

In the course of the years, coffee growing ascended up the valley and entered the State of Sao Paulo, leaving the borders of Rio State. And moving up the valley, it reached the Sao Paulo plateau, where it was to find an even more favorable habitat, spreading out in green oceans which were to be the basis of the progress and the economic, cultural and political greatness of Sao Paulo. Coffee, as is known, is a technically permanent growth, but in Brazil it has been a nomadic one.

#### Migration to Sao Paulo

Starting around the capital of the country, it reached as far as the banks of the Parana River in the State of Sao Paulo and in Parana State. It also spread, however, towards the interior, through the mountains, and to the North, so that when coffee growing languished in the lower valley of the Parana river, new high-land plantations rose, to take its place, in the States of Rio and Minas Gerais, as well as lowland and high-land plantations in southern Espirito Santo, all of them tributary to the port of Rio de Janeiro.

And this is the secret of the coffee-wise importance of the Rio market, preserved through generations. It yielded first place, because of the

volume of Sao Paulo production, to the port of Santos. But it preserved its position as the exporter of the Rio, Minas and Espirito Santo coffees. And because of the cleverness of its merchants, it frequently exports coffees from Sao Paulo and even from Parana proper, despite the distances.

Trading as old as this could not fail to have, as in fact it is, a noble tradition, of which it is proud. May it be said in passing that the Brazilian coffee business is one of the best organized things in our country. And the Rio trade has always made it a point that, above all, it is a trade in physical coffee, distant as far as possible from speculation. In our market, operations for future delivery are actually covering operations.

#### Rio Keeps Position

A trade with such a tradition could not less but be renowned for strictly and scrupulously honoring all its contracts, so as to inspire the fullest confidence to all importing centers. This scrupulousness was so exacting that the Rio De Janeiro coffee trade reached the refinement of meeting even contracts which had been voided by changes in the exchange regulations of the Brazilian Government. And these contracts were met with great losses, because in such cases foreign ex-

change had to be bought in the free market, in order to protect the consumers' interests.

The Rio de Janeiro coffee trade acknowledges that the public power has the right—which also is held in other countries, especially the United States—to protect agricultural production.

#### Oppose Exchange Speculation

In Brazil, the Government, by means of regulations and exchange decisions or by allowing subsidies, directs the coffee economy, because of the importance of this product for the country's balance of payments. The trade, however, is radically opposed to exchange speculation, whether it is practiced in foreign or domestic markets, because such speculation often brings trouble to the market, causing prices to fluctuate violently, with great harm to producers on some occasions, or to the consumers on other occasions, but always, in both cases to the trade in physical coffee. We welcome, for this reason, as beneficial any measures intended to restrict to the minimum the speculation in coffee paper, reducing the Coffee Exchange to an instrument of mere arbitration, because it is our contention that Exchanges exist for covering operations and not for gambling.

The coffee trade of this city, therefore, washes its hands of the speculation taking place in the national or international coffee markets, once and for all, inasmuch as its interest is limited to the purchase and sale of the physical product.

The Rio coffee trade is an important link in the Brazilian economy and its final purpose is to serve as intermediary between the growers, who till the earth, in the interior of the country, and the consumers in our large urban centers, or

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