentions, my conferences with them became much less frequent, as they occasioned them only loss of time without any immediate advantage, the first consideration with every commercial man. I succeeded, however, at last, in deriving some advantage, by each furnishing me with such proposals in writing as I had wished.

Rothschild told me, with admirable frankness, that he never had given any attention whatsoever to the financial operations of either America, France, or Russia, for the withdrawal of their paper currency, and that with regard to such measures he could give no advice; that his only object was to lend money to persons and governments in whom he had confidence: that the Govern-

ment of Brazil had been unjust towards him,* possibly from circumstances of the moment; but that he had no hesitation in loaning to them now with the same good-will and liberality as before, if the Government would follow correct principles, namely, fulfil to the letter the contracts entered into—the only means of establishing a perfect credit.

I begged of him to express these sentiments to me in writing, which he did at the eve of my departure, as your Excellency will perceive from his subjoined letter, No. I.

Samuel and Philipps, for sufficient reasons, were of opinion, that, for the communication of their ideas and plans to Government, they need not make use of my intermediation, having their brother at Rio, and having already an engagement with the treasury there; and therefore they remained silent.

As, however, in previous conferences they had given various positive affirmations, which I considered myself bound to transmit to your Excellency, I thought proper to address to them the letter No. 2, to which they sent me the answer No. 3. In it they require time for consideration. As, however, they do not impugn what I there stated I had heard from them, it is clearly confirmed by them, and that is enough.

The house of Baring Brothers discussed the matter amply, as your Excellency will perceive per copies Nos. 4 and 5.

The praise conferred on the present Government of Brazil by so colossal a capitalist will be the more agreeable to you, as it is founded on truth, and because it shews the confidence to which Brazil is considered entitled.

The house of Thomas Wilson entered better into the views of Government, because it proposed the means and mode of realising a great financial operation, pledging itself, to a certain degree, to its execution. Their proposal is under No. 6. The plan is undoubtedly taken from that of Louisiana; and I should not have thought that plan feasible, had I not the facts before my eyes, viz., the house of Hope lending at this moment some millions of

* Meaning the taking from him the Government agency, and giving it to another house.

dollars, at 5 per cent, to the bank of Louisiana. A similar operation on credit is of the greatest utility for the empire ; as, in giving an immediate and extraordinary impulse to our agriculture, it enables Government at the same time to withdraw the paper circulation without imposing a single tribute for that purpose on the country.

It is not a mere theory thus proposed to the Government of Brazil, but a practical measure effected in Louisiana since 1824, whose happy effects are on the increase up to this time. The proprietors of Louisiana employ slave labour, cultivate tobacco, sugar, and cotton, as we do ; and the only difference is, that with us the operation would have to be on a larger scale ; and that the profits by them applied to education and for roads, would with us be applied to the withdrawal of the paper currency.

I also lay before your Excellency, under Nos. 7 and 8, two pamphlets, sent to me by the Viscount de Itabayana, on the recall of the copper coin : I differ with his proposals. To suspend for many years the payment due to its creditors, in order to apply the funds thus rendered disposable to banking speculations, is, in my opinion, an immoral proceeding, opening the door to immeasurable abuses.

I confess to your Excellency, that had I had any knowledge of the system employed by the legislature of Louisiana in favour of its agriculturists, I would decidedly have profited thereby in the discussions of 1833, although then its execution would have been hardly so feasible as it is at present.

The price of our funds at home and abroad will shew the present state of our credit, and we may therefore hope to obtain the same which other nations have obtained, provided we employ the same means, and preserve national tranquillity, as is to be hoped, from the good sense of our countrymen, and from the measures adopted by the actual Government.

(God preserve your Excellency.)

MARQUIS DE BARBACENA.

*To His Excellency Senhor Antonio Paulino Limpo de Abreú,
Minister of Foreign Affairs.*

SIR,

Bishopsgate Street, April 12, 1836.

We were honoured by your letter of the 25th of last month, informing us that your Government is desirous of withdrawing from circulation its paper money, and requiring our opinion on the best mode for attaining this object, with due attention to the interests of the state, and without prejudice to national credit. We have already explained the circumstances which prevented our earlier reply, and beg leave to observe, that we have derived much pleasure from the flattering compliment which you have made us in your letter, and that it would be extremely agreeable to us to be enabled to prove the value we place upon such a distinction, if in this or any other business we should have an opportunity to lend our services to a Government which, like our own, has attracted the admiration of the commercial world, by the scrupulous exactitude with which it has kept its public faith, at home and abroad, in circumstances of no ordinary difficulties.

Considering the frankness with which you have treated this matter in your communications to us, we think ourselves bound to affirm, distinctly, that we see no means by which your Government may attain the desired object, unless it is disposed to make a considerable sacrifice; as it is impossible that, to a person of your experience in such matters, it should not have become apparent, that the notes now issued and circulating are as many debts of Government, without a premium, in so far as, for the purpose of withdrawing these notes, Government will be obliged to negotiate a loan, or to ask it from a bank; and in either case, the country will in some measure have to be prepared to take on itself a very heavy onus for the annual interest and redemption of the capital. Supposing, however, that this has already been well considered by Government, and that it has determined on some measure, we will give our opinion with regard to the best mode of execution, although we feel some hesitation in so doing, without possessing more exact local information.

The first point to decide is, if under any circumstances of the

case, it would be desirable that the value of the notes now circulating should be increased; and we conclude, from the general tenour of your letter, that the conclusion to which all have arrived is, that the price of the exchange, by the latest news from Rio,* would be an adequate standard to fix as a value to the milreis, in order to embarrass as little as possible the transactions of any parties which may be pending. If it is meant to make this the intrinsic value of the milreis for the future, then it will be necessary to withdraw first the notes, and to be prepared with a new silver coin corresponding to the reduced quantity of silver, which, by the present price of that metal, would be represented by the sterling value proposed to be given to the milreis. The intrinsic value of the 960 reis, to our present price of the standard of 5s. would, for example, be $50\frac{1}{2}d$. They contain $373\frac{1}{2}$ grains of fine silver; but to represent only the value to be given to the notes when they are withdrawn, it would be necessary to reduce the quantity of fine silver in each coin to 296 grains, which might be attained without causing any confusion in the existing coin, the owners of which would have the right of receiving in exchange a quantity of new coins equivalent, according to the quantity of silver which they contain.

We do not recommend any deterioration of the coin, as it is in use between debtor and creditor; but being of opinion that such an improvement in the monetary system as is desired by your Government, should be obtained without disturbing, if possible, existing contracts, we cannot see many objections to the plan proposed, because we are persuaded that there cannot, for many years, have been made any contracts on the base of the silver 1*℞*; of which not one could have circulated freely as long as the course of exchange promoted its exportation so much as it has so long done.

For such an alteration as we have proposed, a legislative act would be indispensable, and such act should explain the cause which renders such a change desirable, and fix the period within which the paper circulation shall be absorbed; leaving, however,

* Then about 38*d*. per milreis.

to such as are generally charged to decide this species of business, to fix the proportions of paper to be withdrawn, to avoid any sort of inconvenience in the rise or fall of the various produce and articles of consumption.

That a bank organised on healthy principles could much facilitate the giving effect to an operation such as that which is contemplated with the paper, there cannot be the smallest doubt; but we might considerably doubt that it could be of much assistance for procuring the means at once and in all cases; because if it assumed the responsibility with which it is now proposed to connect it with Government, with regard to the paper money now in circulation, it might risk its own existence, if a certain experience of its good management had not previously established for it with the public a well-founded confidence in its contracts.

We are rather of your opinion regarding the proposed establishment of a Brazilian state bank, with its sole direction in London, because such a plan might not suit that country, from a consideration to its national dignity; and according to the knowledge we have of many rich and respectable houses in Brazil, we should be of opinion that there would not be much difficulty in selecting from its commercial body a sufficient number of persons fully qualified to become the managing directors of such an institution.

Besides intelligence and activity, the direction of such a bank should have the advantage of the local knowledge of a mercantile body, whose daily transactions must enable them to know any alteration in the circulation, and whose interest must be so identified with the prosperity of the country, that they will observe with vigilance all the changes that occur. If your legislature were to grant a charter to such an institution, with such exclusive privileges as with security may be given to it, and amongst others the right of its alone issuing paper, with the direction of all the banking affairs of Government, we believe that many persons of this country would be disposed to subscribe; and by this means the bank would acquire an in-

creased capacity of assisting Government in the reduction of its paper. But it would be necessary that at the beginning Government should put into the hands of this bank sufficient funds to meet any efforts which the same might be compelled to make.

We do always consider the small notes as the most censurable part of a paper circulation, and therefore we recommend to begin with their withdrawal; and should a loan in this country be required, we judge that the same will easily be obtained on favourable conditions, and its produce would be transmitted in specie to Rio de Janeiro, for the employment of it by the bank, in such a manner as may be most convenient to the state of the circulation. It is not to be supposed that your Government would give to any banking institution all the advantages of an exclusive charter, without sharing, in a certain proportion, in its profits; but in what proportion Government is to be interested, is a question which can only be decided adequately and satisfactorily on the spot, by persons who are more in circumstances than we to estimate the value of the grants proposed.

There are many points of detail connected with an object like this, which are better left to persons of more extensive local information; wherefore we abstain from entering thereon. And should you require any documents for the organisation of the charter, we cannot refer you to any better than the statutes of the bank of the United States, in which the Government reserved for itself, from the beginning, one-fifth of the shares of the entire capital stock, without, however, being allowed to interfere with the management, although its interests were represented by persons of its nomination, who had means of obtaining the most complete information respecting all transactions which it might undertake, in sufficient time for opposing them, if they involved an infraction of any condition of the charter.

We shall only add, that in case the Government of Brazil should require our assistance in promoting the operation on which we now write, the same will find in us a house which will take the most ardent interest in the welfare of Brazil, and which is

desirous of employing all the means at its disposal for the attainment of so beneficial a measure.

With the greatest respect, we have the honour to be,

Your Excellency's very obedient servants,

BARING BROTHERS.

To the Marquis of Barbacena.

Warnford Court, 3d May, 1836.

WE have already had the honour to explain verbally to your Excellency the manner in which the state of Louisiana began, in 1824, the system of a bank of deposit and of circulation, in part or entirely on mortgages of properties situated within the limits of that state, and how these same mortgages became guarantees for a loan contracted in Europe on the credit of the state and of the bank, for the purpose of forming with the amount of the same loan the effective capital of the said bank.

At that epoch, and when the above-mentioned system was there partially adopted, we made a loan of 2,600,000 $\text{\$}$ to the bank of Louisiana. In another loan of 3,000,000 $\text{\$}$, contracted by that state in December last with the house of Messrs. Hope and Co. of Amsterdam, the subscriptions were entirely on mortgages. This system, together with the fertility of the soil, and the favourable position of that country, caused the value of its property to increase rapidly. By an inviting premium, fresh capital was there introduced, giving life to industry and commerce: agriculture being thus encouraged, the amount of produce increased, and with it the value of the landed property. The proprietors, that class which on so many grounds deserve the attention of governments, were then in a situation to receive the great advantages which always accompany the establishment of banks in a country which enjoys prosperity, without, on the other hand, being obliged to advance capital. Now, although for the purpose of these operations considerable privileges were given to Government, yet there were not given to it the due advantages for the management of its credit, and for its quality of represen-

tative and general protector of the public interests. The opportunity was neglected for creating a fund which would really be a sinking-fund, and which would not only redeem the debt, but also redeem it in a lucrative mode for the state.

Instead of securing the gradual redemption, and of fixing various periods for the payment of the loans, in which large sums from abroad were employed, the risk was encountered of a very considerable derangement of the circulation, and immediate injury to the commercial operations by the time of their falling due. But the plan we to-day beg leave to lay before your Excellency is a great improvement upon that of Louisiana. The bank which we propose to be established in Brazil secures greater advantages to Government, combining them with the interests of the proprietors, and with the legal interests of such establishments. According to our plan, the premium payable on mortgages should be 7 per cent per annum; that the interest of the foreign loan of which the capital of the bank will have to be formed, do not exceed $5\frac{1}{2}$ per cent per annum; and that the capital assigned to the bank on mortgages be one-sixth more than its paid-up or effective capital procured by a foreign loan. Thus there would be, between the interest to pay for this loan, and the interest to receive on mortgages, a difference of $2\frac{2}{3}$ per centum of the whole proceeds.

With this difference we propose to form a permanent fund, with accumulation as a sinking fund for the loan. Now, supposing that the accumulated interest of this fund be 3 per cent, and the redemption be made on an average at 65 per cent, the loan will be redeemed in twenty-five years. This done, we further propose that a capital in mortgages, equal to the whole loan, become the property of the state, of which the chambers shall dispose in the best mode they may think fit: reserving for another communication the mention of the objects to which we should wish to see such funds applied. The measure, just explained, is sufficiently important to create an epoch as a financial measure, and, as such, would form the foundation of public credit, placing the state in a position to undertake the greatest measures

of improvement without the necessity of new taxes. Nor is it less important as a political measure, which will create a common interest between all classes of the extensive empire of Brazil, forming a fresh cement for the general union, from which new strength will arise to the country and to the state.

Your Excellency has frankly declared to us your approbation of this plan, without, however, disguising your doubts on the possibility of getting money in Brazil at $5\frac{1}{2}$ per cent per annum. To this our answer is, that, supposing the loans to amount to 5,000,000*l.* real capital, we should be ready, if you are authorised to act, to negotiate on the taking of the equivalent of 5,000,000*l.* in 3 per cent stock, at such a price as may correspond to an annual interest of $5\frac{1}{2}$ per cent: we reserving to ourselves the option of taking the remainder of the 5,000,000*l.* within a stipulated time, and at the same price.

The secret in matters of finance, as well as in all large transactions of business, is to endeavour by all means to create a general and powerful interest towards the operation, whereby the success of the enterprise is insured; and in loan operations, this point is obtained by options. By means of these, the contractors can easily cause a junction of the British and continental capitalists for one general, though *remote* purpose. We say remote, because time is required to make a large operation in new stock; or rather, that time is required for new operations, which are, besides, on a large scale. Such option being granted, it is also but just that the price offered by the other contracting party be liberal; and certainly the apprehension manifested by your Excellency, that no money would be found in Brazil at $5\frac{1}{2}$ per cent, would at once prove whether a price such as that offered by us was liberal or not.

Lastly, we beg leave to tell your Excellency, that the proposed measure is worthy of the zeal which your Excellency has so constantly shewn, in the long and varied career in which you have so distinguished yourself by services rendered to your country; and that it is also worthy of the distinguished individual who now presides over the Government of that empire,

and who appears to be destined by Providence to raise the prosperity and honour of Brazil to a degree as yet unknown.

Please to accept the assurances of our great esteem, &c. &c.

SHAW, WILSON, & CO.

The following is the third offer, made by a London house, which, however, in the documents published by Government, bears neither signature nor address.

Taking into consideration the state of the finances of Brazil, we perceive three important obligations incumbent on Government :

1. The attention to the arrears of the sinking-fund of the loans contracted in England—an object of great importance—not only because the national honour is pledged for the faithful fulfilment of its engagements, but also because the national interest is compromised : for the longer the epoch of redemption is postponed, the larger will be the amount to be redeemed, and the higher the price at which it must be done, there existing an article in the contract obliging Government, after thirty years, to redeem the whole loan at par.

2. The payment to be made to Portugal in liquidation of accounts now pending.

3. The stability of the circulating medium, and steadiness of the exchange, after the extraordinary issue of notes for the second recall of the copper ; an object requiring much care, and which can be secured only by withdrawing from circulation a considerable portion of small notes, and substituting small silver coins.

To carry out such objects, it is quite clear that Brazil must have money—and how is she to obtain it ?

The sole means we are aware of is a loan : and on these premises we propose a plan, which appears to us as advantageous as expedient, observing only that when the necessity of a loan is acknowledged, it is much more advantageous to contract it at once than to wait for the moment of pressing necessity.

PLAN.

To make a national and foreign loan of 2,000,000*l.*, or, at 40*d.* for 1*₮* = 12,000,000*₮*.

The smallest bond to be of 600*₮*, or of 100*l.* 5*s.*, with dividends, payable half-yearly, on the 1st of February and 1st of August.

The annual sinking-fund to be of 60,000*l.*, or 360,000*₮*, so that the loan will be redeemed in 30 years.

This loan to be negotiated on a commission, and its accounts to remain under the particular inspection of the resident minister here, who will register the bonds.

Government will fix the minimum price at which it is to be sold, the agents being charged with obtaining the best price, and with the management of the sinking-fund operations, which will enable them progressively to obtain a better price for fresh sales, which they may make from time to time, so that it is not improbable that the price will reach 90.

In case of any bond or coupon being lost at sea, Government will, on a security being given by the claimant, issue others.

The guarantees of this loan shall be the same as those of the former loans.

We further propose that the legislative assembly shall pass a law, that *bills of exchange be drawn*, in favour of the national treasury, on the contributing provinces, of 20 per cent of their general annual revenue, *with anticipation of five years*; which will amount to a sum of which Government may make use, or which will serve as a greater guarantee to the public, on *their being deposited* in England, and will make a better price attainable.

The produce of this loan, supposing it to be effected entirely in England, and at a net price of 80 per cent, would be 1,600,000*l.*, which might be thus applied:—

For the first two years' dividends	£200,000
For the sinking-fund	120,000
For silver against 1 and 2 <i>₮</i> notes, about	500,000
For the sinking of the loan of 1829, as being at the lowest price in the market	180,000

Another great advantage may be expected from this operation ; for, if well managed, it would be the means of introducing into Brazil these new bonds of 5 per cent interest, and thus enable Government to convert the present (entirely local) bonds of 6 per cent interest into such as those now proposed.

THIS OPERATION HAS A GREAT ADVANTAGE OVER ANY BANK ; for Government having now, by its moral credit, brought the exchange to 40, little less than the intrinsic metallic value, and thereby obtained, in our opinion, a general and integral security for Brazil, it appears to us, that to give out of its hands this bridle, to put it into that of a company, which can do no more than to establish the exchange at $43\frac{1}{5}$, and that with EVIDENT PREJUDICE TO THE CIRCULATION AND TO NATIONAL CREDIT, can neither be the interest nor the views of Government.

Government referred all the papers received from the Marquis to a commission, which it had requested the merchants of Rio to name, to report on them, and on some considerations on the currency of Brazil, about that time handed to the legislative chambers by a gentleman of great talent and experience in such affairs, Mr. John Miers, who has taken out and established at Rio one of the most perfect mints in the world, and who had previously established a mint in Chili.

The merchants nominated Messrs. Ratton, a Brazilian, James Kemp, an English (partner of the house of Messrs. John Finnie and Co.), and James Birckhead, an American merchant ; and although they differed in minor points, they yet agreed upon the principal measures to be proposed, as will appear from the following account of their report :—

“ The offer for foreign loans, they are of opinion, should not be taken into consideration ; but only domestic loans, which they deem beneficial to the country in every point of view, so long as

they are employed for the maintenance of public credit and good faith.

“ Giving credit to both Messrs. Baring and T. Wilson and Co. for their attention and intimacy with Brazilian finances, they consider the plan for a bank in imitation of the Louisiana bank, and of the redemption of the circulating medium offered by the latter, as too complicated and slow in its operation for the present circumstances of Brazil.

“ The project of Messrs. Samuel and Phillips is described as entirely inadmissible, and, instead of useful, detrimental to the empire.

“ Approving, however, entirely of the views sent in by Mr. J. Miers, on the mode of improvement of the circulating medium, and founding their proposals, here briefly mentioned, thereon.”

The committee also advised the strict enforcement of the law of the 6th of October 1835, which limits the functions of the copper coin to 1 $\frac{1}{2}$ in any payment ; that the time of this last recall should be limited to forty days in the respective places, under a penalty of exclusion ; that the coin be reduced at once to half its former nominal value ; that the same weight, restamped, be returned to the bearers, and that the other half of the former value be handed them in notes ; that every contract made in copper coin from such time be declared void.

This measure to come into operation only after the provinces shall be provided with the necessary notes from Rio, and after the law is published there, and the term for bringing in the copper (say forty days) has expired.

They judged that, if this were performed within eight or ten months, little harm could arise by false coiners from abroad, as such an operation required some time for coining, and therefore few would enter into it, under the apprehension of coming too late.

Meanwhile, they advise Government to recoin, in a perfect manner, the new copper coin to the amount of about 4,000,000 $\frac{1}{2}$; and further, that as soon as the redemption of the paper money

shall be commenced, the issue of silver coin of 500, 200, and 100 reis pieces shall also begin, and that the copper should not be allowed to be offered in payment of larger sums than 100 reis. And for the notice of all, such period should be previously announced for one or two years.

The inconvertible paper, although an evil, has been sensibly pernicious only after having been made the *general* circulating medium; before that time (1834) it was principally limited to the circulation of Rio de Janeiro, and in small quantities to that of St. Paul's and Bahia; therefore its scrutiny and fiscalisation was easy, and necessity made it tolerable; there existing then also a moral conviction, that it would not be abused by fresh issues. But the making its circulation *general* has already produced serious inconveniences; and, judging from analogy, there exist strong grounds for apprehensions for the future, should its general circulation not be modified or restricted.

We shall not stop to prove these inconveniences caused by its general circulation, because they are seen and felt by all. We must, however, say, that the only method of rendering forgeries difficult, and doing away with fears on that subject, is to make it *provincial*. Then, as they will circulate in a limited and known circle, any disfigured or torn notes, or any such as create suspicion, can immediately be examined, and they may be more easily and more promptly exchanged for metal, as the amount of the local circulation and its subdivisions will be exactly known in each province. From all this, and because they will bear the signatures of resident and known persons, more confidence will be the result, and more activity in agriculture, commerce, and industry.

They also recommend an *annual* exchange of all notes against notes of a fresh pattern, the better to detect all forgeries, and to prevent the introduction of forged notes from abroad.

At the date of their report they estimated the currency of Brazil thus:—

	\$ or milreis.
Legally coined copper	16,600,000
Withdrawn against treasury notes, by law of 3d of October 1833	10,125,000
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Leaves legal coin	6,475,000
Allowing that the introduction of <i>false coin</i> amounted to <i>one-half</i> , we have	8,300,000
	<hr/>
	14,775,000
They are of opinion that a considerable portion of this copper will not be presented when finally called in, partly from the great distances at which it is circulating, partly from indifference, and because no less amounts than 20\$ should be admitted, supposing 5 per cent for such por- tion, or	738,000
	<hr/>
	14,037,000
Much of this will be found false, in spite of the rapidity of the operation (say also 5 per cent)	701,000
	<hr/>
	13,336,000
From this make the abatement of 5 per cent <i>by law</i> for expenses	666,000
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Total milreis (COPPER)	12,670,000

Which, according to our plan, should be returned to the public one-half in notes, and one-half in copper coins of 80, 40, and 20 reis, at half their former value, or double their former weight: there remaining consequently in circulation only 6,335,000\$ IN COPPER, although represented by the above coin.

Of notes there will then exist the amount as above emitted against copper of	₮ or milreis. 6,335,000
Further, the issue made previously against the 10,125,000₮ of copper less 5 per cent then abated	9,619,000
And, lastly, the issue made in substitution of the former bank notes	18,345,000
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Total <i>paper</i> circulation (1836)	34,299,000
When these shall be again changed against others, the usual diminution may be rated at	299,000
	<hr/>
Total milreis (NOTES)	34,000,000

There exists (1836) in the treasuries of the empire :
 10,125,000₮ copper, from which Government
 will coin the new copper coin ; of which, in our
 opinion, 2,000,000₮ will suffice, and do the
 functions of the above 6,335,000₮ in copper,
 which will come in, when the circulation of
 copper is limited. These 10,125,000₮ can
 therefore not be disposed of at once ; but as
 the new coinage would gradually replace the
 old, until the issue of 2,000,000₮ be completed,
 it may be assumed that these 10,125,000₮
 will again be filled up at least ; and, deducting
 125,000₮ for expenses, deficiencies, &c. in the
 empire, these, by Mr. Miers's plan, should pro-
 duce in silver coin 1,800,000

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Leaving a total of	32,200,000
Add to this, for the copper re-issued in Rio Grande and Pará	800,000
	<hr/>
To be redeemed by hard cash	₮33,000,000

These 33,000,000\$, divided amongst all the provinces according to the respective importance of their transactions, will form the real amount of the general circulation, because the use of copper money being confined to fractions only, it cannot be taken into calculation.

The 6,355,000\$ thus remaining in circulation would not all be necessary, and, not finding useful employment, would soon go out of circulation. Government would perhaps not even find it necessary to coin the proposed 2,000,000\$ in copper to satisfy the small changes. They observe that the commerce of Rio alone has already proved that it can with ease employ, and requires, at least 20,000,000\$ currency, and that the remainder of 13,000,000\$ cannot be considered more than sufficient for all the provinces, which together have at least as much business as Rio. On this calculation we founded our opinion that our circulating medium must not be reduced without a metallic substitution.

The regeneration should be made by a *gradual* replacement of it by gold and silver, but in such a manner that its accomplishment take no less than ten years, nor more than fifteen years; and the last period we think preferable, as it will require a less annual amount of the precious metal. The quantity thus applied being of very little consequence to the public, when a law shall have been passed in the sense proposed, to apply at certain periods certain amounts of precious metal for the gradual redemption, and that it be punctually observed, and entrusted to intelligent and respectable men, the paper will soon be in high credit; and ere long no one would present the notes for change against coin, from having the certainty of being able to do so at any moment, because their convenience and easy management in commercial transactions would *then* render them preferable even to the precious metals; and if their presentation for exchange should be obligatory, commerce, to avoid trouble and loss of time in its operations, will necessarily organise ere long BANKS OF CIRCULATION.

The state of credit of our home stock completely proves what

we now advance; yet it is not in any sense more a promissory paper of Government than the notes now circulating. But that has a certain sinking-fund, and the law in respect of it is religiously observed. Greater still would be the credit of home stock, if the administration of its sinking-fund had larger receipts set aside; for the monthly contributions for the interest and sinking-fund are much below what they should be in the present state of the public debt; and the supply of the half-yearly deficit reposes entirely on good faith, and on the supposed capacity of the public treasury to make it up. The last decreed loan (2,000,000 ₨ , in 1836) will render the position of the public treasury still more unfavourable, because no special funds for its interest and sinking-fund were assigned to it. In our opinion, the position of the notes will be much preferable, when, the expediency of regenerating the paper money by a certain, though gradual, substitution of precious metals being acknowledged, the funds to be appropriated to that purpose become necessary.

The duties on importation offer the best resource for that purpose, without any inconvenience whatsoever. They may be raised to 20 instead of 15 per cent, as at present. Such an importation duty is not excessive, and will have no effect on consumption, and it will neither diminish importation nor encourage smuggling. It is an indirect impost, of cheap collection, of easy calculation, and, with great probability, of a steady and considerable increase. None other presents similar advantages. It is true that treaties exist which are opposed to such a measure, but they also permit the adoption of any measure which may be judged as of urgent necessity, though the same may be in contravention of what had been mutually agreed upon—the other party keeping the right of indemnification. The urgency of the measure cannot be contested; and it may be supposed that no reclamation would be made on such a score, because foreigners are as interested in the regeneration of the currency as the Brazilians themselves, and they are well aware that this increase of duties will be at the charge of the consumers, and not at theirs.

The representation lately made to the chambers, praying for

measures for the improvement of the currency, being signed by all resident foreigners, allows the supposition that they would also, if necessary, petition their respective Governments to consent to a measure fraught with results so beneficial to all parties. At any rate, we judge that such a measure should be adopted without hesitation, and acted upon as soon as the necessary time for its promulgation has been given. Any nation, which, from an ill-understood zeal for, and want of insight into, the real interests of its subjects in their relations with Brazil, might then make their claims, may then be attended to; and, as soon as the substitution is made, the privilege enjoyed by such nation may, in as far as it was interrupted, be regranted to the same for the time which was short of its expiration.

The immense advantages which will result from the regeneration of the circulating medium are so striking and so direct for foreign commerce, that we cannot imagine the possibility of any measure conducive to it being opposed, particularly if they are duly introduced in their exact and true point of view.

As the good resulting from the law will depend on the proper and skilful manner in which it is executed we would advise the creation of a special commission for that purpose, under the title of Junta of Redemption of the Fiduciary Money, detached entirely from the treasury, directed by five members, and presided over by the minister of finance. These members to be selected by Government for their capacity and the credit they have for honour and probity with the public; nor subject to be dismissed without a condemnatory sentence from the tribunal of commerce, as soon as that shall be organised; and in the meantime, from the members of the administration of the sinking-fund; and in cases of great responsibility, from the same judges, together with two deputies and two senators, selected by lot.

They then go on describing the mode in which the provincial sub-juntas are to act.

All acts of these juntas shall be published by them in due time, that the public may be well informed of the progress of the substitution and redemption. The central junta is to have the greatest

latitude in its operations, because the modes of making them are various, and because it would be difficult or impossible to predetermine which might, under prevailing circumstances, be the most advantageous. The only restriction to be imposed on it is, that it shall redeem each year a sum in notes corresponding to the cash received; and that whenever it has issued a portion of gold or silver in exchange for notes, it shall report to Government what proportion such issue bears to the general circulation, upon which, Government shall order the gold and silver coin to be paid in the same proportion in all money transactions.

This is the only means for preventing the disappearance of the precious metals. The copper coin recalled, and that which will yet come in, is to be handed to this junta, as also the 5 per cent additional on importation duties.

The public treasury, in the beginning of every financial year, shall make an approximate computation of the amount in each province, and shall draw for the same *monthly* bills on their respective treasuries, handing them at once to the junta: the balance between the treasury and junta to be made at the end of each year. Thus the junta will be quite independent for all the year, and cannot be watched in its operations, or embarrassed, as would be the case were the quantity it received every month known, and that it would be applied immediately.

By restricting the circulation of the notes to the respective provinces, or provincialising them, and also restricting the circulation of the copper, and the substitution of the paper by metal being slow and gradual, another circulating medium of general application will become necessary, which would facilitate the transactions between the provinces, and all over the empire; for which we propose a means used in many other countries; namely, drafts of a public department on itself at sight, to be received in payment of the revenue all over the state.* This qualification, and that of being payable at sight, renders the circulation of these bills unlimited, and causes them to be highly appreciated as

* It would appear that no public establishment but a bank could do this, without great inconvenience and expense.

agents for interprovincial transactions. Their value is generally considerable in amount, and is therefore not appropriate for the daily necessities of private life; and, from their nature, being chiefly circulated among the higher branches of commerce, forgeries thereof become extremely difficult.

It would therefore appear that the central junta at Rio should have the power of issuing in exchange for notes, or of the corresponding coin, bills of this nature, which we will call general bills, to a limited amount, say from 300,000*l.* to 500,000*l.* in amounts of 100*₮*, 200*₮*, 500*₮*, and 1000*₮*, as the receiver may desire. The central board would draw these bills on itself, payable *only* at Rio in the current coin: they will be signed by three of its members, and the receiver will sign his name on the back of each bill in the act of receiving the same; and thus all public offices in the empire should be bound to receive them as current money.

The advantage of such a description of bills in general operations of commerce is too evident to be commented upon; but to avoid abuses and confusion, only the central board should draw them, and thus commerce, which would derive very great advantages from this arrangement, would quickly circulate them over all parts of the empire.

On considering that it might perhaps not be convenient to have recourse to the proposed increase of importation duties for obtaining the funds required, we shall still mention another means, as more certain and less onerous than any other besides the first named, which is, annual and partial loans made in the country for the amount required by the central junta, for the term of time which the treaties still have to run; after which, there is no impediment to raising the importation duties to as much as may be necessary for going on with the redemption of the paper, and for the payment of the interest and sinking fund of the loans meanwhile made for that purpose.

If this idea be adopted, the central junta should at once be authorised to contract all necessary annual loans; because then foreign capital would compete for them, being sure to make its appearance if the conditions were inviting. For interest

and redemption of this loan, $1\frac{1}{2}$ per cent of dispatching-dues, which are now exacted at the custom-house, might be set aside, and which should be handed over at once to the said junta, by bills drawn in anticipation for the whole year, and payable monthly.

In conclusion, we think ourselves bound to repeat our declaration, that we by no means approve the idea of making loans for the purpose in question, and, above all, foreign loans; and that we can discern no measure so convenient and proper as an increase of the importation duties. This alone offers advantages, which is not the case with loans, much less with direct imposts.

JAMES BIRCKHEAD (*with some reservations*).

JAMES KEMP.

IGNACIO RATTON.

Rio, 10th Oct. 1836.

Mr. James Birckhead, without differing in any thing essential from the foregoing one, proposes measures still more determined; and though, as a general principle, much approving of the increase on importation duties, even to 10 per cent above that now existing for this *special* purpose, he doubts that the assent from the British Government could be obtained; and therefore proposes that the minister of finance be authorised to issue a home loan of 5,000,000\$ at various periods and parts, according to the necessities of such junta, with six months' public notice each time. He lays much stress on the necessity of the before-mentioned general itinerary notes, as a substitute for our bank post bills, for which he proposes the junta to receive one-half per cent on the amount in giving the bill, and one-half per cent in paying it; and winds up his statement with the following observations, full of weight, as coming from a gentleman than whom no one better understands the situation of Brazil.

“ I cannot understand how there can exist any useful legislation on this important question of the circulating medium, without being based on the firm resolution of thoroughly altering the character of the present circulation, and of withdrawing the same gradually, as prudence and experience may dictate. These operations will be still more facilitated by admitting into circu-

lation, as legal money, all coins of other nations, according to their standard value compared to that established by law.

“ I also predict the most favourable results from the issue of itinerary notes, persuaded as I am that commercial transactions would wonderfully increase by the confidence reposed in such a circulating medium, and thus give such an increase to the public revenue in all its branches, as would exuberantly counterbalance any sacrifice previously made.

“ The continuance hitherto of our present circulating medium can only be owing to a mode of politics to which statesmen not unfrequently, and very unjustly, have recourse, and which deserves eternal reprobation for its great deviation from all rules of right and justice, and from being founded on nothing but custom : shewing imaginary advantages in order to conceal real losses, and pretending to save to the nation the annual payment of the interest of a sum which it is either not capable or not disposed to pay, and which they wish to be considered as a loan paying no interest, and as great economy—which, however, is a very false economy.

“ I also consider it my duty to say something regarding the external debt of Brazil. I am bound to declare myself, in the most positive manner, against all foreign loans, the interests of which are payable in foreign countries, and to recommend most earnestly and pressingly the application of all possible means that can be made use of for the redemption of the actual external debt. Amongst other resources, I would even recommend the suspension of the sinking-fund of the internal funded debt, and the sale of the redeemed stock, and to apply their produce, and the sum hitherto annually applied for them, as a sinking-fund for the external debt. Thus the evil would be much reduced, whilst, in pursuing the present system, only a partial benefit is obtained ; whereas the domestic loan is a great convenience and advantage to the public individually, whatever may be the effect of such loans in a national point of view ; and it is equally advantageous to Government in all other respects, provided that the debt is being reduced by the application of appropriate quantities for its gradual redemption, &c.

“ May I also be permitted to make an observation regarding the duties of importation and exportation, which is, that on all articles which offer great inducement for smuggling, from their considerable value and small volume, the duties should be small, in order to do away with that temptation; and that the duties of exportation be levied only on articles of such a value as render the revenue derived therefrom of importance, allowing all such as give but little to the state to go free.

“ In conclusion, I cannot but express the satisfaction I feel in contemplating the state of prosperity which this beautiful country will enjoy, so soon as the obstacles which the present state of the circulating medium opposes to it shall have been removed, and when the great stimulus of a solid currency shall begin to operate.

“ It is doubtless one of the greatest misfortunes which accompany an eminent capacity, destined to fulfil great moral or physical tasks, that man should be so apt to be captivated, in the contemplation of so much greatness or of so much inherent beauty, that he should rely in indolent security on the great means he possesses for the realisation of the most fantastic and extravagant hopes, without recollecting that physical and moral superiority are the recompense of energetic application and of untiring industry, in improving upon the advantages presented by nature. However good the climate of Brazil, fertile its soil, and vast its limits, if Government do not take every care to remove the obstacles which impede the application of these advantages—do not stimulate industry, recompense labour, and ensure them better remuneration,—the Brazilian must be content with picturing to himself the imagery of an anticipated national grandeur; to obtain which, nature has bestowed on him so ample and so varied resources. Its statesmen and legislators may picture with brilliant colours the great destinies to which they lead, but eloquence will never bring improvements, nor indolence prosperity.

“ There is a moral law in the universe, that riches, glory, and prosperity are the fruits of constant and unremitting efforts only. Instead, therefore, of continuing in the old fashion—although, perhaps, flattering to national vanity—of expatiating

largely on our great resources, without applying active means of turning them to use, let us hope, from our present free institutions, that the time is not far off in which the true principles which lead to prosperity will begin more strongly to influence the people and the legislature of Brazil, bringing with them the recall of all those obsolete laws which are a check upon individual enterprise, or disturb the free agency of will in the employment of capital and industry in the manner deemed best by each individual, provided he do not infringe moral and social obligations. Beyond this, I see nothing wanting to carry Brazil to an enviable state of prosperity.

JAMES BIRCKHEAD.

Rio de Janeiro, 8th Oct. 1836.

They all agree that the plans proposed by loans or banks, without a positive metallic substitution, might, generally speaking, be advantageous, but are not the most proper means for the regeneration of the circulating medium of Brazil. They say, the proof exists in the exchange on England, which has generally been at 40*d.* for 1*£* in paper; and as 43½ is the par of our actual gold standard of 2*£*500 per oitava, the trifling difference, which may be produced by many causes, cannot be attributed to a redundancy of paper as a circulating medium. The price of the gold or silver coins cannot be adopted as a term of comparison, because they have a general acceptation and circulation all over the world, and, as such, have another application and destiny, which cannot be given to paper, which is a local currency.

The proof of justice and morality which the Government and chambers have just given, in not hesitating to subject themselves to the onus of a loan to meet the necessities of the state, instead of making fresh issues of notes, sets aside all fear that the mass of the paper money will be increased; and as we have already seen that it approaches very near to the foreign money, which serves as a base to all commercial operations, it is clear that the portion actually circulating is pretty nearly the amount indispensable for circulation. To diminish this quantity would be to place insuperable obstructions in the way of the immense progress

daily made in agriculture, commerce, and industry, and to create a great introduction of false copper, despite of all preventive measures; as necessity acknowledges no law, and that necessity would exist if no metallic substitute were given.

We are of opinion, that in no case whatsoever can there be a necessity to make loans out of the empire for the regeneration of our circulating medium; and we have the greatest hope that it will also not be necessary to make them in the country, in consequence of other resources, which we will presently point out. We are averse to loans, because they are means which should be resorted to only in cases of the greatest necessity: they are energetic means, to be applied only when all others fail; they should be used sparingly, that they may be recurred to when circumstances permit no loss of time.

They wear out credit, cause great sacrifices, diminish the revenue, and surcharge our descendants with a debt from which they have no benefit, and deprive them of the means of providing for their own most pressing necessities.

Our foreign loans point out sufficiently how much the use of them without a necessity is to be lamented.

The state of our circulating medium requires not the application of so violent a remedy.

If it does not enjoy a full credit, it is not so much because it is composed of copper and paper, as because the notes have a *general* circulation, and are not realisable at the will of the bearer, nor have a substitution by strong coin, however small and gradual, destined for them; and because the copper coin, representing treble its intrinsic value, with an imperfect stamp and unlimited circulation, invites to falsification.

The present paper and copper circulation, unchangeable as it is for real values at the will of the bearer, current only from necessity, has the singular quality of being not merely unproductive to both the public as well as to Government, but prejudicial also: morally, because it habituates to fraud and falsification; politically, because it produces discontent and diffidence in the public mind; financially, because it diminishes the revenue of the state, often creating serious embarrassments; and generally,

because it impedes every interchange and transaction whatsoever, —preventing thus the progress of commerce, agriculture, and industry, the three fountains of national wealth.

The necessity of the regeneration of our circulating medium is therefore evident.

The remedy should be efficacious and applied in time : whatever immediate sacrifices it might cause will soon be amply recompensed.

There cannot be a doubt but that the present circulating medium, of paper as well as copper, is a forced loan of the nation from the individuals composing it.

Without entering into the reasons it had for doing so, whether they were right or wrong, certain it is that the public is bearer of these titles of the public debt, and that, by the force of circumstances, the period is arrived to take measures for their payment : justice and equity require that each shall receive what is his ; that is, the real value of that which the notes represent, so that his loss may be as small as possible.

Thus we arrive at a metallic currency, &c.

In their proposals thereon, the committee approve, for the present, of the continuance of the standard of 28500 for 1 oitava of gold of 22 carats ; being, however, in hopes, that in times not distant it will be again brought to the primary scale of 18600 for the same, as the only means of placing the Brazilian medium on a level with that of other distinguished nations.

They recommend that the gold be the only standard, and silver to circulate only in the proportion of 1 to $14\frac{1}{2}$ of gold, in 500, 200, and 100 reis pieces, in order that the silver may not be carried away, and that there be no obligation ever to receive a larger payment in silver than 208. The copper to be used only as small change.

Meanwhile they proposed the measure for setting aside the further importation and manufacture of copper coin ; *which has been promptly adopted by the chambers, and executed by the Government, and which has constituted the currency of Brazil, such as is seen in page 59.*

ISSUES

FROM THE MINT AT RIO DE JANEIRO, SINCE ITS FORMATION IN 1703.				OF NOTES BY THE LATE BANK.	Average Exchange.
YEAR.	NOMINAL VALUES IN MILREIS.			Milreis.	Pence.
	Gold.	Silver.	Copper.		
	Milreis.	Milreis.	Milreis.		
1703-1767	130,508,851	"	"	"	"
1768-1809	74,128,256	222,830	20,137	"	"
1810	1,278,284	1,026,774	"	"	"
1811-1821	6,385,842	12,205,913	1,013,514	6,330,920	52 $\frac{1}{4}$
1822	141,864	1,755,118	280,994	7,430,920	48 $\frac{1}{2}$
1823	88,538	380,844	237,201	7,330,920	50 $\frac{1}{2}$
1824	153,196	384,012	532,525	9,530,920	48
1825	84,764	56,856	534,166	11,130,920	51 $\frac{1}{8}$
1826	36,670	225,683	547,622	11,230,920	47 $\frac{1}{16}$
1827	35,160	23,342	1,390,927	20,230,920	35 $\frac{5}{8}$
1828	4,160	"	2,637,690	20,180,920	32 $\frac{3}{4}$
1829	5,872	"	3,099,371	17,780,920	25 $\frac{3}{8}$
1830	5,884	1,341	2,878,836	17,623,430	23
1831	"	"	953,914	stationary	24 $\frac{5}{8}$
1832	203,820	2,758	478,281	"	35 $\frac{3}{16}$
	213,061,161	16,285,471	14,605,178		
Or the value of about .	£53,000,000	£3,200,000			
Which all have disappeared from circulation, though much is as yet in the market as merchandise, and more still hoarded.					
In 1833-35, no issues worth mentioning from the mint.					
The Bank, in winding up and in replacing its old notes by new ones, in 1833 left in circulation					
				16,955,000	38
which were substituted by national notes. As also certain treasury notes emitted in <i>Bahia</i> in 1829 against spurious copper there current, amounting to					
				1,490,000	
The copper issued at various times by the Mints of Matto, Grosso, Goyaz, and Bahia, is rated at					
			2,000,000		
And the current <i>false</i> copper at					
			8,300,000		
		Total	24,900,000		
Of this there was called in, 1834-35					
			10,125,000		
Against an issue of					
				9,619,000	
Currency of Brazil in 1835					
			14,775,000	28,064,000	

CURRENCY IN 1836 and 1837.

In 1835, the whole legal circulating medium of Brazil consisted of

	COPPER. Milreis.	TREASURY NOTES. Milreis.
	14,775,000	28,064,000
Of this copper there were again called in, 1836, throughout the empire, about	3,000,000	
Which was again returned restamped at one-half the former value; the other being given in notes, less 5 per cent	. . . . .	1,425,000
Constituting thus a beginning of the future improved copper coins, of about	. . . . .	IMPROVED COPPER COINS 1,500,000
Leaving in circulation, at the close of 1836, about	11,775,000	
Of the old copper, to be forthwith redeemed in a similar mode, under penalty of loss of one-half its value, in case of non-presentation within a short period about to be declared, and which, with a deduction of about 5 per cent charge by government, 5 per cent average of glaringly false copper, which is returned to the owner cut, and including 5 per cent for copper not brought in, from indifference of the parties holding it, will give about	. . . . .	5,000,000
But the other half <i>deficient</i> must be made up by notes as above, and will cause an additional issue of about	. . . . .	4,750,000
Thus the circulation of 1838 is likely to be, in good copper, about	. . . . .	6,500,000
In notes	. . . . .	34,239,000

Or three times as much paper as in 1825, when the exchange was 51, and *twice* as much as in 1833, when it was 38*d.*, and only one-fourth of the copper of the later period; with the material difference, however, that then there was no provision made for redemption of the paper, which now there is; and that then both copper and paper were on an indefinite increase, which is henceforth prevented by legislative enactments.

Observations on the Offers made by British Capitalists to the Government of Brazil, and on the Measures now in operation for the Improvement of the Treasury Notes.

THE propositions of the several London capitalists are, as the committee of merchants so properly observed, all of an untenable description, inasmuch as each of the parties is desirous of contracting another *foreign* loan for Brazil.

It is fortunate for Brazil that it is possessed of statesmen who do not disdain to consult the opinion of that class of men who, from their intimate acquaintance with the subject of the currency, finances, and resources of the country with whose welfare their own is so closely entwined, are likely to be the most competent judges and sincerest advisers.

The paper currency of Brazil, from its indispensable-ness for the payment of the general and provincial revenue (amounting conjointly to above one-half of its total amount), and as a representative of all the vast produce and property of the empire, is by no means so far inferior in character and value in comparison with specie; and the prospects of the revenue of Brazil are too promising, for financiers of any judgment, much less legislative chambers zealous for the interests of the nation, deliberately to proceed to tie the millstone of another foreign loan about its neck.

“Rothschild informed me, with admirable frankness,” says the marquis, “that his business was in lending money to nations and individuals in whom he had confidence, without his caring what they did with it.” Whence it is obvious, that besides the prospect of a loan-operation, and with it the immense sum which is at the time of contracting, and afterwards annually, cleared by the contractor for commission, no other object commanded his attention;

and that he took no interest whatever in the welfare of the country borrowing, or in the application of such loans.*

The proposition which appears anonymously in the report of the marquis, is unboundedly grasping and absurd. To offer to contract a loan at 80 per cent, which in the first instance implies a sacrifice of one-fifth part of the capital, and next to require two years' dividend to be paid in advance, with a sinking-fund of 120,000*l.*; and to crown all with an expedient so futile, and so degrading in a national point of view, as bills drawn five years in advance on the custom-house duties receivable in the various ports of the empire, is a specimen of the manner in which new and inexperienced states have been drawn into the most ruinous operations, and ought to diminish our astonishment at the ultimate ill-success which have in some instances been encountered with other South American States. The objection held by the same parties to any bank, seems to rest on as questionable motives; as the grounds cited by them for a prospective stability of the exchanges, without a metallic currency, or a bank, have proved themselves erroneous by the great fall which has since taken place in the exchange.

The proposition of Messrs. Baring is certainly of a different and a more statesmanlike and generous stamp, discussing the whole question with ability, and displaying no pressing eagerness for the contracting of a loan.

From the measures of Government already realised with respect to copper, as seen from the statement in the preceding page, and from the fund appropriated to the redemption of the paper circulation, it is evident

* On contracting the Brazil loan of two millions, Mr. Rothschild made net 89,000*l.* viz. two per cent commission, 40,000*l.*, and the first half-year's dividend, 59,000*l.*; the contract having been made in January 1825, with interest from the first of October preceding, whereas he issued it with interest from the 1st of April, 1825.

that the advice of the merchants has been adopted as far as circumstances would hitherto permit; and there exists unquestionably the intention of stedfastly following it up, first, by the application of the reserve funds, consisting of the sums received in liquidation of the late bank, and of five years' receipts of the bank imposts, amounting together to 2600 contos, and to about 400 contos annually; secondly, by the application of the produce of about 5000 tons of recalled copper coin to be sold for exportation, estimated at about 2500 contos; and, lastly, by an *issue of home-stock* to a determined annual amount. These measures, followed up by the one recommended, of an early appropriation of five per cent additional on the impost-duties, would, in about two or three years, infallibly render the whole of the paper circulation equivalent in public opinion to the precious metals, and bring the exchanges, supported by increasing exports, in a short time to par; thereby relieving the country from an immense sacrifice on the annual remittances for the dividends and sinking-funds of its foreign loans, and permitting their early conversion into domestic stock.

The small quantity of copper left in circulation, at half its former value, being indispensable for small change, and its uses restricted to this employment, renders its introduction by false coiners, on an injurious scale, impossible, were it even as profitable to them as when it was current for double the amount.

Since the above was written, news has arrived from Rio, that the chambers have, on the 11th of Sept., further followed up the suggestion of the merchants, by making provision, to the *annual* amount of 1,600,000\$, for the redemption of the paper currency, by setting aside a special revenue for that purpose, viz. from the customs about 800,000\$; from the imposts of the former bank, 180,000\$;

from lotteries, 120,000\$; and from 4 to 500,000\$ from sundries ; besides which there exist, ready for that application, and to be at once applied, about 2,000,000\$, proving from the eight years' accumulated imposts of the former bank, and from five per cent deduction on 20,000,000\$ of copper recalled, as well as the value of that copper, estimated at 2,500,000\$.

These amounts are to be applied to the *purchase* of paper money by the present sinking-fund-junta of the home-debt at Rio, a most business-like and responsible board, *which is to destroy* such paper publicly : thus the paper will at once be reduced about 12 per cent, and by about 6 per cent annually, and at an increasing ratio. The paper money being already scarcely sufficient for the business of Brazil, as seen from the merchants' report (p. 56), it is rather to be regretted that, by its diminution as above, though undoubtedly increasing its value, not only by the demonstration of good faith thus made, but by its increased scarcity, a want of the circulating medium will be felt, which may impede the free progress of industry. For no substitution or replacement by gold or silver has yet been decreed, from the difficulties and doubts which appear to have offered themselves to the legislature on the mode of securing such precious metal in the country ; and from the unanimous desire of the chambers not to prevent the adoption, in the present session, of the above most beneficial law ; and because the hope was expressed by the house of deputies, through one of its committees, that some bank, unconnected with Government, would soon spring up in Brazil, and become the desirable mediator of a metallic substitution of the present paper money, by introducing its own notes, convertible into cash at sight, in lieu thereof ; an arrangement by which Government would be able to dispense with the unwieldy

and expensive machinery* of a large number of bureaux and officers all over the empire, necessary for the control of the present paper currency, as well as the great sacrifice and inconvenience to the public at large, by an annual substitution† to prevent forgeries. No resolution has been adopted regarding treasury post-bills. In respect to the old copper coin, of which, in September last, only about 1-10th of the original quantity, or about 2,500,000‡ were estimated to remain afloat, it had been decreed that only one month further should be allowed, from the date of the publication of the decree, in each province, for its final delivery at the conditions above stated, and that any coin not thus delivered should be worth only 1-4th its former value; but to avoid individual losses, the term was again extended until the next session of Parliament.

Several other proposals for further appropriations to the redemption of the paper currency were then under discussion, and the following were likely to be carried before the close of the session; viz. the sale of the lead mines of Abaité; of four square leagues of the Diamond district; † of thirty-three cattle-farms in the province of Piauhý, of an aggregate surface of about 170 leagues square; and that all public buildings, or other public property not necessary to the state, shall be sold for cash or home stock, and the proceeds be applied exclusively to the purpose of reducing the existing amount of the treasury notes. On a question in the house put to the minister for the returns of the public property in all the empire, he answered, that he was now provided with them from

* Estimated by itself, and without the cost of the notes, at about 50,000*l.* per annum, besides losses by casualties or unaccounted-for defalcations.

† The engraver's and printer's account for the notes now current, with but the substitution of about the fifteenth part of them, viz., two classes suspected to have been stolen from the treasury, and forged afterwards, amounts to about 45,000*l.*

‡ See Diamond District.

all the provinces, and that he would forthwith hand them to the chambers; mentioning, at the same time, that they formed so voluminous an inventory that it could not be read in a day.

The prejudicial effect on the credit of the treasury notes by the amount of 100,8000 and upwards having a general, and not a merely provincial use, has again been acknowledged unanimously by the chambers; but from an apprehension of rendering this year's operations in the currency too complicated by a simultaneous withdrawal of these notes against provincial ones, and thereby causing a check to commerce and agriculture, they abstained from decreeing thereon in the session just closed, deferring the measure regarding the provincialisation* of these notes till next session; although considering all but impracticable a perfectly satisfactory arrangement of the paper currency, and still more so the return to a metallic currency, without the assistance of some bank or other of sufficiently responsible character. In case of this desideratum offering itself, a decided disposition has been evinced by the majority of the chambers at once to make use of the mediation of such an establishment for the introduction of a metallic currency, in lieu of notes, and for that purpose to make a home loan, of which the interest and sinking-fund would be defrayed by the annual amount now decreed for the improvement of the treasury notes; the amount of which loan would consequently be equivalent to one third of the whole currency of the country.

* This provincialisation of the notes, it was admitted, would again create premiums and discounts on the transactions between the provinces; but this was considered of little importance compared with the greater safety thus afforded.

MINT OPERATIONS.

These are seen from the annexed list of the annual coinage of all metals. As the paper currency came gradually into greater discredit, the copper rose in estimation; and although issued at three times its cost, it reached, at various times, and in various places, as high a premium as 40-50 per cent against notes. This seems to have been interpreted by Government as a scarcity of copper; and various decrees were issued, particularly in 1827 and 1828, to prohibit its exportation from Rio and Bahia, on the plea that the enormous amounts thus abstracted by greedy speculators embarrassed the transactions of commerce.

In 1831 this prohibition was set aside. A treasury order, issued in 1832, to receive the following foreign or domestic coins at the prices annexed, was without effect, as a better price was obtainable in the market:—

Port. or Braz. joes at	10	8000
Sovereigns	-	5
Spanish dollars	-	1

The last purchases of copper for the mint were made in 1831 and 1832, to the amount of about 1,200,000 lbs. at an average price of from 500 to 550 reis, with an exchange of about 30*d.*

The coinage of precious metals with the die of Don Pedro II. has been very limited; and as the money struck at the established weight and standard cannot be proceeded with but at an enormous loss, any portion thus prepared is from time to time sold by public auction on account of Government, at which the gold coins have lately fetched from 38 to 40 per cent beyond the standard price.

The machinery of the new mint at Rio is one of the best and most capacious in the world, and has been established by Mr. John Miers of London, an able and highly

intelligent engineer, to whose excellent advice in currency measures Brazil will owe great obligations, particularly if it is followed up more fully than it has been hitherto.

Provided this machinery is kept in good order, there will be no danger of delay in the conversion of bullion into coin. Still, the task which is about to be imposed upon this mint, if the regeneration of the Brazilian currency is persevered in, is so great that it will have full occupation for three or four years to come.

The first task will be the coining of the value of 4,000,000\$ in copper, in the following proportions:—

25,000,000	10	reis pieces.
22,000,000	20	„
81,250,000	40	„

or the number of 131,250,000 copper coins; besides about 30,000,000 silver coins, of 100, 200, and 500 reis; or an amount of 3 or 4,000,000\$ in silver.

The copper now current is the old coin, which has received a stamp-mark, and been re-issued this year at half its former value, and cannot be paid away in larger amounts than 1\$, whereby its introduction from abroad is prevented.

It is to be replaced by the above perfect coinage. Meanwhile, its amount being rather more than necessary for such limited payments, it is at a discount of two or three per cent at Rio, but at Bahia it is at par; and this circumstance, if we consider that in 1831, when issued at half the present weight, it was yet from 25 to 35 per cent premium against paper, the latter species of currency having since been increased by one-third, is in itself the strongest proof of the increased domestic confidence in the Government and the resources of the country.

The NEW PAPER CIRCULATION consists of treasury notes of 1\$, 3,450,000; 2\$, 1,720,000; 5\$, 679,000; 10\$, 435,000;

20\$, 224,000; 50\$, 95,000; 100\$, 44,500; 200\$, 21,500; 500\$, 5,000; making a total of 35,115,000\$. Of which 30,000,000\$ are already issued to the various provincial treasuries: Rio having received about 1-4th, Bahia 1-8th, Minas 1-9th, St. Paul's 1-12th, Maranham 1-15th, Rio Grande 1-20th, Para 1-25th, Pernambuco 1-30th part, which, in this latter place, is not equal to the annual importation duties.

N.B. The province of Rio alone had held out for 19,350,000\$, or for about 4-7th of all this paper money; but received only one half of this sum.

As far as 50\$, they are made provincial; from 100\$ upwards they are general notes, and circulate all over the empire. This latter measure has, however, been found very inexpedient and injurious to the credit of the large notes, from a fear of forgeries. These notes will, therefore, at an early date, be also made provincial; and the order for that purpose has already been received by Messrs. Perkins of London, who executed the above.

ON THE EXTINGUISHED BANK, AND ON THE LATE CONTEMPLATED BANK, OF BRAZIL.

THE late Bank of Brazil was formed on a royal decree of the 12th October, 1809, with a privilege of twenty years. After the observations already made on this establishment, it would be useless to analyse its constitution, which would be unfitted to the present times. Suffice it to say, that in 1822, when the circulation of its notes amounted to near 8,000,000\$, it had only 200,000\$ in cash.

On the 28th of July, 1821, this bank, not being able to pay its notes in silver, established a rule, with the approval of Government, that thenceforward it would give for a 100\$ note 75\$ in small notes, 15\$ in silver, and 10\$ in copper, which was tantamount to a suspension of payment; yet this announcement had then no particular effect on the value of the notes or the exchange on England.

Its accounts were only finally settled in 1835, when Government received from it a final balance of 1,081,000\$.

The bank had to substitute its old notes by new ones, in order that the real amount of its liabilities might be ascertained: for that purpose, all notes were declared to be invalid which should not be presented within seven months from the 4th October, 1831, when they were found to have been 19,053,930\$, consisting of

	98,308	in 1\$	notes.
	98,308	2\$	„
	90,000	4\$	„
	60,473	6\$	„

or about five per cent small notes. The notes from 8\$ to 90\$ made up the amount of 9,728,000\$; and those from 100 to 400\$ each absorbed an amount of 8,404,000\$. The 1\$ and 2\$ had not been issued before the 4th of July, 1828. These new notes were replaced by Government notes in 1834, to the amount seen in the preceding list.

At the closing of the bank several bad debts of a large amount were found, and one to the amount of 700,000\$ by a former director.

The following is the decree issued in 1833 for forming a *national bank*, which has never been carried into effect.

The regency, in the name of the emperor Don Pedro II., hereby makes known to all the subjects of the empire that the general assembly has decreed, and the regency has sanctioned, the following law:

ART. 1. In all departments of the public revenue, gold and silver in ingots, or national or foreign coins, shall be received at the rate of 2\$500 per oitava of gold of 22 carats.

2. The half-ounce pieces of gold shall, as heretofore, be coined without having any nominal value impressed thereon.

3. There shall be established in the city of Rio de Janeiro a bank of circulation and deposit, with the denomination of "Bank of Brazil," which shall continue for the space of twenty years, reckoned from the commencement of its operations..

4. Its capital may be increased to 20,000,000\$, divided into shares of 100\$ paid up in precious metals, as fixed by Art. 1.

5. Government shall be holders of 40,000 shares, the payment of which shall be effected in an indefinite space of time by the following funds :

1. The funds now in the coffers of the bank which has become extinct, and which belong to Government.*

2. The product of the imposts established by the royal alvara of the 20th of October 1812.†

3. The produce of contracts, which, by the present law, Government is authorised to make with individuals, or with national or foreign companies, for mining on lands belonging to the nation in any provinces of the empire, excepting those of the diamond districts of Serro do Frio.‡

4. The product of the impost of the seal, which, by the present law, is extended to all papers and documents mentioned on, and in conformity with, the subjoined list.§

5. The product of the annual tax of 2\$, to be paid by the inhabitants of cities and towns for each slave there held, beyond two by each bachelor, and of four by married proprietors ; excepting slaves under twelve, or above sixty years of age.

6. Any individual or company may subscribe as far as 2000 shares, but not more. The payments of the subscribers to be made by them respectively in the places where they subscribed,

* These were last year withdrawn, and handed over to the sinking-fund, to be hereafter applied to the improvement of the paper currency. They amounted to about 150,000*l.*, and have since been employed in the sinking-fund of the home stock, liable to be called back for the improvement of the paper currency.

† Commonly called at Rio " Imposts of the Bank," from having been for twenty years the privileged revenue of the extinct bank, and consisting of the following taxes: 12\$ annually from each coach or shop, 10\$ on each chariot or cab, 12\$ on each three-masted, 10\$ on each two-masted, 6\$ on each one-masted vessel, and 4\$ on each smaller craft coming into port, and 5 per cent on purchases or sales of all vessels; amounting to about 19,000*l.* a-year.

‡ This has produced nothing for the last four years, but is not unlikely to produce a good sum at an early period.

§ Articles 4 and 5 produced last year about 2000*l.*; but if the expense of its collection were taken into account, would probably be found to be worth almost nothing.

and at the following periods: 30 $\text{\$}$ for each share at the time of subscribing, 35 $\text{\$}$ within six months, and the remaining 35 $\text{\$}$ within one year from the date of their subscription.

7. Subscription lists shall be opened in the city of Rio de Janeiro, under the superintendence of five commissioners to be appointed by Government, and of three to be appointed in like manner at every other place which may be deemed proper for receiving signatures. These commissioners shall receive a reasonable compensation for their services, and be reimbursed for expenses by the bank direction when established.

8. The subscription being completed in each such place, the commissioners shall get two copies made of the same, sending one to the minister of finance, retaining the other themselves, and remitting the original to the commissioners at Rio de Janeiro.

9. After the receipt of the original subscription lists (or, in case these have been lost, of copies thereof), the commissioners at Rio de Janeiro shall immediately make an entry of these subscriptions.

10. Should they find more than 16,000,000 $\text{\$}$ subscribed, these commissioners shall reduce the largest subscriptions by taking off the excess, so that no subscription shall suffer a reduction as long as there exists one of a larger amount. The reduction shall, however, not take place on shares subscribed for in places where their number does not exceed 2000 shares.

11. In case the sum total of subscriptions received in the various places shall not reach 16,000,000 $\text{\$}$, the lists shall remain open until that amount is filled up.

12. The commissioners will deposit the metal received from the subscribers in a safe place, that it may be handed over in the same state in which it was received to the bank directors, or to their order on demand, so soon as the bank is organised.

13. So soon as the commissioners of the various places shall have received the amount of 4,800,000 $\text{\$}$ on account of the subscriptions (not reckoning the shares which the Government takes), the Rio commissioners shall give public notice thereof in at least two periodicals, in each of the places where signatures

were received (if two periodicals be there published), and fix the time and place for the general meeting at Rio de Janeiro for the election of twenty directors, giving at least two months' previous notice thereof; and the election thus made shall be valid. Government shall then name five directors, who at that time are not required to be shareholders.

14. The parties thus elected shall be the first directors of the bank, shall choose from amongst themselves their president, and exercise their office until the first Monday of the next following month of January, on which day a fresh nomination of directors shall be made. From that moment they will commence operations at the bank in Rio de Janeiro, appoint officers, clerks, and the necessary servants, and fix reasonable salaries, and exercise all other rights and privileges belonging to them.

15. The shareholders of the bank, and their successors, shall form a corporation under the title of "The President, Directors, and Company of the Bank of Brazil;" and as such are entitled to possess and administer the funds of the bank, under the following restrictions, and also to establish any regulations for the internal management of the affairs of the corporation which may not be contrary to the existing laws.

16. The number of votes to which the shareholders are entitled for the nomination of the directors shall be regulated thus: from one to two shares, one vote; for every two shares as far as ten, one vote; for each four shares above ten, not exceeding thirty, one vote; for each six shares above thirty, not exceeding sixty, one vote; for each eight shares above sixty, not exceeding 100, one vote; for each ten shares above 100, and not exceeding 150, one vote; for each twelve shares above 150, and not exceeding 210, one vote; and no individual to have more than thirty votes.

17. After the first election, no share or shares shall entitle the holder to a vote unless owned three months previously to the voting. Shareholders resident in Brazil only shall be allowed to vote by proxy at the elections of the directors.

18. The administration of the bank shall be composed of twenty-five directors, chosen from among the shareholders; of whom five shall be named by Government, and twenty chosen by

the shareholders. These twenty-five will elect, by a majority of votes, their own president from amongst themselves.

19. Seven directors, including their president or his substitute, to form a quorum. Such substitute, in case of illness or impediment of the president, to be appointed by him in writing.

20. The directors will serve gratuitously, but they have the right of fixing a compensation to the president for his constant presence at the bank. No director of the bank, or of any of its branches, may be a director of any other bank; and if any one should act to the contrary, his office at the bank of Brazil shall cease.

21. The directors of the bank will establish a branch bank in every place where 1,000 shares are owned, or in any other place in the territory of Brazil they may think fit, or under any regulations that may not be contrary to the laws.

22. Any fifty shareholders possessing collectively at least 1000 shares, may at any time convoke a general meeting for purposes relating to the bank, by declaring, through at least two public papers, the object of such meeting, with three months' notice.

23. The dividends from the profits of the bank shall be paid half-yearly. If any shareholder should be behindhand in the payment of any part of his shares, such share shall not be entitled to receive more than the dividend corresponding to the amount paid up on the same.

24. The directors will at the general meetings lay before the shareholders such circumstantial reports as may be necessary for the good information of the shareholders.

25. After the term of the duration of the bank shall have expired, it shall be permitted to make use of its title for the final liquidation of its business, for the adjustment of its accounts, for the sale of its property, and for the division of its funds, but not for any other purpose whatsoever; and only for two years after the expiration of such term, at most.

26. It shall not be lawful for this bank to possess houses or landed property beyond those necessary for the conducting of its business, or such as may have been mortgaged to the same, or be acquired in satisfaction of debts previously contracted in the

course of its transactions, or been adjudicated to the same by a court of justice, or been bought at a public sale in consequence of an award received for such debts.

27. This bank shall not make investments in home stock, nor lend any sums whatsoever to Government, without a special authorisation from the legislative assembly, under pain of dissolution of the bank, and of the loss of the debt thus contracted; and the shareholders shall in such case have the right of recovering from the private property of the directors the amount of such debt.

28. The bank shall neither directly nor indirectly do business in any other thing than in bills of exchange, and in gold and silver, or in the sale of unredeemed property to them mortgaged for monies advanced, and in things resulting from their own landed property or buildings; nor shall it receive a higher interest or discount for loans than 6 per cent.

29. The bank will undertake the receiving gratuitously the deposits of the state, and of private persons, of monies, gold, silver, jewels, and plate, and of papers of value: receiving, however, one per cent on the value of such articles as are to be returned in the same kind in which they were deposited. The bank will also undertake the care of the orphans' fund, and allow to the same 5 per cent interest on the amount therein existing, or which may come into the same, and with the gratuitous safe keeping of all things belonging to that fund.

30. The bank shall always pay its notes, bills, or obligations, in gold or silver, and promptly return the sums received in deposit at any of its branches, under fine of paying 12 per cent per annum to the holders of such bills, notes, or bonds; or to the persons who have the right of claiming such deposits, reckoned from the day on which their demand should not have been complied with.

31. Its notes shall be of 5 ₯ , 2 ₯ , and 1 ₯ , but not of a smaller amount.

32. They shall be received in payment of the public revenue in all places where the bank may have a branch.

33. The Government will coin gratuitously all coins the bank may stand in need of.

34. The bank will transmit all monies of the treasury from one point of the empire to another, without charging either commission, premium, or discount thereon for a difference in the exchange.

35. The Government funds shall be deposited in this bank wherever the same may have a branch, unless at any time the minister of finance should order to the contrary; in which case, however, he shall be obliged to lay before the legislative assembly his reasons for so doing.

36. The bank undertakes to substitute by its own notes the present Government paper, viz. the notes of the extinct bank of Rio, Bahia, and St. Paulo, and the treasury receipts current in Bahia, for which it shall receive payment at the rate of 5 per cent per annum on their whole amount; for which purpose there shall be applied:

1. The sum which for that purpose may be fixed by the budget.
2. The dividend of the shares held by Government.
3. The product of the objects mentioned in § 2, 3, 4, and 5, of the Art. 5, when the Government shares shall have been paid up in full.

37. This bank shall present to the minister of finance a monthly account of its capital stock, of its debts, of its deposits, of its notes in circulation, and of the cash in its coffers; and further, an annual general balance.

38. The minister shall send this balance to the chamber of deputies, as well as the monthly accounts at the opening and closing of the chambers.

39. Either the chamber of deputies, or the senate, or the finance minister, may nominate a commission of inquiry to inspect the books or transactions of the bank; and whenever from such inquiry a violation of the present law should become evident, Government, or either of the chambers, may refer the business to the judicial power. Should the violation be then proved by sentence which may be carried into execution, then the bank shall be dissolved.

40. If within the space of three years the bank shall not have begun its operations for want of a full list of subscribers, or of the payment of its capital stock, then the present law may be

revoked by another, and all in it contained, as far as regards this bank, be null and void.

41. All laws and dispositions to the contrary are herewith revoked.

Palace of Rio de Janeiro, 8th of October, 1833, the 12th Year
of the Independence and of the Empire.

FRANCISCO DE LIMA E SILVA, } *Regents.*
JOAO BRAULIO MUNÍZ, }

CANDIDO JOSÉ DE ARAÚJO VIANA,
Minister of Finance.

The above project of law for the establishment of a bank has become nugatory from the complexity of the arrangements proposed; and though conferring many considerable advantages, still, coupled as they are with Articles such as 13, 17, 27, 28, and 39, it could never have invited the employment of capital from abroad.

The most objectionable portion of the scheme was the proposed connexion between the Government and the bank, by Government being entitled to subscribe for 40,000 shares, or one-fifth part of the whole capital of the institution; and this without the immediate payment of so large a portion of the capital, unless from the gradual and uncertain sources, as from the municipal and other taxes proposed to be set aside for that purpose. Thus a large part of the capital would not have been paid up, and the bank would commence its operations under all the influence of Government, which, having always five certain votes in its own appointed directors, might easily have found, out of the remaining twenty, two or more servile votes, to form a quorum of seven, ready at the shortest notice to carry any measure proposed by Government injurious to the interest and the credit of the bank, as witnessed in the fate of the former bank of Brazil.

The exclusion of shareholders non-resident in Brazil from voting by proxy, was the most effectual means to prevent the object being accomplished.

The prohibition from making investments in Government stock, without special authority from the chambers, may have been a prudent measure with a directory composed as was contemplated; but to a bank exercising its free agency, such exclusion would be a great drawback.

The restriction to an interest of six per cent per annum—the usual and customary interest of the empire being nine, and no usury laws existing—seems to be an equally ill-conceived measure; and no less so is the provision subjecting the books to inspection by any commission the minister of finance might at any time think fit to appoint.

Since 1834, mention has been made in each annual report of the respective ministers of finance, of the want of sympathy shewn towards this grant, and that it was idle to expect the formation of a bank under its clauses; and the law itself has since fallen to the ground, the receipts set aside for the purpose having since been appropriated to the redemption of the paper currency.

In 1835, the minister of finance thus expressed himself on this subject:—"My sentiments regarding this new bank are known to the chambers. My opposition to it is not owing to my being unacquainted with the advantages which it might afford us in the great undertaking of the improvement of our circulating medium, but to the conviction of its being utterly impracticable in the manner proposed, from the scandalous history of the late bank being yet fresh in the memory of all; and to my belief that too much reliance being placed on the result of this measure, our currency evil will in the meanwhile become more serious from day to day: nevertheless I have not only followed the law to the letter, but also named a commission of persons who were known to be favourable to such an establishment, to revise the law and point out any measures they might think advisable; but as yet I have received no report from them; and from the accom-

panying documents you will perceive that in the whole empire only 196 shares have been subscribed for. This fact is weighty and decisive, and will convince you that no laws can be put in force which have not the public opinion in their favour."

By Article 20 it will be seen that no obstruction to the establishment of any other bank, collaterally with the one then contemplated, was intended; much less does such intention exist now, when the ideas of the legislature, as well as of the public, on banking have acquired considerable expansion, not a little promoted by the disappointment felt from the nugatory effects of the above law, and from the great vacillations in the exchanges and fluctuations in the value of property since experienced. The true policy in banking is founded upon a perfectly free trade in money; and the commerce of countries is much better advanced by those banking institutions which have no immediate connexion with the state; since all partnership or control on the part of Government over the banks of a country is contrary to the soundest principles of finance; and the example of the present executive of the United States would appear to be judicious, as tending to the entire separation of "Bank and State."

Banking capital is undoubtedly much required in Brazil; and no country in the world presents a more profitable field for the establishment of a well-arranged system of banks.

The actual depreciated currency of the country is insufficient for its wants, and for the many valuable securities for its use in lands, mines, shipping, and all the first-rate elements of national wealth.

A well-established and well-conducted institution of this description, supported with foreign capital, and arranged upon that joint-stock principle which has produced in England and America so many beneficial results in the

course of recent years, would form one of the most important eras in the financial history of Brazil.

It may safely be asserted, that no where else abroad could English capital be employed to greater advantage to the proprietors and to the British nation.

So long as the superabundant capital of this country can be employed abroad at a higher interest than is current at home, and while such capital is not employed in manufactories nor in war, but in agricultural pursuits, or in the establishment of an improved currency in a country which is a considerable consumer of English manufactures, like Brazil, such capital is employed greatly to the benefit of this country; for, dependent as it is, in a great measure, on the external consumption of the products of its industry, every effect of such employment of capital operates in favour of England.

Banking is a legitimate object, when established for purposes of commerce; and the facilities it affords for supporting the credit of any commercial country are too well known and appreciated to need elucidation. It is only prejudicial when it degenerates, and the establishment becomes a tool in the hands of the Government, as the late bank of Brazil, to all intents and purposes, evidently did; but it was not to that circumstance only that it owed its extreme unpopularity and ultimate extinction, but to the want of intelligence and *integrity* in its directors, particularly at the outset, when they helped themselves most bountifully, without thinking of ever refunding their loans. One director in particular appeared on the last balance-sheet as a debtor to the establishment to the amount of 700,000\$, which debt was put up at public auction in 1833, and considered so bad, that no offer was made for it.

Mr. M'Culloch observes, on the extinction of this bank, by way of epitaph, "that it (the bank of Brazil) had very extensive concessions and privileges granted in its favour,

and ought to have been in a flourishing condition. It had the power of issuing notes; and all disputed property of persons deceased or absent was obliged to be placed in its hands, with a premium of 2 per cent per annum for care and custody thereof. This, in addition to the interest of 8 to 10 per cent per annum to be obtained from the deposit of such sums," he remarks, "would, in an active mercantile country, alone form no inconsiderable revenue."

The only effective attempt at establishing a bank of discount and deposit in Brazil has been made at Ceará, in 1836; and its results are said to be most satisfactory.

Great exertions were made from May to August 1833, in Bahia, by the native as well as foreign merchants, to establish a bank of circulation and of deposit, to avoid the great difficulties that province then laboured under from an insufficiency of the circulating medium of any kind; but as about the same time the legislature at Rio passed the bank law above cited, the hopes, though faint, of seeing it also extended to Bahia, induced them for the present to desist from their attempt. The opinion of three most eminent barristers, then taken by the merchants of Bahia, coincided, that no bank was prevented by the laws of the country from establishing itself and issuing notes.

Transfer accounts between the merchants of Bahia, and bank post-bills, were considered as likely to yield the principal advantage to the bank and to the public.

RESOURCES OF BRAZIL.

HAVING thus taken as comprehensive and accurate a retrospective view of the past and present monetary and financial circumstances of Brazil as the materials at hand would permit, we shall now endeavour to take a prospective glance at her resources, with respect to the redemption of her domestic and foreign debt, and the establishment of a wholesome circulating medium.

For the last fifteen years Brazil has annually experienced a progressive increase in its production and consumption ; and this in despite of the source from whence she used to be supplied with manual labour being cut off. Brazil, though a young country, and deficient in population, nevertheless came nobly forward, and freely and voluntarily proffered her assistance for the suppression of that abominable traffic, the slave-trade, and spontaneously adopted every means to wipe this stigma out of the page of her commercial history. Providence has smiled upon her endeavours, and will no doubt enable her to increase considerably her white population.

Colonisation is now eagerly resorted to, and every encouragement is held out to emigrants from Europe. Hence, no doubt, Brazil will shortly derive a considerable increase to her revenue on articles both of import and export. A large increase in the growth of coffee, sugar, and cotton, may be confidently looked forward to, and an increasing demand in Europe, with the growth of European population, and the gradual removal of exploded prohibitory laws.

Of the latter article, the immense quantity consumed in this country is scarcely credible. That produced in Brazil is, next to Sea Island, considered of the best quality, and, with the same exception, commands the best price in the market. There is no chance of Brazil and Great Britain ever coming to a rupture with each other ; whilst between the latter and the United States of North America, such an event is by no means improbable, in consequence of disputes that may again arise about the Canadian boundaries ; and when we consider the dissatisfaction and irritation now prevailing in Canada, owing to the measures of this Government, it is not impossible that the Canadians may some day be brought to fraternise with their republican neighbours, and be disposed to separate

altogether from England. In such a case, a non-intercourse with the United States would follow, when the cultivation of cotton in Brazil would receive a great and wonderful impulse.

Besides the extension of trade from an increased population, the Brazilian treasury may look forward to a very great addition to its revenue from the sale of the public unoccupied lands. The tide of emigration will no doubt shortly set pretty strong towards her shores, particularly since the influx to the United States has been already checked, and, in case of the event above alluded to, would entirely cease. Indeed, without calculating on such a result as consequent upon the present gloomy aspect of our affairs in that quarter, by good management, and the adoption of measures founded on the experience of other states, and on those sound principles of colonisation now developing themselves in the new settlements of Australia, Brazil would acquire such an accession of intelligent and industrious settlers from all parts of Europe, as to double her population at the same rate at which capital is doubled by means of compound interest. The salubrity and steadiness of her climate, and fertility of her soil, when once generally known, cannot fail to attract persons desirous of emigrating from Europe, in preference to the detrimentally changeable climate, and comparatively sterile soil, of the United States. She would then possess ample means of accomplishing another point so essential to her well-being, and the future development of her resources: we mean her internal navigation, and the transport of her produce from the inland provinces to the coast; from the improvement in which, her agriculturists could not fail to reap the most beneficial consequences, particularly the growers of sugar, cotton, and coffee. Brazil at present supplies nearly two-thirds of all the coffee consumed in Europe; and in a few years may do the same with respect

to tea, when we should no longer be subject to the insults of the Chinese mandarins, or to the rascality of the Hong merchants.

There is, moreover, a large property which may be considered national, belonging at present to the convents, but which must, sooner or later, become the property of the state, upon the demise of the present occupants—no new members being allowed to be received into their cloisters. This property was, at a very moderate calculation, estimated some years ago at 4,000 contos, or about 600,000*l.* sterling.

Although many imposts have been abolished, amounting in the last seven years to almost one-fifth of the annual amount of the revenue, yet the public receipts have increased: whilst the provinces, with few exceptions, have been enabled to meet their provincial expenses by their provincial receipts; and as a proportion of the decimos or excise duty on produce, hitherto included in the general budget, is henceforth appropriated in each province to their expenditure, the accounts of the treasury will be simplified and rendered more concise.

A great number of pensions and half-pay of military and naval officers, and those of the revenue whose offices have been abolished, are continually falling in. Of 3100 officers of which the Brazilian army was composed previous to the Emperor's abdication, scarcely one-half now remain; and ten years hence they will be reduced to one-third.

Thus, estimating the future from the past, and anticipating no untoward event to disturb or derange the system of economy on one side, and of progressive improvement on the other, it is very evident that the surplus revenue (after providing for the sinking fund of the foreign debt) will, not many years hence, extinguish the foreign debt, which, as long as it is allowed to exist, will do

immense injury to the country; and in its extinction the present savings banks and *Mont Piété* will become powerful auxiliaries.

The principal difficulty Brazil has now to contend with is her depreciated paper and metal currency. The copper coin is fast disappearing, or being substituted by another, whose nominal value being reduced one-half, the temptation to introduce counterfeit coin is set aside: large quantities of the old copper coins are arriving almost by every vessel from Brazil to England.

Nothing can so effectually assist the Government and treasury in bringing about so desirable an object as putting her circulation on a sound footing, and raising the exchanges to their natural level, as the formation of a bank on liberal principles, and with a capital adequate to the existing exigencies of the country. Of this truth the Government and the legislature are alike aware; and it is only required of them to unite hand and heart, to pilot their country to the summit of national prosperity, and the people to individual happiness.

The inclination for mining appears to be on the wane, and it is to be hoped that a bias for agricultural pursuits will supplant it: the one does not require half the capital, skill, nor labour of the other, with ten times the certainty of gain, and a thousand times less risk of loss.

What necessity is there to search in Brazil for hidden and uncertain treasures, when her surface abounds with riches of all descriptions, easy of attainment, and with a certainty of success? In Brazil, too, it is clearly shewn, by the returns from the gold and diamond districts, that their produce has most lamentably fallen off; whilst from the returns of her exports (annexed), it will be seen that the products of her soil and cultivation have increased almost in the same ratio.

What greater proof can therefore be adduced to shew

wherein consists the truest and best interests of any community, particularly circumstanced as Brazil is? Then let us hope that her intelligent and enlightened population will avail themselves of the inexhaustible treasures Providence has blessed their country with, and exert themselves to the utmost to render it as morally and politically prosperous as it is physically prolific.

The peculiar combination of fortunate circumstances which, in America, when public faith is kept sacred, produce, under but tolerable management, financial results more favourable than can well be supposed on this side of the Atlantic, have carried Brazil over periods of wars and of domestic discord, of financial difficulties the most trying, and of legislative as well as administrative inexperience, under each of which, to an observer from afar, the industry, the credit, and the union of Brazil seemed to be about to succumb.

But Brazil has overcome all these difficulties by holding fast to public faith; and all the good qualities of its intelligent and docile inhabitants were thereby elevated, and the union of the empire cemented as by one general link of interest and honour; in the absence of which the same fate would have awaited Brazil which now weighs down the whole of the American republics, whose prosperity can only return with public faith, such as has taken a healthy root in Brazil.

Harmony being now established in Brazil, and a considerable experience gained by the members of the legislature and Government, which is now zealously applied to practical purposes over an extent of 1,300,000,000 acres of fertile land, abounding in every kind of riches, that country may now be considered as fast arriving at a first-rate position amongst the most prosperous, enlightened, and wealthy nations of the world.

PRESENT REVENUE.

PUBLIC EXPENDITURE SINCE DON PEDRO THE FIRST'S DEPARTURE TO THE LAST FINANCIAL YEAR ACCOUNTED FOR.					
	1831-2.	1832-3.	1833-4.	1834-5.	1835-6.
Expenditure.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
Home Department	1,438,142	995,263	1,108,907	1,077,221	1,536,178
Department of Justice and Ecclesiastical Affairs	686,445	238,000	350,059	434,604	762,239
Department of Foreign Affairs	120,000	103,000	105,624	131,210	127,748
Navy	1,780,819	1,500,000	1,337,766	1,830,692	1,935,803
Army	3,147,926	2,500,000	2,637,530	2,897,360	3,156,097
Treasury	4,963,493	5,380,440	5,247,197	4,653,085	5,632,304
Total Estimates per respective Budgets	12,136,825	10,716,703	10,787,083	11,024,172	13,150,369
Actual Expenditure . . . . .	.	12,602,975	12,016,691	12,908,250	
Actual Receipts . . . . .	.	12,332,395	12,978,029	14,819,551	
Deficit on the Year . . . . .	.	270,580			
Surplus on the Year . . . . .	.	.	961,338	1,911,301	
Progressive Increase in Receipts . . . . .	.	.	645,634	1,841,522	

As before observed, there were no regular "orçamentos," or budgets, till the year 1828, laid before the chambers. Prior to that time, a rough guess was made at the annual supposed receipt and expenditure, from which no conclusion can be drawn but that the country was yearly increasing her expenditure; whilst her income, from the shameless manner in which it was accounted for, was annually lessening. Even after the budgets were introduced, and underwent a severe scrutiny in the chambers, it was a mere mockery, as will be seen by the following sketch:

	Voted.	Expended.
In 1828-29 . . .	(rs.) 9,525,000	(rs.) 22,356,335
1829-30 . . .	10,678,987	18,221,780

the deficit having been made up by the last foreign loan, by the creation of 6,000 contos of home stock, and by a large issue of copper from the mint.

The average annual net revenue for the years 1828, 29, 30, and 31, after deducting the receipts at the treasury from loans and copper, did not exceed 10,833 contos;

whilst in 1832-3 it amounted to	12,332	„
In 1833-4	12,138	„
In 1834-5	14,002	„

besides 817 contos for monies received from the extinct bank, as a final dividend on 80 shares (out of 500 held by the Government) at 1,000 000 each, of which the capital originally consisted. Hence it will appear, that the revenue has been improving considerably in the last two years;* and this has occurred, notwithstand-

* The effective receipts and expenditure for the year 1835-6 are not yet ascertained; but the supplies voted for that, as well as the current year, were nearly the same as those for 1834-5.

From the immense extent of country which the provinces cover, and the

ing sundry drawbacks, which have arisen principally from the following circumstances: namely,

1. The disorders which have until lately prevailed in the important provinces of Pará and Rio Grande, which together contributed to the revenue of the state about 1,300 contos annually.

2. The suppression of the slave-trade, and consequent diminution of duties, not only on the articles imported from Europe for that traffic, but also on the slaves themselves, amounting, perhaps, to 600 or 700 contos.

3. The taking off a great many imposts, almost to the extent of one-sixth of the whole collected, without any others being substituted in their place.

The last minister of finance, Senhor Nascimento de Castro, who had presided for more than two years over that department, with great credit to himself and benefit to the revenue, previous to his quitting office presented, in May last, to the chambers the following statement, from which the most correct idea may be formed of the revenue of the last and present financial year:

The effective general revenue of the empire, exclusive of the province of Pará, was, in the year 1834-5	(reis) 14,819,551,910
Balance in the treasury from the previous year	3,087,247,670
	<hr/>
	(reis) 17,906,799,580
The actual general expenditure	12,908,250,702
	<hr/>
Balance to the next year	(reis) 4,998,548,878
	<hr/>
The ordinary revenue of the above year was	(reis) 14,002,295,446
That of the preceding year	12,138,238,230
	<hr/>
Increase on the year	(reis) 1,864,057,216

great want of a commodious communication with the capital, the supplies are generally voted for two years in advance, and the returns of the income and expenditure are seldom collected in a less period.

The minister adds,—“ I cannot state positively whether the revenue of the year 1835-6 has increased in the same proportion, because I have not yet received the balance-sheets from the provinces of Pará and Rio Grande. However, I have reason to believe there will again be an improvement in the receipts, even without those two provinces contributing thereto. The general revenue of the present year will probably not be equal to that of the last, by reason of the decimo (tithe) having been transferred to the revenue of the respective provinces; but, comparing the monthly returns of the different departments with those corresponding of last year, it is evident there is a progressive increase (particularly in the import duties) in all the provinces, excepting those above named.”

Since then, however, in July last, the present minister of the finance department submitted a statement to the legislature for their consideration, in which he calculates the probable receipt

	Milreis.
Of the current year	12,892,200
Balance in the treasury from the preceding year	1,355,991
And a credit not yet made use of	317,124
	<hr/>
Total ways and means (reis)	14,565,315
To meet an estimated expenditure of	16,926,249
	<hr/>
Thus exhibiting a deficit of (reis)	2,360,934

for which the chambers will have to provide. This deficit amounting, at the exchange of the day, to nearly 280,000*l.*, has arisen from two very different causes. One, the non-receipt of any revenue from Rio Grande and Pará, and the extra expense attending the revolt in those provinces; and the other, the depreciation of the exchange, requiring an extra sum in milreis to be remitted for payment of the dividends, and making good the sink-

ing-funds of the Brazilian and Portuguese loans payable in London ; and, in connexion with this, there appears to have been a loss sustained by the treasury of upwards of 30,000*l.* by bad bills taken of parties in Brazil, who subsequently failed, and by a failure in London.

This loss, added to the scarcity of good drawers, and lowness of the exchange experienced in Brazil, have determined the Government to purchase and remit produce (coffee, sugar, and particularly cotton), instead of bills of exchange. The principal merchants connected with Brazil, naturally enough, condemn this measure, because they imagine it will operate to their disadvantage, by raising the prices of those articles in the Brazilian markets, and by depressing them at the same time in those of Europe. There certainly appears to exist a great difficulty in ensuring a proper management of the agents by whom the purchases are effected, and of those to whom the consignments are made : could this be insured, then this dreaded evil might be avoided ; and as those consignments would be attended with a rise in the exchange, of which the merchants would profit on the remittance of bills for the proceeds of their manufactures, they would ultimately derive considerable advantages from the very measure they now condemn. Indeed, at the present critical moment, when all confidence has been annihilated, and consequently no produce is shipped for Brazilian account, the producers and agriculturists being at the mercy of the foreign speculator, and prices accordingly very low, and a great deal of produce on hand,—the result would infallibly have been a great falling off next year in the productions of the soil for exportation (on which the prosperity of Brazil so much depends), had not the Government stepped forward and relieved the growers from their overstock ; who will from hence be

encouraged, not only to continue their cultivation, but likewise their purchases of British manufactures.

So soon as the stagnation occasioned by the causes above stated shall have been overcome, no doubt the Government will permit the export trade to resume its wonted channel, and not attempt to compete with the highly respectable and substantial houses through which it has flowed for many years, with no small benefit to Brazil, and, it is to be hoped, advantage to themselves. The measure proposed by the minister to cover the deficit above stated, is the creating home stock to the amount (about 2,400,000\$), and which the chambers are likely to adopt; but this announcement, though rather unexpected, has occasioned no depression of the domestic funds. This may, in a great measure, be attributed to the consideration that this deficit is not permanent *but temporary*, having arisen, not from any extra expenditure, or apprehended diminution in the revenue, but from minor transitory causes above explained.

GENERAL REVENUE REALISED IN 1835-36,

WITH THE EXCEPTION OF THE PROVINCES OF RIO GRANDE AND PARA.

Importation.

Duty of 15 per cent	6,231,480\$
„ of 50 „ on powder	84,296
„ of 2 „ on transhipment and re-exportation to Africa	41,845
* „ of $1\frac{1}{2}$ „ for dispatching	737,918
„ of $\frac{1}{2}$ „ on custom-house notes	103,725
* Warehouse rent	68,379
Fines and forfeitures	16,642
	<hr/>
Carry forward	7,284,285\$

* The above two items are to be charged double from July 1838, and one-half of the produce is to be applied to the improvement of the paper money.

Brought forward . 7,284,285 $\frac{8}{10}$

Port Dues.

Anchorage 152,787
Duty of 15 per cent on the purchase of vessels 11,911

Exportation.

2 per cent consulado 847,544

Interior.

General post-office receipts 51,829
Seignorage at the mint 3,785
Chancery dues 12,233
Tithe on one league of land 169
Do. of corporations 14,537
Rent of shore lands 296
Impost on gold mining 98,454
Matriculations of law students 12,924
Premiums on public deposits 3,986
Rent of national property 17,139
Duties on landed do. 540,021
Sale of ditto 4,448
Ditto of Brazil wood at an exchange of 33*d.* 73,147

Extraordinary.

Premiums on gold and silver 21,932
Return from treasurers that had been defaulters 8,851
Property of dead and absent 67,279
Recovery of active debt 1,286,194
Interests on foreign bonds 1,818
Restitutions 112,862
Rents of stores 19,562

Municipal Receipts of the Town of Rio.

Tithes on town property, 111,000 $\frac{8}{10}$; impost of 20
per cent on spirits, 58,000 $\frac{8}{10}$; on fresh meat,
58,000 $\frac{8}{10}$, &c. &c. 345,892

10,963,995 $\frac{8}{10}$

Receipts set aside as Redemption-Fund for the Paper Money.

Impost on shops	114,732	₪
„ on coaches	11,422	
„ on boats employed on rivers	3,079	
„ of 5 per cent on the sale of vessels	17,359	
„ of sealing and stamping	5,137	
„ on slaves	6,258	
	<hr/>	
	167,987	₪
Receipts as above	10,963,995	
Ditto of Rio Grande and Pará, estimated at*	270,000	
Increase of 5 per cent on exportation	1,000,000	
Do. of 10 reis on anchorage	100,000	
Do. on re-exportation to Africa	100,000	
	<hr/>	
TOTAL	12,633,995	₪
Balance in the treasury from the year 1835	4,998,548	
	<hr/>	
	17,632,543	₪

DEBT OF BRAZIL.

EXTERNAL (JUNE 30, 1837.)

One-third contracted in 1824 at 75 }	£3,686,000
Two-thirds contracted in 1825 at 85 }	
contracted in 1829 at 54	769,000
	<hr/>
	£4,455,000
Of which were redeemed by the sinking-fund	423,700
	<hr/>
Redeemable at par, in 1854, 1855, and 1856, if not } previously redeemed	†£4,031,300
The amount of the Portuguese loan	1,400,000
Due to Portugal for balance on dividends and sink- } ing-fund paid thereon	‡582,000
	<hr/>
TOTAL	£6,013,300

* Formerly rated at 1,350,000₪.

† Due by the sinking-fund on the above, £461,000.

‡ Bonds equivalent to this amount may shortly be expected to be issued in England, tenders for it having been made five months ago by English

The finance report of this year shews remittances } made for account of the above of, in 1835 . . . }	£374,000
in 1836 . . .	208,000

INTERNAL.

All inscriptions of the home debt amounted, March 1, 1837, to
Redeemed.

6 per cents	21,027,600	of which	2,661,400
5 per cents	615,000	„	548,200

21,642,600

3,209,600

18,433,000

To which may be added }
the remainder of a supple- }
mentary credit by this }
time issued . . . }

317,124

TOTAL . . . 18,750,124

At the par of exchange, under . . . £3,500,000

The whole of the home debt or inscriptions is being punctually redeemed by a sinking-fund of 1 per cent per annum; and the directors of the sinking-fund continue in the receipt of the dividends due on the bonds redeemed. On the 6th of September, at the second reading of the bill for the redemption of the treasury notes, a clause passed the house, authorising the application of the dividends on these redeemed bonds to that purpose; at the third reading, on the 11th of September, however, that resolution was rescinded.

It may be in its place here to observe, that, excepting for the purpose of settlement of prize-claims already acknowledged under Don Pedro the First, no issue of home stock has been made since 1836 to meet the expenditure of the state, beyond 2,000,000 to meet the expenses caused by the disturbances of Pará and Rio Grande; and this issue has been more than equalised by the proceeds of the sinking-fund.

capitalists, it was said, at 84; the approval of which may shortly be received from Brazil, although the feeling generally is against another foreign loan; which, however, in this case appears unavoidable, from the debt being a foreign debt.

By the late arrangements, the *floating debt* in treasury notes has also assumed the character of a *funded debt*, amounting, at the par of exchange, to near 6,000,000*l.*; leaving a TOTAL DEBT of 15,500,000*l.*, or only 500,000*l.* more than that at Don Pedro's time; this difference being sufficiently accounted for by the introduction since then of spurious copper coin, paid by treasury notes, which difference is by far more than balanced by the increased order and solvency of the country, and by an accession of population from birth and emigration.

COMMERCIAL NOTES.

To avoid voluminousness, the writer abstains from entering into any details on the commerce of Brazil, beyond a few observations on the exchanges, as these stand in close relation with the financial, as well as commercial, operations, past, present, and future.

The lists of imports, exports, and of shipping, of the four principal ports of Brazil, are given as necessary documents, exhibiting, in the clearest light, the resources of that country; which will enable the reader to judge for himself of the importance of the suggested alteration in the regulations of the customs of Great Britain with regard to foreign sugars, which will be found in a succeeding page.

OFFICIAL AMOUNT OF EXPORTS FROM THE UNITED KINGDOM, DURING THE YEARS 1832, 1833, 1834, and 1835.

From the following four years' average it will be seen, that the consumption of English goods by Brazil was greater than that of all the Spanish republics together, and considerably more than one-third of that of the United States, which then, it would appear, still kept their importations within the limits of their wants. But from recent occurrences in the United States, it is not improbable that the exports to Brazil, compared with those to the

United States, will be greater in proportion than this average, and that in the current year they will probably equal them; and from the strange proceedings of most of the Spanish republics, a prediction might be hazarded, that before the lapse of another five years, the commerce with Brazil will be doubly as important to England as that with the whole of the undermentioned republics.

	1832. £.	1833. £.	1834. £.	1835. £.
To Mexico	199,821	421,487	459,610	402,820
To Guatimala .		3,700	30,366	15,214
To Columbia .	283,568	121,826	199,996	132,242
To Buenos Ayres } and Monte Video . . . }	660,152	515,362	831,564	658,525
To Chili . . .	708,193	816,817	896,221	606,176
To Peru . . .	275,610	384,524	299,235	441,324
	<hr/> 2,127,344	<hr/> 2,263,716	<hr/> 2,716,992	<hr/> 2,256,301
To BRAZIL	2,144,903	2,575,680	2,460,670	2,630,767
To the United } States . . . }	5,468,272	7,579,699	6,844,989	10,568,455
To all Africa	860,753	937,015	993,120	1,146,047

The British ships employed in the trade with all Spanish South America were, in 1832,

	Inwards.	Outwards.
	91	93
In the Brazil trade	129	203
In the United States trade	284	458

Mr. M'Culloch gives the following as *official* returns on the trade of Great Britain with *Brazil*—the exports of which seem to be much overrated.

EXPORTS OF BRITISH MANUFACTURES ONLY, TO, AND
IMPORTS FROM, BRAZIL.

	Exports. £.	Imports. £.
1826	4,116,130	1,818,281
1827	2,556,140	767,918
1828	3,757,014	1,382,818
1829	6,055,902	1,488,271
1830	4,566,010	1,469,015
1831	2,392,662	2,278,059

The writer finds the official returns to be, for

1820	1,860,000	950,000
1835	2,630,767	„

Which is no small increase, when we consider that since that time all foreign nations began to share more largely in the trade with Brazil; and further, that the official returns of the UNITED STATES' trade with Brazil, for 1835, are

VALUE OF IMPORTS.	VALUE OF EXPORTS.		TOTAL.
	Domes. Prod.	For. Prod.	
5,574,466 ₤	1,810,791 ₤	797,865 ₤	2,608,656 ₤

The imports into the United Kingdom, in 1835, consisted of

Cacao	1,678,769 lbs.	Brazil Wood & Fustic	705 tns.
Coffee	4,117,094 —	Hides	37,705 cwt.
Cotton	24,986,409 —	Sugar	81,347 —
Tobacco	10,249 —	Tallow	3,213 —
Sheeps' Wool	18,760 —	Besides Gold and minor articles.	

The exports to Brazil, in 1835, were—

Brass and Copper manufactures	8,265 cwt.	Earthenware (pieces)	5,369,103
Butter and Cheese	25,425 —	Salt (buckets)	10,392
Glass	22,716 —	Soap and Candles	3,249,384 lbs.
Hardware and Cutlery	22,878 —	Cotton Goods	58,830,922 yds.
Coals	5,352 tns.	Linen ditto	5,279,435 —
Iron and Steel	5,419 —	Woollen ditto	308,103 —
Lead	541 —	And 85,696 pieces.	

The importance of the trade of Hamburgh with Brazil is shewn on the following page.

COMMERCE BETWEEN HAMBURGH, BREMEN, AND
BRAZIL.

The official value given by the Brazilian consulate at Hamburgh,
for the last six years, is as follows :—

	Imports.	Exports.
1831	,, ₮	739,000 ₮
1832	6,000,000	1,400,000
1833	7,000,000	1,550,000
1834	7,200,000	1,861,000
1835	7,600,000	2,000,000
1836	8,100,000	2,400,000

The chief *Imports* are coffee and sugar, the first averaging lately about 3,000,000 ₮ , and the latter 3,200,000 ₮ : the remainder of the amount is made up of cotton, tobacco, hides, horns, cacao, rose and other woods, balsam copaiva, drugs, tapioca, and other minor articles. Out of 111,000,000 lbs. of sugar arrived at Hamburgh in 1832, 40,000,000 were Brazilian. As a curious fact, it may be mentioned here that in 1832, 1,717 Havannah sugar-cases were shipped from Hamburgh to Pernambuco, in order to pass off Pernambuco sugar for Havannah sugar in the Russian market.

The *Exports* in 1833, valued at Hamburgh at 2,928,707 marks banco, consisted chiefly of 41,265 pieces of nankeen, of Saxon manufacture, in imitation of Chinese goods; 21,560 silk hats; 4,618 pieces of silk-felt for hats; 55,692 dozen pairs of stockings; 835,248 stone-bottles of gin; ready-made furniture, steel, iron, lead, linen, glass, cutlery, &c.

Arrivals at Hamburgh from Brazil.	Departures to Brazil.
In 1832 109 ships	66 ships
1836 130 ,,	65 ,,

About one-fourth of the ships from Hamburgh to Brazil start in ballast, and of these one-half call at St. Ubes, or the Cape Verd Islands, for salt.

The trade with Brazil at Bremen averages about 600,000 ₮ imports, and 130,000 ₮ exports.

THE TRADE BETWEEN BRAZIL AND PORTUGAL.

	Exports.	Imports.
In 1796 .	£2,863,000	£1,745,000
1806 .	3,535,000	2,106,000
1819 .	1,840,000	1,636,000

Now reduced to about £400,000.

In 1835, forty-four Brazilian vessels, with a tonnage of 11,478 tons, entered the port of Lisbon; at least eight or ten more may be set down as having in that year entered the port of Oporto; and an equal number at the ports of the Azores and of Madeira, from which islands a large number of emigrants is imported in Brazilian bottoms.

This activity in the shipping of Brazil augurs well for the future enterprise of its navigators, and appears to prove that the constitution of the land favours it; and while we thus see annually about fifty Brazilian ships in European ports, we look in vain for even one of either Buenos Ayres, Chili, Peru, or Mexico.

EXPORTS TO EUROPE AND NORTH AMERICA FROM
RIO DE JANEIRO.

Years.	Bags of Coffee.	Cases of Sugar.	Hides.
1827	350,000	19,644	329,320
1828	369,147	19,035	207,268
1829	375,107	18,864	351,893
1830	391,785	22,484	266,119
1831	448,249	22,004	342,385
1832	478,950	16,645	263,657
1833	563,195	16,840	137,530
1834	651,133	.	.
1835	538,694	19,277	154,545
1836	704,245	17,889	146,757
1837	666,496		

Besides tobacco, rice, rum, rosewood, tapioca, ipecacuanha, &c.

The decrease in sugar is owing to the preference given to the culture of coffee; the decrease in hides, to the hides of Rio

Grande, formerly brought to Rio, being shipped thence *direct* to Europe and the United States; and to the late disturbances in that province.

The arrivals and departures of vessels at the port of Rio de Janeiro in 1833, were—Brazilian vessels, arrived, 1704; sailed, 1629. Foreign vessels, arrived, 696; sailed, 617.

SHIPS ARRIVED AT AND SAILED FROM, AND GOODS IMPORTED AND EXPORTED FROM, RIO DE JANEIRO, IN THE YEAR 1836.

	Ships Arrived from.	Tonnage.	Ships Sailed for.	Tonnage.	Goods Imported from. Value.	Goods Exported for. Value.
					£.	£.
England . . .	139	32,150	118	24,906	1,296,600	622,800
Portugal . . .	82	24,797	81	23,441	260,680	171,400
United States . .	102	20,000	93	18,013	620,400	438,320
Sardinia . . .	40	7,370	34	6,757	68,400	42,320
France . . .	34	7,760	33	7,747	343,160	120,920
Hanse Towns . .	33	6,936	31	6,521	207,520	205,520
Holland . . .	23	4,750	21	4,308	118,400	85,600
Monte Video . .	19	3,230	21	3,216	9,600	23,640
Sweden . . .	18	3,660	15	3,177	53,480	141,200
Denmark . . .	18	4,333	17	3,902	50,400	77,200
Spain . . .	15	1,791	17	2,207	51,400	47,840
Buenos Ayres . .	12	1,676	16	1,984	18,400	37,280
Austria . . .	9	2,197	8	1,976	252,800	263,200
Belgium . . .	9	1,936	10	2,004	68,560	84,240
Tuscany . . .	7	1,317	6	1,282	7,440	9,680
Naples . . .	5	1,020	4	812	32,680	16,800
Chili . . .	1	320	. . .	. . .	4,960	8,400
Peru . . .	1	450	1	450	. . .	. . .
Russia . . .	1	360	1	360	8,000	. . .
Rome . . .	1	190	1	190	4,960	3,040
Africa . . .	. . .	. . .	. . .	. . .	. . .	. . .
Switzerland (by way of France) } . . .	. . .	. . .	. . .	. . .	94,440	97,840
TOTALS . . .	569	126,243	528	113,423	3,571,520	2,496,600

MERCHANDISE IMPORTED AT RIO, 1836.

Arms and accoutrements	£84,880
Naval stores	220,800
Haberdashery	125,200
Cotton goods	456,800
Woollen do.	430,080
Linen do.	162,400
Silk do.	163,200
Earthenware and china	58,160
Flour, corn, and grain	380,600
Clocks, watches, and jewellery	20,240
Soap and perfumery	85,200
Stationery	112,600
Furniture	101,400
Iron, steel, &c.	246,720
Dressed leather	56,720
Beer, &c.	253,200
Saddlery	35,200
Wine, brandy, &c.	289,760
Tea	18,000
Sundry articles	270,360
	<hr/>
TOTAL	£3,571,520

MERCHANDISE EXPORTED FROM RIO, 1836.

Coffee	£1,357,000
Sugar	482,000
Hides and skins	204,200
Gold and diamonds	162,400
Tobacco, rum, and wood	57,250
Horns	20,320
Cotton	12,640
Sundry articles	290,760
	<hr/>
TOTAL	£2,496,600

FROM BAHIA.

Years.	Bales of Cotton.	Cases of Sugar.	Bales and Rolls of Tobacco.
1829	58,906	55,690	21,943
1830	51,861	65,904	15,199
1831	42,785	43,327	10,509
1832	45,846	58,853	15,332
1833	38,603	37,676	7,538
1834	39,960	48,660	20,281
1835	49,318	59,100	. . .

Besides about 135,000 hides per annum, of which 15,000 tanned were sent to Portugal; and 17,000 bags of coffee, 280,000 horns, and 1,740,000 cocoa-nuts. And further, some twenty other articles of considerable commercial importance, amongst which 131 cases of Princeza snuff were shipped for *Lisbon*; about 60,000 pounds per annum of this snuff being now manufactured at Bahia with the aid of two steam-engines.

It may not be out of its place here to observe, that within the fertile bay of Bahia, numbering a population of 650,000 souls, there are above 540 sugar plantations, of which fifty-one have steam-engines, and that steam-boats are about to be established in that splendid bay, under an exclusive privilege of ten years, similar to that of the bay of Rio de Janeiro, where at present five boats are employed at no ordinary profit, two more having already been ordered from England.

8

The official amount of imports at Bahia in 1835, was	8,475,000
of which from England	. 5,660,000
And coastwise from Rio Grande, for <i>jerk beef</i>	. 338,000

Which latter item is likely to be nearly double that this year, from its high price.

The official amount in 1810, when the duties on goods for the African coast, and on slaves imported, formed a great part of the receipts, were	. 2,893,000
But the currency having then been gold, this would give, in the present currency, an equivalent of about	. . . . . 5,497,000

Bahia exported, in 1821, 25,192,000 lbs. of tobacco; but this branch of agriculture appears to have been greatly injured by the siege of Bahia in 1822-23. Great exertions have, however, been made by some intelligent proprietors for its recovery, which is fast advancing since the importation of the seed of the Havannah leaf subsequent to 1833; and though the exports of this item in 1833 were only 2,048,000 lbs., they amounted in 1835 to 6,051,040 lbs.

PERNAMBUCO (1835.)

Vessels arrived.	Tonnage.	Cleared.	Tonnage.
British . 59	11,954	48	10,453
Brazilian . 60	10,703	22	4,565
American 45	8,108	36	6,159
Dutch . 3	519	4	1,013
French . 13	3,693	13	3,722
Portuguese 24	5,107	20	5,336
Sardinian 13	2,789	13	2,840
Danish . 12	2,139	10	1,883
Spanish . 8	725	8	936
Hamburg 3	452	1	280
Sundries 7	1,507	4	762
247	47,696	179	37,949

The official value of the imports from England in the above 59 vessels was 500,000*l*.

No other regular shipping or exportation lists of this port having been obtainable, the following exports of two of its staple articles, from January 1st to June the 30th of this year, can merely be given.

Sugar: 15,054 chests, 1,298 boxes, 17,700 barrels, 19,254 bags; cotton, 19,737 bags: besides a large number of hides, and most of the articles exported from Bahia or Maranham. Its trade, shipping, imports, and exports, may be set down as about three-fifths of that of Bahia. From the 1st of July, 1834, to 30th June, 1835, its exports were:—

Sugar .	18,768 tons	Raw hides . .	93,195
Cotton .	3,394 ,,	Tanned do. .	12,850
Tobacco	366 ,,	Horns . . .	157,798

Some rum, rice, and sundries.*

EXPORTS FROM MARANHAM IN 1834.

Cotton, bags .	51,176	of which	{ 10,492 to Spain. 4,079 to Portugal. 454 to France. 197 to Belgium. The rest . . . to England.
Rice, bags .	33,839	of which all but 500 to Portugal.	
Tapioca, bushels	1,950	to Portugal.	
Hides, salt and dry	72,765	of which	
			{ 36,069 to United States. 4,813 to Belgium. 4,798 to France. 1,358 to Spain. 8,536 to England. 17,165 to Portugal.
„ tanned, half	26,070	all to Portugal.	
Horns .	97,000	} to England and United States.	
Hoofs .	13,400		

Besides ginger, isinglass, castor-beans, cloves, tobacco, sarsaparilla, fustic, logwood, and some minor articles, amongst which very small quantities of coffee, sugar, and molasses.

In 1835 were exported:—cotton, 57,242 bags; rice, 29,583 bags; tapioca and farinha, 8,354 bags; isinglass, 255 barrels; sarsaparilla, 335 trusses; besides 94,200 India-rubber shoes, &c.; ginger, cacao, vanilla, &c.

ENTERED.

	Ships.	British.	Tons.	Bras.	Portg.	Span.	French.	Amer.	Genoese.	Belg.	Aust.	Val. of Carg.
1833	142	40 =	12,120	36	12	16	5	28	2	2	1	£395,860
1834	149	31 =	8,715	43	13	31	3	22	3	2	1	445,711
1835	129	23 =	6,946	35	18	19	8	23	3	3	1	489,014

SAILED.

1833	133	40 =	11,984	35	6	15	5	28	1	2	1	£395,860
1834	136	28 =	7,863	37	13	27	3	22	4	2	1	392,852
1835	134	29 =	8,838	38	17	23	6	18	3	3	0	581,555

N. B. The average freight by British shipping was, in 1833, 63s. 4d., and in 1834 51s. 2d., per measurement ton.

* See the subjoined Shipping List.

GDOM TO BRAZIL, RUSSIA, AND PRUSSIA.

		RUSSIA.	FRANCE.	ALL AFRICA.	SWEDEN, NORWAY, DENMARK, & PRUSSIA.
31.	1832.	1835.	1835.	1835.	1835.
Value.	Quantities.	Value.	Value.	Value.	Value.
£.		£.	£.	£.	£.
9,964	.	8 1,222	1,955	46,385	5,032
3,693	.	4 588	104	130,217	1,169
557	77	78	122	2,029	.
192	4	.	1,306	15,457	.
5,955	257	4 7,767	11,550	10,980	6,550
530	17	2,842	.	3,674	345
31,188	14,264	62 70	298,903	16,567	774
60,354	20,662	76 585	917	3,459	241
368	1,931	11,425	31,646	6,525	35,432
63	1,458	2 .	.	3,688	45
681,461	60,577,822	1,280,09,298	72,253	498,981	23,629
20,540	.	33 5,382	106,154	17,056	2,051
334	11,460	165,027	39,493	30,710	75,001
19,567	1,397,006	16 1,051	7,016	10,160	14,534
5	26	2,038	.	638	31,368
18,358	7,771	8 1,013	1,506	19,248	9,284
20	.	.	4	803	43
34,005	9,952	35 24,034	43,272	30,568	10,631
28,522	4,516	13 6	22	7,751	8
25,430	2,585	32 4,964	82,302	61,118	30,228
4,441	402	5 33,972	25,651	5,615	3,959
4,172	61,835	12 165	141	6,973	711
2,896	.	3 95	986	5,403	191
115,732	7,009,598	183 1,738	61,612	26,375	622
1,642	.	4 101	703	1,675	605
12,055	.	4 2,198	46,471	11,234	14,696
2,118	.	6 2,853	2,550	5,562	3,776
1,908	.	1 1,174	11,909	7,309	413
365	17,004	19,320	.	4,605	22,067
7,328	.	12 1,238	45,612	12,225	1,710
31,298	3,589,990	76 138	443	7,527	4,875
4,394	.	4 2,334	5,683	11,803	611
389	.	13,335	2,504	3,998	101,984
888	460	1 1,437	21,053	65	1,202
2,479	.	5 1,729	12,013	5,082	12,779
5	.	16,044	4,817	28	83
76,865	80,993	202 87,917	60,333	44,654	30,377
5,407	85,357	5 4,845	6,204	6,378	1,861
1,063	.	2 263	1,736	2,413	1,621
21,820	.	30 24,489	101,655	60,741	30,966
1,238,371	.	2,144,452,775	1,453,636*	1,146,047	480,686

for linen yarn, £198,823*l.*; and

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SHIPPING EMPLOYED IN THE TRADE BETWEEN THE UNITED KINGDOM AND BRAZIL, DIRECT.												
Years.	INWARDS.						OUTWARDS.					
	British.		Foreign.		Total.		British.		Foreign.		Total.	
	Ships.	Tons.	Ships.	Tons.	Ships.	Tons.	Ships.	Tons.	Ships.	Tons.	Ships.	Tons.
1820	198	35,829	.	.	198	35,829	282	51,851	4	867	286	52,718
1821	158	27,845	.	.	158	27,845	171	30,586	2	553	173	31,139
1822	153	27,792	.	.	153	27,792	187	33,848	.	.	187	33,848
1823	159	28,691	2	435	161	29,126	215	40,105	1	312	216	40,417
1824	186	34,759	1	200	187	34,959	247	48,330	7	1,986	254	50,316
1825	227	42,189	1	325	228	42,514	190	37,029	8	2,834	198	39,863
1826	91	16,600	.	.	91	16,600	128	26,821	5	1,475	133	28,296
1827	146	30,120	.	.	146	30,120	252	56,502	1	223	253	56,725
1828	172	37,121	.	.	172	37,121	252	55,321	3	739	255	56,060
1829	155	34,119	.	.	155	34,119	193	42,509	6	1,542	199	44,051
1830	168	38,322	1	270	169	38,592	254	57,682	.	.	254	57,682
1831	216	49,414	5	965	221	50,379	239	58,681	3	618	242	59,299
1832	129	29,302	3	800	132	30,102	203	45,849	6	2,136	209	47,985
1833	182	41,897	2	574	184	42,471	213	50,062	2	454	215	50,516
1834	140	29,371	3	508	143	29,879	176	41,154	3	854	179	42,008
1835	175	40,360	4	1,260	179	41,620	204	50,034	1	319	205	50,353
1836	126	43,704	1	170	127	43,878	225	52,214	2	450	227	52,664

N.B. None of the vessels, amounting to about forty-five yearly, which go from Liverpool to Rio de Janeiro, return thence to that port, from the want of back freight—some few only find freight to Hamburg, the Mediterranean, and London; the rest proceed in ballast to the South Seas, the Cape, the East Indies, &c. Those which sail from the same port for Bahia are nearly similarly situated.

MERCHANDISE IMPORTED FROM BRAZIL INTO THE UNITED KINGDOM.

(WITH OMISSION OF SOME MINOR ARTICLES.)

ARTICLES.	1827.	1828.	1829.	1830.	1831.	1832.	1833.	1834.	1835.
Cassia Ligna	lbs.			6,290					
Cloves	3,992,449	1,174,168	2,442,456	1,308,694	1,716,614	2,198,709	2,402,803	1,591,600	1,678,769
Cocoa	6,002,680	3,013,817	3,393,928	3,242,513	9,151,771	6,661,151	3,349,733	5,316,815	4,117,094
Coffee	600	242	1,808			960			2
Copper, Unwrought	Cwts.					2			
Cotton Piece Goods of India	Pieces.					935			
Dye and Hard Woods, viz., Fustic	Tons.	27	127	103	344	98	1,236	1,404	704
Elephants' Teeth	Cwts.	32		180	54	2			6
Furs, viz., Nutria	No.	8	12		18,543	98	187		111
" Oter									204
Ginger	Cwts.					30		11	
Hemp, Undressed	Cwts.								
Hides, Untanned	lbs.	12,943	23,547	3,307	11,258	17,767	28,507	49,791	37,705
Indigo	lbs.	2,063		12,877				656	3,246
Molasses	Cwts.	3							143
Oil, viz., Castor	lbs.	556	1						
" Olive	Galls.								
" Palm	Cwts.								72
" Train, Spermaceti	Tuns.								2
" " Not Blubber or Sper- maceti	"			32					165
Pepper	lbs.	1	3	1	145	1	27	2	
Rice	Cwts.	3	7	738	256	1,041	624	538	703
" in the Husk	Bushels.						267	2,682	
Sago	"			2					
Saltpetre and Cubic Nitre	"								
Sarsaparilla	lbs.	28,155	49,280	52,772	19,842	91,238	13,077	28,803	22,387
Spirits, viz., Rum	Proof Galls.	24	1	1,074	978		3		19,714
Sugar, Unrefined	Cwts.	77,202	97,393	85,202	94,549	147,315	198,198	79,135	81,347
Tallow	"					697	6,789	6,357	3,213
Tobacco, Unmanufactured	lbs.	19,250	4	9,062					10,249
" Manufactured, and Snuff	"	2,643	13	21	87	28	27	30	
Wax, Bees'	"			15				170	
Whalefins	"								
Wool, Cotton	"	20,716,162	29,143,279	28,878,386	33,092,072	31,695,761	28,463,821	19,291,396	24,986,409
" Sheep's	"			4,648	1,148	1,011	2,049	28,369	18,760
Wine, viz., Cape	Average Galls.	22,210	9,030	4,034	2,924	5,830	2,842	1,786	6,217

STATISTICAL TABLE OF THE EMPIRE OF BRAZIL.

To the 30th of June, 1835.

	Population.	Extent in Square Leagues.	Senators.	Deputies.	Annual Receipts.	Annual Receipt and Expenditure in 1000\$.
Rio de Janeiro	450,000	6,200	4	8	138,000 8	74
<i>Maritime Provinces north of do.</i>						
Espirito Santo	44,000	3,200		1	24,000	79
Bahia	650,000	14,000		13	2,870,000	1,376
Sergipe	128,000	2,800	1	2	139,000	121
Alagoas	126,000	3,200	2	5	202,000	251
Pernambuco	348,000	7,200	6	13	1,426,000	1,106
Parahyba	109,000	3,600	2	5	196,000	144
Rio Grande (do Norte)	46,000	2,800	1	1	75,000	52
Ceará	186,000	4,600	4	8	169,000	150
Piauhy	68,000	7,600	1	2	141,000	124
Maranham	213,000	8,000	2	4	909,000	505
Pará	176,000	89,000	1	3	*	
<i>Maritime Provinces south of Rio.</i>						
St. Paulo	338,000	12,000	4	9	274,000	264
Santa Catharina	56,000	2,200	1	1	74,000	99
St. Pedro do Sul, or Rio Grande do Sul	169,000	6,600	1	3	500,000 [†]	591
<i>Inland Provinces :</i>						
Minas Geraes	834,000	15,000	10	20	279,000	328
Matto Grosso	46,000	60,000	1	1	16,000	196
Goyaz	63,000	25,000	1	2	21,000	51
	‡4,050,000	§273,500	49	101	7,653,000 8	5,505
General Receipts and Expenditure					6,642,000	8,113
					14,295,0000 8	13,618

* Formerly rated at 300,000\$.

† Formerly rated at 1,650,000\$.

‡ Generally estimated at 5,000,000.

§ Equal to about 1,800,000,000 acres.

The provincial local receipts and expenditure amount to 3,000 contos. The collection of the revenue and distribution of public monies causes an expense of 10 per cent on the amount of the revenue.

The army, which from 1823 to 1829 consisted of 28,000 men, now consists of 12,000; and the navy, of 3,000 men.

PROGRESS OF THE RIO DE JANEIRO SAVINGS' BANK.

ESTABLISHED JULY 31, 1831.

Dates.	Deposited.	Drawn Out.
	Reis.	Reis.
From July 31 to Dec. 31, 1831 .	17,964 $\text{\$}$	44 $\text{\$}$
„ Jan. 1 to June 30, 1832 .	52,330	681
„ July 1 to Dec. 31, 1832 .	175,756	7,250
„ Jan. 1 to June 30, 1833 .	126,180	18,962
„ July 1 to Dec. 31, 1833 .	165,393	27,460
„ Jan. 1 to June 30, 1834 .	191,408	41,904
„ July 1 to Dec. 31, 1834 .	263,951	118,309
„ Jan. 1 to June 30, 1835 .	370,492	141,160
„ July 1 to Dec. 31, 1835 .	449,960	258,308
TOTAL	1,813,434 $\text{\$}$	614,078 $\text{\$}$
Deduct withdrawn	614,078	
Remained Jan. 1, 1836 .	1,199,356 $\text{\$}$	
„ Aug. 1836 .	1,355,000	
„ Dec. 1836 .	2,382,000	
„ June 1, 1837 .	2,546,000	

This amount is laid out in Government securities at the price of the day, thus absorbing already about one-fifth of the home stock. The interest allowed is 6 per cent; and each depositor is allowed to deposit only once the amount of 100 $\text{\$}$; the other sums must be smaller; and in proportion to their amount, there are certain periods of time fixed for deposits.

The capital of the Bahia Savings' Bank, established November 2, 1834, holds now 220,573 $\text{\$}$; and similar savings' banks have been established at Campos, Pernambuco, and other ports.

The Mont Piété, or Tontine, established at Rio in June 1835, held, in home stock, on the 30th of October 1835, 34,500 $\text{\$}$; on the 20th April 1836, 107,888 $\text{\$}$; and on the 20th August 1837, 464,460 $\text{\$}$.

The importance of this last establishment may be estimated from the fact, that the permanent functionaries in active service

in the various branches of public administration amount to 4,800, and their aggregate salaries to 3,000,000\$. In 1835 the civil pensionaries amounted to 1,357; the military pensioners and half-pay officers, to 2,902 (those in 1830 were 3,100), causing an expense for the year 1835-36 of 1,057,942\$, rated for 1838-39 at only 604,693\$.

OFFICIAL RETURNS OF COPPER EXPORTED TO BRAZIL.

1818	-	538 tons.	1828	-	1540 tons.
1819	-	299 „	1829	-	1280 „
1820	-	388 „	1830	-	1255 „
1821	-	315 „	1831	-	350 „
1822	-	405 „	1832	-	720 „
1823	-	483 „	1833	-	269 „
1824	-	490 „	1834	-	163 „
1825	-	635 „	1835	-	407 „
1826	-	740 „	1836	-	339 „
1827	-	1037 „			

Total, 11,053 tons in eighteen years.

The consumption of copper in Brazil, for sheathing vessels, for sugar-houses, distilleries, and culinary purposes, may probably be about 350 tons, which would leave a surplus of 5000 tons in that period; but it is not to be supposed that all the copper fit for coining, and particularly that ready-cut, would have been entered as such in England. A considerably larger quantity than the above is therefore likely to have gone out from hence in a clandestine manner; and from the United States, where the speculators have been most prominent in the introduction of false copper, the estimated amount of which, say 8500 contos, will give about 3000 tons weight.

PROXIMATE IMPORTATION OF COPPER FROM BRAZIL.

The amount of copper which may be expected to *return* to England from Brazil within the next two years, including the last two months, when it began to arrive, may be estimated at 5000 tons; for it may safely be asserted that it will not be re-smelted and converted into sheet copper in Brazil, however simple the

means required for that purpose; nor is it likely, in the present crippled state of American speculation, that any part of it will be carried back to the United States—where, however, it might be turned to excellent account.

Some 200 to 300 tons of the recalled copper coin, previously rendered useless by destroying its stamp, has already been sold in the ports of Santos, Paraiba, and others, at about 8*d.* per pound; and these sales are now being extended to all parts of the empire.

NUMBER OF VESSELS FROM FOREIGN PORTS IN 1836
ARRIVED AT THOSE OF BRAZIL.

Of what Nation.	Vessels.	1835-6. Tonnage.	Crews.
English	174	38,135	2,134
American	122	23,733	1,485
Portuguese	73	13,579	1,416
Sardinian	45	8,920	560
French	36	9,792	626
Danes	27	6,268	344
Hamburguese	26	6,297	325
Swedes	25	5,364	299
Austrian	16	4,737	201
Monte Videan	13	1,411	141
Dutch	9	1,532	86
Spanish	9	1,507	122
Belgian	9	1,580	101
Buenos Ayrean	7	886	72
Bremen	7	1,594	91
Sicilian	2	458	27
Chilian	1	328	20
Roman	1	198	10
Total Foreign	602	126,319	8,076
National	46	9,409	057
TOTAL	648	135,728	8,817

The EXPORTS of the PROVINCE of MINAS into Rio de Janeiro, in the years 1827 and 1828, when the provincial custom-houses still existed which registered all the freight passing over the

frontier, consisted, according to the official returns, of the following articles :—

Spun Cotton Cloth	2,339,605 yds.*
(weighing 798,772 lbs.)	
" " Yarn	1,964 "
Cotton, raw	267,000 "
Indigo	1,608 "
Sugar	1,631,744 "
Coffee	2,604,448 "
Wax	2,954 "
Tobacco	2,579,236 "
Quince Marmalade	569,488 "
Ipecacuanha	23,408 "
Amethysts and Topazes	29,888 "
Soap of the Country	3,800 "
Saltpetre	156,544 "
Powder	496 "
Lard	6,206,328 "
Jerked Meat	822 "
Ginger	354 "
Castor Beans	768 "
Cheese	905,792 "
Quinine	2,560 "
Ditto (Extract)	256 "
Rum	504 barrels.
Castor Oil	79 "
Indian Corn	1,769 bags.
Ditto (Flour)	2,155 "
Beans	1,338 "
Tanned Hides	49,688
Hats	27
Leather Whips	8,064
Bed-covers (Cotton)	105
Roebuck Skins	1,527
Ox Hides	3
Woollen Saddle-covers	9,940
Saddles	16
Rosewood Boards	122
Heads of Cattle	67,732
Fowls	103,092
Sheep	15,763
Horses	1,946
Pigs	47,907

* The home manufacture and consumption of the province is reckoned to amount to about 5,800,000 yards.

These weights and numbers may, however, be considered as much below the real amount; the laxity of the parties appointed to levy a toll thereon being acknowledged. Since that period the amount of all items has much increased, and most particularly the importation of cattle and other live stock.

The amount of *gold* exported by Minas is calculated by some at from 12 to 14 cwts. per month; by others from 15 to 18 cwts., or from 700,000*l.* to 1,200,000*l.*; 500,000*l.* may therefore safely be assumed as the annual produce of that province.

These exports from so great a distance, and over almost impassable mule-tracts, indicate the capacity of that province for exporting many times that amount, particularly from the districts nearest to the coast, if the freight, now amounting to 50 and 80 per cent of the value of the produce, were reduced to a reasonable rate, by improved roads, or by the establishment of an inland navigation, such as is at present contemplated.

By the foregoing list of exports it is seen that cheap articles do not bear the expense of carriage; it shews, for example, only 822 lbs. of jerked beef, of which, from the 1st of July 1836 to the 30th of June 1837, 124 foreign and Brazilian vessels had imported from *Buenos Ayres* and *Monte Video* 24,841,568 lbs., worth about 140,000*l.*; the duty on which, paid at Rio, amounted to 153,689*ƥ*.

This importation has been greatest during the last six months, in consequence of the continued disturbances of Rio Grande, and is the best proof of the enormous losses which that province thereby suffers. The foreign vessels employed in this extensive carrying trade are almost exclusively Sardinians, of which some eighteen or twenty are continually engaged in it; but these will probably now be exposed to some vexations from Peruvian privateers; and English vessels might realise a good freight in that trade.

The whole amount of jerked beef thus now imported from foreign countries might, with improved means of transport, be delivered by the province of Minas alone into Rio.

Raw cotton does not pay for collecting it for exportation in

the more remote parts of the province of Minas, where soil and climate combine to produce a better quality than can be got from lands more adjacent to the coast ; the spinning of it, therefore, into coarse cloth for home consumption and exportation to the coast becomes almost a matter of necessity, as employment for the female part of the population of the interior, whose earnings in this occupation rarely exceed 1*s.* 9*d.* per week. If by improved means of conveyance a better price were obtained for the cotton, this labour would be applied to gathering it, and the spinning of it would be left to England.

The freight from Rio and Bahia to Minas amounts to about 3,500 tons of salt, at from 25 to 30*l.* per ton of freight ; of 2,000 pipes of wine, at a freight of about 18*l.* ; besides a considerable expense for bagging and barrels : the remainder of the freight inwards into Minas may be computed at about 5,000 tons ; and the mules directly employed in that traffic are computed at 53,000,* and the men attending them at 7,200. All this freight would be much increased by any material reduction in the cost of transport : that of salt would probably soon be trebled, from its necessity for the cattle, of which tens of thousands annually die for want of a sufficient allowance of it ; and if once a fair opening for the exportation of the superabundant agricultural produce were established, the bulk of it might safely be computed as likely to exceed, by many times, that of the imports from the coast.

The writer regrets that he is not able to give any data regarding the exports of other maritime or inland provinces, beyond the single fact of the arrivals of laden mules at Cubatao, near the port of Santos, in the province of Sam Paulo,† having in the year

* The mules annually imported from the cattle-fairs of Sorocaba in Sam Paulo into the province of Minas average from 50 to 70,000 a-year. In 1836 their number was 56,000. Minas itself produces a considerable number of mules ; those in actual service in Minas may be rated at about 260,000, and the annual destruction of these hard-lived animals at not less than from 18,000 to 20,000.

† The Government iron-works of Ypanema, in that province, about thirty-eight leagues from the coast, have, by the exertions of Major Bloem, been brought to a most promising state. Their receipts for work done in

1836 amounted to 420,000 ; that province having, besides, the excellent port of Paranaguá, and a population not much larger than one-third of that of Minas.

The PROVINCE of PARA, which, in former years, had from 80 to 90 arrivals from Europe, has now scarcely from 20 to 25. Its exportation then used to be, per annum, 300,000 arrobas of cacao ; 350,000 arrobas of rice ; 25,000 arrobas of cotton ; 6,000 arrobas of sarsaparilla ; 56,000 hides ; and some twenty-five other minor articles of considerable commercial importance. The writer possesses a list of the drugs of that province, which amount to 32, all of a valuable nature, the exportation of which may be rendered most important ; to which may be added isinglass, fish, turtle, and alligator-oil and blubber, the shoals of which latter two animals are inconceivably large, and would offer far more advantageous adventures than the whale-fisheries in the north and south seas.

It may be here observed, that most satisfactory proofs exist of the practicability of salting fish even under the line in Brazil, which will remain good for eighteen months, and that this process has been carried on to a considerable extent at the island of Noronha, and at many other points of the coast of Brazil, which abounds in delicious fish.

THE EXCHANGE FROM RIO ON LONDON.

Under the head of financial and monetary operations during the respective epochs, the causes which produced the enormous vicissitudes in the exchanges since 1808 the last two years, without any subsidies from Government, were above 11,000*l.*, and their effect on the improvement of the province most visible. During that time sixty-five sugar-mills were manufactured there, of which fifty-seven were engaged in active work.

Government having now ordered about 100 machinists, smiths, and labourers, and about 200 boys, from the mines of Germany, the net profits of these works may be estimated, in about two years hence, by the Major's own calculations, at 18,000*l.* ; and the industry and exportation of the province will at the same time be very much increased. The provincial government of the same province has also ordered from Germany 350 men practised in making roads, with competent engineers.

are alluded to generally, but we shall now more particularly examine them.

Whilst the old standard existed, according to which the par was $67\frac{1}{2}$, the exchange was generally in favour of Brazil, ranging from 80, even, at one time, to 98, and the price of gold so low that sovereigns were at one period sold at Rio for 16s. each, and at Pernambuco even at 11s., for the purchase of produce, which even thus left a considerable profit in Europe. The following are the annual averages for the last sixteen years, when bank notes and copper were issued, and the standard of silver altered:—

1821	-	$52\frac{1}{4}$	1830	-	23
1822	-	$48\frac{1}{2}$	1831	-	$24\frac{5}{8}$
1823	-	$50\frac{1}{2}$	1832	-	$35\frac{3}{8}$
1824	-	48	1833	-	$37\frac{3}{4}$
1825	-	$51\frac{1}{8}$	1834	-	$39\frac{3}{8}$
1826	-	$47\frac{1}{16}$	1835	-	$39\frac{3}{16}$
1827	-	$35\frac{5}{8}$	1836	-	$38\frac{7}{8}$
1828	-	$32\frac{3}{4}$	1837	-	$30\frac{5}{8}$
1829	-	$25\frac{3}{8}$			

It may indeed be said that the exchange of each month had its fluctuations from 5 to 10 per cent, and sometimes of 20 and more per cent, with the exception, perhaps, of the first eight months of the years 1834 and 1836, owing, it would seem, to the coffee-market being then well supported. The pressure for remittances to England, and the low prices of coffee since October last, have made the exchange 30 per cent worse against Brazil; and the various monthly exchanges since January have undergone a variation of from 15 to 20 per cent. From March to May there was a difference of 35 per cent.

The oscillations in the exchanges for the last two years must not be considered as a criterion of the credit of Brazil, or of the confidence in Government, but their cause must be sought in the value of colonial produce; for when the price of produce has experienced a great fall

in Europe, a considerable time elapses before the native merchants will submit to a reduction in the prices of their produce. The whole difference falls consequently on the exchange, until the native merchants can no longer hold out, and consent to a reduction; when the exchange naturally begins to improve.

Any demand in the European colonial markets leading to a rise in prices will therefore cause the exchange to advance; but even without such an event, the improvement of the circulating medium in the mode now contemplated, and for which the means are not wanting, cannot fail to raise it to the present par of exchange, probably in less than two years. It would be difficult therefore to point out any operation promising greater profits than those to be derived from capital now remitted to Brazil, and invested in home-stock until the opportunity presented itself of withdrawing it at the par of exchange, as a simultaneous rise in that stock must also take place by an improved currency.

Operations almost unequalled in profit were made in 1830 by several English and Dutch capitalists, and which might now, and probably for the last time, be repeated with Brazil. In that year, namely 1830, when the exchanges at Rio had fallen to 18 and 19, and the home stock to about 58, a proposal was started for the formation of a joint-stock company, for the purpose of making direct remittances to Rio, or for providing funds for the payment of the dividends and redemption-funds of the Brazilian loans in England, as they fell due in the next five succeeding years; receiving from the custom-houses of the four principal ports the respective quotas, and investing the amounts so remitted and received in home stock, until the exchange and these securities should have recovered from their depression; when a gradual re-

mittance of the company's assets could have been effected in such bills of exchange and produce of the country as might be found most to their advantage. The company was not formed, but the parties above alluded to took the hint, and some sold their stock at 86 which they had purchased at 60, and made their returns at an exchange of 38 and 40; thus realising within four years about 140 per cent, besides the dividends on the stock.

Although no such enormous profits could now be made, still the difference of exchange between par and the rate now existing might be reckoned upon within two years almost to a certainty; and should the old standard of $67\frac{1}{2}$ be again adopted by Brazil, as it is probable it will be, and which can, by a very simple application of the present resources and domestic credit of Brazil, be accomplished within a period of five or six years, capital remitted at the present low rate would consequently double itself during that period by the mere improvement of the standard.

Every great or sudden rise or fall in the rates of exchange are very embarrassing and injurious to commerce, particularly where sales of articles imported are effected at long credits, and purchases of produce for export made for cash, as is the case in Brazil. A merchant receiving a consignment of goods for sale, invoiced, for example, at 1,000*l.* when the exchange was at 30*d.* per milreis, reduces the cost to 8,000*8*000, and laying on 15 per cent duty, 10 per cent charges, and 10 per cent profit, sells the lot for 11,000*8*000; but, at the end of six months, when the exchange has fallen to 22*d.*, he finds that the 8,800*8*000 he has to remit his correspondent will only produce 806*l.* 13*s.* 4*d.* sterling, leaving his friend, the consigner, a loss of nearly 25 per cent, instead of a profit of 10 per cent, as he had anticipated.

If the same amount of goods had been shipped to him on his own account, and his friend had drawn upon him at the time of shipment at the exchange of the day of *30d.* he would have to pay 8,000,000 as their cost ; but when he received the amount of sales, the exchange being at *22d.*, he could not import the same quantity of goods for less than 10,454,545.

The case with respect to exports would be quite the reverse. A merchant laying out 7,000,000 in produce, and shipping it for Europe, calculates (supposing the article to be cotton) on selling it at *8d.* per pound, and netting 1,100*l.*, which, remitted at *30d.*, the returns would be 8,800,000 ; but, in the mean time, the exchange falls, and he gets his remittance at *22d.* ; thus receiving 12,000,000, or a profit of 40 instead of 25 per cent on his speculation ; with which amount he could now purchase nearly double the quantity of cotton he had done before, should the prices continue the same ; but this is not at all likely, as the sellers in the one case, or the buyers in the other, would regulate their prices by the exchange ; and consequently a great fluctuation in the price of all articles of import and export are constantly occurring, to the great detriment of trade.

The duties likewise being levied by a fixed tariff, the importer pays actually 15 per cent, more or less, on goods imported, according to the prices he can obtain for the same in the market, those being regulated by the rate of exchange.

The Government is always a loser by the fall of the exchange to a greater extent than it is a gainer by its rise. Instances have occurred where naval stores, &c. have been delivered at the arsenals when the exchange was high, and the articles invoiced in milreis accordingly, but ere the credit had expired, and the payment made, it

had fallen perhaps 20 or 30 per cent; the seller then claimed the difference or loss on his remittances, which were generally granted by the treasury; but there has never been an instance of their making any allowance when the exchange has happened to rise in the period which has elapsed between the sale and their receiving the amount of invoice.

The Government is further a considerable loser by a low rate of exchange, not only on the remittances it has to make for payment of the dividends and sinking-fund of the external or foreign debt, but in the price in milreis of all articles purchased for the public service. And, moreover, if some steps are not adopted to prevent it, the loss will be enormous, if the Government is obliged to pay off its present foreign bonds at par, in 1854, at a low exchange.

It is not in the power of the Government absolutely to control the exchanges, as their fluctuations, it will be seen, are occasioned by causes which they can neither foresee nor prevent. But in as far as the exchange is influenced by a sound and wholesome circulating medium, *they can apply a remedy, and it is their imperious duty so to do.* And, as we have observed elsewhere, we have no doubt *they will* recur to those measures which are eminently calculated to attain so desirable an end—such as encouraging European capitalists, agriculturists, mechanics, and husbandmen, to supply Brazil with capital and labour in order to increase its product, augment its imports, and fill the coffers of its treasury.

ON THE EXPEDIENCY OF ALLOWING BRAZIL SUGARS
TO BE REFINED IN GREAT BRITAIN FOR EXPORTATION.

By the statement of exports of British produce and manufactures to Brazil from 1827 to 1835 inclusive, the writer considers that he has demonstrated the peculiar importance of the Brazil trade to the domestic industry of Great Britain; and this importance is more strongly exemplified by the detailed exports of the latter year to Russia, France, and all Africa. By comparing the extent of importation in Brazil of manufactured articles with those exported to Russia, it must be acknowledged that the commerce of Great Britain with Brazil is nearly five times greater than that with Russia; for, on deducting the value of twist exported by Great Britain to Russia, on which there is but little labour bestowed, from the exports to that country, the amount remaining of 387,748*l.* can alone be considered, at most, as yielding equal advantages in proportion to the 2,630,767*l.* Many and very cogent reasons exist for believing that the consumption of English manufacture in Brazil would be steady, continuous, and increasing, provided the commerce between Great Britain and Brazil were placed upon a footing of greater reciprocity; while, on the other hand, there exist as many reasons for believing that in Russia there will be a considerable decrease in the consumption of British manufactures, in consequence of the adoption there of machinery, and the great efforts that are now being made in that country to benefit her position by railroads.

Even the exports to France, containing several items of raw produce, or half-manufactured goods, such as linen yarn, to the amount of 190,000*l.*, are this year likely to suffer a great defalcation from the establishment of ma-

chinery for that particular purpose at Boulogne, and thus it is evident that the exports to Brazil are about three times as important as those to France; and, considering the articles exported to all Africa equal in labour thereon bestowed, a comparison will shew that the exports to the whole of that continent and its islands amount to less than one-half of those exported to Brazil.

It is with a view to promote the mutual interest of Great Britain and Brazil, that the compiler is induced to make some observations on the question of the adoption of more enlightened measures with regard to foreign sugars.

At present, it is well known that foreign sugars are not admitted for home consumption into Great Britain, but that the home market is exclusively supplied with sugars of the growth of the British dominions abroad. However disadvantageous that monopoly may be to the mercantile, shipping, and manufacturing interests, and however oppressive upon the mass of the British population, who are thus compelled to pay fully double for sugar now so extensively consumed by them as a necessary of life, still this subject must be viewed and discussed with reference to the general commercial policy of the British empire, and without reference to the bearing of the question upon the particular interests of Brazil.

Any measure short of the admittance for home consumption of Brazil sugars, although at a somewhat higher duty perhaps than British plantation sugar, will always be a matter of comparative indifference to Brazil, who has all the markets of the world open to her, excepting those of England; but without professing to advocate such a measure, for which the profitable intercourse of England with Brazil might serve as a powerful reason—the writer is convinced that something might be done which would

effectually resuscitate the foreign refining trade of England, and, at the same time, tend largely to encourage its shipping interest, manufacturing, and general foreign trade. The hope of being able (perhaps) to contribute to the attainment of objects so desirable, induces the writer to submit to the parties interested the outlines of a plan which he firmly believes would accomplish all that is desired.

Should it be approved of by them, and hereafter, by their representations and influence, obtain the sanction of the legislature, then there will no longer be cause for complaint that British ships return from Brazil with but one-third of a cargo, but, on the contrary, they would be fully laden with sugar; and independently of the revival of the trade in refined sugars for exportation, the manufacturer of cotton goods would partake of the beneficial influence of the proposed change of system as regards the importation of Brazil sugars, inasmuch as the freight on cotton would be considerably lowered by the substitution of sugar as ballast, in place of the granite stones which now are, of necessity, employed in the stowage of cotton, and which are even obliged to be purchased at a Brazilian port, at the shipowner's cost.

Again, as regards the shipping interest. If Brazilian sugars, and other products, were exported more extensively to Great Britain than at present, Brazil in return would probably import British salt, which article she now takes from Portugal, and other countries, to the extent of about 8000 tons per annum; and it is equally probable that British coals would be extensively imported into Brazil for the increasing consumption by steam-navigation. Both articles, salt and coals, could then be advantageously carried out to Brazil in consideration of a remunerating return freight. But these new branches of

trade can only be fully attained by the adoption of a greater reciprocity in the commerce of Great Britain with Brazil, than that which now exists.

But to return to the subject of sugar-refining.

If that business were liberated from the oppressive enactments with which it has so long had to contend, it is apparent, that this branch of British manufacture would expand to tenfold its present extent. So great are the advantages of England in cheapness of fuel, in perfection of machinery, and in abundance of capital, and other advantages for manufacturing, that no other country whatsoever would be enabled to refine sugars so cheaply as Great Britain.

Consequently, the exportation of refined sugar of superior quality, and the *inferior residuary products* which cannot now be exported, might, under a more liberal policy than that which now exists, be increased to an almost incalculable extent.

In considering the arguments that have been adduced in support of a resuscitation of the sugar-refining trade in Great Britain, it should be remembered, that all the measures tending to the increase of this branch of manufacture would give employment not only to the numerous persons engaged immediately in the sugar-houses, but also to numerous artisans—the engineer, the iron-founder, smith, copper-smith, cooper, &c., and also to many labourers, carters, porters, and others; but the shipping interest in particular would derive great advantages by the increased importation and exportation of sugars. To remove all needless restrictions upon a branch of trade which extends itself to so many divisions of the industry of the country, and which is capable of so great an expansion, amidst the peculiar advantages which England enjoys for its profitable prosecution, is most obviously the foremost amongst

the measures of relief which a wise and enlightened administration can bestow upon a community so commercial and persevering as that of the British nation.

With regard to the influence upon the Refining business, and upon the general trade of this country, which the encouragement of the refiner would produce—most important of all is the increased importation of sugar from Brazil, which, instead of 80,000 cwts. imported now and re-exported in the *raw* state, the quantity would, by the measures proposed, be increased in all probability to 1,000,000 cwts., which would be re-exported in a *refined* state, and this would be effected without injury to the British West-India interest, which interest, on the contrary, would be benefited by an increased demand of their sugars for the purpose of refinement and exportation. Brazil, of all countries, can afford to sell her sugars at moderate prices. The fertility of her soil—the favourable climate—and the facility of exporting sugar as ballast for the ships that load cotton, hides, coffee, and cocoa, from Rio de Janeiro, Bahia, Pernambuco, and Maranhão, would enable her to do so; all these advantages would be favourable to the sugar-refiner in this country, and, through the refiner, to the numerous other manufacturers before alluded to.

The extended import of Brazilian sugar would furthermore increase, in a corresponding degree, the manufacture in England of steam-engines, sugar-mills, copper-boilers, stills, and other machinery of the sugar-house, which, in the ratio of increased cultivation of sugar, would be required in Brazil. Tools, clothing, and innumerable other articles of exportation,—all would be required in extended quantities by the increase of the cultivation, population, and foreign commerce of Brazil, and in a thousand, though indirect methods; and, without en-

croaching upon the home market, would the manufacturing and shipping interest of England be benefited by a modification of the regulations of the refining-trade, and the consequent extended importation of foreign sugar from the empire of Brazil.

Having thus premised the advantages to be derived by Great Britain from the adoption of a more liberal policy in her commerce with Brazil, and in particular as regards the sugar trade, it is needful, for the development of the object the writer has in view, to submit (although tautologically) some further remarks on the subject, in order that the leading points may be more fully understood and considered by those parties whose interests are more intimately concerned.

As to the policy of permitting Brazilian sugars to be consumed in Great Britain, it is feared that such an advantage can only be accorded for refinement, and the exportation of the products therefrom. This subject occupied the attention of the legislature and of the sugar-trade some few years ago, therefore it may appear superfluous now to renew a discussion upon it; nevertheless, it is hoped that under different regulations to those which at present exist for regulating the exportation of refined sugar, the consumption of Brazil sugar for refinement and exportation *only* might be considerable, and also beneficial to the revenue, to the British sugar-refiner, and to the interests of the British West-India proprietors.

At present, the refining of sugar in Great Britain is nearly reduced to the quantity required for home consumption; and there remains little prospect, under the existing regulations, of resuscitating that once important and flourishing manufacture in this country.

It may appear to be a digression from the object in view, to treat on fiscal regulations for the government of

the sugar trade of Great Britain; and especially so, as such regulations ought to be founded on a knowledge of the art of manufacturing or refining of sugar. But as the writer is acquainted with the advantages which the Continental sugar-refiner has over those of the British refiner, and as he has, moreover, been informed of some particularities connected with the art of refining sugar, he is emboldened to make a few observations on these points, and to suggest a mode by which (as he conceives) Brazilian and other foreign sugars might be refined to a very considerable extent in this country, *and for exportation only.*

According to the laws now in force, the British merchant can only export, with any probable chance of gain, sugar of *double-refined standard quality*, upon which the drawback and bounty of 43s. 4d. per cwt. is allowed. The *refined sugar of inferior quality*, although made by the same process, if it be but a shade less white than that of the standard double refined, is only entitled to the drawback of 35s. 10d. per cwt. upon exportation; consequently the difference in price of these two sorts of refined sugar on ship-board is about 8s. per cwt. And thus, by needlessly restrictive regulations, *the exportation of refined sugar is confined and reduced to double-refined standard quality*; and, moreover, *that exportation is forced and upheld at the cost and to the injury of the revenue*, without concomitant advantages to the refiner, whose *refined sugar of inferior quality is shut out from the Continental markets*, and therefore must be sold for home consumption, or be melted and refined again for the production of double-refined quality. And thus, year after year, the British sugar-refiner drags on a precarious, and oftentimes ruinous trade, as is testified by the few refineries now at work. Fortunes have been expended in endeavouring to

support this declining manufacture, and immense capital has been, and is now, invested in empty sugar-refineries that are going fast to decay.

To make refined sugar of the superior quality suitable for exportation, it would be more beneficial to the refiner to work clayed Brazil sugar than raw or Muscovade, which latter sort he now exclusively employs. If clayed sugars were used for making the finer products, still he could not advantageously work up the syrups therefrom for the production of the inferior qualities of refined sugar, without using and admixing with the syrups British plantation West-India raw sugar, which is decidedly preferable for this purpose, on account of its superior strength, to foreign raw, or Mauritius, or East-India sugar.

The Continental refiners, and especially those of Belgium and Holland, are not shackled as the British refiners are: they, the Foreign refiners, can and do use ALL SORTS OF SUGAR—the clayed sugars of Havanna and of Brazil—the sugars from the East Indies—and also raw or Muscovade, of all growths, *excepting only British*; the comparatively high price of which, caused by the short supply, and the immense and increasing demand for home consumption in this country, prevents the exportation to the Continent.

The advantages consequently enjoyed by the refiners of Holland and Belgium, enable them to offer, and sell in the London market, for exportation, cargo after cargo of refined sugar, of the superior or standard double-refined quality, and also, to a greater extent, *the refined sugars of inferior qualities*; which latter sorts the British refiner is prevented from selling for exportation, in consequence of the existing regulations as regards the drawback, as before mentioned. It must therefore be evident, that the British sugar-refiners are (from the causes enumerated,

and many others which could be adduced) placed in such a position as not to be able to compete with the Foreign refiners.

The British sugar-refiner pre-eminently possesses the command of Capital; he has also more ingenuity, and a greater knowledge of his art than his Foreign competitors; and if he was but aided by more liberal regulations than those actually in force, which almost paralyse his efforts—which regulations, it is conceived, might be based upon the principle of an EQUITABLE FREE TRADE,—the British sugar-refiner would then be enabled to meet competition, and to export with advantage, not only the finer, but *also the inferior qualities of refined sugar*, and likewise *bastard sugar*; besides *other new productions of refined sugar*, that can *only* be made from British West-India raw sugar of a peculiar manufacture. *This new product of refined sugar, the British refiner cannot export under the existing regulations of the sugar trade*, although the British Government most wisely deemed it expedient, some few years ago, to protect the British refiner, by interdicting the importation of this new product (white crystalline sugar) into Great Britain, by imposing upon it the prohibitory import duty of 8*l.* 8*s.* per cwt.; unfortunately, however, without encouraging and permitting its manufacture in this country for exportation, by allowing the drawback.

An opinion may be entertained, that by encouraging the refinement of foreign sugars in this country, although the products are exported, the West-India interest would be injured, because (as it is supposed) a less quantity of British plantation raw sugar would be consumed for refining. This objection may, at first sight, appear to be a weighty one, inasmuch as all refined sugar exported and made from British plantation raw sugar, represents a cer-

tain weight of that article, but as the quantity of British refined sugar exported now is very inconsiderable when compared with former exports, and as nearly the whole quantity of sugar imported from the British colonies is consumed in this country; and as the supply is on the decrease, and the consumption on the increase,—the West-India interest could not, and would not, be injured, but, on the contrary, much benefited, if the sugar-refineries of this country were in a state of activity for the exportation of their products. Such activity can be effected by permitting Brazilian and other foreign sugars, indeed sugars of all sorts, (excepting foreign refined) to be refined in this country *for exportation only*, under the regulations hereinafter submitted, whereby an increased quantity of British plantation raw sugar would be required and used by the British refiners for the purpose of admixture with the syrups of the refine, the products of which syrups, viz. *inferior qualities of refined sugar*, would then be in demand for exportation, as has already been shewn; and thus, by the adoption of the regulations submitted, a substantial relief would be conferred upon the British sugar-refiner, and other interests directly connected with the sugar trade.

To meet the exigencies of the case, and to accomplish in part that reciprocity which Brazil ought to enjoy in her commerce with Great Britain, and for the reasons hereinbefore stated, the following suggestions are submitted as suitable regulations for the sugar trade:—

1st. That all descriptions or sorts of sugar, permitted to be refined or manufactured in any way in Great Britain, shall be refined or manufactured in sugar-houses or premises under the control of the excise.

2d. That sugars of all descriptions and growths (foreign refined sugar excepted), whether of foreign states or of the British

dominions abroad, shall be permitted for refinement, without payment of duty, in bonded sugar-houses, under the locks of the crown, and under the inspection and control of excise officers, in the same, or a similar way, to that under which spirits are distilled.

3d. That for each cwt. of British plantation raw sugar, or any other description or sort of sugar (foreign refined sugar excepted), the produce of the British dominions abroad, which shall so be refined, the refiner shall be permitted to sell the products therefrom for consumption and use in Great Britain, according to the scale of weights of products, and upon payment of the duties which the Government may think proper to fix and to levy thereon; the said scale of weights of products to be computed upon the average weight obtained by the present mode of refining sugar; and with reference, also, to the duty payable upon sugar imported from the British colonies and plantations abroad, that is used and consumed in Great Britain.

PROPOSED SCALE.

112 lbs. raw or Muscovade sugar, or other description or sort of sugar (foreign refined excepted), the produce of the British dominions abroad, paying customs duty	-	-	-	-	£1	4	0
There shall be levied on the products therefrom; viz. on							
70 lbs. refined sugar, in loaves and lumps, the duty of 30s. per cwt.	-	-	-	-	0	18	9
24 lbs. bastard do. do. 24s.	-	-	-	-	0	5	2
14 lbs. molasses, or treacle, do. do. 4s.	-	-	-	-	0	0	6
4 lbs. allowance for waste.							

112 lbs. The excise duty £1 4 5
to equalise the customs duty and cost of collecting.

4th. That for each cwt. of British plantation raw sugar, or any other description or sort of sugar (foreign refined sugar excepted), the produce of the British dominions abroad, which shall undergo the new process of cleansing, washing, or refining, the refiner shall be permitted to sell the products therefrom, for

consumption and use in Great Britain, according to the following scale, viz.

112 lbs. raw or Muscovade, paying customs duty - £1 4 0

There shall be levied on the products therefrom; viz. on

80 lbs. refined crystalline sugar, the duty of 26s. 4d.

per cwt. - - - - - 0 18 9

14 lbs. bastard sugar, do. do. 24s. - - 0 5 2

14 lbs. molasses, or treacle, do. do. 4s. - - 0 0 6

4 lbs. allowance for waste.

112 lbs.

The excise duty £1 4 5

5th. That any excess of products, as stated, that may be obtained by refining of British plantation raw or Muscovade sugar, or any other description or sort of sugar, the produce of the British dominions abroad (foreign refined sugar excepted), or any variation in the quantities of each sort of product, more or less, although in the aggregate the quantity or weight shall amount to the total stated, such excess of products shall not be permitted for consumption or use in Great Britain, but the same shall be exported.

6th. That the products obtained from foreign sugars of all descriptions and sorts (foreign refined sugar excepted), which may be refined or manufactured by any method or process whatsoever, shall, within such period as may be determined upon, be placed under the locks of the Crown, and in warehouses to be approved of by Government, *for exportation only* to any foreign state, *the British dominions abroad always excepted*; and that, upon such placement or warehousing of the said products, or exportation thereof, the bond for securing the fulfilment of the conditions under which the said sugars had been refined shall be cancelled.

7th. That penalties, and other securities for the protection of the revenue, shall be enforced and taken by Government, in the same, or a similar manner, to those now in force as to distilleries.

The principle of the foregoing regulations, as to rendering compulsory the refining of sugar, under the control

of the commissioners of excise, is countenanced, having been adopted by Government in the act of 15th July, 1837, entitled "An Act to impose certain duties of excise on sugar made from beet-root in the United Kingdom." It is therefore presumed, that it would be but equitable to grant similar facilities for the refinement of sugar, under the control of the excise, to those granted for the manufacture of beet-root sugar; and especially so, as the survey and control of a sugar-refinery by excise officers, according to the regulations submitted, would be less difficult, and not attended with that risk to the revenue, in charging and collecting the duties on the products obtained by refining of sugar, as would be experienced in charging the duty on beet-root sugar.

And, in conclusion, it may be observed, that the same principle is now in vigour with respect to the smelting of *foreign* copper ores in conjunction with the Cornish copper ores; and that the arrangements now under contemplation of Government for the admission of foreign lead for the process of desilverising, bear some analogy to the object proposed.

It appears to the writer that the insertion in this place of the following petition, presented in 1833 to the House of Commons, by the Brazilian Association of Liverpool, soliciting some reduction in the duties levied on the products of Brazil, and more particularly on sugar, will be appropriate.

The Petition of the undersigned Merchants and Shipowners of Liverpool trading to Brazil, and Members of the Association of British Merchants, denominated the "Brazilian Association of Liverpool," humbly sheweth,

1. That your petitioners carry on a very extensive commerce with Brazil, in the produce and manufactures of the United King-

dom, and are suffering great inconvenience and loss from the difficulty of obtaining a medium of return for their merchandise, and a back loading for their shipping, arising through the operation of the present state of the law, which, by the imposition of excessive duties on the importation for consumption or manufacture of the chief products of Brazil, viz. sugar, coffee, cocoa, and rum, prohibits their importation, except to a very limited extent, *in transitu*, and admits only for consumption the articles of cotton, tobacco, and hides.

2. That the trade with Brazil has now become one of the most important branches of our foreign commerce, and deserves the especial protection and encouragement of the state; our exports of British manufactures and produce to that empire amounting annually to the value of upwards of 3,000,000*l.* sterling, which manufactures and produce are admitted freely, and on the most favoured terms, for consumption in that country, and with which its people are almost exclusively clothed.

3. That Brazil, not possessing any extent of shipping, these manufactures and produce are carried out to that country almost exclusively in British vessels.

4. That Brazil affords ample means of payment for this merchandise, in her many and rich productions, and of freighting back to this kingdom an immense tonnage of British shipping, but that none of these articles are admissible, on practicable terms, for use or consumption in this country, except the before-mentioned articles of cotton, tobacco, and hides, which form but a very small portion of the value of the whole.

5. That in consequence of these prohibitory laws, upwards of two millions of British capital is forced into other channels, giving employment and encouragement to foreign shipping and manufactures, paying to foreign European states, freights, commissions, and charges, to the great loss of the British shipowner and merchant, as also to the general interests of British commerce, manufactures, and revenue.

6. That it is within the knowledge of your petitioners, that one important branch of the manufacture of this kingdom, viz. that of sugar-refining, has, for some time past, been only partially

and unprofitably employed, and is incapable of competing with foreign manufacture, owing to the scarcity and high price of the raw material, even with the advantage of the bounty of 8s. per cwt. which your petitioners believe to be paid out of the revenue on the exportation of refined colonial sugars from this country : that, in proof of the injurious effect and extent of this monopoly and high bounty, to the revenue, to the commerce, and to the comforts of the people of this kingdom, your petitioners humbly represent, that although the price of British plantation sugar has been, on an average of the past year, as shewn by the Gazette, about 28s. 6d. per cwt. the price of the refined sugar, called ordinary lumps, delivered free on board ship, and including several charges besides that of manufacture, was only from 25s. to 27s. per cwt. ; the drawback on exportation being 36s. 10d. per cwt., and that double-refined crushed sugars, having a drawback of 43s. 3d. per cwt., have been, and are selling, also free on board, at 29s. to 30s. per cwt. ; thus giving to the foreign consumer this important article, in the manufactured state, at from 1s. to 3s. per cwt. less than the cost of the raw material, the whole expense of manufacture and difference of price being paid by the treasury for the benefit of the foreign consumer, and to the injury of the sale of Brazil sugar in foreign markets.

7. That the effect of this bounty on the exportation of refined sugars and bastards is not only a direct annual loss to the treasury of from 300,000*l.* to 400,000*l.* ; but an indirect tax upon the people to the extent of one or two millions sterling, since the price to the consumer in this country is enhanced in proportion to the bounty paid on exportation to the foreign consumer ; and, further, tends materially to lessen the consumption, and thereby also the revenue and the comforts of the people.

8. That your petitioners sincerely lament the distress said to exist in some of the West-India colonies ; but from the evidence laid before a committee of your honourable house, during the last session of parliament, they cannot but attribute a great portion of their distress to the general management of their affairs, and the embarrassment of the planters.

9. That it is not the desire of your petitioners to withdraw from those colonies that protection which they may claim as a part of the British empire, but your petitioners humbly submit that such protection ought not to exceed that afforded to the agricultural and manufacturing interest of the mother country, which have no bounty on the exportation of their products, neither a monopoly of the home trade; nor should so serious an injury be inflicted on other rising and important branches of foreign commerce, for the supposed benefit of any particular and much less important interests.

10. That the West-India colonies have, besides a monopoly of the home market, the choice of all the European and North American markets for the sale of their productions, as also for the purchase of their supplies, taking from this country those articles only which best suit their convenience.

11. That the whole population, including slaves, of the British West-India colonies does not greatly exceed a million of souls; that the exportation of British manufactures for the use and consumption of those colonies amounts only to the annual value of from one million and a half to two millions sterling; whilst our exports to Brazil, as already stated, exceed three millions; and to Manilla, Java, Sincapore, and the Indian Archipelago, and other countries, affording similar productions to Brazil, about two millions, with a population and field for the consumption of our manufactures of incalculable extent.

12. That the whole amount of the products of these rich countries, admissible for the use and consumption of this kingdom, does not exceed the annual value of one million sterling; the residue of about four millions being thus forced, by the highly restrictive laws of this country, into foreign channels, and to the employment and encouragement of foreign shipping and manufacture.

13. That the French Government, having experienced the impolicy of this restrictive system (also long enforced in that country), have now laid before the chambers a project of law, abolishing all bounties on the exportation of colonial sugar; and with a view to the encouragement of the French refineries, and to render France the emporium of Europe for that article, it also

proposes to admit for their use the growth of all foreign countries without distinction.

14. That, if the restrictive laws of this kingdom are longer preserved, this object of the French Government will be greatly aided by British capital.

15. That it is the confident belief of your petitioners, that if the productions of Brazil and the Indian Archipelago were admitted to the use and consumption of this country, on terms affording reasonable protection to similar productions of the British colonies, additional employment would be given to from fifty to one hundred thousand tons of British shipping, and this kingdom become the emporium of Europe for those productions, as British capital is now the means by which they are sent to Europe; and that it would also afford incalculable scope for the extension of the industry, manufactures, commerce, and revenue of the United Kingdom.

Your petitioners, therefore, most humbly and earnestly pray, that your honourable house will take this their petition into your early and serious consideration, with the view of affording them that relief and protection which, in your wisdom, your honourable house shall see fit, and thereby add strength to the resources, extension to the commercial, manufacturing, and shipping interests, as well as additional means of happiness and comfort to the people of this great empire.

And your petitioners will ever pray, &c.

The above petition suggested no mode of operation which might protect the customs or the West-India interest; and the *Public Ledger*, probably feeling at a loss in which way these interests might be reconciled, in giving the above petition made at the time the following observation: "Whatever objections may exist to lowering the duty on Brazilian sugars, no valid ones can be alleged against the entire abolition of that on cotton, as well as on various other articles of Brazilian produce. The facilities our commerce enjoys in Brazil make such a course desirable in policy, as well as consistent with right feeling."

NOTES ON THE DIAMOND DISTRICT OF
SERRO FRIO.

A FEW observations regarding the actual state of the Diamond district may not, in conclusion, be misplaced. This district includes about fifty-four square leagues, over about one-fifth part of which the auriferous and diamondiferous sands, and conglomerates of iron, may be estimated to extend.

Of this large surface all the readily accessible portions have been worked with great exertion, and in many places the sand has been turned over and over again by different parties; but a rich harvest, both of gold and diamonds, would still repay the working of various extents of sand, the lower beds of which have been hitherto inaccessible, and could not be advantageously worked without considerable outlay, either in tunnels penetrating through those barriers of rock which dam up the river in various places (thus forming immense, almost stagnant lakes in the rainy season, which, in the dry season, are converted into vast deserts of the finest sand, extending to a depth, in some parts, not yet ascertained), or by cutting, in different places, through the various obstructions which keep back the water of the river Mandanha and the adjoining sands, and thus carrying away, in the rainy season, through proper tunnels or channels, those masses of sand which have long ago deposited their contents of gold either on the clay or rock which now forms the bottom of the valley and the present bed of the river.

There are in Brazil, besides the principal diamond district generally known as such, several other tracts which yield this gem, such as that of the Serra Gram Mogol, and of Abaité in Minas, and of the Tiéte and Rio Verde, in the province of Sam Paulo; but the sands in none of them are so auriferous as in the former; and the writer considers the working, on a large scale, of the deeper deposits of gold, far more important, and more certain than the mere search for diamonds only, and that operations of this nature would lead to the most extraordinary and brilliant results.

It is ascertained from the books of the royal domain, that during the period of fifty-six years, from 1729 to 1785, in which the diamond washings were more actively pursued, and more easily performed than at present, and when, in consequence of the richness of the surface, no works of any magnitude were required, that the amount of 2,250,000 carats were paid to the crown, the value of which was about 4,600,000*l.* sterling.

Up to the year 1832, and for about fifteen years previous, the administration of the affairs of this district, which, as a crown domain, had a peculiar and, *nominally*, a very severe jurisdiction, had occasioned an expense of about 15,000*l.* per annum to the Government; and from the gradual exhaustion of the mere surface deposits, and from secret abstraction, the diamonds obtained did not cover this large expense. The last returns of diamonds publicly accounted for were those of 1826 and 1827, being respectively 5,361 and 5,991 carats, worth in London about 2*l.* per carat.

This failure of produce, together with the representations of the wealthy inhabitants of the neighbouring town of Tejuco, induced the Government to rescind the ancient monopoly of this district, and to authorise the division of the mineral property into "datas," or grants of thirty fathoms square, these being granted to such inhabitants of the district, or other Brazilian subjects, as might make application to the local authorities.

By this regulation, however, no individual was to have possession of more than twenty "datas," and many received only one, two, or even only half a one; and consequently in the first two years there arose numerous disputes and misunderstandings amongst the parties to whom grants were made, each endeavouring to gain some favourite spot in order to commence operations. The produce both of diamonds and gold has, notwithstanding, been considerable during this period.

The above regulations of the Government, although abolishing the previous monopoly, were, in one respect, very injudicious, since, by restricting the grants to a very limited space, they gave no encouragement to those more extensive operations which are now necessary to arrive at the richest and yet untouched parts of

the deposits,—such as lowering the bed of the river Mendanha, and producing thereby a complete removal of the surface-sands, so as to expose the lower beds. By the former operation, indeed, a surface of many square leagues would be made available, which is now merely a continuous mass of loose and often flooded sand. Works of this magnitude, however necessary, could not be undertaken by any private adventurer, or company of adventurers, as, from the limited extent of their grants, they could not reap the full benefit of them.

These circumstances having been brought before the legislature of Brazil, an alteration of the system has been determined upon; and thus has originated the measure now proposed of selling to the public the mineral rights over a surface of four square leagues, the produce of which is to be applied to the redemption of the paper money.

If the choice of the locality is left to the purchasers, and an extent of one or two square leagues be taken over a space (including the bed of the river), of from 1500 to 2000 yards in breadth in some places, although occasionally much more contracted in others, the result of the speculation will probably be such as has never previously been witnessed in any mineral adventure. As a proof of the extraordinary wealth of this district, the following recent occurrence may be given:—During the month of April last, a Mr. Daniel Smith, an Englishman, who for many years has resided in the diamond district, taking advantage of the above-mentioned license to work tracts of ground hitherto prohibited, and applying some little knowledge in the construction of rude machinery, realised in two days, on a spot which he had carefully selected, in gold and diamonds (for they are always found together), the large sum of 90,000\$, equivalent to about 11,000*l.* sterling; a result probably never obtained before from any mine in the world.

This success has already stimulated others to attempt working these alluvial deposits on a more extensive scale; and, with the aid of machinery, one of its results was to occasion about 2000 inhabitants of the town of Tejuco (about one-fifth of its

whole population) immediately to quit their abodes and try their fortune in the same neighbourhood; but whether they will commence operations as skilfully as Mr. Smith had previously done, or whether they will be so fortunate as to meet at once with so rich a deposit, still remains to be seen. A considerable mine proprietor from that district has already come over to this country in order to take out with him the necessary machinery for this purpose, and more especially diving-bells, which will be arranged so as to be carried on mules' backs, a circumstance which occasions some inconvenience and delay in their manufacture.

There is every reason to suppose that the right of mineral property over the above-mentioned four square leagues could be obtained from the Brazilian Government on reasonable terms, as well as the acquisition from private persons of any adjoining lands which might be desirable in carrying on large operations in the mode thus cursorily alluded to.

These operations are by no means of the nature of a mining speculation; all the work required, with the exception of one or more tunnels (should they be found preferable to open cuttings) along the falls of the river, would be entirely on the surface, and might be executed for a given amount, which admits of being estimated within a few thousand pounds; and by this simple means gold and diamonds of immense value would doubtless be discovered. No shafts would be required, nor would deceptive appearances be found to lead to deep and expensive trials. Indeed, had the capitals of certain Brazilian companies been expended in works of this nature, it is probable that large profits would have been realised in cases where heavy losses have unfortunately been incurred.

PRODUCE OF THE GOLD MINES AND ALLUVIAL DEPOSITS OF BRAZIL.

AN account of the exportation, both of gold and diamonds, was formerly kept in the books of the "Registos," or provincial custom-houses; but this practice was discontinued about the year 1817, this register being found of but little use, from the great

extent to which the smuggling of these valuable products was always carried on. It appears, however, from this record, that the total official exportation of gold from the province of Minas Geraes has amounted to 20,686,760 ounces troy, equal in value to about 77,000,000*l.* sterling; and in the year 1754 the king's fifth amounted to 3,770 lbs., the quantity *openly* exported from Minas Geraes in that year being consequently 18,850 lbs. Notwithstanding these official exports, the value of less than 60,000,000*l.* sterling has passed through the mint of Rio de Janeiro.

From the returns of the Brazilian mint, we find the yearly averages of the gold coinage, at different periods, to have been as follows:—

	£.
Yearly average from 1703 to 1767, a period of 64 years	570,000
Yearly average from 1768 to 1809, a period of 41 years	508,000
Amount of gold coinage in 1810, when paper money and a copper currency had been established, which, with the seniorage of 11 per cent, must have forced away the gold, both in dust and bars	360,000
Yearly average from 1811 to 1821 inclusive, a period of 11 years	163,278
Amount of gold coinage for 1822	39,780
Yearly average from 1823 to 1832 inclusive, a period of 10 years	17,383

We are also in possession of documents shewing that there have been years in which the gold officially passed at the barriers of the mines has amounted to more than 1,200,000*l.* The gold now extracted in Minas Geraes alone has been estimated, by persons who calculate on the lowest and most moderate data, as amounting to more than 500,000*l.*, while by some it is considered as nearly double that amount. As, however, the gold extracted in that province is chiefly obtained from alluvial deposits by the labour of the “feiscador,” or gold-washer, which indeed has always been the case, it must have continually been becoming scarcer and less accessible; and we may therefore fairly con-

clude, that the average produce, since the year 1700, has certainly not been smaller than at present. Taking it therefore, as we seem justified in doing, at 500,000*l.* per annum, we shall have a total amount of 118,000,000*l.* sterling; and we should particularly consider, that in former times the almost exclusive employment of the population of the interior consisted in seeking for deposit gold, but the increasing scarcity of which gradually obliged a portion of the inhabitants to seek subsistence from other modes of industry.

Persons who have made careful observations over the province of Minas Geraes, with a view to ascertain how many gold-washers are employed there on their own account, have arrived at the results which we shall presently furnish. As regards the race of men following this now precarious operation to the unassisted labourer, we may observe, that they adhere to this mode of life more from necessity than from choice, the wages of labour being extremely low in the interior, in consequence of the want of communication, and the difficulty thus arising of exporting agricultural produce.

From the observations alluded to, it appears that the number of gold-washers amounts to about 16,000; and they may be considered as averaging about four ounces of gold per annum, making a total produce of about 240,000*l.*

The number of persons (principally slaves) who are employed in working upon veins, or upon such alluvial deposits as require a combined exertion, has been estimated at about 20,000; and their labour being more continuous, and, with the aid of machinery, more advantageously employed, than that of the independent and unassisted gold-washer, who partly supports himself by hunting, and works leisurely, it may be considered to realise about seven ounces of gold per annum for each individual, or a total produce of 11,666 lbs. troy, equal in value to 539,000*l.* sterling. The writer is therefore of opinion, that the aggregate produce of gold in this province may safely be rated at about 500,000*l.* per annum. In addition to this, however, the receipts for diamonds will probably not be much under

the sum of 100,000*l.* in the Serro Frio alone. Were it not, indeed, for these remittances in gold and diamonds, the consumption of English and other foreign goods in Minas Geraes, which is equal to half the total imports from abroad to Rio, could not, at least for any length of time, be maintained, without ruinous consequences. The trade of this province has always, however, been considered as secure, and based on a solid foundation; and strong indications of wealth and opulence are spreading throughout its whole extent, and have in no part of Brazil, not even in her sea-ports, so substantial a character as they have in the town of Tejuco, now called Villa Diamantina, which we have already mentioned.

ON THE IMPORTANCE TO GREAT BRITAIN OF THE
EMIGRATION OF THE LOWER CLASSES FROM THE
CONTINENT OF EUROPE TO BRAZIL.

NUMBER of emigrants who arrived at Rio, from the 1st of May, 1835, to the 31st of May, 1836, ascertained from the police-office register.

Portuguese	1918	Brought up	2,859
French	315	Maltese	18
Germans	245	Buenos Ayrians	16
Spaniards	143	Danes	16
English and Irish	91	Russians	6
Swiss	58	Belgians	6
Italians	41	Dutch	3
Sardinians	29	Moors	2
Genoese	19		
	<hr/>	Total	<hr/>
	2,859		2,926

The arrivals in the ports of Santos, Bahia, and Pernambuco, &c., principally of Portuguese, may be computed at 2,000.

In 1836, the arrivals from Portugal and Spain were considerably greater, 400 islanders having arrived from Teneriffe alone. Also from Germany the arrivals were larger, of which about 450 arrived at Pará.

Having on a former occasion brought forward the following views on the effects of emigration from the Continent of Europe to Brazil on the commerce of Great Britain, the writer thinks himself justified in repeating them here, as closely connected with the future prospects of the finances and commerce of Brazil.

The emigration from Europe to Brazil already amounts to very nearly 5000 men a-year; and the desire for it in Germany is so strong, that some states, and Saxony in particular, seek to throw obstacles in the way of emigrants, which, however, might be easily evaded, if a respectable Company, or the Brazilian Government, were to keep vessels in readiness at Hamburgh, Bremen, Rotterdam, and Havre; from which places, if a free passage, yet with the condition of returning its cost in labour, were allowed, 25,000 German settlers could be taken off every year with ease. Nor is there a doubt but that the ports of Bilboa and Cadiz would annually supply 5000; Lisbon and Oporto, 3000; and the ports of Genoa, Naples, and Venice, 5000; and the ports of France, 5000.

The writer here wishes expressly to be understood, that he means not to encourage emigration of any people of the United Kingdom (however desirable) to Brazil, as they have their own favoured colonies to go to, and meet, for so doing, every facility; but to shew how intensely important emigration, even that of foreigners, to Brazil, is to England, he for once assumes, for ten years, an annual emigration of 20,000 of the poorest class of Germans, Spaniards, French, Portuguese, and Italians, whose average wages at home are only 5*d.* a-day, consequently barely sufficient for the scantiest subsistence, allowing *them not to be consumers of the merest trifle of English manufacture.*

To British commerce, therefore, their existence is

nought; and if it were felt at all, it could only be felt in a contrary sense, by such cheap hands being put at the disposal of the continental manufacturer.

Now, in Brazil the lowest average wages per year of a European labourer or servant, is from 25*l.* to 30*l.* and subsistence; and that rate will increase with emigration, because labour creates capital, and because the era of public improvement has begun in Brazil, which will make advancing strides with each accession of hands.

Thus, the 200,000 men imported will, besides their subsistence, have annually, at 25*l.* each, a disposable capital of 5,000,000*l.*

Now, in what is this capital to be spent—for they have already their subsistence provided for? Why, in what else but foreign manufactures, in a country which manufactures nothing but sugar and spirits, for which we will make them the ample allowance of 3*l.* per head, thus reducing the amount to 4,400,000*l.* Now, England provides five-sixths of all goods imported into Brazil, and almost exclusively the necessities of that class which is precluded from luxuries; *thus, 200,000 foreigners carried to Brazil increase the consumption of English goods, by their direct demand, BY THREE MILLIONS AND A HALF; and by their necessary increase in twenty-five years, by 7,000,000*l.* sterling.* But this labour must give advantage and profits also to others who employ them; and these, by an improvement of their condition, become also consumers of English manufacture on a larger scale.

If we consider the fact of a population under 65,000 souls, men, women, and children, in New South Wales, having, in the year 1833, been consumers, to the amount of 750,000*l.* of British manufactures, the above assertion will become more credible; and it must be clear to the most obtuse understanding, that not the conquest of one-

half the world, nor treaties of commerce as advantageous as England may ever have made with the other half, can give it the shadow of such substantial advantages, and such extension of commerce, as a well-supported emigration of the destitute classes of Europe to a non-manufacturing country, and PARTICULARLY TO ONE, AS IS THE CASE WITH BRAZIL, NOT LIKELY TO BECOME A MANUFACTURING ONE.

Such an emigration to such a country *presents* another advantage of paramount importance.

By many, whose opinions in matters of political economy deserve all credit, the root of the periodical distress of the manufacturers of England, usually a forerunner of general distress, is sought in the circumstance of the means of manufacture by the power of machinery, as well as hands, outrunning, or exceeding, THE MEANS OF SUPPLY OF THE RAW PRODUCE, which by them is to be reduced to a marketable shape. Now, the greater the emigration to countries producing such raw produce, the greater becomes the supply of them, and thereby the scope for England to supply the greatest part of the world with them, after having bestowed on them that labour for which it has such peculiar capabilities and powers, whose strength seems to grow by each strain that is put on them.

Thus, emigration of *foreigners* from the continent to an agricultural foreign country, as Brazil, will give to England *consumers of its manufactures*, and *providers of such raw produce* as will enable it to feed its manufacturing powers, and to supply other new and old countries; which, for want of a sufficiency of raw materials, it has not been able to do.

Of all English colonies, only that of New South Wales offers this double advantage in a superior degree, by its

remittance of wools ; but as soon as the over-production of that peculiar quality of wool which New South Wales affords, shall reduce the price of it so much as to render its shipping to Europe profitless, so soon will the coal there found in abundance, and the rather European climate of New South Wales, dispose its inhabitants to work it up themselves by machinery, with the use of which they are familiar, and to provide China, India, and part of Africa and South America, with coarse cloth and blankets ; and England will thus have in New South Wales a competitor in manufactured goods, *instead of a provider of raw produce* ; which Brazil, from the fertility of its soil and the softness of its climate, will remain to be, as long as it may not have a population of four thousand persons to the square league — having as yet not twenty.

Canada, and all the West Indies, offer not the advantage of being providers of any thing on which England's manufacturing powers could be exercised to much advantage, if we except the hemp of Canada ; for the chief articles are cotton, silk, flax, and hemp. But Canada is decidedly destined, at an early time, to turn manufacturer of its own domestic produce at least.

Thus it appears that no emigration, NOT EVEN THAT OF ENGLISHMEN TO ENGLISH COLONIES, IS HALF SO IMPORTANT TO ENGLAND AS THE EMIGRATION OF FOREIGNERS TO BRAZIL ; and there is fortunately no assignable limit to the scale upon which such an emigration might be carried on, if Brazil, besides determining, as we may expect it will soon determine, to use the produce of its land-sales in adding to its scanty population, should anticipate the future sales, by borrowing in the European money-market a large sum for emigration, directed by commissioners, similar to those appointed by the British

Government for the disposal of lands in New South Australia, or otherwise.

Millions of the superabundant capital of Europe might thus find profitable employment, on a security perhaps the best that the world affords, namely that given by Brazil, from having an honest and well-meaning Government, a prudent legislative chamber, and a quiet people, whose predilection for a constitutional throne is being strengthened every day,—*backed by an extensive and most fertile country.*

Millions of the superabundant people of Europe would thus be removed from misery and vice to prosperity and happiness; and the condition of many more millions of those who remained behind would be much ameliorated by the removal of undue competition in underrated labour, as well as of a baneful competition in the articles of food.

And as the labour of those translocated to Brazil must necessarily increase, and consequently cheapen, the export-produce of that country, many of the comforts thence received would become more accessible to them, and the increased production of RAW MATERIAL thence arising would give more value to their labour required for its preparation for apparel—the latter benefit falling home *almost exclusively to England*, as already stated.

Some persons, without doubting the honest disposition of the Government and Legislature of Brazil to pay all they owe, or for which they may henceforth enter an obligation on such grounds as above marked out, might nevertheless wish to know with what means they would be able to do so with regard to the dividends of a loan thus raised; and which, for argument's sake, we will set down as being 3,000,000*l.*

A small calculation, omitting the details of many

additional advantages to be derived by Brazil, will probably suffice to dissipate any apprehensions upon this subject.

Assuming this capital to be raised in three annual sums of

1,000,000*l.* at 5 per cent per annum, and at
par, as it well deserves to be,
when looked at closely; de-
ducting

70,000*l.* for one year's interest and two per
cent commission, leaves

930,000*l.*

This sum, at a more than ample allowance for pas-
sage-money for each head, under 30 years, of
12*l.* (even 10*l.* being sufficient) will give Brazil
an accession of 77,500 pair of hands: each of
which finds subsistence and 25*l.* a-year at least
as the meanest labourer; they consequently
create a disposable capital of £1,887,500

That, minus 10 per cent for home-produced luxuries,
coffee, sugar, and rum (for their necessary sub-
sistence is not included in the above wages) 188,750

Leaves the amount of £1,698,750

which would be entirely consumed in foreign manufactures.

These pay to the country 15 per cent for impor-
tation duty, and will pay more by and by, when
the exportation duty is abolished. Thus 15 per
cent are £283,125

But these new hands will either be directly em-
ployed in increasing the product of the earth
for home consumption, or for export, or they
will dislodge a correspondent number of hands
from the towns and villages where they settle, to
field-labour; or they will contribute to facilitate
means of transport, giving an outlet to the pro-

duce now locked up in the interior ; or increasing its amount by a cheapened transport. Thus, at any rate, a number of hands equal to theirs is given to agriculture, and the exportation-produce proportionately increased, which pays 10 per cent to the revenue ; and being reckoned, as it may be, on each effective pair of hands, at 9*l.* per head, at least, leaves an additional revenue of 69,750

Thus a new annual revenue of £352,875

meets the annual dividends and commission by five times the annual cost of the capital required to create such revenue.

And the result thus shewn need produce no astonishment to him who reflects on the amount of dormant capital inherent in a fertile soil thus called to life by the capital inherent in each efficient pair of hands,—so valuable in a country like Brazil, that a slave, for at least two of which a free labourer is an equivalent, is worth 50*l.* or 60*l.*—Brazil by this emigration acquiring for each outlay of 12*l.* a value in labour of 100*l.*, together with a value obtained by a fresh accession of land brought under cultivation ; which latter I point out as the best security for *the principal of the loan*, which security is furthermore increased in an infinite ratio, by the necessary increase of the population thus acquired by emigration through marriage and births.

If the above estimate of the value and effectiveness of 200,000 labourers imported into Brazil should be considered over-rated, when compared with the present rate of production of Brazil, whose annual exports may be estimated at 6,000,000*l.*, on a population of 5,000,000 ; it must be taken into consideration, that out of the above

sum scarcely one-tenth is really productive, as from it must be taken

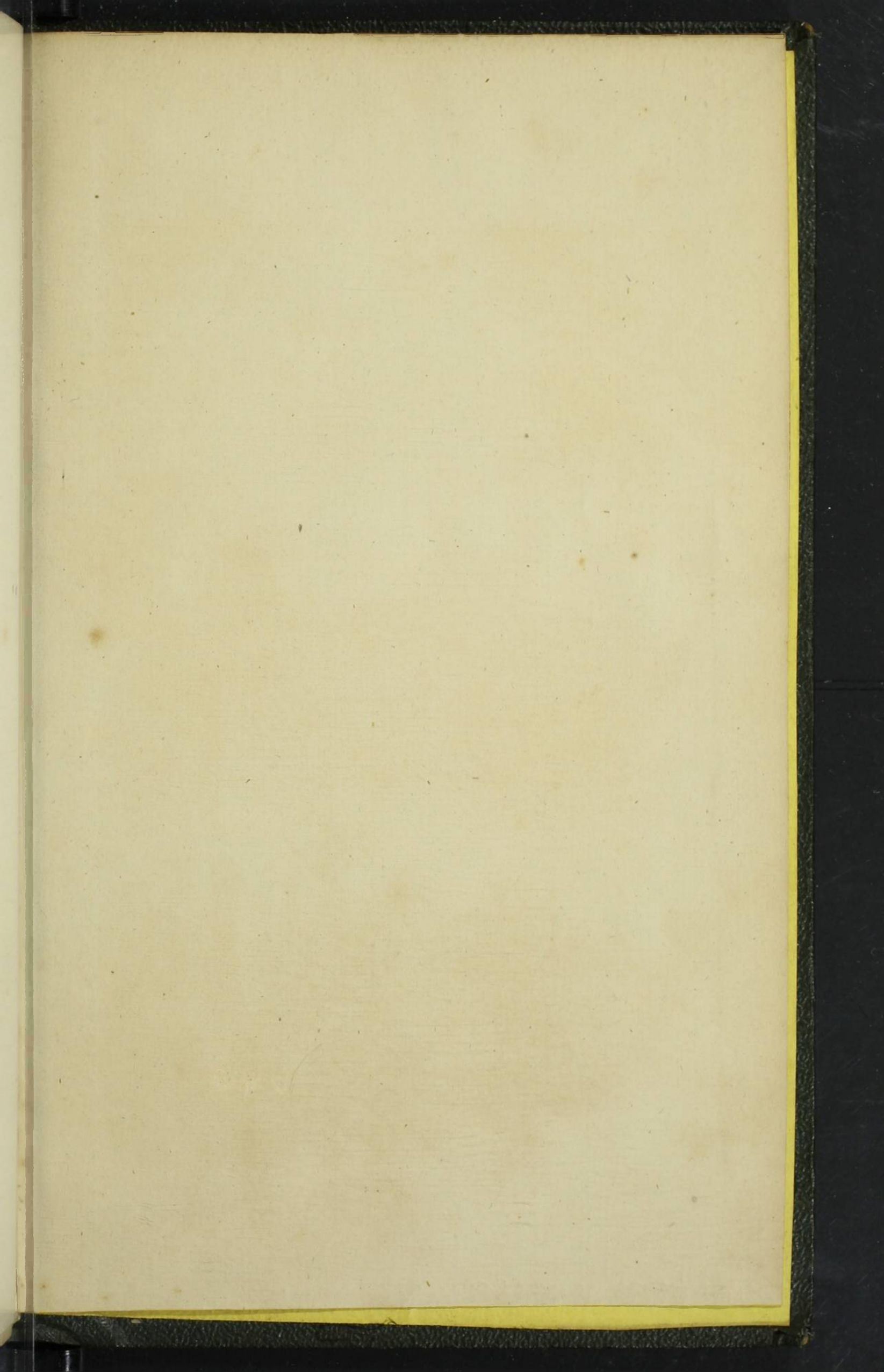
About three-fifths, for women and children, or	3,000,000
For the male Indian population	220,000
For public functionaries, priests, and soldiers	80,000
As one-half of the population so located in the interior that its industry is lost for exports	300,000
For male domestic servants (blacks)	150,000
For capitalists, masters, and idlers, who do not cultivate the soil	150,000
	<hr/>
	3,900,000

And reckoning the effective male black agricultural labourers at about 1,000,000, acknowledged to be only half as effective as European labour, this number receives a further addition of	500,000
	<hr/>
	4,400,000

Leaving thus about 600,000 to create an export-produce of about 10% per head.

THE END.

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