

Brazil—The Fabulous Giant

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among the members of the trade. The figures were astounding. But coffeemen hid their fears and prices continued steady with an occasional small advance.

The market was further comforted in mid-November by the publication of a study of past Brazilian frosts and the resulting price movement of coffee. Surveying the history of six frozen crops, an official of an international bank calmed the industry by declaring "output in the years following a frost-reduced crop was generally up to or above the years before the frosts."

Extreme Shortages Forecast

The report concluded optimistically: "The pre-frost estimates of the 1954-55 Brazilian crop were several million bags above the crops of recent years. Even though freezing temperature may have sharply reduced the final output, the probably physical supply of Brazilian coffee next season is unlikely to be far below that of the present (1953) year."

The trade was reassured for a while. But by December, it was apparent that the undamaged areas in the Giant's vast domains could

not offset the crop loss of Parana and Sao Paulo. Extreme shortages and scarcity were forecast.

The New York Coffee and Sugar Exchange reacted spontaneously. "No" supply and "strong" demand created the most phenomenal price rise the coffee market had ever experienced. The danger of future "shortages" drove traders and importers to bid for coffee for their customers or plants without regard for price. The calmer voices in the trade were ignored as they suggested the shortages might never materialize or that Brazil's losses would be equalized by the increased crops of Mexico, Colombia and the other Latin-American producing countries.

As green coffee rose to record heights, roasted coffee in America's grocery stores became more costly as processors passed their higher costs to the public. Coffee drinkers protested vehemently. The coffee industry was accused of speculation, crop manipulation and monopolistic practices. Over the airwaves and in the newspapers the people spoke out against high coffee prices. Congressmen and senators grasped the politically safe issue and belabored Brazil, coffee speculators and the New York trading

exchange. Committees and subcommittees were organized within both houses of Congress to probe the coffee crisis and President Eisenhower ordered the Federal Trade Commission to make its own separate investigation. At one time in January of 1954, twenty federal, state and city agencies, in New York City were digging into the reasons behind the skyrocketing coffee prices.

But the headlines and bombast could not repair the devastation to Brazil's *fazendas*. According to Brazilian coffee officials, a total of 904,727,000 coffee trees in the states of Sao Paulo and Parana were damaged or destroyed. Twenty-seven percent of all the coffee trees in Brazil were out of production for 1954-55. Based on the average 1953 value of a 132-pound bag of green coffee, Brazilian farmers lost over \$174,000,000 on the 1953-54 crop and \$308,000,000 on the 1954-55 crop.

Small Farmers Greatest Losers

The frost lingered longest over Parana, where a crop of over 5,000,000 bags had been ready for harvest. Fewer than 3,000,000 bags remained. Huge tracts of land formerly green with healthy trees, were now waste land. One farm which had expected to produce 90,000 bags would harvest fewer than 1,000. On hundreds of small farms, the freeze destroyed every living plant. The *fazendeiros* and their families watched the dried coffee leaves flutter to the ground as soft, warm winds swept across the land.

If the loss from an agricultural disaster can be apportioned, the most lamentable victims of the Brazilian freeze were the thousands of small farmers who were new to the land. The losses of the million-tree *fazendeiros* were immense but their private fortunes were usually adequate to carry them over the cropless period. The new farmers, how-

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