BRITAIN AND BRAZIL, 1900-1920

by

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ABSTRACT

The availability of new document sources in Britain and Brazil has made it possible to examine this crucial period in the development of relations between the two countries. After exerting considerable economic and political influence in Brazil during the nineteenth century, British supremacy began to be challenged by German and American interests. At the same time, the Brazilian economy was undergoing fundamental changes brought about by the collapse of rubber and coffee and the development of diversified industrial activity. The main effect of this process was to reduce Brazilian dependence on British capital and imports, and to foster her own growth as an international unit of some importance.

British opinions regarding the state of Brazil during this period were generally pessimistic, and ran counter to the accepted view that she was passing through a phase of progress and prosperity. British diplomatic sources, not always well-informed, saw little hope for the country, and these thoughts were echoed by several leading Brazilian intellectuals. The British Minister in Rio de Janeiro, Sir William Haggard, was totally unconvinced about Brazil’s future prospects, and was unsuccessful in developing fruitful relations with his counterparts. The policies of the Barão do Rio Branco brought Brazil closer to expanding American interests.

The First World War was important in that it witnessed the eclipse of Germany from the international scene and produced a marked improvement
in Anglo-Brazilian relations. The British Minister, Sir Arthur Peel, was more successful than his predecessor in his official dealings, and the common interests of the War established closer ties between the two countries. By the end of the War, however, Brazil had emerged as a prominent factor in the affairs of the hemisphere, and her own national and international development signalled the end of Anglo-Brazilian relations as they had existed before the turn of the century.
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CHAPTER I
BRITAIN AND BRAZIL IN THE NINETEENTH CENTURY

The roots of Britain's commercial and political interests in Brazil during the course of the nineteenth century can be traced to the ancient alliance between Britain and Portugal, itself based on political and commercial motives. There is no doubt that this alliance played a vital part in the formation of modern Portugal and the fact that it is still active today in various forms demonstrates that it has been a powerful force in the affairs of that country. Although originally a product of medieval statecraft, the alliance took on a more modern and practical aspect at the beginning of the eighteenth century, when the Methuen Treaty established the main lines of future Anglo-Portuguese commercial contacts.

The Methuen Treaty was an expression of the extent to which British interests were involved in Portugal, and it was prompted by the desire of the British to assure commercial ties with Portugal at the expense of France. This simple document paved the way for the permanent entry into Portugal of British woollen goods in exchange for concessions on Portuguese wines imported into England. It stimulated British investments in Portugal and trade between the two countries, an activity already firmly established in the hands of the British, and although it cannot be held responsible for all the ills of the Portuguese economy during the eighteenth century, the treaty reflected the basic policy of an organized, developing, industrial economy towards one which was less
organized, underdeveloped, and predominantly agricultural. The similarities between Britain's commercial relations with Portugal during the eighteenth century and with Brazil during the nineteenth are too striking to be ignored. Pombal's remarks about commercial subordination in his Causas da ruína do comércio português could equally well be applied to Brazil during the following century: "Se pudéssemos extrair por nós mesmos as manufacturas de Inglaterra, e exportar com liberdade os frutos do nosso continente, claro está que não padeceríamos tão injustos enganos." Pombal, according to A. K. Manchester, was merely expressing a desire for economic independence from foreign influence: "Pombal was not the enemy of England; he was attempting to retrieve his country from a condition of virtual vassalage to a foreign state."

The European situation at the beginning of the nineteenth century did not, however, permit the development of Portuguese ideas of economic and political independence. The war with France was to provide England with a unique opportunity of establishing her own influence in South America, achieved as much by carefully planned diplomacy as by the mere fortuitous passage of events. Portugal was placed in an untenable position by the advance of France, was forced to evacuate the court to Rio de Janeiro with the assistance of the British fleet, and began making various trading concessions of which the British were all too ready to take advantage. This period of transfer of British interest from Portugal to Brazil has been examined closely elsewhere. Attractive concessions were obtained by Strangford in 1810, two years after the flight from Portugal, and the success of the British can be attributed in large
measure to the fact that the Portuguese negotiated on the basis of previous agreements between Portugal and Britain rather than with the new realities of the Brazilian situation in mind. The British, whose involvement in Latin America was considerable at the time of the independence of the old Spanish colonies, obtained during the first two decades of the century trading concessions which were to assure their preeminence in Brazil for many years. Various negotiations between the governments led to the agreements of 1827, establishing Britain as Brazil's main trading partner for the remainder of the century. Britain's involvement in the process of independence paved the way for her vital role in the future development of Brazil, and by the time the Empire became settled as a political unit Britain was well established as the main economic influence acting upon it from outside. In the words of one historian: "The transfer of the special privileges which England had enjoyed for centuries in Portuguese commerce was completed and the continuation of Great Britain's preeminence in the economic life of its old European ally was assured in Portuguese America despite the severances of the colony from the mother country. The thread of continuity is remarkably clear, running back through the transition years of 1810-1827 to the Anglo-Portuguese relations of the seventeenth and eighteenth centuries." 

The two decades after the flight of the Portuguese court were, therefore, a crucial period in the development of future Anglo-Brazilian relations. Brazil showed all the signs of being a British protectorate until she refused to renew the earlier commercial agreements in 1844.
It was during the early years of the Empire that, despite active opposition, the foundations were laid for the massive British influence which was to be felt throughout the rest of the century in Brazil. Britain became the focal point of Brazilian foreign policy, guarding her own economic and political interests with considerable success:

British interest was not limited, however, to commercial and political domination. The humanitarian aspects of slavery occupied the minds of British liberals to such an extent that they saw themselves committed to the eradication of this institution in Brazil. In fact, humanitarian and economic involvement went hand in hand, for the Brazilian sugar industry, dependent since early colonial days on slave labour, was a serious competitor of the British plantations of the West Indies. The British government, together with private individuals committed to the cause of abolition, applied pressures upon Brazil which were regarded by that country as interference in its own internal affairs, and these pressures generated much hostility and distrust between the two nations. The various phases of the abolition movement need not be discussed here,
nor can it be stated that British pressure was wholly responsible for the measures taken by the Brazilian government to transfer to a free labour system. The transition was in any case inevitable. The changing structure of Brazilian society during the nineteenth century, the development of industrialization around the Rio-São Paulo axis, the steady movement towards urbanization and the waning of the political preeminence of the landed aristocracy in the face of the growing influence of a class of capitalist entrepreneurs and industrialists—all these factors contributed towards the final decline of slavery as the basis of the economic prosperity of Brazil. The availability of immigrant labour on a large scale towards the end of the century provided the logical alternative to slavery, and the Abolition of 1888 was but a stage in a large process of development. In the long run, the British stimulus visible in Brazil in the form of industrial machinery, railways, banking, trade and commerce was as important as the political pressures exerted by the British government. It can be said, however, that the British were largely responsible for the early measures against the slave trade and against the permanent propagation of slavery within Brazil, for these were implemented before many of the fundamental changes in Brazilian society began to occur.\textsuperscript{11}

Political relations between the two countries were determined to a large extent by the attitudes to slavery and the slave trade. In the 1840's and 1850's the arrogant tone adopted by the British in this respect alienated Brazilian government and public opinion, and British political influence suffered as a result. The culmination of the phase of unpopu-
larity came in 1863, when as a result of the high-handed actions of the British Minister, W. D. Christie, and of the blockade of Rio de Janeiro by British ships, Brazil broke off diplomatic relations for a period of years. The Christie incident, stemming from the alleged looting of a British wreck on the southern shores of Brazil and from an alleged assault on a group of British sailors in Rio de Janeiro, is perhaps an exaggerated example of British treatment of Brazilians. There is no doubt that Christie was an extremely volatile man, and that the choice of him for a post of responsibility in Brazil was not very fortunate. His letters in the London press after the incidents and the correspondence between him and various authorities in both Brazil and England show that he was far from grasping the basic realities of the Brazilian situation and—more important—that he was prepared to make no attempt to do so. The Christie affair has in the past been singled out for detailed study because of the significant place it occupied in the development of Anglo-Brazilian relations during the century. But the attitude Christie represented was by no means untypical. On the contrary, official and unofficial correspondence written by Englishmen in Brazil suggests that they were frequently exasperated by government delays, by unwillingness to conform to British standards of behaviour and by a generally intolerable lack of consideration and organization. The Victorian gentleman, particularly one from a respectable, middle-class, protestant background and whose money and good fortune enabled him to travel abroad, had boundless confidence in his own system, and found adaptation to foreign standards extremely difficult. In a later chapter
it will be shown how such a lack of understanding and appreciation, especially among the diplomatic community, still existed long after the Christie affair, and how difficult it seemed for the educated Englishman to treat Brazilians with anything but an air of disdainful superiority. Christie's *Notes on Brazilian Questions* still remains, however, one of the most wild and colourful anti-Brazilian tracts of the century.\(^1\)

The diplomatic pressures brought to bear by Britain were heartily resented by Brazilian officialdom. A stiff answer to the railings of the British was provided by Dunshee de Abranches, a diplomat and historian who, writing at the time of the First World War—during which he was one of the few Brazilian intellectuals openly to support the German cause—described in the following terms the diplomatic scene of the mid-nineteenth century:

E' triste dizer-se que, por mais de meio século, enquanto os estadistas brasileiros viviam a esforçar-se para demonstrar à Inglaterra a nossa amizade e as nossas simpatias, chamando a atenção dos seus maiores homens de Estado para os progressos da nossa cultura política e mental e para a honestidade e critério da nossa alta administração, os Ministros da Fazenda e dos Estrangeiros viviam a perder largo tempo das suas ocupações em dar a cada instante sobre os mais disparatados assuntos e bagatelas, explicações, esclarecimentos e satisfações aos gabinetes de S. James, os quais jamais nos deixaram de tratar com desprezo e escárnio, por um lado, e por outro com ameaças de intervenções armadas, e nunca nos olharam com mais piedosos olhos do que às nações menos civilizadas ou semi-bárbaras da Oceânia ou da África. As notas diplomáticas e mais documentos oficiais, que ilustram a história do Império, e algumas páginas mesmo de nossa vida republicana, são testemunhos eloquentes de tantos vexames, afrontas e humilhações a nossa Pátria infringidos acintosamente e injustamente pelos governos britânicos directamente ou pelos seus plenipotenciários e agentes consulares em repetidos conflitos com as autoridades nacionais. E houve um dia em que, diante de tantas iniquidades e opressões, um ministro do Brasil acreditado em Londres, diplomata emérito e fino cultor das letras e da ciência, o conselheiro Sérgio de Macedo, assim se exprimia corajosamente em documento
que ficou memorável em a nossa história internacional: "E' sempre com a ameaça nos lábios que o governo inglês se dirige ao do Brasil. . . . (16 de maio de 1854)."  

From these remarks, and from those of counterparts on the British side, it is clear that official relations were far from happy during the greater part of the century.

In general terms, the British impact on Brazil during the nineteenth century was, however, more economic and commercial than political. Brazil represented an enormous potential market for British manufactured goods, and at all times during the century exports to Brazil far outweighed in volume and value imports from that country. From the commercial point of view, everything was in Britain's favour. Her industrial economy was developed to such an extent that she had the products available for the market; her private businessmen thought constantly in terms of material progress and expansion; her financial position was strong enough for her to be able to float loans and invest in enterprises abroad; her merchant ships were available for the transportation of British manufactured goods to Brazil; and, above all, Victorian England was inspired by the philosophy of success, by a dedication to hard work, and by a supreme confidence in the role of Britain throughout the world. In short, Brazil came to be something of a British colony during the course of the nineteenth century. As the same Brazilian Minister stated in 1854, "the commerce between the two countries is carried on with English capital, on English ships, by English companies. The profits . . . the interest on capital . . . the payments for insurance, the commissions, and the divi-
dends from the business, everything goes into the pockets of Englishmen.\textsuperscript{15}

The daily reliance of Brazilians on British products was a regular feature of urban life. They wore British clothes, bought British shoes, ate British food, kept time with British watches, played British pianos, sat on British chairs, ate from British china on tables made in England, relied on British tools and hardware, cured their ailments with British mixtures and ointments, drank British beer, read British books and played British games.\textsuperscript{16} These items represent in part a fashion in nineteenth-century Brazil for foreign made articles, and newspaper advertisements for French, German and United States' products swelled the number of those from England, particularly in the later years of the century.\textsuperscript{17} But at the same time it must be admitted that such articles filled a gap in a society which had not yet developed manufacturing to the extent of being able to support its own needs.

More important from the long term point of view, however, were imports into Brazil of British industrial machinery and technical products which were to make possible the advance of Brazil and develop the obvious potential of raw materials available throughout that country.

As a result of direct British involvement Brazil was able to create a communications system adapted in large measure to her basic economic needs. Foreign development of efficient railways was a common feature of nineteenth-century South America. In Argentina, for example, the British created a railway system that has remained virtually unchanged to this day. In Peru the American engineer Henry Meiggs ran communication lines through difficult terrain to tap sources of raw
materials in the mountainous interior. In Brazil the railways were connected to a considerable extent with British endeavour and initiative. Nearly all those constructed during the nineteenth century were either built and owned by the British or financed from London. The most successful venture in this field, the San [sic] Paulo (Brazilian) Railway Company, Limited, provided an early outlet for the produce of São Paulo and the communication line along which were imported the manufactured goods necessary for the future development of that great city. The technical problems of running a railway up from Santos to São Paulo were immense, but the fact that they were overcome meant that the coffee production on which Brazil has built much of her subsequent economic prosperity could rely on efficient contact with the major markets of the world. The British involvement in this development was direct and of vital importance: "it was the British themselves who were chiefly responsible for providing the capital, managerial skill, technical ability, and equipment for the construction of this railway, a monument to nineteenth-century engineering." The railway is much the same today as it was in its early days; but much of the traffic between Santos and São Paulo is now carried on the spectacular highway which connects the two cities. Without the São Paulo Railway, however, and various others which were built throughout south-central Brazil, the development of the coffee trade and the growth of São Paulo as an industrial and agricultural centre would have been much delayed. By the turn of the century most railway enterprises in the country were, or had been, connected with the British to some degree.
In a similar way, British engineers and financiers played a part in the construction of ports in major Brazilian coastal cities, and were involved in many studies and projects—including the original harbour works at Rio—during the second half of the century. The most successful example of such participation was the modernization of Rio harbour between 1904 and 1911, a project which set the seal on several decades of Anglo-Brazilian cooperation in this field.

Britain was likewise effective in stimulating the process of early industrialization in Brazil, though in this respect failures mingled with successes. The growth of manufacturing industries was dependent on coal, and as this was not readily available in Brazil abundant British supplies were imported to meet local needs. During the course of the nineteenth century Britain sent more and more industrial machinery to Brazil, and this form of export was to be of more lasting effect than the soap, umbrellas and bone china which were so typical of the manufactured consumer goods already mentioned. Britain provided much of the machinery for the Brazilian textile industry and helped in the establishment of modern flour mills. British businessmen entered the sugar industry, where they met with very little success, imported equipment for coffee production, and founded companies producing foodstuffs, shoes, and various other manufactured items.

Behind all this commercial and industrial activity there was a considerable network of financial backing provided from British sources, both private and public, to aid the development of Brazil. This was the
hey-day of sterling as an international currency, and the Brazilian economy was tied to the exchange rate and the influence of sterling in all branches of its activity. British financial involvement in Brazil took various forms. Firstly, support was given by English shareholders to companies operating in Brazil. There was nothing altruistic about the motives of such people, and they demanded a return for their investment in a way typical of the dynamic and hard-headed business community of Victorian England. But by contributing to the enterprises which have already been mentioned they played an essential part in this aspect of Brazilian development. The idea of the limited liability company was slow to take hold in Brazil, and the government insisted on exercising effective control over companies operating in that country. The British example was emulated by those seeking to liberalize the national approach to company law, and detrimental government controls were eventually lifted.21

Secondly, Britain was involved in the financial fortunes of Brazil through her connections with the banking business.22 The London and Brazilian Bank, founded in 1862 and dominated for most of its existence by John Beaton, led the way for other commercial houses, chief among which were the English Bank of Rio de Janeiro and, at a later stage, the London and River Plate Bank. Various amalgamations led to the establishment in 1923 of the Bank of London and South America, which still remains the principal British banking concern throughout Central and South America. During the nineteenth century British banks competed with local organizations and reached a position of preeminence which was both envied and vehemently
attacked. So great was Brazil's dependence on her economic and commercial links with Britain that fluctuations in the exchange rate were critical, and British-owned banks were frequently the target of charges of manipulation and speculation. Such hostility was particularly acute during the period of economic turmoil which followed the declaration of the Republic, and accusations of unlawful fixing of the exchange rate continued in the press even after the turn of the century. The fact that British banks were always closely connected with the foreign elements which controlled the import-export business, and particularly the coffee trade, meant that they were always open to attacks based on nationalistic fears: "Whenever the exchanges fell the British banks were accused of driving it [sic] downwards. Press attacks were launched against them at various intervals from 1887 to 1897, and the chairman of the London and Brazilian Bank saw fit to deny these accusations in his speeches. There is no reason to doubt his denials; at various times he frankly stated that he could offer no clear explanation of the movement in the exchanges." It is certain, however, that British banks did indulge in occasional manipulation of the exchange rate, though it is less certain whether they did so always to their own advantage. That they played an essential part in the development of Brazil in the nineteenth century is unquestionable.

The third aspect of British financial involvement, and one which caused less controversy because it was based on Brazilian initiative and needs, was that of the massive official loans obtained by Brazil in London, the principal money market of the world in the last century. Through the
offices of the house of Rothschild, which after 1855 controlled this sector of the financial affairs of Brazil, large sums of money flowed on a fairly regular basis from Britain to the Brazilian government and to municipal and state governments.\textsuperscript{25} These loans were used to finance public works and on many occasions merely to set straight some lack of balance produced by mismanagement of the Brazilian economy. In general terms, the returns for the amount of money involved seem to have been poor, mainly as a result of disorganization at the Brazilian end, and at times there was considerable opposition in that country to the whole process of borrowing money from Britain. One major controversial measure was the Funding Loan negotiated by Campos Sales in 1898 in an attempt to stabilize the exchange rate, which had fallen in the general atmosphere of economic unrest from 27 1/2 d. to the milreis in 1889 to 7 3/16 d. in 1898.\textsuperscript{26} The loan was obtained after some complicated negotiations with the Rothschilds, and although it produced a rise in the exchange rate there followed other financial problems which suggest that the overall value of the Funding Loan scheme may be questioned. One of the most recent assessments of the economic policy of Campos Sales vis-à-vis British involvement reads as follows: "Sua atuação econômico-financeira, em inteira coerência com o caráter de classe do Governo, esmagou a indústria e distribuiu ao povo os ônus da contenção financeira, criando o imposto de consumo; submeteu-nos ainda mais aos capitais ingleses, com a política do 'livre cambismo' que, num país atrasado como o nosso, significava a política de 'portas abertas'; prendeu-nos ainda mais aos bancos
de Londres, aos Rothschild, com a sistematização dos empréstimos externos, o célebre Funding Loan.\textsuperscript{27} 

It has been pointed out elsewhere that, in general, foreign economic and commercial activity in Brazil performed a dual function.\textsuperscript{28} Firstly, it stimulated the development of the country by providing railways, port installation and modern industrial techniques. Secondly, it provided those elements which have allowed Brazil to free herself from her essentially neo-colonial situation of the nineteenth and early twentieth centuries.\textsuperscript{29} Britain’s contribution to the economic, industrial and commercial progress of Brazil falls mainly within this dual scheme, although this was by no means her sole influence. On the contrary, British attitudes and ideas were in many ways instrumental in effecting changes in the thinking of the Brazilian elite. The essentially practical character of the Victorian businessman, the confidence of the private enterprise system, the value of a Protestant heaven attained through hard work and honest dealings—all these elements were apparent in some measure to a minority of Brazilians, and had their repercussions on a number of individuals.\textsuperscript{30} Chief among these was Irineu Evangelista de Souza, Barão and later Visconde de Mauá (1813-1889), whose activities during the Brazilian Empire did much to pave the way for later economic development. Inspired by a close contact with English methods from an early age, Mauá became involved in railways, iron foundries, shipyards and banking, finally running into bankruptcy and ending his days in obscure poverty. He was the main figure behind the material growth of
mid-century Brazil and, as one historian has put it, "embodied the transition from the routine and traditionalism of a manorial economy to a modern, aggressive capitalism." In Mauá's subsequent failure, however, one can see something of the slow rate at which Brazilian society was able to absorb new influences. "The power of the ancien régime was still too strong for the emerging bourgeoisie."^32

In a more restricted ideological form, British influence was apparent among many political and intellectual figures who grew up with the Empire and were active during the early years of the Republic. Ruy Barbosa (1849-1923), the eminent jurist and politician, was perhaps the man most influenced by English liberal thought. His turbulent career was based on a philosophy of personal liberty, though this remained very much within the framework of nineteenth-century attitudes and expressed little or nothing of a social conscience. Ruy spent considerable time in England as an exile from the Floriano government, and thought of his new home as the centre of the liberal world and the hope for all future progress in the field of political humanitarianism. "A primeira impressão do liberal, ao tocar este solo, é que se acha no seio mesmo da liberdade. Freedom, hey-day! hey-day!, freedom! freedom! hey-day, freedom! Essa impressão é reverencial, quase sagrada. Eu aspirei-a como um efluvio, senti-a invadir-me como uma realidade envolvente."^33

The positive effects upon Brazil of Ruy's devotion to the cause of England and "liberalism" have been seriously questioned in a recent study. In fact, the validity of applying "liberalism" to any sector of nineteenth-
century Brazilian society is itself open to doubt. Ruy's anglophilia seems strangely out of place in the development of the Republic in Brazil, but nonetheless it represents a series of political attitudes not unknown in contemporary Brazil.

Joaquim Nabuco (1849-1910), champion of the abolitionist cause and later the first Brazilian Ambassador to the United States, was of the same generation as Ruy and was influenced by British thought in a way no less profound than was the fiery orator from Bahia. As a young man, Nabuco was intimately involved with British constitutional theories and with the atmosphere of calm and justice which England represented. His ideas during this formative period are set out in *Minha Formação*, a collection of memories and thoughts first published in 1900. In this work he acknowledged his debt to Britain in the development of his attitudes to politics and humanitarian ideals. He regarded the British system of government as being superior to that of the United States, and of his entry into political life in Brazil on the death of his father in 1878 he was able to write: "quando entro para a Câmara, estou tão inteiramente sob a influência do liberalismo inglês, como se militasse às ordens de Gladstone; e é em substância o resultado de minha educação política: sou um liberal inglês—com afinidades radicais, mas com aderências whigs—no Parlamento brasileiro." Nabuco remained a convinced monarchist most of his life, despite his success as a leading figure of the first twenty years of the Republic and his excellent relations with the United States. Others were equally aware of the value of English government, but
less convinced about its applicability to the Brazilian scene. Gilberto Amado, writing about his own upbringing in Recife during the apogee of Positivism, commented in particularly practical terms on the presence of the British in Brazil, but could not see how Ruy could apply both French and English models to the problems of his own country. The English system was good for England, but not necessarily so for Brazil: "Fique amanhã a Inglaterra pobre, e ela deixará, na ruína da fortuna pública, de ser o modelo constitucional do mundo. Voltará a corrupção, e a agitação política se instalará na Inglaterra como em qualquer outro país. A confusão e a anarquia passarão a ser também fenômenos ingleses."37

English thought was best represented in Brazil by the vogue of Herbert Spencer and his evolutionist ideas in the final years of the Empire and the first decade of the Republic. Positivism in general appealed to the new Brazilian elite produced by the social and economic changes of the century, and it commanded the respect and enthusiasm of several leading intellectuals of the day. Together with the evolutionist theories of Darwin and Spencer, Positivism provided intellectual fuel for the educated minority both in the south and in Recife, the main centre of philosophical ideas during these years. The growth of scientific positivism was merely a manifestation of the changes taking place in Brazil and of the general contact of Brazilian intellectuals with the European scene. In this process the writings of Herbert Spencer played an important role. "Evolutionism ... was one of the most emphatic expressions of the naturalist and antimetaphysical attitude of the nine-
teenth century. Our men of letters and 'philosophizers' were affected by it, as were most Europeans of the time. The surprising element was the speed with which Brazilian intellectuals were caught up in the contemporary European currents. . . We knew more of Europe than we did of events in the different parts of the Empire.\(^{38}\) Germanist ideas were adopted mainly by the Recife group, including Tobias Barreto and Silvio Romero, while Spencerianism flourished chiefly in the south.\(^{39}\)

The influence of Spencer himself was considerable: "The adaptation of the theory of evolution to human society had a wide impact upon Brazil. Spencer was unmistakably the most imaginative nineteenth-century thinker thus to apply this theory, and Spencer was widely read and quoted in Brazil, specially \([sic]\) after 1889, that is, after the traditional society had been seriously shaken by the abolition of slavery and the end of the empire."\(^{40}\)

The Barão do Rio Branco, who spent several years in England as Consul General in Liverpool, remained curiously untouched by the contemporary fever among middle and upper class Brazilian intellectuals for British fashions in politics, law and philosophy. In fact, he seems to have had little enthusiasm for his stay in England, preferring instead the congenial company he found in Paris and other continental capitals. He was concerned, however, that Brazil should project a favourable impression in the financial centres of London in order to be able to obtain investments and loans which eventually would assist Brazilian material progress.\(^{41}\) Later, as he became more interested in the
development of relations with the United States, Rio Branco tended to
turn even more from the influence of England. In later life the only
legacy he seemed to have inherited from his days in England was a near-
perfect command of the English language. The case of Rio Branco is
interesting in that it marks the way of the future development of Bra-
zilian foreign policy. Of the major figures of his age, he is one of
the few to become fully familiar with the practical workings of the
British system, to reject Britain as a model for Brazilian development,
and to adopt a policy of approximation to the United States which has
become a fundamental feature of Brazilian affairs both at home and
abroad.

In conclusion, it can be said that the British played an impor-
tant part in many aspects of Brazilian life in the nineteenth century.
By no means was this influence totally beneficial to Brazilian interests,
and recent interpretations written by Brazilians have been generally
unfavourable, considering British involvement as unwarranted imperialism
and trespassing on the rights of an emerging nation. The jargon of
modern international politics has tended to obscure many of the real
issues. It is certainly true that British entrepreneurs sought to use
Brazil as a source of profit, intent far more on selling manufactured
goods than on developing the country. But as their activity spread, so
Brazil was more and more able, through the acquisition of machinery,
communication lines, and technical know-how, to defend herself against
foreign direction of her national economy. The period of transition at
the beginning of the twentieth century is one of the aspects of the present study. The transition was two-fold—firstly, British political influence, never really effective after the middle of the nineteenth century, was replaced by that of the United States, while her economic influence was seriously challenged by the growth of American and German interests; and secondly, Brazil herself developed the ability to act much more as a free agent in both political and economic affairs, emerging as a respectable international force by the end of the Great War.

From the cultural point of view, the hey-day of British influence was all but over. Positivism had virtually burnt itself out by the turn of the century, remaining only in the form of the largely ineffective *Igreja Positivista*. Evolutionism had now given way to a greater preoccupation with sociological problems and a kind of national soul-searching such as was to appear in *O Problema Nacional Brasileiro*, which Alberto Törres placed before the Brazilian public at the beginning of the Great War. Spencer and Darwin were no longer major figures in Brazilian thought, and Britain receded into the background of Brazilian cultural affairs. James Bryce, in his classic account of South America written in 1912, summed up the situation at the beginning of the century as follows:

Upon thought and art and taste . . . neither of these countries [i.e. England and Germany] exerts much influence. Though a certain number of Argentines, Chileans, and Brazilians can read English and a smaller number German, and though statesmen and serious students appreciate the English political system and the German administrative system, and follow the scientific work done in both countries, books in these languages are not widely read. The members of the English and German colonies in seaports like Buenos Aires, Montevideo, Rio, and Valpa-
raiso are personally liked and respected, but they have not done much to popularize the ideas and habits and tastes of their countries. The mental quality and the views of life are essentially dissimilar. Between the peoples, there is little more than reciprocal good-will and what Thomas Carlyle calls the "cash nexus". English fashions are, however, followed in horseracing and other branches of sport.\(^3\)
NOTES


2 Werneck Sodré, O Tratado de Methuen.


5 Manchester, op. cit.


8 José Honório Rodrigues, Interesse Nacional e Política Externa (Rio: Civilização Brasileira, 1966), pp. 11.

9 For the full impact of this influence, see Richard Graham, Britain and the Onset of Modernization of Brazil 1850-1914 (Cambridge: Cambridge Univ. Press, 1968). I am indebted to Graham for much of the material of the present chapter.

10 Rodrigues, pp. 15-16.


13 The English government, in its relations with Brazil, had had two chief objects of attention and duty—the slave-trade, and the interests of English merchants and residents. The latter comprises protection
against wrongs and extension of commerce. It is a painful fact that one of its chief difficulties in dealing with the Brazilian government has always arisen from the opposing action of some Englishmen. The bulk of the English community in Brazil,—quie,t, respectable men,—pursue their business and hold their tongues, knowing what they might suffer from open expression of opinion in support of their own government, against that of a country to which they have gone to make their fortunes. But unscrupulous, ill-conditioned Englishmen make it their business and find it their interest to side openly with Brazil, and curry favour with the Brazilian government by puffing it in every conceivable way, and throwing dirt on their own government and Ministers. This is sometimes done for a substantial consideration." W. D. Christie, Notes on Brazilian Questions (London: MacMillan, 1865), pp. 133-4.


15Cited in Graham, Britain and the Onset, p. 73.

16See Gilberto Freyre, Introdução à história da sociedade patriarcal do Brasil, III: Ordem e progresso: Processo de desintegração das sociedades patriarcal e semi-patriarcal no Brasil sob o regime de trabalho livre: aspectos de um quase meio século de transição do trabalho escravo para o trabalho livre; e da monarquia para a república, 2 vols. (Rio: José Olympio, 1959), I.

17For details of foreign involvement in day-to-day life, see Freyre, op. cit., I, cxxxix et seq.

18Graham, Britain and the Onset, p. 63.

19For an account of economic nationalism in Brazil and the way in which it affected industrial growth, see Níncia Vilela Luz, A Luta pela Industrialização do Brasil (1808 a 1930) (São Paulo: Difusão Européia do Livro, 1961).


21Graham, Britain and the Onset, Chap. 8.

22For details of British banking in Brazil and in the rest of Latin America, see David Joslin, A Century of Banking in Latin America: to Commemorate the Centenary in 1962 of the Bank of London and South America, Limited (London: Oxford Univ. Press, 1953).

23Joslin, p. 156.

26. For a table illustrating the extent of British loans to Brazil, see Graham, *Britain and the Onset*, p. 100.

27. *História Nova do Brasil* (São Paulo: Editora Brasiliense, 1964), IV, 156. This volume, part of a series designed to open a new phase in Brazilian historical studies, was among those seized by the new government in 1964. For details, see Nelson Werneck Sodré, "História da História Nova," *Revista Civilização Brasileira*, 1, No. 3 (Julho 1965), 27-40.


29. See the following Marxist view: "A evolução do imperialismo no Brasil (como no resto do mundo) é assim contraditória. Ao mesmo tempo que estimulou as atividades e energias do país, e lhe forneceu elementos necessários ao seu desenvolvimento econômico, foi acumulando um passivo considerável e tornou cada vez mais perturbadora e onerosa a sua ação. Mas também, favorecendo aquele progresso, acumulou no Brasil os elementos com que o país contou e continua contando para sua definitiva libertação. O imperialismo é um suicida que marcha seguramente para sua consumação." Prado Júnior, p. 281.


that Ruy’s Cartas de Inglaterra were written not as a result of personal experience and observation in England but on the basis of Ruy’s careful reading—and paraphrasing—of the British press (p. 204 et seq.). Magalhães Júnior reaches the conclusion that "além das suas limitações, de suas ideias fixas, de seus ódios violentos e da miopia política, que lhe deformava a visão, cansada de procurar a imagem da Inglaterra no mapa do Brasil, sua inteligência se devotava melhor às tarefas de obs-trução que às de construção." Prefácio.


37Gilberto Amaodo, Minha Formação no Recife (Rio: José Olympio, 1955), p. 279. For comments on the British commercial community in Brazil, see p. 106.


39Ibid., p. 186.

40Graham, Britain and the Onset, p. 234.

41Rio Branco to Ruy Barbosa, Arquivo Histórico do Itamaraty, Arquivo Particular do Barão do Rio Branco 3/1/18/8. Hereafter cited as AHI and APRB.

42See his correspondence with the American jurist, John Bassett Moore, in AHI, APRB 4/1/71A.

CHAPTER II

CHALLENGERS TO BRITISH SUPREMACY, 1900-1920

The birth of the new century saw an increase in the attention paid Brazil by various foreign communities in an attempt to cultivate commercial and political ties with that country. Brazil, despite occasional nationalistic outbursts, was particularly open to foreign influences at this stage, and as her contacts with various nations became more diversified, the specially privileged position of Great Britain entered a period of decline. From the point of view of international politics, the role of Brazil changed fundamentally between 1900 and 1920. At the turn of the century, her significance in international affairs was strictly limited. She was little more than just another nation on a continent which had had a limited political and economic influence on the rest of the world. By 1920 Brazil had arrived on the international scene and seemed assured of a position of preeminence among the nations of South America. She had become the closest contact of the United States on the continent, and had received the first United States Ambassador to South America in 1905; she had played host to the Pan-American Congress in 1906 and had gained great prestige from the visit of Elihu Root in the same year; she had been awarded South America's first Cardinalate in 1905; she had attracted considerable international attention—not always of the most favourable kind—at the Hague Conference in 1907; she was the only Latin American nation to take an active part in the
First World War, and was involved in the Paris Peace Conference and the subsequent negotiations for the foundation of the League of Nations.

That such a transformation should have taken place in the course of two decades was a sign of the fact that Brazil had become more internationally conscious. Other nations were becoming aware of her importance, and she of theirs. This brought with it a fundamental change in Brazil's unique involvements with Great Britain. In diversifying her foreign contacts, she also helped to put herself on the international map.

The principal challengers to British preeminence were the United States, Germany, and France, with various other countries taking part in the expansion process to a limited degree. Brazilian relations with them—and the effects of diversification on Britain and British observers—will be the theme of the present chapter. Each of the countries mentioned above had specific reasons for being interested in Brazil at the beginning of the century, and these were by no means identical. Conversely, Brazilian policies towards each nation were dictated by varying motives, some political, some commercial, some strategic, some economic, some cultural. But in all cases the growth of such relations slowly chipped away at the British position of supremacy which was one of the basic facts of the nineteenth century in Brazil. The points of divergence of foreign activity in the young South American republic will become apparent during the course of the present chapter. The one factor common to all, namely trade and commerce, serves to put in perspective all the other diverse activities
and provide a key to Brazil's subsequent international standing.

Brazil's economy in the early years of the century was a curious mixture of high success and desperate failure. Although there were already some signs of industrial activity, Brazil remained a predominantly agricultural community, dependent on two principal crops, coffee and rubber, and on the price of these in world markets. The successful exportation of these crops was essential for the well-being of the country, and there was, as yet, no obvious alternative. There is no doubt, however, that the coffee industry, which has formed the basis of so much activity and wealth in Brazil, was in a state of acute crisis at the beginning of the century. Over-production had reached a disastrous level, the market seemed saturated, and complex schemes such as the valorization of 1906 had to be invented in an attempt to prevent total collapse. Rubber was scarcely in a better position. Having enjoyed a spectacular boom in the early years of the republic, and having opened the Amazon Basin to foreign investment and exploitation, this product collapsed on the world market after 1910 and never again recovered its former importance. The exchange rate, though more stable than in the 1890's, was still subject to considerable fluctuations, and industry was in no way equipped to stimulate the position of Brazil on the international front. In short, the development of foreign interests in Brazil coincided with a period of acute commercial and economic crisis within the country.

Against this background can be seen the general pattern of Brazilian trade with the rest of the world before the Great War. Statistics
are frequently contradictory and unreliable, but a general picture is apparent in figures 1 and 2. From these tables the following conclusions may be drawn. Firstly, Brazil's chief customer, the United States, developed steadily as a consumer of Brazilian goods during the early years of the century, while imports from that country to Brazil made even more striking progress. Although the United States had been a major market for Brazilian produce for many years, the growth of American exports to Brazil was a new feature of international trade. In 1903 the American Minister in Rio reported that the figures for the previous decade, i.e., 1892-1902, actually showed a decline.² Secondly, the tables show that British exports to Brazil continued to climb, as they had done almost constantly since the first half of the nineteenth century, and that in 1912 Britain, though losing her virtual monopoly, was still the leading supplier of manufactured goods to Brazil.³ British sources quote the following figures for exports to Brazil: 1895-9, £31,004,760; 1900-4, £26,955,876; 1905-9, £41,140,339. Imports from Brazil showed a considerable increase: 1900-4, £30,086,073; 1905-9, £45,156,310.⁴ Thirdly, the participation of other countries in trade with Brazil was becoming more marked. Germany, in particular, became at the beginning of the century the most formidable rival to the British in the business of selling manufactured goods in Brazil.

In relative terms, the percentage of Brazilian imports emanating from Britain fell considerably during the pre-war years (see fig. 3). The writing was on the wall even before the turn of the century. In
Figure 1: Imports to Brazil, 1902-1912, by country of origin.

Figure 2: Exports from Brazil, 1902-1912, by country of destination.

Great Britain

United States

Germany

France

Argentina

Belgium

Figure 3: Imports to Brazil, 1902-7-8, by percentage.

Source: "British Trade with Brazil," Brazilian Review, Jan. 4, 1910.
1899 the Financial Times reported on the comments of Mr. T. Worthington, the Special Commissioner of the Board of Trade who had been looking into Britain's position in Latin America, and came to the following conclusions: "That foreign countries, especially the United States and Belgium, have made some progress in cutting into our Brazilian trade is pretty well proved by the figures adduced. Indeed, it appears marvellous that we hold our own so well as we do in view of the complaints that were poured into Mr. Worthington's sympathetic ears." The story was repeated over a decade later, with an interesting commentary on the place of the United States in Brazilian trade: "That British trade with this country has suffered during the last eight years is not questionable. From 38.4 per cent. of the Brazilian import trade, the British share has fallen to 28.8 per cent. Of the 9.6 per cent. lost by Great Britain, Germany has appropriated only a third (3.6 per cent.) and Belgium 2.5 per cent., 3.5 per cent. being distributed amongst other countries." The exact dates of the swing away from Great Britain, or of the peak of her trade with, and investment in, Brazil, are not of vital importance. There is no doubt, however, that the First World War determined to a large extent the future of Brazil's international relations. The War halted German progress in Brazil, drew the South American nation even more firmly into the sphere of the United States, and dealt a blow to further British monopolies of interest. The first two decades of the century saw the practical beginnings of diversification; it was not until the 1920's that Britain lost her controlling hold on Brazilian commercial and economic affairs.
Trade was, however, but one element in the development of Brazilian relations with other nations during the period under discussion. The study of the decline of British influence in Brazil can be completed only by a detailed examination of the role of the three main challengers to British supremacy—the United States, Germany and France—and an interpretation of British reactions to those who trespassed on what was largely her traditional preserve.

During the first two decades of the century there developed between Brazil and the United States a relationship whose main lines have remained virtually unchanged to this day. The establishment of a climate of friendship can be attributed almost entirely to the work of the Barão do Rio Branco (1845-1912), and it was during his years as Minister of Foreign Affairs (1902-1912) that Brazil took several steps which were to mark her on the international front as a centre of American interest in Latin America. The work of Rio Branco in this respect has been discussed elsewhere, and he has been referred to as the author of a major diplomatic shift away from Europe in favour of the United States.\(^8\) The basis of this assessment is questionable, as Rio Branco seems to have acted more on the grounds of political expediency during his term of office than with the whole future structure of Brazilian foreign policy in mind. More than anything else, Rio Branco was devoted to the principle of establishing Brazil as the leading nation of South America, and the main obstacle in the way of such a programme was Argentina, on the national level, and Estanislao Zeballos in person. The
rivalry between the two nations and the two men was a fundamental feature of Brazil's foreign policy in the late nineteenth and early twentieth centuries, and an obvious way for Brazil to assert her supremacy was by enlisting the political sympathies of the United States. High-ranking Brazilian officials were clearly convinced of the value of such an approximation, and there is no doubt that it occupied a fundamental position in Rio Branco's international thinking. Two of the most eminent Brazilian diplomats and writers of the day, Joaquim Nabuco and Gracã Aranha, followed this line with as much conviction as did Rio Branco, and to them may be attributed much of the subsequent atmosphere of good will between the two countries.

Diplomatic approximation was Rio Branco's aim, and this he certainly attained for Brazil, although the means to the end were sometimes rather obscure. American influence was being felt on other levels in the early years of the century, and it is this influence, as well as British and Brazilian reactions to it, which must come under consideration at this point. The period saw the establishment of features rather more fundamental in the development of modern Brazil than the mere exchange of embassies or the occasional visit of a warship. For Britain, it was the end of a century of economic domination; for the United States, the beginning of a long period of official friendship and cooperation. The assumption by the United States of a role in Brazilian affairs hitherto played by Britain and, to a lesser extent, other European countries, was not as smooth as has been suggested by some observers. The British were
particularly sensitive to change in this respect, and their comments reveal some points of Brazilian opposition to increasing American participation. Although the first decade of the century marked the development of a policy of approximation between the two leading countries of the hemisphere, it also witnessed the growth of anti-American currents in Brazil. From the long-term point of view, the latter has been virtually as important as the former in the shaping of Brazilian national opinion and policy.

The details of Brazilian-United States diplomatic relations under the hand of Rio Branco have been outlined by Prof. E. Bradford Burns. Both countries were interested in commercial expansion and stood to gain considerably from it. The United States was concerned with the export to Brazil of manufactured goods and wheat (in competition with Argentina) and with the protection of American private interests, while Brazil was anxious to assure a market for her coffee and stimulate her own agricultural and industrial progress with the aid of American capital. To defend her interests, the United States chose diplomatic representatives who were generally well-liked in Brazilian government circles, and the social life organized by the United States Legation (later Embassy) was among the most successful in the Brazilian capital. During the early years of the century, the United States diplomatic staff took their duties unusually seriously, emerging every day from the serenity of Petrópolis to remain in constant contact with the Brazilian government in Rio. It was not until 1915 that the British Minister, Sir Arthur Peel, reported
that conditions were now such that he could carry on permanent business in the capital.\textsuperscript{13}

The United States Minister at the turn of the century, Charles Page Bryan, appears to have adapted well to Brazilian life and to have cultivated successful personal relationships with Brazilians.\textsuperscript{14} At the time of his transfer to Switzerland, there appeared in the Brazilian press several articles which made it clear that he had been much liked and that he would be missed.\textsuperscript{15} Along with these, however, came the suggestion that his social successes had been perhaps more noteworthy than those in the diplomatic field.\textsuperscript{16} David E. Thompson, United States Minister, and later Ambassador, to Brazil, worked in close cooperation with Rio Branco in the settlement of the dispute with Peru, was involved in the Brazilian recognition of Panamá, and was one of the men around whom were built plans for the elevation of the diplomatic missions in Rio and Washington. The visit of Elihu Root to the Pan-American Congress in Rio in August, 1906, was a great success among Brazilians in general, and an important factor in the process of approximation. The line of personal successes continued with Ambassador Morgan, who arrived in Rio in June, 1912, and who by the end of his first year in Brazil had built a reputation of friendly contact with Brazilians which was recognized even by Sir William Haggard, his British contemporary. The latter, close to the end of what was only occasionally a satisfying tour of duty in Brazil, confessed in one of his final despatches "that Mr. Morgan enjoys immense personal popularity here."\textsuperscript{17}

British stress on the personal prestige of American diplomats
attempted to show that their achievements were more apparent than real. It was agreed that events like the visit of Root to Rio did much to assist the image of the United States in Brazil. The enthusiastic welcome arranged for the Secretary of State was still in Haggard's mind when he wrote some three years later, pointing out that although the visit had been a great success, Brazilians were less pleased with the whole business when Root went on to Argentina to make the same friendly remarks he had been making in Brazil. Haggard was particularly sceptical about Morgan's position, questioning the article in the Jornal do Commercio which welcomed the Ambassador to Brazil, suggesting that United States popularity was fictitious and "engineered probably by the American Embassy with a view of covering the real dissension between the two countries on the valorized coffee question," and accusing Morgan of petty annoyance at having to take back seat while the Argentine Foreign Minister, Roca, was on an official visit to Brazil in 1912. Haggard thought that the American chargé d'affaires in 1912, Rives, was disliked in Brazil for his pushing methods, and partly attributed to him a cooling off on the part of Rio Branco towards the United States. There are, in fact, indications that between 1912 and the outbreak of the First World War, relations were at times considerably strained. Haggard referred in 1913 to the "discredited pro-United States policy of Baron do Rio Branco," and the coffee trust question did little to encourage smooth contacts. The British Minister was thoroughly scathing in his comments on a major diplomatic triumph shared by the United States and Brazil, namely, the
visit of Lauro Müller, Minister for Foreign Affairs after the death of Rio Branco, to Washington in 1913:

The Press has worked up a good deal of fictitious political enthusiasm with reference to this visit to the United States, and great hopes are expressed that the result may be an increase to the credit and prestige of Brazil. This is all very vague; as a matter of fact it only amounts to the fact that Brazilian vanity is tickled with the idea that their Minister for Foreign Affairs is going to pay a visit to a big country in a big ship. . . . As I have had the honour of remarking before, these sort of Brazilian circus-like processions, advertised with the big drum and the blare and blowing of trumpets—their own—have on previous occasions not resulted in any permanent advantage in the increase of the Brazilian receipts. 23

It is true to state that British observers in Brazil were generally unimpressed by American diplomatic activities there. The fact that the United States was, however, able to capture the imagination of the press and public opinion from time to time—whether in a positive or a negative form—suggests that the effects of the approximation were greater than the British were willing to admit. There is every reason to suggest that British diplomatic efforts made little or no impression on Brazil between the turn of the century and the First World War. The representatives of the United States in Rio made few references to their British colleagues during this period, thus showing that they were in no way concerned with British rivalry. Assessments of American representatives are more frequent in British despatches, suggesting that Haggard and his colleagues were aware of the American challenge although they frequently claimed that it amounted to nothing. The Brazilian Review, commenting on the differences in approach between the United States and
Britain on the occasion of the departure of British Minister Dering in 1905, made the following distinction:

A curious commentary on the "old" and "new" diplomacy was lately afforded here by the Light and Power question. The "old" diplomacy is dignified but useless, the "new" is alert and generally gets what it wants. The former is [epitomised] by the British system; the latter by the American. The . . . Rio de Janeiro Light and Power Company is a Canadian concern. But it was the American Ambassador and not the British Minister who concerned himself for its interests. Why?24

Britain was indeed undergoing a fundamental change of direction in her management of affairs relating to Brazil.

The main lines of American policy in the southern continent also underwent a reorientation during the early years of the century, and a brief examination of it throws some light on developments in Britain and Brazil. The first major expression of United States attitudes towards Latin America was the declaration by Monroe in 1823 that "the American continents, by the free and independent condition which they have assumed and maintain, are henceforth not to be considered as subject for future colonization by any European power."25 The basis of the so-called Doctrine was a desire for security, both collective and individual, and during the course of the nineteenth century there was no desire on the part of the United States to interfere with the political destiny of the other nations of the hemisphere—nor was the United States in any position to take action even if it wanted to do so. During the final years of the nineteenth and the early part of the twentieth centuries, however, the United States was to play a more active role in hemispheric affairs, and
adopted the functions of international policeman following a series of incidents in the Caribbean and Central America. The Venezuelan crisis of 1902-3, the growing tensions between the United States and Imperial Germany, the American involvement in the financial troubles of Santo Domingo in 1904-15, and the expansionist tendencies of American interests throughout the hemisphere and the rest of the world, all contributed to bringing about the change in direction which has become known as the Roosevelt Corollary to the Monroe Doctrine. In practice, this meant that "in the Western Hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of ... wrongdoing or impotence, to the exercise of an interna-

Roosevelt later made it quite clear, however, that his government had no intention of abusing its position and intervening at will in the affairs of other nations. On the contrary, he stressed in his message to Congress in 1905—a speech which was to receive considerable comment and support in Brazil—that the responsible nations of Latin America need have nothing to fear:

We must recognize the fact that in some South American countries there has been much suspicion lest we should interpret the Monroe Doctrine as in some way inimical to their interests, and we must try to convince all the other nations of this continent once and for all that no just and orderly Government has anything to fear from us. There are certain republics to the south of us which have already reached such a point of stability, order and prosperity that they themselves, though as yet hardly consciously, are among the guarantors of this doctrine. These republics we now meet not only on a basis of entire equality, but in a spirit of frank and respectful friendship, which we hope is mutual.
With reference to the present study, two points emerge from the increased involvement of the United States in the affairs of Latin American nations. Firstly, the United States government was concerned in the reformulation of its policies with the smaller countries of the hemisphere, and particularly with those close to its own geographical sphere of interest, i.e., the Caribbean and Central America. The focal points of American activity at the turn of the century—Cuba, Venezuela, Santo Domingo—all lie within this sphere, and involvement in the larger, more distant countries of the hemisphere, particularly Argentina, Brazil and Chile, was of a different nature. Secondly, the European nation to express most general support for the American role of policeman in the western hemisphere was England, and far from opposing American diplomatic activity in Latin America she actually endorsed it and saw that here was an effective way of protecting British interests. The British press, as well as the government, seemed even more committed to the new line traced by Roosevelt in the early years of the century than was American public opinion itself. The point was lost, however, on members of the British community in Brazil and on officials concerned with Anglo-Brazilian relations. With the exception of the period of the First World War, it is hard to find any evidence of a bond of interest between Britons and Americans in Brazil. On the contrary, the British seem to have shown a superior disdain for their rivals, and the Americans appear to have been generally unaware of, or uninterested in, British presence in this part of Latin America.
The various manifestations of the Monroe Doctrine met a mixed reception in Brazil during the years before the First World War. Official policy, frequently expressed in the columns of the *Jornal do Commercio*, was quick to appreciate the new developments in the United States attitude towards her southern neighbours. Three major articles on Brazilian-United States relations appeared in 1905 and 1906, a time of intense diplomatic activity between the two countries, praising the United States and suggesting that approximation should be the main feature of Brazilian external policy. Two of these articles, "A Embaixada Americana" and "O Congresso Pan-Americano," were written by Graça Aranha, who maintained close contact with Rio Branco and Joaquim Nabuco, and the third, "O Brasil, os Estados Unidos e o Monroismo," written by J. Penn, is said to be the work of the Barão himself, publishing under a pseudonym.29 J. C. Rodrigues, the editor of the *Jornal do Commercio*, was generally sympathetic to the approximation, although he denied that his newspaper was the mouthpiece of the Rio Branco ministry.30

There is no doubt, however, that apart from official policies and public statements in the *Jornal do Commercio*, the developments of the Monroe Doctrine met considerable and hostile opposition in Brazil. The contemporary press is full of articles which draw attention to the dangers of American expansion. The *Correio da Manhã* published frequent commentaries on the Doctrine and its effects. Gil Vidal, one of its regular correspondents, harangued continually against American penetration of Brazilian affairs: "Sem ser dos que repellem in limine o novo
monroismo, nem dos que nêle enxergam gravíssimos perigos para o nosso
paiz, comtudo não vemos a necessidade do Brasil apressar-se em adherir à
doutrina do presidente Roosevelt, ou em conformar-se com a superioridade
que se arroga a grande potencia sobre as nações sul americanas, isto é, em submeter-se à suzerania, diga-se a verdade, que os Estados Unidos
pretendem exercer sobre elle como sobre as demais Republicas do nosso
continente." 31 Various other newspapers took the same line of hostility
to Roosevelt's pronouncements. 32 Cartoons were frequent. One, entitled
"A Doutrina de Monroe," showed a predatory Uncle Sam straddling the globe
and gripping South America with gigantic eagle-clawed hands. The caption
reads: "A America dos americanos." 33

Press criticism of the expansion of the Monroe Doctrine showed
a marked desire to remain free of any trouble involving the giant of the
north. Nothing of note equalled the violent tone of Eduardo Prado's A
Ilusão Americana, first published in 1893, seized by the government on
account of its rabid anti-Americanism, and then re-published in the same
form over twenty years later with a note on the title page designed to
entice the hesitant reader: "A primeira edição foi confiscada e supprimida por ordem do Governo Brasileiro." 34 It was pointed out by some
perceptive observers that there was really little connection between
Brazil and the main interests of the United States within the terms of
the Monroe Doctrine and the Roosevelt Corollary—namely the countries
of the Caribbean and Central America. The moderate view, which stands
somewhere between the official praise of Rio Branco and Nabuco and the
criticisms of Eduardo Prado or Gil Vidal, is perhaps best expressed by Alberto Tórres, who replied thus to a suggestion that Brazil and Argentina should support American intervention in Mexico as a demonstration of hemispheric solidarity: "No que toca à influência e acção dos Estados Unidos, entre o Pacífico e as águas do golfo do México e do mar das Antilhas, não há nenhum interesse, nem nenhum princípio que justifique a cooperação das Republicas sul-americanas com sua grande irmã do Norte. Os interesses gerais da América do Sul não atingem os factos especiais dessa política, peculiar aos Estados Unidos; as razões e as conveniências que as dictam, cessam, por sua vez, às margens do canal do Panamá."35

British acceptance of the police function of the United States in the western hemisphere has already been noted. The point was not missed by Brazilian observers, and Gil Vidal thought that British reactions were of sufficient importance to be brought to the attention of his readers. In an article entitled "O Novo Monroismo e a Imprensa Ingleza," he showed that Britain, with such massive investments in Latin America, was only too pleased that they should be protected by the United States. He said that statements by Roosevelt and Root were received with equal enthusiasm in England, but that some newspapers had raised questions about the extent of American responsibilities throughout the hemisphere. The Globe, for example, had asked whether countries like Argentina, Brazil and Chile would accept protection without having been asked to accept it or without having proposed it themselves. The Pall Mall Gazette, while welcoming the terms of recent policy statements in the United States,
saw the dangers of strict application of the Monroe Doctrine leading to a series of undesirable conflicts.\textsuperscript{36} The Globe reached the conclusion at a later stage that although the United States had political ambitions in South America, the larger republics of that continent were quite capable of taking care of themselves.\textsuperscript{37} F. A. Kirkpatrick, the historian and scholar, wrote in the \textit{Times South American Supplement} not long before the outbreak of the First World War on the subject of Pan-Americanism. He saw the dangers of possible American aggression south of the Rio Grande, but said that the main element of \textit{americanismo} was that it was anti-European: "In fact the word 'Pan-Americanism' and the motto 'America for the Americans' imply that the republican parts of the American continents are a closed preserve. The problem remains, 'For whom are they preserved?''\textsuperscript{38}

Evidence suggests that both Brazilian and British attitudes to American influence in Brazil changed considerably, if temporarily, in the period immediately following the end of the First World War. In mid-1919 the Brazilian press was particularly active in its criticism of its northern neighbour, and the wave of unpopularity affected commercial circles in Brazil. The British Minister did not think of the Monroe Doctrine as being a major force in Latin America, "unless the term is used in a limited sense and intended to convey the meaning of America for the Americans." A few days later, writing about the climate of hostility in Brazil, the same observer was to put his finger on a development in Brazilian foreign policy which has already been mentioned and which will be discussed in detail in a later chapter of the present study:\textsuperscript{39} "I am of the opinion that the
present phase is only temporary and largely a result of a combination of various independent circumstances which will not appear again, but it is nevertheless sufficiently marked to be placed on record, showing as it does that the international position of Brazil has changed considerably since the war and that the importance which she has acquired in the eyes of the world and especially in the sphere of South American politics is not conducive to the smooth working of Pan-American principles, unless applied with tact and discretion.* Epitácio Pessoa, on a visit to the United States in the following month, referred to the Monroe Doctrine on his arrival and said that "Brazil had always recognized it."^1

The most apparent practical result of Brazil's interest in the United States during the Rio Branco era was the creation of embassies in Rio and Washington. The prestige involved in this diplomatic move was considerable, as it provided Latin America with its first United States Ambassador and Washington with the first Latin American representative of ambassadorial rank. It also provided the American diplomatic service in Brazil with a position of authority rivalled by that of no other power. Rio Branco played a strange role in the whole affair, and his attempt to distort the facts of the case underlines his opportunism and perhaps even his embarrassment at opposition from within his own country. Minister Thompson sent to Washington two despatches which reveal the attempted distortion. In the first, dated February 1, 1905, he submitted an article from O Paiz of January 26, 1905, making the following comments on its origin: "It will be noted that it is evident one of the intents of
this article is to attribute the originating of the Embassy idea to the American Government. This doubtless was done for the purpose of quieting criticism, of which there is here not a little. . . . Astonishing as it may seem, I am compelled to say that there is no doubt but that this article was inspired by Baron Rio Branco. Six weeks later, reporting on his presentation to Rodrigues Alves as the new United States Ambassador, Thompson pointed out that Rio Branco was anxious to spread the idea that the initiative for the diplomatic move had come from Washington, and that he had tried to persuade Thompson to incorporate something to this effect in the official speech to the President. Thompson thought that the whole manoeuvre sprang from Rio Branco's determination to establish the supremacy of Brazil throughout the continent, and, in particular, to outdo the Argentines. There seems little doubt that, despite the fanfares, Rio Branco's position was not as secure as he would have wished. The criticism noted by Thompson was particularly acute in the *Jornal do Brasil*, which described the embassy as an unjustifiable luxury.

British opinions on the creation of embassies in Rio and Washington are surprisingly few. Comments by the British diplomatic staff contain a feeling of uneasiness rather than open praise or criticism, though British representatives were perhaps more aware of rank and all that it entailed than they were prepared to admit. Britain realized that Brazilian foreign policy had two main spheres of activity, and that she herself had taken back seat by the beginning of the century. "Brazi-
lian foreign policy may in fact be said generally to revolve round the United States and the Argentine Republic... The key-note is jealousy of the Argentine Republic, the progress of which the Government here, as well as the people, view with a jaundiced eye."

The United States-Argentine axis was also one of the fundamental guidelines of Brazilian commercial policy in the years before the outbreak of the Great War. American trade with Brazil, on the increase despite occasional fluctuations, was heavily balanced in favour of the latter country. Brazil exported far more to the United States than she imported from that source, and her principal supplier of goods in the pre-war years remained Great Britain.\(^4\) The basis of the imbalance was coffee, and the United States, anxious to safeguard her own interests, pushed for concessions on American imports to Brazil. The matter of tariff reductions, particularly on flour, occupied officials from both countries for several years, but the positive effect of concessions, once they were granted, seems to have been minimal. The situation was complicated by the competition of Argentine wheat, and the Brazilian government was well aware of the political implications of any settlement.\(^5\) The Americans themselves were unhappy with the progress they were making. In 1903 Minister Thompson reported a decline in American exports to Brazil over the previous ten years, pointed out that American wheat was losing ground in the face of Argentine competition, and suggested that his compatriots' profit margin was too high.\(^6\) In 1910 the Brazilian Review, looking back over a period of eight years, reported that British trade
with Brazil had suffered, but stated that "the United States has not only not bettered their [sic] position at British expense, but has positively lost ground." The Brazilian Review was edited by J. P. Wileman, an Anglo-Argentine accused by a United States Minister of being "strongly anti-American in sentiment". This weekly was, however, one of the strongest advocates of the United States taking a hard line over tariff concessions, suggesting that reprisals be taken if concessions were not forthcoming.

Until the First World War, the commercial and financial impression made by the United States in Brazil was extremely small. It has been described as follows in a recent study: "The tariff concessions did not measurably increase exports to Brazil. . . . North American businesses were not prepared to export in quantity to Brazil. . . . Steamship service between Brazil and the United States remained in the hands of Europeans. . . . There was no direct telegraphic communication, and messages had to be routed either via Europe or Argentina. . . . Throughout the Rio Branco period, United States-Brazilian reciprocal trade was extremely limited." British observers were, however, aware of the potential dangers of American competition. British flour interests fought the principle of tariff concessions to the United States, and were accused by Minister Thompson of fomenting opposition in the Rio press: "The President, the Minister for Foreign Affairs and the Minister of the Treasury, I feel are friendly to our country and justify us in our contention that much in the way of preferential treatment is due us, but the Legislative bodies, the
papers and the people are against us from every standpoint and because of these reasons the Administration is almost powerless to do for us. The reasons for the opposition to us are two fold: The first is the resentment, jealousy and fear felt by most South Americans toward our country, and the other is prejudice created by the newspapers subsidized by the English mills.  

British Consul Hambloch was clearly aware of the latent American challenge, stating prophetically that "the American is essentially out for big game." Haggard went further and suggested that the European nations cooperate in an attempt to stop the rapid expansion of United States interests in South America, drawing attention to the fact that the United States was more interested in Brazil than in any other part of the continent.

The War caused considerable disruption in the commercial activities of Brazil; but in the years following 1918 the British showed rather more confidence in their own abilities than they had in pre-war days. Arthur Peel, the British Minister, was prompted to write on the dangers of competition, but added confidently that "there has perhaps never existed a time when the relations between Great Britain and Brazil were so closely united as they are at present." He commented on the unpopularity of the United States in Brazilian commercial circles and contrasted this with the general enthusiasm felt about the Brazilian delegation to the Federation of British Industries in England. The Americans suspected once more that British companies were responsible for anti-American sentiments in the press. This was denied by Peel, who wrote that "it seems improbable as
from all sides there is a belief that British interests are in no danger from American competition." The impression was reinforced by Sir Maurice de Bunsen, head of a British Trade Mission to South America, who reported after discussions with the President, Epitácio Pessoa, that "the Brazilians were accustomed to doing trade with us. They placed greater confidence in our commercial honesty than in that of the Americans, and they preferred the British to the American commercial and financial connection."58 The pessimism and bitterness of the pre-war years and of the Rio Branco era seem to be missing in this wave of euphoria which overtook Anglo-Brazilian commercial relations in the period following 1918. Brazilian policy, under the guiding hand of Epitácio Pessoa, was clearly aimed at pleasing everybody.

An American whose spirit typified his country's commercial and business expansion throughout the world was Percival Farquhar, a man who shook up other foreign interests in Brazil and had little time for Brazilians and their "narrow-minded nationalism."59 Farquhar's Syndicate was involved in business enterprises from one end of Brazil to the other. He bought out British transportation interests on the Amazon to form the Amazon River Steam Navigation Company (1911) Limited. He played a leading part in the construction of the Madeira-Mamoré Railway, which provided at great cost a vital link for the upper Amazon basin, and founded the vast structure of the Brazil Railway Company.60 The considerable press comment on Farquhar's activities, particularly during 1912 and 1913, suggests that foreign involvement in the development of basic services in Brazil was
very much of a live issue. There appeared in print some damning criticisms of Farquhar’s work, the most vehement of these being a series of articles by Alberto de Faria in the Gazeta de Noticias. Farquhar was a very able businessman, however, and his efficiency was never in doubt. He had, according to one observer, done a good job of employing local labour: “Incontestavelmente o Sr. Farquhar tem sabido reunir em torno de si brasileiros de real merecimento, que lhe têm prestado um grande concurso, mas estamos certos que esses, os que se deixaram arrestar animados das melhores intenções vendo de certo modo a obra do Sr. Farquhar ligada ao progresso do nosso paiz, serão mais tarde, em futuro que talvez não esteja muito longe, os primeiros a se penitenciarem de seu erro.”

On the other hand, Farquhar was not without his Brazilian admirers. Senador Alfredo Ellis, a man well-versed in economics, referred to Farquhar as “o Napoleão das conquistas comerciais... um novo Cecil Rhodes.” In a speech to the Senate on December 21, 1912, Antônio Azeredo praised the work of Farquhar, “que teve a coragem de trazer para o Brasil os seus capitães e os capitães alheios, confiante no nosso progresso e no futuro de nossa civilização.” O Imparcial published an article supporting Farquhar’s takeovers on the Amazon, proclaiming triumphantly “Os Inglezes se renderão,” and the Jornal do Commercio thought the article of sufficient interest to be reprinted in its own columns on the following day. This daily, which had always worked in close collaboration with the government, made its position clear by publishing in February, 1913, an article by Luiz Gomes which referred to Farquhar in
the following glowing terms: "Este nome tem que figurar fatalmente entre os de Rodrigues Alves, Rio Branco, Lauro Muller, Oswaldo Cruz e Frontin, como dos mais beneméritos de entre todos os que inteligentemente têm consagrado as suas energias na obra patriótica e civilizadora do progresso do Brasil."66

British reactions to Farquhar were somewhat curious. Sir William Haggard, ever sensitive to American progress in a field which had always been considered the preserve of the Englishman, believed that Farquhar was doing nothing but good, but that the political implications of his activities should be emphasized. He typified the enterprising British attitudes of the nineteenth century when he wrote that Farquhar was "the one man who . . . would perhaps have succeeded in setting Brazil on her legs,"67 But at the same time he was aware of what this would mean for Britain, and in a special despatch concerning the Farquhar group reached the following conclusions, which are worth quoting at length on account of the light they throw on the present chapter:

I do not believe that in its primary intention any political motive was behind Mr. Farquhar's vast schemes in this and in other South American countries. I imagine him to be a sort of Napoleon of finance, who, finding a great unoccupied territory, set to work to conquer it by means of railways and other public works, a conquest which, while improving the country, should presumably bring large financial profits to himself. It is impossible, however, not to see that great political results may also follow and depend upon these schemes; one of these must necessarily be the bringing into close neighbourhood, either for friendly or for hostile purposes, the various countries of South America, between whom in the main there hitherto existed vast uninhabited wildernesses which rendered them unapproachable to one another. It is hardly also impossible not to realise the fact that, whatever the primary intention may
have been, the eventual result will be to bring the United States very much to the fore, at all events in Brazil, and perhaps throughout the continent. As a very experienced English man of business said to me, after coming up from Montevideo to Rio by the Brazil Railway as far as San [sic] Paulo, "Brazil has passed out of English into American hands." . . . There is at this moment a recently started crusade going on here against the Farquhar group. The danger to Brazilian independence is pointed out in vivid, not say [sic] exaggerated, terms, and the Government is being called upon to put a stop to an invasion "which threatens the very existence of the country." Floods of nonsense are written and talked on the subject. Appeals, for instance, are made to prevent other countries enriching themselves with the stores of iron ore which have been lying unworked ever since the discovery of the country, and will so remain unless foreign capitalists are allowed to work them, greatly to the advantage of Brazil, as they are offering to do. The days of the rubber industry in the north are numbered, and that district may well now be saved by the undertakings of the group in the Amazon valley from going back to the bush. Vast tracks of fertile land, which can grow all the products of the world, have lain for centuries desert, peopled only by the wandering Indian or prowling jaguar; these have lately been thrown open by the Farquhar group to universal advantage, specially to that of this country itself. They would have remained in the same useless condition had it not been for the enterprise and genius of foreigners, who are now held up to execration as public robbers who are depriving Brazil of her birthright.68

Haggard, though suspicious of American plans in Brazil, was clearly committed to the cause of foreign development in that country.69 Robertson, his successor in Rio, agreed in principle but was more optimistic about the function of Europe in this process: "The country must have foreign capital to develop it for a very long time to come, and that capital can, as yet, only come from Europe."70

Farquhar's economic and political influence in Brazil was undeniable. His work was of a much more lasting nature than that of the only comparable outside group in the early years of the century, the Bolivian Syndicate, which operated in the Acre territory and caused a considerable
flutter in Brazilian press and government circles for a while.71

Such were the main lines of United States-Brazilian relations in the period preceding the First World War. It is easy to draw a parallel between North American interests and those of a European country which was busy developing its commercial and political ties with many parts of the world, namely, Germany. Brazilian foreign policy was never as conscious of Germany as of the United States, and any potentially friendly links were severed by the outbreak of war in 1914. Germany was, however, aware of Brazil for a variety of reasons, though, as we shall see, perhaps less actively involved in the aggressive furthering of her own interests than sensitive American, British and Brazilian observers tended to believe. The facts of German-Brazilian relations at the beginning of the century are still obscure, and no significant study has yet been made. It seems clear, however, that as in the case of the United States, the point de départ of German interests was commercial, that some political designs developed from this, and that Brazil was concerned with Germany before 1914 almost exclusively because she was anxious to strengthen her own hand on the international front. Sinister motives for German expansion, though long suspected, never materialized.

German trade with Brazil increased significantly during the years before 1914. In 1912 she became Brazil's next best customer after the United States, and the British were well aware of the fact.72 In the same year she came second to Britain in the Brazilian import lists, retaining a position slightly ahead of the United States. The figures
were good, and everybody knew it. More important, however, were the reasons why progress was so impressive, and in this respect Britain was closely involved. It seems clear that the Germans were altogether more serious and thorough in pursuing their objectives in Brazil than were their British counterparts. The British Minister seemed to think that the pace was literally killing German official representatives, and was amazed at their energy and directness of purpose. In 1909, Milne Cheetham wrote to the Foreign Office that German methods were "more thorough than ours. German commercial travellers are to be seen in every State, and they come equipped with catalogues and information in Portuguese. I have been at some pains to ascertain in what way the Germans work to get trade, since they have to start with the disadvantage that the British article has the better reputation. As elsewhere, they apparently supply a cheaper and inferior one, but more at the command of the inhabitants of a poor country, and they penetrate further into the interior, give longer credit, and finance storekeepers who do the local business." Cheetham was, however, suspicious of the honesty of some German businesses: "They are said to match the Brazilians in the matter of corruption, and to have made an art of false customs declarations." Cheetham had put his finger on one of the major strengths of the Germans working in Brazil, namely, the ability to adapt to local needs. Britain's failure to change its methods and keep abreast of the times was one of the main reasons why competitors were able to make such progress in the early years of the century. British business-
men and officials were slower to recognize fundamental courtesies than were their rivals, and at least one enlightened Englishman pointed out an example of the lack of communication between British sellers and Brazilian buyers: "The Secretary of the British Legation in Brazil suggests the employment of interpreters to commercial travellers. This is not at all a practical idea, first because of the difficulty of getting a suitable man, and secondly because of the great expense entailed. Again I insist on the necessity of the traveller knowing Portuguese himself." The Germans were more conscientious, and quicker to obtain orders. Brazilians, meanwhile, were not insensitive to the reversals in their foreign trade, and J. C. Rodrigues, the editor of the Jornal do Commercio, pointed out to his counterpart at the Times of London that «it is a matter of regret to us that England's share of Brazilian trade, instead of increasing, is steadily growing less every year.»

A large amount has been written, particularly in the contemporary press, about German political expansion in Brazil in the first decade of the century. Articles attributing sinister motives to increased German immigration in Rio Grande do Sul, Santa Catarina and Paraná were as frequent as those claiming that the Germans had no interest in territory and were working only to increase their trade and commerce with Brazil. The Brazilian press was particularly sensitive at the time of increased German activities in the area of Venezuela. It was even suggested that Britain had agreed to support Germany in the annexation of lands in southern Brazil, in return for certain concessions in South Africa."
do Commercio commented on an article in the Times (February 26, 1903) which examined German designs in South America, with particular emphasis on the question of debt collection. Brazil's leading newspaper followed some months later with a report on the publication by Putnam of a volume entitled German Ambitions as they Affect Britain and the United States, which began life as a series of articles by a certain "Vigilans sed Aequus" in the Spectator. The Jornal do Brasil was aware of the fact that Brazil was dangerously open to all kinds of colonization, while welcoming the efforts of a group called the Sociedade Colonial Allema to temper the more militant aspects of pan-Germanism. Alarm was not infrequent among foreign diplomats resident in Brazil. In 1900, Colonel Page Bryan, the United States Minister, reported a climate of hostility regarding German designs in Brazil, while his successor found it difficult to reconcile currents of anti-American and anti-German feeling which seemed to be growing side by side.

British observers expressed similar sentiments. Haggard sent to the Foreign Office several despatches which tended to substantiate the following assessment which he made in 1910: "I am firmly convinced that . . . Germany still has in view the possibility of a political shuffling of the cards some time or other giving her the opportunity of gaining a foothold in Brazil, when, perhaps, her influence or possessions could be extended to other parts of South America." The British Ambassador in Berlin, Earl Granville, kept London informed of developments from the German end.
Anxiety about German territorial expansion in southern Brazil was, however, unfounded, and those who wrote about the dangers frequently had to admit that they did not really exist. Haggard himself qualified his remarks of 1910 in his "Annual Report, 1912," stating that from German interest to successful German intervention was a long step, and that the United States was too strong to permit any direct action in southern Brazil. This impression was confirmed in other pieces of correspondence from the British legation in Brazil. Various despatches from American sources at the beginning of the century tended also to suggest that nothing serious was developing in this area.

In short, therefore, it can be stated tentatively that German ambitions in southern Brazil were limited in their objectives. The final answer lies, no doubt, in the German archives. At a time when German military power was in a position to challenge the combined forces of the British Empire, it is not surprising that questions should have been raised about the build-up of German interests in relatively unprotected areas of the world. One incident, involving German so-called aspirations in Brazil and British reactions to them, has received little publicity and is perhaps worthy of detailed comment.

The Spectator, on November 16, 1912, published a letter from Mr. Seymour Ormsby-Gore, a member of a well-established British family with considerable financial and political backing, on the subject of German expansion. It read, in part, as follows:
There is a way for Germany to realise her aspirations of colonial development which can in no way clash with the susceptibilities or interests of her blood relation [i.e., England]. There exists one of the richest, if not absolutely the richest, and worst-governed countries of the world in the Western hemisphere, where life in the local towns and provinces is not safe for a moment, where fighting in the streets and vicinities of the towns is so frequent that it attracts little attention from anyone except the actual participants, a country of extreme disorder and corruption; and that country is Brazil. She would find her expansion, Brazil would become safe, civilized, and enormously prosperous. But, someone interposes, "the Monroe Doctrine". My answer is, the Monroe Doctrine in modern times is the biggest possible piece of "bluff", generally trotted out for electioneering purposes before a Presidential campaign.

Ormsby-Gore probably did not know Brazil, and his game of international power play was altogether preposterous. On the other hand, his assessment of conditions in Brazil bore a striking resemblance to that of Sir William Haggard, who had lived for many years in that country and had devoted a large part of his life to the affairs of South America.

Public reaction to Ormsby-Gore's article was immediate. In its following issue the Spectator published two letters of protest, one from a Brazilian who signed himself "A. G." and pointed out that "your correspondent advises England to allow Germany to take Brazil as nonchalantly as he might take a cup of our good coffee." "A. G." suggested that it might be a lot more difficult taking over Brazil than Ormsby-Gore imagined. The second letter was from G. T. Whitfield Hayes, who claimed to have spent seven years in Brazil and, unusually enough for a British observer of the time, who found it to be quite unlike Ormsby-Gore's picture: "The country as a whole is peaceably and sensibly governed, while the people are honest, law-abiding, kind-hearted, and particularly
friendly to foreigners. ... I have walked alone, late at night, through the poorer quarters of Rio, Pernambuco, and Bahia with greater safety than I could have done in the poorer districts of London. Sordid crimes are practically unknown in Brazil."

Meanwhile, the affair was having serious repercussions in Brazil itself, as Haggard wrote in a despatch dated December 8, 1912. The letter, he stated, "has given rise to a loud anti-German clamour not only in the Press but also in Congress. Constant letters and articles have appeared pointing out the 'German danger', as it is called, and how Germany has been stealthily preparing for the annexation of Brazil. The German Minister, usually the most impassive and 'boutonné' sort of man, is much perturbed, and has told me that this is very awkward for him, as he fears that the letter may be considered as a 'ballon d'essai', and that in fact the German Government may have put Mr. Ormsby Gore up to writing it so as to see how the idea was taken." The Ormsby-Gore letter, together with remarks made by James Bryce in his recent book on South America, caused the Brazilian Chamber of Deputies to erupt in an outburst of xenophobia. Haggard appeared completely unconcerned: "it is probably going to subside, if not as rapidly as it arose, at least before very long, for Brazilian public opinion is like a weather cock."

The episode blew over and was soon forgotten. It was, however, indicative of certain European attitudes regarding Brazil, and of a past age in which the major European powers could arrange the destiny of the rest of the world. It also illustrated yet another aspect of Brazil's
sensitivity to foreign involvements in national affairs.\textsuperscript{86}

At the diplomatic level there was much activity between Germany and Brazil in the years preceding the War. That the Germans supported any signs of military government in Brazil, and that Britain was jealous of and disturbed by the friendly atmosphere existing in respective bases in Rio and Berlin, is clear from contemporary accounts. The British were anxious to keep abreast of German attempts to woo Hermes de Fonseca, militarist candidate opposing Ruy Barbosa in the 1910 general election and President of Brazil between 1910 and 1914. As soon as Hermes emerged as a candidate, Milne Cheetham drew attention to the mood of satisfaction at the German legation in Rio.\textsuperscript{87} The Brazilian press reported at an early stage that the candidacy of Ruy met with support in England, while the \textit{Times} was suspicious of Hermes' pro-German sympathies.\textsuperscript{88} Haggard seemed equally suspicious, but thought that there was little to choose between the two contenders.\textsuperscript{89} If anything, he inclined towards Hermes, if only because of the "past record of treachery and venality" of Ruy.\textsuperscript{90} The German press was generally happy with the result of the election, and plans went ahead for Hermes to visit Germany in the summer of 1910. He had been there before in 1908, but the visit of 1910 was a much more prestigious affair on account of his recent success in Brazil. He was sumptuously entertained in Berlin, was shown in some detail the progress of German military achievement, and was granted the rare privilege—for a foreigner—of examining the German fleet. The \textit{Jornal do Commercio} played a leading part in publicizing the visit in Brazil, and Haggard
went so far as to accuse its editor of being a "strong Germanophil."\textsuperscript{91}

The practical issue involved in this sudden flourishing of German-Brazilian political relations was that which concerned the possible appointment of foreign instructors to the Brazilian armed forces. There was nothing new about Brazilian officers being trained by Germans on German soil.\textsuperscript{92} It was another matter, however, for foreigners to be invited to carry out programmes of instruction within Brazil, and opinions at high level were of a varied nature. The Brazilian navy was without a doubt in need of some fundamental assistance. Even the \textit{Jornal do Commercio} was prepared to admit that naval organization was appalling and effectiveness almost nil, and this newspaper carried on a protracted campaign for basic reforms and the employment of German naval instructors. The massive \textit{Minas Gerais}, which had recently arrived from the shipyards of the Tyne, was already a white elephant.\textsuperscript{93} The army was in a similar state, and the question of foreign instruction for this branch also was raised in 1910. Negotiations petered out towards the end of the year, and there is evidence that the Germans, though interested in principle, were obliged to weigh carefully the possible reactions of European powers to close German contact with the Brazilian military.\textsuperscript{94} The issues were clouded by simultaneous manoeuvres concerning the possible sale of the Brazilian Dreadnoughts, which had been built in England, bought by Brazil largely to satisfy her desire to outdo Argentina, and which proved to be unusable by the Brazilian navy. The Germans were in the market for these ships, the most formidable men-of-war
afloat, but negotiations never really got off the ground. The issue of instructors for the navy re-opened in April, 1911. Eneas Martins, who was closely concerned with the day-to-day working of Itamaraty during the final months of the Rio Branco ministry, informed Haggard that the President was thinking of appointing German instructors for the Brazilian navy, but that he, Martins, thought that British officers would be more appropriate. Rio Branco, according to Haggard, looked favourably on the appointment of Germans, and the British Minister proposed, with the authorization of the Foreign Office, that Brazil consider the possibility of British officers as instructors in her navy. Once again the whole matter was dropped for a while, possibly because of a waning German interest in the deal. In November, negotiations broke down on the question of remuneration, the German offer was withdrawn, and the whole affair was closed. The Americans had gone along with the British throughout. Although they had no particular interest in the scheme, they were anxious to avoid seeing the Germans in a position of influence.

The instructors never arrived; the Dreadnoughts were never sold; Santa Catarina was never annexed; the German trade threat was stifled by the War. Such is the history of German relations with Brazil during the early years of this century. From the British point of view Germany was always a serious potential rival, but interests were never developed nor results produced. It is perhaps curious that the British were frequently disturbed by this rivalry which came to little, while considering American
involvements in Brazil at that stage to be of relatively minor importance. Germany never came out and pursued a clear policy in the early years of the century, mixing "colonial" ideas with twentieth-century practices of trade and investment. She wooed Brazil but, apart from providing a large number of immigrants, made little impact on Brazil's future destiny.

The third major influence to rival that of Britain was France. Unlike Germany and the United States, France was important in Brazilian life mainly on account of her culture, her art, her literature and her manners. "Cultura só a França a tinha e sabedoria, patriotismo e finesse e savoir-faire. No mundo, a Europa; na Europa, a França; na França, Paris; em Paris, Montmartre. Decididamente, sem uma viagem a Paris não se completava nenhuma formação cultural digna dêsse nome."100 Gilberto Freyre, in his study based on questionnaires received from contributors who had been brought up in Brazil at the turn of the century, draws attention to Brazilian devotion to Paris as the centre of the intellectual world. For the educated Brazilian, Paris was "o centro da inteligência," "o cérebro do mundo civilizado," "a capital do mundo," "a patria da intelectualidade," "o único sitio habitável da Terra; o resto, paisagem."101 Maíor de Alencar, in a maiden speech to the Academia Brasileira de Letras in 1905, warned of the dangers of too much imitation of French cultural models, but admitted that "é da França que nos chega para o Brasil e Portugal quasi todo o alimento do saber e das belas letras."102 Georges Clemenceau stressed the importance of France in Brazilian intellectual development after a visit to South America: "Two features in the
Brazilian character will to my thinking remain predominant. They are democratic idealism and a consequent innate taste for French culture." On the occasion of the visit to Brazil of M. Paul Doumer in 1907, the Brazilian Review stated that "the position occupied by France in the history of the development of Brazil is that of leader in science, art and literature," and M. Henri Turot, a French journalist, wrote in a similar vein just one year before: "A cultura intelectual dos Brasileiros é inteiramente franceza. Não só todos os Brasileiros bem educados falam a nossa língua com grande facilidade, como a maioria delles hauriram a sciencia e o saber nos nossos escriptores e nos nossos dramaturgos. Fazem melhor do que fallar francez—pensam em francez—creando entre elles e nós um vocabulario commum que fomenta logo grande sympathia."

An interesting picture of French cultural influence in Brazil at the beginning of the century is painted in Carlos Maul's book of reminiscences, O Rio da Bela Epoca. Maul, a journalist and somewhat prolific writer, makes frequent mention of French customs in Brazilian cultural and literary life. He describes Paris as the "centro do universo do espírito," and refers to various examples of Brazilian imitation of French models: "Imitar Paris constituia uma das preocupações dominantes nas classes cultas." The mania for literary gatherings and lectures soon caught on in Rio when it became known that such was the custom in Paris. Clothes were modelled on the latest Paris fashions, and the newspapers took over the jargon of the couturiers: "Fulana,
elegantíssima, na sua 'toilette' 'brodée, en tule noir'. Beltrana, tout bien, no seu completo en rose satinée..." Journalists adopted French methods; writers formed political blocs, "correntes ideológicas que em essência reproduziam, com retardamento, idênticas manifestações deflagradas na França"; and literary successes in France stimulated the production of imitative works in Brazil. The theatre was particularly open to French influences. Alexandre de Azevedo returned from Europe with the idea of experimenting with open-air theatre, "tal como se fazia na França." The technique of planting spectators in the audience to lead applause on cue was imported from France, and the Teatro Brasileiro attempted to fulfil in Brazil the role of the Comédie Française in France. In the basement of the newly constructed Teatro Municipal in Rio, the Assírio restaurant served Bordeaux wine with its meals, and one of the essentials of any reasonable meal, according to Maul, was "meia garrafa de vinho francês autêntico, de Bordeaux." 105

France showed a live interest in Brazil during this period, and provided several important visitors. Georges Clemenceau was impressed by his warm welcome in Brazil in 1909, and became involved in an unpleasant way in the general currents of Brazilian-Argentine rivalry.106 Paul Doumer, the journalist, was so pleased with what he saw in Brazil that he founded a new Franco-Brazilian organization on his return to France in 1907.107 Great efforts were made to promote Brazilian culture in France. A certain Manoel Gahisto and a colleague of his named Lebesque were particularly active in this field, publicizing information
about literary trends in Brazil and translating leading Brazilian works of the day. Rodolphe Broda, the representative of a review called Les Documents du Progrès: Revue Internationale, wrote to Brazil in 1908 in an attempt to obtain "des brèves notes sur les progrès sociaux et intellectuels accomplis au Brésil. Elles devraient orienter nos lecteurs sur les faits nouveaux du développement brésilien. Je désirais aussi des articles assez étendus sur les actualités brésiliennes en tant qu'elle [sic] peuvent intéresser des lecteurs européens." Political and literary interest often went hand in hand. An article by Gahisto entitled "Coelho Netto, un écrivain brésilien ami de la France," which appeared in Le Courrier Franco-Américain in 1918, described the literary work of the writer and praised his involvement with the Ligue pour les Alliés during the course of the First World War.

It can be said, therefore, that France was the major cultural influence on Brazil in these years, and that each of the two countries showed a considerable interest in the other. On the commercial side, however, the outlook was bleak. France had never occupied a leading position in Brazilian trade figures, and statistics for the pre-war years show that far from increasing her percentage of trade with Brazil, France was doing no more than holding her own. The Brazilian Review clarified the situation on the occasion of the visit of Paul Doumer in 1907: "A glance at statistics will show that France is falling behind other countries as a supplier of goods to Brazil." The same articles stated that in the 1880's there had been "from 15,000 to 20,000 Frenchmen in
Rio," whereas the figure for 1907 was "barely 2,000." The point was also made by Henri Turot following his visit to Rio in 1906, and the Jornal do Commercio put the blame for "essa decadencia do commercio" on the apathy of the French governing classes, "que mais cuidam da casuistica politica do que da prosperidade nacional."

The French government may have been unaware of the opportunities offered in Brazil, but certain individuals were ready to try their hand at making fortunes at Brazil's expense. One particular Frenchman named Brézet began an enterprise in the north of Brazil which, though doomed from the start by his flamboyance and foolhardiness, raised many official eyebrows in Brazil in the early years of the century. To my knowledge, no historian has made mention of the colourful Brézet and his escapades, and a brief summary of his activities is perhaps not out of place in the present study.

There had been French activity in the area north of the mouth of the Amazon for almost two centuries before Brézet, and pockets of French-speaking population remained in the vicinity of the Brazil-French Guiana border throughout the nineteenth century. One such community, named Counani, declared itself independent in 1886, appointing a Chief of State, setting up a court, and founding a national order, l'Etoile de Counani, which had more members than the number of individuals residing in the republic. The experiment was shortlived, and collapsed one year after its inception. In 1900, the border between French Guiana and Brazil was finally established by the arbitration of the Swiss government in Berne,
but it was at this stage that Brézet, claiming to be President of Counani, and refusing to accept the arbitration award in favour of Brazil, appeared on the scene. Brézet was of French origin, and had been in Amazonia since 1876, apparently serving in the Brazilian armed forces and possibly even popping up in the Brazilian legation in Paris for a while. Brézet claimed that the Republic of Counani, bounded on the north by the three Guianas, on the west by the Rio Branco and Rio Negro, and on the south by the Amazon (a vast piece of territory totalling some 650,000 sq. kms.), was inhabited by 40,000 whites, 150,000-200,000 mestigos, and millions of pure Indians. With considerable energy but little success, he attempted to enlist the support of France, and various other European countries, in recognizing the new republic.

His motives remain obscure. It is known that the area supported some gold mining at the beginning of the century, and that there were other potentially lucrative mineral and vegetable riches. Brézet, however, made few references to this side of the affair, concentrating instead on the justice of his territorial claims and attempting to recruit followers all over Europe. Press articles in Brazil, France and England erupted from time to time to comment on Brézet's peregrinations. In 1905 an associate of Brézet's, Sarrion de Herrera, who claimed to be the representative of Counani to the governments of Spain, Portugal, Morocco and the Vatican, was arrested in Madrid for attempting to conspire against the Brazilian government. According to press reports of the time, he had already organized a sizeable army to fight against Brazil, and had brought together
some four thousand followers, many of them Spanish army officers. Officials in Europe were suitably enraged, and Brazilians, though attempting to pass the whole thing off as a wild escapade, were clearly concerned. It was even suggested that the Americans were lurking somewhere behind Brézet with their eyes on the north of Brazil.

Brézet met with little success in his campaigns for recognition, and after the Madrid conspiracy of 1905 blew over he disappeared from the limelight for a while. An occasional note in the European press depicted him as living close to starvation, flitting from capital to capital, scarcely able to avoid prison. But Brézet was more tenacious than was generally thought, and not long before the Great War he was still active in Europe, organizing his force of men ready to defend the independence of Counani. By this time he had with him in London a new Minister of Foreign Affairs, an American. The Brazilian press still took note of his presence, pouring scorn on him from a distance. But Brézet's day was over, and after 1914 nothing more was heard of him nor his valiant Republic of Counani.

Such were the main lines of foreign challenge to the supremacy which Britain had established in Brazil during the course of the nineteenth century. The participation of other countries in the development of Brazil between 1900 and 1920 illustrates something of the fundamental change which was taking place in the whole structure of Brazilian foreign relations and to which reference was made at the beginning of this chapter. Brazil was opening up and was becoming respectable on the interna-
tional front. Her foreign contacts slowly diversified; massive foreign immigration to Brazil, which had helped in the development of the southern states in the last quarter of the nineteenth century and which was still in full swing, added a new dimension to Brazil's already complex ethnic make-up; overall foreign trade and investment increased; political and social structures began to modify as a result of foreign contacts (a smattering of anarchists among Italian immigrants caused the occasional alarmist note in contemporary writings); and, finally, Brazil was becoming known throughout the world as a country which deserved, and intended to use, a voice in international affairs.\textsuperscript{114}

It is something of a paradox that while Brazil was making this entry into the world of the twentieth century, she was still caught up in "colonial" enterprises of a past age. German territorial ambitions, Brazilian worries over United States expansion under the cloak of the Monroe Doctrine, the attitudes of a Seymour Ormsby-Gore and the escapades of an Adolphe Brézet, all show that Brazil was not yet, or at least was not yet regarded as, a free agent in a thoroughly modern setting. The transition from an essentially colonial society, exporting cheap raw materials and buying expensive manufactured goods, to a "modern", independent and competitive community, is a slow process which in the case of Brazil has not yet terminated. In many ways, however, the turning point in this process can be traced to the early years of the present century.
NOTES

1See Prado Júnior, p. 229. The author shows that the people who benefitted most from the manipulations were not the coffee producers but the financial agents (pp. 231-233).

2"In 1892 our exports to Brazil amounted to $14,000,000 and in 1902 to only $10,000,000." Thompson to Hay, National Archive, Brazilian Despatches (hereafter NAED), Vol. 69, November 12, 1903. Thompson reported that over the same period German and British exports to Brazil had declined.

3"In 1835 the value of goods sent to the empire from Great Britain was a little over two and one-half million pounds sterling; by 1854-5, exports doubled in value; by 1863-4 they were forty-one per cent. over the 1854-5 figure; by 1874-5 they were fifteen per cent. above the value of the previous decade; by 1905 a decrease occurred when the average exports from England fell to the 1854-5 period; but by 1912, just prior to the World War, British sales to Brazil not only recovered from the depression of the early years of the twentieth century but reached the highest figure ever attained. Thus Great Britain, although it was the leading supplier of Brazil in the early period with a relative high value of exports, succeeded in increasing its sales six hundred per cent. between 1835 and 1912." Manchester, pp. 322-323.

4Graham, Britain and the Onset, pp. 75, 332.

5Financial Times, February 18, 1899. Reproduced in the Brazilian Review (hereafter BR), March 14, 1899.

6"British Trade with Brazil," BR, January 4, 1910. Cf. Jornal do Commercio (hereafter J do C), January 13, 1907, which gives the following percentages (for 1906?):

<table>
<thead>
<tr>
<th>Imports from Brazil</th>
<th>Exports to Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>41.60%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>9.15%</td>
</tr>
<tr>
<td>Germany</td>
<td>7.50%</td>
</tr>
<tr>
<td>France</td>
<td>7.30%</td>
</tr>
<tr>
<td>Austria-Hungary</td>
<td>3.30%</td>
</tr>
<tr>
<td>Argentina</td>
<td>3.00%</td>
</tr>
<tr>
<td>Belgium</td>
<td>2.00%</td>
</tr>
<tr>
<td>Uruguay</td>
<td>1.60%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>26.50%</td>
</tr>
<tr>
<td>Germany</td>
<td>13.25%</td>
</tr>
<tr>
<td>Argentina</td>
<td>11.75%</td>
</tr>
<tr>
<td>United States</td>
<td>10.25%</td>
</tr>
<tr>
<td>France</td>
<td>9.00%</td>
</tr>
<tr>
<td>Portugal</td>
<td>7.35%</td>
</tr>
<tr>
<td>Uruguay</td>
<td>5.00%</td>
</tr>
<tr>
<td>Belgium</td>
<td>3.50%</td>
</tr>
<tr>
<td>Italy</td>
<td>3.25%</td>
</tr>
</tbody>
</table>

7A. K. Manchester writes that "the real struggle for supremacy came after 1918" (p. 334). He quotes 1925 as a turning point, adding that
"by the end of 1929 the United States was successfully rivalling Great Britain in the buying and selling markets of Brazil. On the other hand, in the fields of shipping and investments, English preeminence was still virtually unchallenged." (p. 336). J. Fred Rippy, however, in his study British Investments in Latin America, 1822-1949: A Case Study in the Operations of Private Enterprise in Retarded Regions (Hamden, Conn.: Archon Books, 1966) refers to 1930 as the peak year of British investment in Brazil, quoting the total figure of £287.3 millions for that year. 1930, according to Rippy, was also the peak year for British profits from investments in Brazil, with income reaching £15.1 millions (pp. 150-154).


9"A política de Rio Branco atendia a objetivos transitórios e não permanentes. Ela visava fazer frente às manobras hostis dos nossos rivais e ástes, é sabido, eram os argentinos. Do auge da tensão argentino-brasileira, da disputa Rio Branco-Zeballos [sic], tira o próprio Rio Branco a lição de que devíamos estar prevenidos com um apoio ao Norte (Estados Unidos) e um apoio ao Sul (Chile)." Rodrigues, p. 102. The point was not missed by contemporary observers in the British Foreign Office: "The most interesting feature in Brazil's foreign policy is the increasing subserviency which she shows to the U.S. This is however probably due principally to her desire to have the U.S. on her side in the event of difficulties arising with Argentina." G. S. S[perling?], commenting on Sir William Haggard's "Annual Report" for 1910, Public Records Office (hereafter PRO) FO 371/1052, June 6, 1911. See also Haggard to Grey, PRO FO 420/256, February 14, 1912. Zeballos thought that Rio Branco's policy was merely one of Brazilian aggrandizement. The British Minister in Buenos Aires, Townley, reported an interview with the Argentine Foreign Minister: "National vanity was, he thought, at the bottom of it all, and he believed that Brazil's idea was to enter into an offensive and defensive alliance with the United States as soon as she had a navy that was sufficiently strong to make her a worthy ally for the mighty northern Power. Brazil's ambition, he continued, is to prove to the world that she is the predominant Power of the southern, as the United States is of the northern, continent." Townley to Grey, PRO FO 371/402, March 27, 1908. See also the assessment of U.S. Ambassador Thompson: "From my early acquaintance with Baron Rio Branco it has been clear to me that his desire is that Brazil should in a way dominate South America, and the move for the exchange of Embassies is a move, it would seem, for a closer friendship with the Washington Government, believing it will create a greater feeling of strength of his own. From things said to me on various occasions it is certain Baron Rio Branco has no little ill-feeling for Argentina, Peru and Bolivia, and no liking for any of the South American countries other than his own, unless it may be Chile. . . . During the late trouble between Brazil and Perú, he said to me 'no Spanish
speaking country is good, and no person of Spanish blood can be believed'."


11 See below, pp. 45-46.

12 The Brazilian Review suggested that the "American, Portuguese and German Ministers, and, lately, the Uruguayan" were the only representatives of foreign nations to fulfil their obligations in this respect (August 23, 1904).

13 PRO FO 371/2294, October 7, 1915. Several months before, he had complained about the arrangements at Rio, where the British Minister was scarcely paid enough to establish his own house: "Can you conceive of a more unsuitable arrangement when you consider that the chief business of the Legation is not so much political as it is commercial and that it mainly consists in promoting in the face of great rivalry on the part of the United States the important financial interests of Great Britain and her Oversea Dominions." PRO FO 371/2294, March 10, 1915.

14 An example of this contact can be seen in a letter dated August 4, 1902, in which he asks Vasco de Abreu to collect a Great Dane puppy which the Minister has been raising for him. (Biblioteca Nacional, Rio: Secção de Manuscritos [hereafter BNMS] I - 5, 14, 46).

15 NAED, Vol. 68, October 21, 1902. Contains cuttings from the following newspapers: Correio da Manhã (hereafter C da M), September 27, 1902; A Notícia, October 6, 1902; J do C, October 7, 1902; Gazeta de Notícias (hereafter GN), October 14, 1902; O Diário, October 14, 1902.

16 PR, December 2, 1902.


18 Barclay to Grey, PRO FO 371/13, August 8, 1906.

19 PRO FO 371/831, December 15, 1909. See also Dexter Perkins, A History of the Monroe Doctrine (Boston and Toronto: Little, Brown and Co., 1955), p. 247: "Root visited Argentina, Uruguay, Chile, Peru, Colombia, and Panama, as well as Brazil; and everywhere he spoke the same language of friendship. Diplomatic addresses are not always accepted at their face value; but Mr. Root was sincere, and no doubt some of his hearers believed him."
20 PRO FO 371/1302, June 10, 1912; FO 371/1581, September 1, 1913; FO 420/256, July 7, 1912.

21 PRO FO 371/1302, January 30, 1912.

22 PRO FO 371/1580, April 21, 1913. See also Sensabaugh, op. cit.

23 PRO FO 371/1580, May 17, 1913. Cf. Haggard's comments on the return of Müller from the United States: "Had Dr. Lauro Muller [sic] been a conqueror returning from a successful campaign, or a general who had defeated, we will say, the Argentine, or a sovereign at his coronation, he could not have had a greater welcome than did Dr. Lauro Muller on his return from a trip to the United States. Personally I am not inclined to think that all this means very much. Brazilians have no sense of proportion and they delight in noise and in colours." PRO FO 371/1580, August 19, 1913.

24 Thompson to Hay, NABD, Vol. 71, June 1, 1905.

25 For a full study, see Perkins.


28 See Perkins, Chaps. VI, VII. "The thesis that if the United States would not permit others to intervene it ought to intervene itself first found general expression, not in the American, but in the British press, and in the language of British statesmen. Nor was this by any means a mere whim of circumstance; on the contrary, it may be stated with some assurance that British policy was consciously directed towards gently leading the administration at Washington in the pathway of imperialism. What could be wiser and more statesmanlike, indeed, from the standpoint of British interest than to win the goodwill of the United States by the recognition of the Monroe Doctrine, and at the same time to persuade the American government to assume the role of an international policeman in the New World, watching faithfully over vast economic interests which Englishmen had created there." (p. 232).

29 J do C, March 16, 1905; December 11, 1905; and May 12, 1906.

30 J do C (Ediço de tarde), August 29, 1910. J. C. Rodrigues spent many years in the United States and England as a result of a misdemeanour in his youth (see Magalhães Júnior, pp. 158-181). He was later to become the most influential journalist in Brazil, with a magnificent library he assembled largely from sources in Europe. The J do C did not always support U.S. policies towards Latin America. See the criticism of Knox's handling of the Nicaraguan situation, August 26, 1910--written while Rodrigues was in Germany with Hermes da Fonseca, but almost certainly with his authority (Haggard to Grey, PRO FO 371/832, September 3, 1910).

"O monroismo o o avassalamento da America Latina," A Notícia, September 27, 1905; A Tribuna, April 1, 1903 and March 6, 1906; O Dia, March 8, 1906; Tribuna de Petrópolis, March 9, 1905.

Eduardo Prado was the brother of Antônio Prado, and together they were strongly influenced by British ideas and methods and played a significant part in the history of railway development in Brazil (see Graham, Britain and the Onset, pp. 195-196). Brazil has probably never produced such a violent piece of anti-American propaganda as Eduardo Prado's A Illusão Americana. To quote a brief extract from his concluding remarks: "Devemos concluir de tudo quanto escrevemos: . . . Que os pretendidos laços que se diz existirem entre o Brazil e a republica americana, são fictícios, pois não temos com aquelle paiz affinidades de natureza alguma real e duradoura;

Que a historia da politica internacional dos Estados Unidos não demonstra, por parte d'aquelle paiz, benevolencia alguma para comnosco ou para com qualquer republica latino-americana;

Que todas as vezes que tem o Brazil estado em contacto com os Estados Unidos tem tido outras occasiões para se convencer de que a amisade americana (amisade unilateral e que, aliás, só nós apregoamos) é nulla quando não é interessera;


Alberto Tórres, "Doutrinas de Monroe," O Imparcial, January 16, 1913. Cf. "America-Brazil," ER, March 28, 1905, in which the author shows how little Brazil and the United States have in common, and states that "there is . . . no reason why we should not get along very well and be very good friends so long as we do not expect too much, or imagine that fine phrases alter sentiments or that the nature of things can be altered by diplomacy."


See below, Chapter 5.

Peel to Balfour, PRO FO 371/3653, May 31, 1919.

Lindsay (Washington) to Balfour, PRO FO 371/3655, June 28, 1919.

For an account of the events surrounding the exchange of embassies, see Burns, pp. 95-102.

NABD, Vol. 71, February 1, 1905.


JB, January 14, 1905. See also JB, January 16, 1905.

Sir William Haggard thought himself overshadowed by his American colleague, who besides being a very wealthy man was the only foreign diplomatist with the rank of ambassador." Ernest Hamblotch, British Consul (London: Harrap, 1938), p. 95.

Haggard, "General Report on Brazil for the Year 1906," PRO FO 371/201, April 30, 1907, p. 27.


For details of the Brazilian tariff concessions to the United States, see Burns, pp. 58-75.

NABD, Vol. 69, November 12, 1903.

"British Trade with Brazil," BR, January 4, 1910.

Bryan to Hay, NABD, Vol. 68, October 1, 1902.

FR, January 5, 1903

Burns, pp. 72-74.

NABD, Vol. 70, June 24, 1904. See also Thompson to Hay, NABD, Vol. 70, May 4, 1904.

PRO FO 420/254, October 23, 1911.

PRO FO 420/256, February 19, 1912.
Ernest Hambloch may well have been thinking of Farquhar when he wrote: "American concession-hunters had just begun to discover Brazil. They came down to Brazil like the Assyrian on the fold. By unabashed frontal attack, in which cheque-books and fountain-pens played no inconsiderable part, they overcame all opposition. American concerns followed in their wake. Their arrival caused a flutter in the dovecots of the British community, whose social and commercial prestige had till then been unchallenged. But in the subsequent rough-and-tumble between British and Americans both sides gained. The resentful exclusiveness of the British and the noisy intrusiveness of the Americans eventually merged into mutual understanding and good feeling." British Consul, p. 95. For a careless but heavily documented account of the most influential American businessman ever to be involved in Brazil, see Charles A. Gauld, The Last Titan: Percival Farquhar, American entrepreneur in Latin America (Stanford, California: Institute of Hispanic American and Lusó-Brazilian Studies, 1964). For a nationalistic attack on Farquhar's work, see Antero Freitas do Amaral, Syndicato Farquhar: Força e Grandeza: Assalto e Conquista: Nacionalismo (Rio: n.p., 1915).

Sir William Haggard, in a despatch to Sir Edward Grey dated December 23, 1912 (PRO FO 420/257), made a full list of the activities of the Farquhar group of companies in Brazil. They include railways, port works, steamship lines, hotels and tramways.

Faria wrote: "Isso não é desenvolver-se, não é crescer, é entregar-se, é vender-se." (January 11).

Amaral, p. 48.

Interview published in A Noite, November 19, 1912.


J do C, February 18, 1913.


Haggard to Grey, PRO FO 420/257, December 23, 1912.
His belief in Brazilian incapacity for almost any kind of work will be discussed in Chapters 3 and 4.


For details of the Acre question, see Burns, pp. 76-84.


Cited in Haggard, "Annual Report, 1909," PRO FO 371/832, March 19, 1910, p. 32. The Brazilian Review was equally regretful—and pessimistic—about the loss of British trade to German rivals, and elaborated on some of the reasons in an early article entitled "British Trade with Brazil": "An unusually interesting report on the trade of Santos has been issued by the Foreign Office, covering the period from 1902-04. Some of the London papers complain that such tardy figures can be of little value to British traders. We, however, think otherwise, and are of the opinion that Mr. Mark has done a notable service in pointing out the particular branches of imports from Great Britain that show a decline or tendency to decline and the way in which British trade may be regained or at least further decline may be prevented. Whether the British merchant will pay attention is another matter. He is so wedded to routine, so contemptuous of small lines of business that something like an earthquake seems necessary to stir him. Only lately we heard of a case that is typical of some of the causes that have led to supercession of English by German trade. Quotations for printing paper were asked for c.i.f. at Rio at 90 d/s. Prices to be quoted per ream. In almost every instance the replies quoted cash f.0.b. at British ports, per ton, and the business went to a German firm willing to meet the buyer's requirements. The business in question was, no doubt, but a small one but 'many a mickle makes a muckle,' and it is by never
refusing an offer, however small, that the Germans have built up their splendid trade." (February 13, 1906).


79 J do C, February 27, 1903; July 31, 1903.


82 Haggard, "Annual Report, 1909," PRO FO 371/832, March 19, 1910, p. 10. See also FO 371/605, October 21, 1909, in which Haggard suggested that Germany favoured an Argentine attack on Brazil in 1907 because she saw opportunities for her own territorial gain; FO 371/831, December 30, 1909, in which he talked of official German aid to German Brazilians in the south; and FO 420/252, June 30, 1910, in which Haggard commented on a letter in the J do C which pointed out that some German maps referred to centres of German population in Santa Catarina as "colonies".

83 Granville (Berlin) to Grey, PRO FO 371/1052, October 27, 1911; FO 371/1303, September 9, 1912.

84 Haggard, "Annual Report, 1912," PRO FO 371/1581, June 9, 1913, p. 9; O'Reilly to Grey, PRO FO 371/1302, December 8, 1911.


86 For documentation of the Ormsby-Gore letter, see the Spectator, November 16, 1912; November 23, 1912; November 30, 1912; and Haggard to Grey, PRO FO 371/1303, December 8, 1912. (In the margin of this despatch, a reader in the Foreign Office has written of Ormsby-Gore: "Lord Harlech's brother a particularly foolish person").

87 PRO FO 371/604, May 28, 1909.

88 A Notícias, October 14, 1909.

89 PRO FO 371/831, January 7, 1910.

90 Ibid., March 7, 1910.

91 For British comments on the visit of Hermes to Germany in 1910, see Haggard to Grey, PRO FO 371/832, July 15, 1910; July 21, 1910; July 30, 1910;
August 3, 1910; September 3, 1910; and Goschen (Berlin) to Grey, PRO FO 371/832, July 22, 1910; July 29, 1910.

92 Rio Branco to Ministro da Guerra, AHI 15/300/1/7, February 12, 1906.

93 See J do C, July 7, 1910; July 14, 1910. The appalling state of the Brazilian navy is confirmed by Haggard in PRO FO 371/831, July 10, 1910; July 15, 1910.

94 See, for example, an article in the Hamburger Nachrichten, November 1, 1910. The author, a German living in Brazil, believed that the army was beyond help.

95 J. C. Rodrigues, whom Haggard described as a "strong Germanophil" in July, 1910, was reported by Haggard a few months later to favour the sale of the Dreadnoughts to England so that Germany would not get her hands on them (PRO FO 371/1051, December 13, 1910).

96 Haggard to Grey, PRO FO 371/1051, April 3, 1911.

97 Ibid., April 8, 1911.

98 O'Reilly to Grey, PRO FO 371/1051, July 28, 1911; August 22, 1911; November 20, 1911.

99 For American reactions, see O'Reilly to Grey, PRO FO 371/1051, October 3, 1911; Haggard to Grey, PRO FO 371/1303, September 9, 1912; Rives to Knox, NABD (1910-1929: Political), February 15, 1912.


101 Freyre, Ordem e Progresso, II, p. 633 et seq.


Rodolphe Broda to Domingos Jaguaribe, BNMS I - 5,3,8, January 25, 1908. He was prepared to offer fifty francs an article, or twenty francs per page for notes brèves. According to ex-president Rodrigues Alves, who returned to Brazil at the end of 1908 after one and a half years in Europe, curiosity about Brazilian progress was not confined to France: "The general opinion is that we are a country which is now just beginning, and about our life and our customs there is a great curiosity. Politicians of high standing with whom I conversed already know a good deal about Brazil, and are determined to know more. Today in Europe people want to know how our great industries are progressing, whilst the governing classes are seeking information with regard to all the branches of our activity, and to our internal organisation. There is an intense curiosity to-day in Europe with regard to Brazil." Quoted in BR, December 1, 1908.


There is extensive documentation of the Counani affair in the Brazilian, French and English press of the day. On the Brazilian side see, among others, J do C, February 24, 1904; February 26, 1904; April 23, 1904; April 25, 1904; May 8, 1905; May 10, 1905; May 18, 1905; May 21, 1905; June 2, 1905; June 3, 1905; June 6, 1905; June 30, 1905; August 27, 1905; October 22, 1905; March 12, 1906; March 13, 1906; May 3, 1906; May 6, 1906; June 17, 1906; May 21, 1906; May 31, 1906; June 8, 1906; June 9, 1906; January 23, 1913; JB, February 29, 1904; April 21, 1904; May 7, 1905; May 8, 1905; May 9, 1905; May 12, 1905; May 23, 1905; June 2, 1905; October 7, 1905; January 11, 1906; June 6, 1906; 0 Paiz, February 25, 1904; February 27, 1904; May 8, 1905, May 15, 1905; May 28, 1905; June 30, 1905; GN, May 7, 1905; May 8, 1905; May 10, 1905; May 12, 1905; May 13, 1905; May 18, 1905; June 7, 1905; July 1, 1905; July 2, 1905; August 19, 1905; August 22, 1905; September 11, 1905; October 7, 1905; March 11, 1906; May 3, 1906; A Notícia, May 12, 1905; June 29, 1905; August 18, 1905; August 19, 1905; August 26, 1905; May 5, 1906; BR, June 6, 1905; June 13, 1905; May 22, 1906; May 29, 1906; June 5, 1906; April 30, 1907; A Imprensa, May 30, 1911. See also Rio Branco to J. C. Rodrigues, BNMS I - 3,4,61, August 9, 1900(?); Sentence
Brazil made considerable efforts to publicize her progress among foreign countries. *Le Brésil*, which was published in 1890, was perhaps the first example of this national publicity (see Rio Branco to Ruy Barbosa, AHI APRB 3/1/18, February 12, 1890). An attempt which backfired was the visit of Guglielmo Ferrero. Ferrero, an Italian historian of some fame, was invited to Brazil in 1907 mainly because he would represent a potentially useful publicity agent after his return to Europe. The visit had been suggested by Machado de Assis, and was given the enthusiastic support of Rio Branco. Ferrero, however, remained strangely silent about the progress of Brazil after returning to Italy. Instead his wife, Gina Lombroso Ferrero, published a book in which she violently attacked Brazil, suggesting, among other things, that it was dangerous to walk down the Avenida Rio Branco because of the snakes. For a summary of the affair, see Maul, pp. 123-125.
CHAPTER III
BRITONS IN BRAZIL: SOME REPRESENTATIVES AND ATTITUDES

The British community in Brazil in the first two decades of the century was quiet and generally unobtrusive, and a lack of written records makes it difficult to come to any detailed conclusions about its composition and activities. One can only guess at the lives and attitudes of all but the leading members of the community, the businessmen, the bankers, and the diplomatic and consular officials, but these were clearly the best informed Englishmen in Brazil, and their thoughts and actions are important in any assessment of Anglo-Brazilian relations.

By contemporary standards, the community was not particularly large. In the Federal District in 1906 there were some 1,671 Englishmen, a number made up of more than twice as many men as women. This compared with 133,393 Portuguese, 25,557 Italians, 20,699 Spaniards, 2,575 Germans, 3,474 Frenchmen, and 406 "anglo-americanos."1 By 1920, the English population of Rio de Janeiro had increased to 2,057, the increase since 1906 being made up entirely of women. The corresponding figures for other foreign communities in 1920 were as follows: 172,338 Portuguese, 21,929 Italians, 18,221 Spaniards, 2,885 Germans, 3,538 Frenchmen, and 1,066 Americans.2 Outside the capital, the main pockets of English population were in the State of São Paulo (2,918), the city of São Paulo (1,212), Minas Gerais (1,702), the State of Rio (647) and Rio Grande do Sul (432).
The Germans and Italians far outnumbered Englishmen in the early post-war years (in 1920 there were 11,060 Germans and 398,797 Italians in the State of São Paulo, and 16,952 Germans and 49,136 Italians in Rio Grande do Sul), while American figures were still extremely small (1200 in the State of São Paulo, 233 in Rio Grande do Sul, and 138 in Minas Gerais). Brazilian population figures for the period under consideration show tremendous increases. Between 1900 and 1920 the population of São Paulo virtually doubled; the Federal District of Rio de Janeiro rose from almost 700,000 to over 1,100,00; Minas Gerais was up from 3,594,471 to 5,888,174; and Rio Grande do Sul, like São Paulo, had almost doubled its 1900 population figure by 1920.

A large part of the British community in Rio de Janeiro lived away from the city, most of them across the bay in Niterói and some in the hills at Petrópolis. For this reason the population figures for the Federal District can be regarded as somewhat low, for many men resident in the State of Rio worked, ate, and met one another in the Federal District. Those who chose to live in the city took houses in the more fashionable and healthy suburbs—Glória, Lagôa, and even as far afield as Copacabana—but for others the two hour journey down from Petrópolis or the ferry ride from Niterói was readily justified by the peace and tranquillity these two towns represented. Most Englishmen were involved in the import-export business, in commerce, in banking, and in civil engineering projects. They were usually men of some education, and most of them at managerial level were responsible to some head office in London.
which may or may not have had experience of Brazilian affairs. Although they were not generally quick to make contacts among the Brazilian population, neither did they belong to large formal organizations among themselves. The Rio Cricket Club was active at the beginning of the century, as can be attested by frequent reports in the English language newspapers of the day, but this seems to have been one of the few social organizations of importance in existence. The war years produced the British Chamber of Commerce, promoted by Ernest Hambloch in 1916 as a means of striking at German commercial interests, and this was active in the affairs of the British community until its demise in 1967. The two major English language newspapers, the Rio News, and the Brazilian Review (later to be known as Wileman's Brazilian Review) fought each other bitterly for readers among the British community, and J. P. Wileman, the editor of the latter weekly, became one of the best-known British residents of the Brazilian capital.⁶

Apart from the diplomatic and consular staff, informed Englishmen were generally businessmen of some kind. Two examples worthy of note were Mr. John Gordon and the J. P. Wileman mentioned above. The former had by the beginning of the century spent some thirty years in Brazil and had made a fortune in that country. He was a director of the Western Telegraph Company, of the San Paulo Railway, and of various other major enterprises in Brazil, and was considered a man of great experience in Brazilian affairs. He seemed to be pessimistic about the future of his adopted country, and helped fan the flames of Sir William Haggard's discontent.⁷
Mr. J. P. Wileman, editor of the Brazilian Review and formerly director of the official Commercial Statistic Service in Brazil, was another leading member of the British community. Wileman, who had good connections in Argentina as well as in Brazil, ran his English newspaper with considerable success over a period of many years, and was a constant and reliable source of information on Brazilian commercial and economic affairs. His writing occasionally followed the official Brazilian line so closely that he was accused by foreigners of being in the pay of the government, but after he left the Commercial Statistic Service in 1908 there is no evidence to support this charge. Wileman's capacity for hard work and clear, moderate thinking is apparent in the pages of his review and in the opinions of those who knew him in Brazil. He was in a good position to assess the shortcomings of many of his compatriots, and was clearly unhappy to have to write, on the occasion of the death in 1906 of Frank Parish, son of Woodbine Parish, that "in Brazil we have never had the good fortune, that I know, to have a man like Parish to serve as a conducting medium between British and Brazilians and enable them to understand each other." If anyone filled that gap in the first two decades of this century, it was J. P. Wileman himself.

Men like Wileman and Gordon had had long experience of Brazil, and were indispensable as sources of information about that country—particularly to recent arrivals in the Diplomatic Service. They became close contacts of the representatives of the British government in Brazil, and their opinions were often quoted at length in despatches to London.
At the centre of the whole system were, however, the diplomats and consular staff, key men in the process of Anglo-Brazilian relations early in the century. The present chapter is concerned primarily with a study of two of them, Mr. (later Sir) William Haggard and Mr. (later Sir) Arthur Peel. At a time when Brazil's foreign orientation was undergoing such fundamental changes, the backgrounds, attitudes and abilities of these men were of vital importance to the future relations between the two countries.

William Henry Doveton Haggard (1846-1926) was a member of a family well-known for its literary prowess and diplomatic connections. His brother, Rider Haggard, was a novelist and sociologist of considerable fame, and another brother, Major A. C. P. Haggard, was a writer on sport, fiction and French history. Sir William's niece, Lilias Rider Haggard, followed in her father's footsteps as a novelist. A nephew, Godfrey Haggard, was clerk to Sir William while the latter was Minister to Venezuela between 1897 and 1902, and was himself Consul General in Rio de Janeiro in the 1920's. Sir William's eldest daughter was married to Mr. Archibald Charlton, at one time British Consul in Berlin. The family was prosperous, and Sir William was a product of the gracious living of the nineteenth-century gentleman. He was educated at Tonbridge, Winchester, and Magdalen College, Oxford, and entered the Diplomatic Service in 1869 with an appointment to Berne. His career was long and varied, and after serving at minor posts in Madrid, Washington,
Teheran, Vienna, Stuttgart, Rio de Janeiro and Athens, he was appointed Minister Resident at Quito in 1890. After a brief spell as Consul General in Tunis, he returned to South America to serve as Minister to Venezuela (1897-1902), to Argentina and Paraguay (1902-1906) and to Brazil from 1906 until his retirement in 1914. He had a considerable knowledge of Persian, having collaborated in the production of a book entitled The Vazir of Lenkuran, and was fond of the usual sports and pastimes of the English country gentleman (he inherited Bradenham Hall, the family seat in Norfolk, on the death of his father in 1893). For a lifetime of official service to his country, he was knighted in 1908 on his sixty-second birthday. His period as Minister to Brazil was the culmination of this active and eventful life, though he lived many years in retirement and finally died at Mentone in 1926.9

Haggard's background and education provide some key to his attitudes to Brazil during a period which coincided to a large extent with the Rio Branco ministry and with the fundamental reshaping of Brazilian foreign policy to which allusion has already been made.10 A personal assessment by Sir Godfrey Haggard, probably the only man still alive to have worked actively with Sir William in South America, fills in some of the details. Sir Godfrey, at that stage a minor official on government service abroad, worked as Sir William's clerk in Caracas at the beginning of the century and copied out all that the Minister wrote in an official or private capacity. Sir Godfrey recorded in his private diary that "he [Sir William] had the cacoethes scribendi of all my clan—the cacoethes
dictandi it had rather be for nobody but his wife and his nephew could decipher his handwriting. His urge to write was such that when reports had gone home on any matter requiring a report, he would turn his attention to matters that did not. They were intended to amuse and often succeeded: calling in the aid of anecdote and gossip, literary allusions and a Latin tag or two in the manner of a more spacious age than his. They did not, I think, show much reflection, and brevity was not sought. Any topic of an economic nature would have been outside his scope, or interest, commercial matters being dealt with by Consuls or lesser fry—or not at all. Such was the man chosen by Britain to represent her interests in the crucial years before the outbreak of the First World War. The nephew's impressions are amply confirmed by a study of the despatches written by Sir William Haggard during his years as Minister to Brazil.

Haggard's despatches represent an indispensable source of information on Brazil between 1906 and 1914. During these years, Monthly Reports were prepared from time to time by various members of the legation staff and forwarded to London under Haggard's direction. They dealt with the political situation, commercial matters, and anything else deemed of interest to the Foreign Office. They appeared somewhat sporadically, but were supplemented by Annual Reports, lengthy and comprehensive documents usually written by Haggard himself and full of observations on the affairs of the previous year in Brazil. The Annual Reports ran from 1906 to 1913 inclusive, with one break in 1907, and reflect a great
deal of painstaking work on the part of Haggard and his staff. Haggard freely admitted, as was suggested by his nephew's earlier experience in Caracas, that he received considerable help from his staff on the commercial and financial aspects of his Annual Reports. His training was clearly within the limits of the nineteenth-century classical tradition, and he was in no way able to appreciate the intricacies of commerce and finance—the two subjects which were most closely connected with his country's interests in Brazil.

Notes of amusement were certainly not lacking in Haggard's despatches, and these were often combined with a marked sense of superiority, indignation, and thorough impatience with the country to which he was accredited. A typical example is his account of the funeral of Rio Branco, a man for whom he never had any great admiration and whose final journey offended Haggard's sense of calm and order:

The funeral was fixed for yesterday morning at 9 o'clock, starting from the Foreign Office, where his Excellency died, and where he was at work when he was attacked. The corps diplomatique were notified of this fact, and it was also conveyed that we were expected to wear full uniform on the occasion, a decree appearing at the same time to the effect that his Excellency's interment would be attended with the same honours as are prescribed for the chief of State. Whatever may have been intended, the actual result was disgraceful to those responsible. We were informed both by telegraph and in an official note that the interment would be at one cemetery, whereas it actually took place at another 12 miles off. On arriving at the Foreign Office I found the rooms already crowded, and there seemed to be a good deal of confusion. I was requested, in my capacity as doyen of the diplomatic corps, to act with the President as the leading pall-bearers, and after a speech by an official orator, in which the deceased statesman was compared to Caesar and Napoleon—very much to their disadvantage, a type of the panegyrics of which the papers are literally full—the cortège, headed by the President and myself,
proceeded downstairs, the coffin opening during the transit.

When we arrived on the pavement there was a long delay while the coffin was being put on to a small hand-cart, on which it was dragged to the cemetery. There was a terrible crush, and no order was kept. The majority of my colleagues, fortunately for them, failed to find their carriages and so were spared the horrors of the further proceedings, which I, who found mine at once, had to undergo. We had to wait three-quarters of an hour in the sun, a time which my Russian colleague beguiled by addressing the surrounding crowd. Finally the procession started, and went at a foot's pace, or rather less, as there were constant stoppings owing to the dense crowds filling the road the whole 5 miles of the way to the cemetery. The heat was very great, and we were smothered in dust and half choked by the exhausts of the neighbouring motor-cars. My car was not far behind the President's carriage, and when we got near the gate of the cemetery I saw his Excellency pass us, coming away from it, so thinking that either he had not gone in—which was the case, as his conveyance was not able to force its way through the crowd—or that the ceremony of burial was over, I turned my car with some difficulty and returned also, having spent about four and a-half hours doing the 5 miles. It was fortunate that I did so, for two of my colleagues, who after taking an hour or so to find their carriages, had then taken a short cut and so got into the cemetery, found themselves in the midst of a very unpleasant disturbance, brought about mainly by the brutality of the police and soldiers. In this there would appear to have been a good many casualties: Baron de Rio Branco's nephew and a nephew of the President were injured, and the Argentine chargé d'affaires is reported to have been hurt, while Baron Werther, Baron de Rio Branco's son-in-law, who, with his little boy, had led the procession bareheaded the whole 5 miles of the route, only saved himself and his child from injury by climbing through a window. My Dutch colleague, who was near the grave, described it as 'a scene of bloodshed,' the cavalry striking right and left among the screaming men, women, and children composing the crowd. I may mention that not one of Baron de Rio Branco's staff, and of his family only his son, was present when his body was lowered into the tomb, amidst indescribable confusion and to the accompaniment of the howls of the negro mob, which had by that time taken charge of the whole proceedings.

During the past week the papers have been completely filled with details of Baron de Rio Branco's life, his death, and eulogies of his conduct and abilities as a statesman. "Dans le pays des aveugles le borgne est roi," and there is no doubt that during the last ten years his Excellency has towered above his countrymen.

The impression given by Haggard's despatches is that he had little
time for Brazil, found Brazilians to be childish and incapable of the simplest task, was appalled by what he considered discourteous treatment of foreign representatives accredited to Brazil, and despaired of the hopes of any progress in that country. "There is no sense of discipline, no routine, and a chaos of disorder. The same statement holds good in all the relations of private life; society, tradesmen, servants etc. In fact Brazil is, throughout, a Haiti on a larger scale." Writing about the possibility of foreign officers being used to train the armed forces, Haggard stated: "It is considered that a Brazilian requires no teaching, but by the light of genius arrives at instant perfection in anything that he undertakes." Referring to the Dreadnoughts, he said that "[he] did not believe that it was likely that they would ever be of use to Brazil or any source of dread to an enemy, as [he] did not conceive the Brazilians capable of the cleanliness, care and attention necessary to work these extraordinarily complicated and delicate machines of volition and destruction." Haggard's complaints over discourteous treatment by Itamaraty were constant, and he became very impatient at Brazilian delays in answering correspondence, at inefficient postal and customs service, and at an annoying informality in business affairs. In the final stages of his stay in Brazil he turned his withering prose to an assessment of the general condition of that country as he saw it, and produced a short despatch, quoted here in its entirety, which amply summed up the thoughts he had already expressed at length elsewhere:
During the seven years that it has been my lot to serve as His Majesty's Minister in Rio I have from time to time had the honour of submitting reports on various phases of the political and financial condition of this country, and I think that it will have been clear from these that so far from there having been during that time any improvement not only in relative, as compared with its rival Argentina for instance, but also in actual prosperity, there has been a distinct decline, till on leaving the country I regret to say that I must state that it is, as I believe, in a worse condition than it was when I arrived here in 1906, and that I have come to the conclusion that so long as it is governed in the present way, so long will it go on sinking from bad to worse.  

An observer who had been reading Haggard's reports for some years was moved to react thus to a despatch received in 1913: "If Brazil did not occupy such a large space on the map it could scarcely be treated as a civilized country for the purpose of diplomatic relations."  

It is tempting, in any summary of Sir William Haggard's attitudes to Brazil, to establish some parallel between this diplomat and a notorious predecessor in Rio de Janeiro, W. D. Christie. The similarity is superficial, but does not entirely lack substance. Christie was a hothead, a dangerous and extremely tactless man who typified the most violent anti-Brazilian, anti-slavery currents of the mid-nineteenth century. On his return to Britain after the break in diplomatic relations between the two countries in 1863, Christie rounded off his mudslinging by defending his views in print and attempting to "throw light on the great difficulties which have always attended English Ministers with the Brazilian government." Christie's vehement attacks on both Brazil and those Englishmen who were satisfied with conditions in that country demonstrate that even if there had been no diplomatic break in 1863,
relations would have been extremely unsatisfactory for the length of Christie's stay.

Sir William Haggard showed marked signs of a similar discontent, although he was more discreet in publicizing the fact than his sententious predecessor. The similarity between the two men was certainly at the back of Rio Branco's mind, and there is evidence that the Baron treated Haggard to the benefit of a comparison on at least one occasion. In a letter to Rio Branco dated April 30, 1907, Haggard referred to the Baron's suggestion that another Christie incident was in the making as a result of British pressures to obtain compensation in the case of a certain Mr. Chalmers. The case, in the view of the British government, had been mismanaged by the Brazilian authorities, and Haggard had the support of an eminent Brazilian jurist, Dr. Leitão da Cunha, in his representations. In his letter of reply to Rio Branco's remarks, Haggard attempted to show that the present incident and the Christie affair were two entirely different cases. He began:

Your Excellency rather alarmed me yesterday with your remarks about the Chalmers case, in which you alluded to Mr. Christie's affair, but on referring to the draft of my note to you on the subject, dated 30th. January, I am greatly relieved to find that the cases can hardly be considered as really parallel as that note is thus worded "I am instructed to make strong representations to the Brazilian Government with a view to obtaining the dismissal of the Public Prosecutor and the grant of pecuniary compensation to Mr. Chalmers". Your Excellency will see that this is no peremptory demand, but that the matter is left to the Brazilian Government in the hopes that they will act on the representations of His Majesty's Government.

Haggard was obviously sensitive about Rio Branco's allusion, and quickly
sprang to the defensive.

The personal relations between the two men were of the utmost importance during this critical period of change in Brazilian foreign relations. It has been pointed out elsewhere that Rio Branco "did not like the British minister, Sir William Haggard. In fact, the two diplomats had long periods during which they were not on speaking terms." This view needs a certain qualification, for there were times at which the relations between the two men seemed relatively cordial. Throughout 1908 and 1909, for example, they were frequently together at banquets and dinners. In fact, Rio Branco invited Haggard and his wife to dinner in November, 1909, and received in reply a telegram which suggests anything but strained relations between the two of them: "Sir William and Lady Haggard thank your Excellency for honour of invitation to dinner on Wednesday which they accept with great pleasure and desire convey their best thanks for present of magnificent pheasant." On another occasion, during an interview with the Baron on the subject of foreign instructors for the Brazilian navy, Haggard mentioned the traditional ties of friendship between their respective countries and met with an enthusiastic and immediate response:

The reference to the old friendship seemed to appeal to His Excellency and he began to tell me of all the achievements of the Brazilian Navy in days gone by, led by British officers, Cochrane, Norton, etc. Some of these gallant men, he said, had lost their arms in the service of Brazil, to which I ventured to reply that I hoped that if British Naval Instructors came now they would not lose their arms. His Excellency added that he had written a history of these Naval exploits which he intended to publish and in which the part taken by Englishmen
was clearly brought out. Without committing himself, he chatted on in this way for a long time, as he does when he is in a good humour.25

On the other hand, there were times when Haggard was far from complimentary about the man with whom he had to treat on a regular basis. "His mind is a storehouse of knowledge of which he sometimes seems to have lost the key; in brief, I doubt whether he be sound," wrote Haggard in 1909.26 Haggard referred frequently to Rio Branco's "vanity," to delays in Brazilian answers to British representations, and to the inaccessibility of the Minister for Foreign Affairs.27 On one occasion he launched into an entertaining metaphoric assessment of Rio Branco's self-glorification:

When Baron do Rio Branco wants, regardless of fact, to have the honour and glory of having had a directing finger in a successfully baked international pie, his crowning stroke is to celebrate its leaving the oven by a festival in which he associates at his bidding the representatives of those countries which have been directly or indirectly connected with the baking. . . . These festivities are somewhat trying, for, apart from the floods of oratory and glorification of his Excellency which they, as intended, provoke, the Baron has no cook and the dinner supplied by an indifferent Rio restaurateur is, in the hot weather, subject to suffer "sea-change" on its way across the Bay.28

Perhaps Haggard's most moderate and reasoned assessment of the Brazilian Minister for Foreign Affairs was the one which he wrote on the occasion of the latter's death. After describing the confusion at the funeral, Haggard continued:

I believe him to have been a man of strict personal integrity, and according to his lights, a true patriot. . . . The late American
Ambassador, discreet as he was, could not always conceal from me that
the baron was a "fraud," and Mr. Dudley was a man of sound judgment.
He was not capable of dealing simultaneously with a variety of sub-
jects. He had a good memory, but it was impossible to attract his
attention to anything but what interested him for the moment, a de-
fect which made him very difficult to deal with in the multifarious
questions which constitute foreign affairs. He was authoritative,
and could be truculent and very émporté when he fancied, generally
wrongly, that the dignity of Brazil, or his own, was threatened. He
could, on the other hand, be very amusing. His whole mind was so
taken up with his political schemes, to the neglect of his personal
interests, and even of his family. He thus also disregarded the
usual rules of health, diet, and sleep. He was a born Bohemian, and
early in life married a French mistress.29

In view of Sir William Haggard's generally pessimistic assessment
of affairs in Brazil, a word must be said about his sources of information.
Apart from prominent members of the British community such as John Gordon
and J. P. Wileman, Haggard's contacts outside his own legation seem to
have been relatively few. The main exception was José Carlos Rodrigues,
editor of the Jornal do Commercio, who on occasion showed considerable
sympathy for British interests, and maintained cordial relations with the
British Minister. In despatches to London, Haggard frequently referred
to conversations with Rodrigues, who in turn was in close touch with many
high-ranking Brazilians. Rodrigues was particularly helpful to Haggard
with regard to the possible sale of the Brazilian Dreadnoughts in 1910
and 1911, keeping him informed of currents of opinion among the staff at
Itamaraty.30 Rodrigues considered himself "a friend of England," and was
anxious that the powerful men-of-war should not fall into German hands.
Haggard used the information provided by Rodrigues, but sometimes treated
the journalist with contempt in confidential despatches to the Foreign
The relationship never really attained any degree of trust on Haggard's part.

After the death of Rio Branco, who, as far as the records show, never endeavoured to keep the British Minister informed of anything, Haggard was perhaps more fortunate in his contacts with Itamaraty. He described Lauro Müller, Rio Branco's successor, as being "very intelligent and pleasant to deal with personally," and thought that "he really had some idea of what would be advantageous to his country in its foreign policy." A further sign of respectability was that Müller was "absolutely free from any taint of black blood." Haggard was on much closer terms with Müller than he had been with Rio Branco, and suggested that he was better informed of the inner working of Brazilian foreign policy after the death of the man who had contributed indirectly to the waning of British influence in Brazil. Further information reached Haggard via Eneas Martins, Müller's subordinate at Itamaraty. Martins, according to the British Minister, was not always reliable, and had a suspect reputation on account of his weakness for bribes. An aggressive man, whose star had risen during the final years of the Rio Branco ministry, Martins became an embarrassment to Müller in the conduct of foreign affairs, and Haggard considered the rift between them of sufficient interest to warrant a special despatch to London.

The paucity of Haggard's Brazilian contacts confirms his isolation from the main currents of Brazilian opinion. He listened to the members of the British community and read the newspapers, but apart from that made
little impression among the people of the country to which he was accredited. The Brazilian public, aware of British influence in many varied fields, seemed thoroughly ignorant of his presence, and few people even bothered to notice his departure late in 1913. During the period of Haggard's appointment as Minister in Rio de Janeiro, Anglo-Brazilian diplomatic relations reached a point of stagnation. Outside the usual routine of banquets, reports, and official presentations, the waters remained untroubled. Nothing significant ever happened to disturb the calm. In these critical years, in which the patterns of a traditional relationship were destroyed and the foundations of modern Brazilian foreign policy were laid, British diplomacy was represented in Brazil by a man who thoroughly disapproved of the country and the people who lived in it, and who seemed unaware of the transition between the nineteenth century, to which he belonged wholeheartedly, and the hard economic and political realities of the present day.  

Haggard's successor as British Minister to Brazil, Arthur (later Sir Arthur) Peel, was altogether more successful in his relations with Brazilians and with the furtherance of British interests in that country. Peel was favoured by circumstances to a much greater degree than Haggard had been. By the time of Peel's arrival in Brazil in March, 1915, the European war had been raging for over six months and Brazilian sympathies were overwhelmingly in support of France and, by extension, Britain. Rio Branco had died in 1912, and his determined policy of approximation to the United States had undergone basic modifications by 1915. Lauro
MHHer was more approachable than his predecessor, and Peel's relations with him—and with Ruy Barbosa, the staunchest advocate of Brazilian entry into the war on the side of Britain and France—were always cordial. Peel was able to regain much of the ground lost during the years when Haggard was Minister in Rio, and also to cultivate the kind of atmosphere which could lead to the arrival of Sir Ralph Paget as first British Ambassador to Brazil in 1919.

Arthur Robert Peel (1861-1952) was, like Haggard, a member of a family with close official and governmental connections. His father was a country vicar in Worcestershire; the diplomat's cousin, Robert Peel, rose to be Prime Minister of England. Arthur Peel was educated at Eton, entered the Diplomatic Service in 1887, and after occupying minor posts in St. Petersburg and Washington, served for over two years in Buenos Aires between 1894 and 1896. He then moved to The Hague, spent several years on official service in Lisbon, was briefly in Montevideo, and finally became Consul General in Crete, a post of some importance and difficulty. He was appointed Minister to Bangkok in 1909, and held his position until his transfer to Brazil in 1915. He spent the war years in Rio de Janeiro, was knighted in 1917, and married a Brazilian shortly after his retirement in 1921.36

Peel was quick to appreciate one of the basic necessities of his new post, and a matter of days after his arrival in Brazil wrote a despatch in which he outlined the future of British commercial activity in that country:
Great Britain owing to the maintenance of her Free Trade principles, has not the advantage Protective Countries possess in making strong representations. We cannot like France decline to admit the quotation of Brazilian Securities on the Exchange nor interfere, like Portugal, Spain or Italy, with the flow of immigration. Moreover we have no Tariff, so that it results that in pushing her trade, Great Britain relies more than any other country on the personal prestige and ascendancy of her Representative. It is necessary, therefore for him to make use of every resource at his command, not only in coming into contact with Government officials, and representatives of large commercial houses, but in making his influence felt in every way he can.37

Despite his relative lack of experience in Latin America, Peel had managed to put his finger on the essential ingredients of good official relationships. His reception in Brazil was warm and cordial—despite the fact that his arrival coincided with the departure from Rio of the Minister for Foreign Affairs.38 There was, in fact, nothing unfriendly about Müller's absence, and before long Peel had developed a close relationship with him which was to be one of the most successful features of his stay in Brazil. Peel was convinced of Müller's pro-British sympathies, and noted his lack of enthusiasm for the United States. On the occasion of the resignation of Müller as Minister for Foreign Affairs in 1917, Peel was able to report to London: "Personally my own relations with him were of a distinctly cordial character, for besides never concealing his personal preference for the British race, he had since the turn of events in favour of the Allies become immensely impressed [sic] by our capacity to raise and equip large military forces during the time of war and lately he seemed to become habituated to the idea that the true policy of this country was to be on terms of the closest friendship with Great Britain."39
Peel's relations with Ruy Barbosa, whose anglophile tendencies were perhaps more pronounced during the war years than at any other time in his stormy career, were equally cordial. Shortly after the end of the war, Peel reported a long conversation with Ruy Barbosa on the subject of the political and financial position of Brazil, and it is obvious from the topics they discussed—ranging from the dangers of international bolshevism to the composition of the new Brazilian cabinet—that the atmosphere pervading the interview was one of considerable warmth. Ruy feared an alliance between the working classes and the army, and lamented the way in which his country was being run by a clique from São Paulo and by the sons of Rodrigues Alves (a situation which had been foreseen by Peel over a year before). 40

A further source of information used by Sir Arthur Peel was Mr. Raoul Dunlop, editor of the newspaper Rio Jornal, which at the end of the war served as the mouthpiece of Amaro Cavalcanti, the Minister of Finance. Dunlop was an influential man who was well informed about Brazilian affairs, and Peel, in a despatch dated January 1, 1919, stressed his importance to the British government on account of the mission which Dunlop was about to undertake in Britain with a view to obtaining a loan for Brazil.

Peel's success as British Minister to Brazil can be determined by the number of tributes he received from the press during his stay in Rio and on the occasion of his departure in 1919. Among Brazilian newspapers, O Paiz was particularly ready to sing his praises, and suggested that Brazil would never have borne the restrictions imposed by Britain during
the First World War had it not been for the presence of Sir Arthur Peel. Wileman's Brazilian Review confirmed the cordial relations existing between Itamaraty and the British Minister, and paid the following tribute to him when it became known that the legation was to be elevated to the rank of embassy and that Peel himself would be transferred:

Sir Arthur Peel has been amongst us just long enough to accustom himself to the idiosyncracies of the social and political environment, and was not only liked and respected by his own colleagues, but by all the members of the Brazilian Government with whom he came in contact and by Brazilian society at large. The experience he gained of the complicated financial, economic and commercial conditions of this country would seem to be the very best possible recommendation for a post of this kind, and, however eminent and suitable his successor may be, it can only be a matter of regret that Sir Arthur Peel should have been called away at a moment when such grave allied interests were under negotiation.

Peel had managed to turn Haggard's failure into a temporary success, and the years immediately following the war saw a brief resurgence of British initiative in Brazil. The contrast between the two men is therefore vital in any assessment of Anglo-Brazilian relations. Haggard's despatches make lively, stimulating reading, are frequently amusing, but rarely deal with the essential points of contact between the two countries. Haggard seemed ever conscious of the literary content of his reports, whereas other observers of the time--particularly the American diplomates resident in Rio de Janeiro--wrote dull, often disjointed, but usually objective despatches. Peel was less inclined to engage in verbal virtuosity than his predecessor, and this assisted him in maintaining friendly relations with everybody. Haggard seems a much more interesting character than any of his British or
American contemporaries, but clearly found his position uncomfortable. In view of Rio Branco's constant pro-American policy, however, it is doubtful whether any other Briton would have had more success than Sir William Haggard in maintaining and increasing contacts between Britain and Brazil.

In conclusion, brief mention must be made of other Englishmen who were concerned with the fortunes of Anglo-Brazilian relations in the early years of this century. Sir Henry Dering, British Minister to Brazil from 1900 to 1905, made little impression on Brazilian officialdom or even on the British community during his stay in Rio de Janeiro. The Brazilian Review, commenting on the termination of his duties, stated that "we cannot pretend that he will be greatly missed by the British community to whom he was almost unknown." The Brazilian press seemed equally unaware of his existence, one newspaper including a short note on Sir Krony Dernig Baronet [sic] in 1903. The Jornal do Commercio was extremely flattering to Dering in its farewell article in 1905, and went into some detail concerning his family background. It seems, however, that this interest was fomented by none other than Dering himself in the form of a letter which he sent to José Carlos Rodrigues and enclosing an article on the genealogy of his family which had recently appeared in the London press.

Arnold Robertson, who was commercial secretary to the Britishlegation in Haggard's later years and chargé d'affaires between the time of Haggard’s departure and Peel's arrival, showed a fine appreciation and understanding of Brazil, and was the author of a short study of foreign interests in Brazil which was by far the most objective and useful despatch
to reach London from Brazil during the first two decades of this century. His report of April 23, 1915, on the reaction of Brazil to the World War, is unique among British and American documents of the time, and shows that some British diplomats were very much more in touch with the realities of the situation than a study of Haggard's writings might suggest. One of Robertson's proposals was that there should be sent to Brazil "a commission of bankers and business men to see the country, to judge personally its potentialities and to get in touch with the right people among its commercial and political representatives." The mission materialized in 1918 under the leadership of Sir Maurice de Bunsen, and visited various Latin American countries as well as Brazil. Missions were very much the fashion at the time, with various European countries and the United States striving to dictate the pattern of commercial and political affairs on the termination of the war. The group headed by de Bunsen spent a few very successful days in Brazil. The American Ambassador, Morgan, an ardent Pan-Americanist, avoided all contact with it, and caused Peel to suggest that Morgan would be doing his country a service if he were recalled to Washington instead of staying in Brazil. After leaving Brazil, de Bunsen wrote enthusiastically of the reception his mission had received in Rio de Janeiro and in São Paulo, and was pleased to hear from Rodrigues Alves that the latter "was in favour of an intensified political and economic connection with Europe, and especially with the United Kingdom. He personally repeated to me these assurances.

On the crest of the same wave came the announcement that the diplo-
matic missions in Rio de Janeiro and London would be raised to the rank of embassy, a measure implicit in Robertson's proposals of 1915. News reached Peel from the Foreign Office on September 9, 1918: "As a mark of our appreciation of the attitude of Brazil in the war and of our good will towards that country we wish at once to raise status of Legation at Rio to that of Embassy." The response in Brazil was immediate and favourable, mixed with regret that Sir Arthur Peel would be leaving Brazil. G[eorge] M[arr] sent from Rio de Janeiro to London a series of press cuttings commenting on the event, and in summary added the following remarks: "It may be said generally that the enthusiasm occasioned by this announcement surpasses in its unanimity and sincerity of expression anything that has been experienced in recent years in connection with British diplomacy, and forms a striking tribute not only to the inherent respect which Brazilians have always held towards our countrymen, but to the general policy and stand taken by England in the war and to the consideration, fairness and invariable sympathy shown by His Majesty's Government and their Minister here throughout the complex questions which have agitated this country during the very trying period following the financial crisis of 1914."52

Thus began a new chapter in Anglo-Brazilian relations, and the stagnation of the Rio Branco era was replaced by an atmosphere of euphoria at the end of the war which was to give a temporary respite to declining British interests in Brazil.
NOTES

1 Recenseamento do Rio de Janeiro (Distrito Federal) realizado em 20 de Setembro de 1906 (Rio: Officina da Estatistica, 1907).

2 Recenseamento do Brasil Realizado em 1 de Setembro de 1920 (Rio: Typographia da Estatistica, 1926), IV, 1ª parte (População).

3 Ibid.


5 Englishmen did not flock to Brazil in the same way as did Portuguese, Spaniards and Italians, and few of them settled outside the major cities. Little was done to encourage the non-professional man to leave Britain and join the massive influx of agricultural and industrial workers to Brazil. In fact, the Colonial Office issued a warning to British emigrants to make them aware of hardships they might encounter: "The Emigrants' Information Office desires to warn intending British emigrants that they will meet in Brazil with climate, laws, language, money, and conditions of life and work widely different from those to which they have been accustomed in this country. Wages which in England are ample afford but a bare subsistence in Brazil. The ordinary British emigrant is likely to meet with disappointment and hardship if he overlooks these facts." Cited in BR, November 17, 1908.

6 Two other newspapers, the Rio Times and the Times of Brazil, were also published in the period under consideration.

7 See Haggard to Grey, PRO FO 371/832, August 23, 1910; and FO 371/1580, January 29, 1913.

8 BR, June 5, 1906.


10 See above, Chapter 2.


12 A second break in Haggard's despatches came between April 29, 1908 and June 27, 1909, when he was away from Brazil convalescing from an illness which had put him out of action early in 1908. Many suspected that
once he had left Brazil in 1908 he would never return to take up his post. See FR, April 21, 1908; and JB, May 8, 1908.

13 See, for example, Haggard's introductory letters to Reports for 1910 (PRO FO 371/1052, March 28, 1911); 1911 (PRO FO 371/1303, July 1, 1912); and 1912 (PRO FO 371/1581, June 19, 1913).

14 Haggard to Grey, PRO FO 420/256, February 14, 1912. The details of the scene were confirmed by Ernest Hambloch in his book British Consul. The American chargé, Rives, painted an entirely different picture, and leads one to believe that he was not present at the ceremony: "The funeral . . . proved a most imposing spectacle and tribute to the memory of the deceased statesman. A collective wreath from the diplomatic corps was placed on the coffin by the British Minister, Sir William Haggard, the Dean of the Corps. After a brief religious service at the Foreign Office, where the President of the Republic, members of the Cabinet, the Diplomatic Corps, and prominent Senators, Deputies, and Government officials, were present, a solemn funeral procession to the cemetery of São Francisco Xavier took place." NABD (1910-1929), Political, February 16, 1912.

15 Haggard to Grey, PRO FO 371/1580, April 21, 1913.

16 Ibid., FO 371/832, June 11, 1910.

17 Ibid., FO 371/831, May 24, 1910.

18 For Haggard's complaints concerning discourteous treatment by the Brazilian Foreign Office, see Haggard to Rio Branco, AHI 285/2/5, January 10, 1906 (1907?); Haggard to Rio Branco, APRB 3/4/55/1, February 26, 1910; Haggard to Grey, PRO FO 371/1580, December 20, 1912; and Haggard to Grey, PRO FO 371/1580, February 2, 1913.

19 Haggard to Grey, PRO FO 371/1581, October 24, 1913. With characteristic diplomatic courtesy, Haggard sent his farewells to the Foreign Minister at Itamaraty in the form of the following telegram, written just four days after his biting despatch to London: "C'est avec le plus profond regret que je quitte le brésil et conservarai souvenir éternel de tout votre bonté: Ministre Britannic [sic]." Haggard to Miller, AHI 285/2/9, October 28, 1913.

20 Comment by R. S. (May 19, 1913) on Haggard to Grey, PRO FO 371/1580, April 21, 1913.

21 W.D. Christie, Notes on Brazilian Questions, p. 183. Reference has already been made to the Christie affair (see Chapter 1, pp. 6-7). For further information see The Brazil Correspondence in the cases of the 'Prince
of Wales" and officers of the "Forte" (Reprinted from the Papers laid before Parliament): With an introduction, telling some truth about Brazil (London: William Ridgway, 1863); and a defense of Brazil in the form of The Relations of the British and Brazilian Governments (London: Chapman and Hall, 1865).

22Haggard to Rio Branco, AHI 285/2/6, April 30, 1907. Dr. Leitão da Cunha was a useful contact for Haggard, and was presented with a silver inkwell by him in 1908 (see J do C, April 11, 1908).

23Burns, p. 196. By way of contrast, Minister Thompson was on extremely good terms with Rio Branco, as the former showed in a despatch of 1904: "The relationship between the Minister and myself being most friendly, I took occasion to say to him . . . that I would be pleased if I could come over to his house for a smoke and a friendly visit with him, suggesting that he was having much trouble with unfriendly newspapers and that maybe he needed a little comforting." Thompson to Hay, NARH, Vol. 70, May 12, 1904.

24Haggard to Rio Branco, AHI 285/2/7, November 30, 1909. At a banquet given by Haggard on April 12, 1908, in Petrópolis, Rio Branco's son Raul and daughter Hortensia were present (JB, April 13, 1908); on October 26, 1909, Rio Branco sat between Lady Haggard and the wife of the American Ambassador at a banquet given for the diplomatic corps at Itamaraty; on December 1, 1909, Haggard dined with Rio Branco in Petrópolis, along with other members of the diplomatic corps.

25Haggard to Grey, PRO FO 371/1051, April 18, 1911.

26Ibid., PRO FO 371/604, July 5, 1909.

27With regard to delayed business, Haggard wrote the following to Rio Branco on the subject of the Orange River Company claim: "I would venture to point out that besides many which are unrecorded, but of which Mr. Barclay has a recollection, there are actually recorded in His Majesty's Legation eighteen ineffectual representations, official, semi-official, and verbal on the subject of this international obligation about which there in [sic] no question." AHI 285/2/5, January 10, 1906 (1907?).

28Haggard to Grey, PRO FO 371/831, January 17, 1910.

29Haggard to Grey, PRO FO 420/256, February 14, 1912. Dudley's description of Rio Branco as a "fraud" is interesting in the light of contemporary Brazilian-United States relations.

30See Haggard to Grey, PRO FO 371/1051, December 13, 1910; January 22, 1911; February 3, 1911; February 4, 1911.
Haggard was particularly biting on the occasion of the arrival of the new American Ambassador, Morgan, in 1912. The J do C published two articles praising the new arrival and his predecessors, to which Haggard responded: "Mr. Morgan's little sprat to catch a whale seems to have caught Dr. Carlos Rodrigues. . . ." According to Haggard, these two articles were wide of the mark in their assessment of American diplomatic representatives in Brazil; "Mr. Dudley, the late Ambassador, was really a fine fellow and a modest as well as an honourable man but these are not the qualities which appeal to a Brazilian politician, so the eulogy on him is comparatively tepid." PRO FO 371/1302, June 10, 1912.


Two conversations, reported by Haggard in PRO FO 371/1303, September 22, 1912, and FO 371/1581, October 20, 1913, confirm the cordial atmosphere existing between the two men.

Haggard to Grey, PRO FO 371/1303, September 22, 1912. On Eneas Martins, see also FO 371/1051, April 3, 1911; and FO 371/1302, June 11, 1912.

Shortly before his departure in 1913, Haggard dismissed the American challenge to British commercial and financial interests in Brazil in the following terms: "I find that the general opinion here, certainly amongst English merchants, bankers, etc., is that all the fuss that has lately taken place is not, as was said to me by one of their leading members, worth a 'row of pins' as far as it injuriously affects our position here—they look upon all these manifestoes as froth. It is true that of late years there has been a considerable increase in American trade here but this is not larger than that of other countries and is, I should imagine, due to natural causes rather than to the very active pressure of the United States Government and their Ambassador." PRO FO 371/1581, September 1, 1913.

This biographical information is taken from The Times, October 9, 1952, p. 8.

PRO FO 371/2294, March 10, 1915. One senses in this despatch that Peel was by no means happy about the relations that had existed when Haggard was in Brazil.

"I cannot but admit," wrote Peel, "that it is somewhat unfortunate that my arrival at Rio de Janeiro should synchronise with the departure of the Minister for Foreign Affairs, . . ., and that the affairs of the Ministry for Foreign Affairs should in the meantime be in the hands of an Under Secretary of State [Martins?] who is anything but qualified for the position he now fills." PRO FO 371/2294, May 7, 1915; April 28, 1915.
For further information regarding the cordial relations between Peel and Müller, see Peel to Grey, PRO FO 371/2294, June 11, 1915; FO 371/2900, December 7, 1916; Peel to Balfour, PRO FO 371/3653, November 28, 1918. For Müller's attitudes to the European conflict, see below, Chapter 5.

For Paiz, August 19, 1919. See also Paiz, September 16, 1917.

An example of execrable prose written by an American Ambassador reads as follows: "From thoughts of Baron Rio Branco's several times given life to in our conversations since I came to Brazil two years ago, it is evident President Roosevelt's policy towards South America is looked upon with some suspicion, and yet I believe he does not court this feeling and wants to feel faith in our good intentions. I have never missed an opportunity to through some expression try to make him feel the sentiments of the American Government. . . ." Thompson to Hay, NAED, Vol. 71, January 15, 1905.

Robertson's despatch of April 23, 1915, will be discussed in detail in Chapter 5.

Peel thought that the Brazilian policy of approximation to the United States was dead, and that men like Müller were much more interested in the ABC alliance. PRO FO 371/3168, May 27, 1918.

Balfour to Peel, PRO FO 371/3168, September 9, 1918.

Enclosure in Peel to Balfour, PRO FO 371/3168, September 28, 1918. See also Peel to Balfour, PRO FO 371/3168, September 26, 1918; and J do C, September 26, 27, 1918. The Foreign Office intended to have an Ambassador in Brazil before the new President took office on November 15, 1918, but Sir Ralph Paget's arrival was delayed until October, 1919.
CHAPTER IV

PEACE, PROGRESS AND PROSPERITY: A BRITISH VIEW

It is the aim of the present chapter to further explore British attitudes towards Brazil between the turn of the century and the period of the First World War, and to consider particularly British opinions concerning the actual state of Brazil and the prospects for her future. The need for such an examination arises out of the fact that British assessments frequently run contrary to the view that after its first turbulent decade of existence, the Republic entered into a phase of stability, consolidation and expansion. Britons seemed generally sceptical of the "peace, progress and prosperity" of the pre-war years, and pointed out that beneath the mood of apparent optimism there lurked many fundamental insecurities in the Brazilian system. They frequently questioned the economic and financial manoeuvres of the Brazilian government, criticized extravagance and showiness, and were constantly dismayed by what they saw as official incompetence. At the same time, however, it must be said that British investors considerably increased their interests in Brazil during the pre-war period, and were generally well rewarded for their involvement.

The most vociferous Briton to raise doubts about the future of Brazil at this stage was Sir William Haggard, whose attitudes and background have already been examined. Haggard was convinced, along with
other members of the legation staff, that the lack of Brazilian prospects for the future could be attributed not only to particular instances of governmental mismanagement, or poor planning, but rather to the inherent "national characteristics" of the Brazilian people. Haggard's inability to adapt to these "characteristics," or even to accept them, was without a doubt a major reason why his stay in Brazil was both unhappy and unproductive. In one of his final despatches to the Foreign Office, Haggard elaborated upon his long experience of Brazilian "national characteristics":

The life of an European diplomatist here is so different to that in more civilised and better constituted countries, and his relations with the Government are rendered so difficult by the national propensity to delay and the indifference to all the usual rules which govern social and diplomatic intercourse elsewhere, that one may fancy oneself unduly biassed against the Government and the people. But long reflection has made me think that this is not so in my case, and that I have been able to judge them as they are. I regret to say that the verdict to which I have come is a very unfavourable one. . . . There is absolutely no dependence to be placed on the word of a Brazilian, nor is it possible to appeal to him in any of the ordinary ways or on any of the ordinary motives. Whilst very self-seeking, he is liable to be diverted from any object on the slightest provocation, that is to say, he has no reliability and is not capable of forming a correct judgment as to his true interests, or, if he is, this judgment is easily perverted. Brazilians are extremely ready to take offence, and when they have done this they are difficult to appease. They have absolutely no sense of law or order, and no public, or indeed private, morality. In fact in this respect they are practically in a state of nature, but with it all they attempt to disguise this condition by boasting and high-sounding phrases. They are incapable of judging between fact and fiction to the extent that with them an undertaking—which, perhaps, it is never intended to be carried out—is the same thing as its performance. . . . Every man does what is right in his own eyes, and as his racial instincts are mostly bad, and, if not vicious, generally futile and foolish, little good is ever done. . . . I have carefully considered whether it is possible to find one redeeming point in the national characteristics
as applicable to the well-being of the country, and I have failed to do so.  

It is not difficult to find similar, though perhaps less comprehensive, comments from British observers of the day. The *Rio News*, a newspaper which employed most of its doubtful talents to attack Brazilian governments and politics, referred to Brazilians as being "for the greater part idle, poor and apathetic." An unsigned despatch to London in 1907 stated that "in all matters of show the people are apt to be lavish and even wildly extravagant and they rejoice to hear that their Delegate at the Hague spent more money on dinners and flowers than any other Representative." Haggard himself spoke of "this impressionable and feather-headed people."

Arnold Robertson, who ran the British legation between Haggard's departure and the arrival of Peel, was the only British diplomat of the time openly to praise Brazilians in a despatch to London. He probably did not realize how original were his views when he wrote in 1915, in an attempt to reorientate some fundamental British thinking about Brazil:

When we think of Brazil at all it is as "the place where the nuts come from"; its people and institutions would form fit subjects for comic opera, but not for serious study or attention. We conceive the Brazilian to be a cross between a monkey and a negro, the air that he breathes to be infested with diseases known and unknown, his Government always to be inefficient, corrupt, and grotesque, his culture to be non-existent, his country generally to be suitable for commercial and financial speculation, but for nothing else. That there is some foundation for this attitude I do not deny, but it is mainly based on ignorance. The Brazilians, taken as a whole, are a warm-hearted, quick-witted, and intelligent people, and,
withal, highly sensitive. They realise their own shortcomings as well as we do, and require sympathetic help and understanding.

It is indeed unusual to find such a favourable assessment of Brazilians written by an Englishman in the early years of the century. The British, if disturbed by what they vaguely termed "national characteristics," were regularly appalled by the quality of the leaders which emerged from such a doubtful milieu. Haggard's views on the Barão do Rio Branco did not depart substantially from his original suggestion that the Brazilian Minister for Foreign Affairs was "pompous, supercilious, and conceited." His assessment of other members of the Itamaraty staff was equally uncomplimentary, and he expressed doubts about the abilities of both Eneas Martins and Lauro Müller. The British sense of righteous indignation was supported on occasion by their American colleagues. Benson, at one time American chargé d'affaires in the Rio embassy, included the following brief note on Souza Dantas in a despatch welcoming the resignation of Lauro Müller from the Ministry of Foreign Affairs in 1917:

"During his term as Acting Minister for Foreign Affairs, while Lauro Müller was absent from Brazil, he [Dantas] was to be found almost nightly in the 'ASSYRIO', a 'dancing' restaurant, and later on in the night gambling clubs, and his hours of attendance at the Foreign Office were most uncertain. About three months ago, as the result of a brawl with a member of a well-known Brazilian family, he acquired a very much discolored eye, and the escapade was commented on in the local papers."

Estimates of other leading members of successive Brazilian govern-
ments portrayed a similarly pessimistic point of view. Nilo Peçanha, who was briefly President of Brazil following the death of Afonso Pena and who played a leading part in national and state politics for many years, was described by Haggard as being "clever, superficial, venal, and unscrupulous," and these words were recalled by Haggard’s successor some years later. Hermes da Fonseca drew almost universal contempt from British observers, and the Americans were no less vehement in their criticisms. In 1910, the year of his election to the Presidency, he was described variously as "a man of no particular intelligence and no training outside that of arms"; as "an unknown quantity"; and as "a man of mediocre ability . . . very much lacking in education, even in the military profession." Haggard even went so far as to accuse Hermes of having been involved in some large-scale smuggling, although he gave no details regarding sources of information. Interim assessments of President Hermes suggested that he was a "well-meaning but weak man" and the American view was that "[he] has shown little or no aptitude for the high position he now holds, and his moral prestige with the thinking public has been practically nil." By the end of the four year term, Hermes had laid himself open to even more devastating attacks: "Marshal Hermes Fonseca is a figure at once pathetic in his powerlessness and ludicrous in his actions and utterances, the laughing stock of the country." The same observer added retrospectively that the government of Hermes was "certainly one of the most corrupt and incompetent that even Brazil has ever seen. . . . The President himself was the laughing-stock of high and low, and the helpless tool of the
'boss' General Pinheiro Machado."

It is doubtful, however, whether Britons would have been any more satisfied with Ruy Barbosa, who contended the 1910 election and lost to Hermes. Though traditionally the "friend of England" and admirer of English institutions, Ruy commanded little support among members of the British community in Brazil. Whereas doubts were cast about Hermes because he was largely untried and inexperienced in 1910, Ruy had been tried and found wanting. As one British diplomat wrote on the occasion of Ruy's return from the Hague Conference, "he is more fitted to appear as a Comet than as a fixed Constellation." Haggard was altogether more biting: "He is treacherous as a man and as a politician"; and: "Certainly no President could have been worse than would have been Dr Ruy Barbosa with his past record of treachery and venality."

American opinion prior to the outbreak of the First World War ran along the same lines. Dudley stated in 1910 that Ruy was "lacking in practical sense and personal honesty," and Ambassador Morgan echoed the same sentiments in almost identical words some three years later. Few people cast doubts on Ruy's intelligence and erudition, although his ability to harness them to administrative and financial tasks was frequently questioned.

On the other major political figures of the time British (and American) opinion was rarely enthusiastic. Rodrigues Alves measured up to expectations better than most. "A man of integrity, and a capable administrator," wrote Lowther from the British legation in 1902; "his honesty and conservatism are beyond question, and he represents the best
administrative tradition of this country," observed an American colleague in 1901. Ambassador Thompson noted that Rodrigues Alves was free of the normal degree of corruption, and contrasted him in this respect with Bernardino de Campos, who looked at one stage in 1905 as though he were a strong candidate for the Brazilian Presidency. Afonso Pena even managed to emerge from mediocrity and convince the British legation that he had performed some useful work in muffling the background rumblings of Pinheiro Machado: "He [Pena] has shown character and vigour which was not expected of him and his Government has developed into a strong one." Wenceslao Braz, President of Brazil during the war years, was "honest, painstaking and drudging," and appeared to be generally unfit to carry out the energetic reforms which the "extravagance and incompetence" of Hermes da Fonseca's regime had made essential. Only Joaquim Nabuco went unscathed among the morass of mediocre and uninspiring men involved in Brazilian public affairs: "Certainly the best Brazilian I ever knew," wrote Haggard in 1910, "was Dr. Joaquim Nabuco, a man of charming personality, whose recent death . . . has caused so much and such well-deserved regret."  

According to British observers, the various crises through which Brazil passed in the early years of the century can be attributed as much to the Brazilian political system as to the men whom it produced. One of the members of the British Consular Service, Ernest Hambloch, a man who spent many years in Brazil and who knew the country well, thought the matter of sufficient interest to write an entire book on the subject. Hambloch was born in 1886, and belonged to an altogether younger generation
than did Sir William Haggard or Sir Arthur Peel. His experience of Bra-
zilian affairs began in his mid-twenties, at a time when Haggard was
nearing the end of his diplomatic career. Hambloch was very much of a
bright new star at this stage, having headed the list in the entry exami-
inations for the British Consular Service. He served in various European
countries and in the Foreign Office in London, and was eventually appoin-
ted Commercial Attaché to the British legation in Rio. He became First
Commercial Secretary to the British embassy in Brazil, and remained in
this post until 1927. As well as his book on the Brazilian political
system, Hambloch produced in 1938 his series of memoirs entitled British
Consul, which contains some interesting eye-witness material on early
twentieth century Brazil, as well as sketches of Haggard, Rio Branco,
Pinheiro Machado, Sir Roger Casement, and others.

Hambloch thought that "Brazil's troubles are to be sought in the
defects of her political régime." He deplored the fact that Brazil's
early republicans had modelled their constitution on that of the United
States, without giving any thought to the practical realities of Brazilian
politics. He maintained that it was impossible for Brazilians to come to
grips with the essential elements of parliamentary democracy: "Brazilians
have forgotten how to think politically. It never occurs to them to form
political parties to advocate. They would consider it sheer waste of time;
and, if the notion ever did cross their minds, they would reject it as
impracticable as well as useless." This, according to Hambloch, has
meant that power has been concentrated to such an extent that the basic
tenets of a federalist system have been ignored: "presidentialist republicanism is a form of government under which each individual is perfectly free to do as the government likes." From the purely political point of view, Hambloch, writing in the mid-1930's and under the shadow of Vargas, saw that Brazil had done little to improve her position since the advent of the republic in 1889: "In her republican existence of nearly half a century, Brazil has achieved considerable material progress and even greater political disorder. Politically she has been marching backwards—rather unsteadily." He went on to examine the effects of political mismanagement on the economic fortunes of Brazil, and attributed much of the subsequent instability to the financial reforms of Campos Salles and Murtinho, who filled the national treasury at the expense of other more pressing needs.

Hambloch touched on many themes which are central to any discussion of political development in the years prior to 1914. The republic had, by the turn of the century, emerged from its period of greatest instability, but its future was still in doubt in the minds of many observers. Mr. Lamoureux, editor of the *Rio News*, condemned the first ten years of republican government, stating that they had been marked by "an almost uninterrupted succession of disquieting rumours, plots, riots, revolutions, dictatorships and political murders." He called upon the "conservative classes" to unite and put an end to the disorders. Thomas Dawson, of the American legation in Rio, while clearly not in favour of any kind of restoration in Brazil, drew attention to the considerable power of the President in terms
similar to those used by Hambloch several decades later: "In his [i.e., the President's] relation to parties he seems to be more nearly analogous to a constitutional monarch or the President of France than to the President of the United States."34

The old school of British diplomats was particularly vehement on the subject of the republic and the political ills which it had brought with it, and Haggard was its most active critic. In 1913, after a conversation with Baron de Maya Monteiro, one of Brazil's leading imperialists, Haggard wrote:

There is no doubt that, apart from all party politics or even from loyalty to the late dynasty, there is a strong feeling amongst decent people of disgust at a régime of lawlessness, public extravagance, over-taxation, violence, robbery and corruption which prevails now throughout the country, and of hurt pride at seeing that Brazil, instead of taking a place in the march of progress of the world, is, as years go by, sinking lower in public morality, reputation and general well-being; and thinking men cannot but compare the position of Brazil with that of Argentina—its neighbour and rival—during the time of the Emperor, its inferior, but now its superior in every respect, either as regards the prosperity of the country or the comfort and well-being of its inhabitants.35

Haggard left no doubt as to the change that had taken place in Brazil since the advent of the republic: "my recollection of the administration of this country under the Empire, as compared with what I see now, shows that the country has in many respects gone back rather than forward."36

British voices raised in support of the republic were rare. One such was that of J. C. Oakenfull, who in 1909 began publishing a series of almanacs for free distribution to those interested in and trading with
Brazil. Oakenfull was one of the few Englishmen whose enterprises expanded rapidly during the early years of the century (four years after the appearance of his almanac, its circulation had almost doubled), and he was clearly devoted to the republic and the kind of progress he saw during it: "It seems as if the nation slept and required gigantic efforts to be awakened. If it has done nothing else, the Republic has breathed the breath of life into Brazil. The whole country is astir, and if the early travellers, who found so much to decry, were enabled to step from their graves and revisit it, their amazement would be great, and they would admit that they themselves were quite out of date." 37

Whatever may have been British thoughts on the subject, the restoration of the Brazilian monarchy was never a serious possibility after the turn of the century. The failure of the monarchists to organize themselves and to appeal to the younger members of society became increasingly apparent as 1889 became more and more remote. Occasional plots and uprisings caused observers to suggest that the monarchists were active, but their activity and support seem to have stemmed more from opposition to the management of republican politics than from a positive wish to see Dom Luiz de Bourbon on the throne of Brazil. Even during the depressing days of 1913, when the Hermes administration had brought the country to the edge of bankruptcy and political upheaval, the British could do no more than report that "the roots of the Royalist feeling here, however deep they may be, are not very widely spread." 38

The lack of coordination among the monarchists is by no means
surprising. The political scene, according to British observers, was dominated by men whose national loyalties were generally subordinate to their personal interests. The Travassos revolt of 1904 was referred to as a result of "the personal ambition of a few men anxious for the loaves and fishes of office." The exasperation of Arnold Robertson at the disastrous legacy of the Hermes government was even more vituperative: "Everything has been subordinated to 'politics' which here is synonymous with the private interests of the individual." Robertson added later in 1914 that "politics in Brazil . . . are purely personal, and of little interest to the foreigner. The new Ministers can hardly be more incompetent and dishonest than their predecessors. It is possible that they may be less so." Haggard was probably delighted to be able to report on the remarks of Rodrigues Alves, who at the time of Haggard's recall from Brazil was President of the State of São Paulo. In a despatch which will be discussed below in more detail, Haggard relayed the following comments: "What has been called, on occasions and for trifling reasons of convenience, 'parties', have merely been groupings of individuals without any serious concern for ideas and principles and dominated exclusively by the personal feelings of their leaders."  

In conclusion, it may be said that the British held out little or no hope for the betterment of political conditions in Brazil. Haggard's most comprehensive view of political decline has been discussed in an earlier chapter. Similar thoughts run throughout his despatches. After discussing the political upheavals of 1912 in Bahia, Amazonas, Ceará, and
Rio Grande do Sul, he reached the conclusion that "Brazil [was] going further and further down hill." Even before the Hermes government was into its somewhat erratic stride, Haggard commented on the year 1910 in the following terms: "Brazil has made no political progress during the last year, nor do I, under the present circumstances, see any hope of her doing so. She may, indeed, be said to be in a state of social and political anarchy." The logical outcome of such disorder, according to one of Haggard's colleagues in the British legation, would be a permanent split in the political unit known as Brazil. Either the progressive, white, industrialized south would take over the conservative, black, agricultural north, or there would be a total division between the two halves: "In that event the south would develop on its own lines into a fairly homogenous State of manageable size, with a progressive population of European race, while the north would be left to waver, like a South American Morocco, in its own misrule for just as long as the conflict between the ambitions of the expansive Powers might delay its final appropriation." So much for the British assessment of political progress during the first two decades of the republic.

"Financial and political are here the same thing," commented the Manager of the British Bank of South America to Haggard in 1913. The connection was doubtless a strong one, although there was among British observers of the day much more variety of opinion regarding economic progress than there was on the subject of political affairs. Their comments must be examined in the light of the main economic trends of the
day. Brazil was still basically an agricultural community, and despite the massive influx of population to the progressive areas of the south, the picture of the final stages of the empire remained substantially unchanged. Coffee and rubber were the key items in the Brazilian economy, and their boom period and subsequent collapse on world markets were a basic feature of the first two decades of the century. Coffee and rubber saw quick returns on investment, but they were vulnerable products, subject to considerable fluctuations in world prices and to variations in the exchange rate. Material development was likewise dependent on foreign influences; loans for communication systems, port works, city improvements, and all the various grandiose schemes which accompanied the republic, had to be obtained abroad and were subject to conditions imposed by foreign bankers and financiers. National industry, though developing steadily, was in no position to fulfil the total needs of a growing Brazilian population. In any case, a considerable segment of industrial activity remained in foreign hands or was financed from foreign sources. Raw materials, particularly coal and iron, were in short supply, and vast quantities had to be imported to satisfy internal needs. Transportation links were so poor that it was often cheaper to import materials from abroad than to develop them within Brazil. In short, the Brazilian economy at the beginning of the century manifested several inherent weaknesses which were to plague the nation for many years and which have not entirely been remedied to this day. Even the most talented administrators and the most stable governments would have been at a loss to reverse Brazil's virtually
colonial status and control the vast amount of foreign capital which was being invested in her future. The internal chaos of the political system and the lack of true balance between the various unwieldy units which made up the federation rendered such a task doubly difficult. British commentaries, not unexpectedly, demonstrate something of a dichotomy. While despairing at the management of economic affairs within Brazil, Britons were frequently aware of the tremendous economic opportunities the country offered. In fact, the degree of optimism they expressed is surprising in the light of the general eclipse of British interest at this stage of Brazil's national growth.48

Most British expressions of confidence and optimism can be found in the contemporary press. The newspapers which took a most active interest in Brazilian affairs during the period were The Times, the Financial News, the Financier, and the Economist. Not all of them were complimentary about Brazil, and the Economist and the Financial News had a particularly strong tradition of scepticism with regard to Brazilian "progress." It is, however, possible to trace currents of optimism in the pages of these and other publications, particularly in peak years of British interest such as 1905 and 1909-10. That they had an appreciable effect on opinion in Brazil cannot seriously be doubted. The pronouncements of The Times and other London newspapers were generally reported in the Brazilian press, and the British financial hold on Brazilian affairs was still such that comments on investment prospects and economic and political stability were of considerable importance.
A particularly interesting example in this respect is the British reaction to the financial reforms of 1898-1902. It is clear that British sanction of the policies undertaken by Campos Salles and Murtinho was regarded as a useful weapon both at home and abroad. There is evidence that the President looked favourably upon semi-official British approval in the form of an article in The Times, and that he did his best to bring this to the attention of the most influential sections of the Brazilian public. At the beginning of 1900 he wrote to J. C. Rodrigues, editor of the Jornal do Commercio, in the following terms: "Parece de opportuna transcripçao o artigo do Times, que me enviou o Corrêa. Lendo-o v. verá se elle merece ser divulgado pelas columnas do Jornal, como eu penso que merece. É a sancção de uma parte capital de nossa politica financeira." The Brazilian Review, ever anxious to protect Brazil's image at home and abroad, sprang to the defence of the Campos Salles-Murtinho programme whenever it appeared that it might be dealt a blow by the big guns of the British press. Early in 1899 it commented on an attack in the Economist in the following way:

It is a pity that writers in journals [sic] of such wide world importance as the Economist are not better acquainted with the political and social conditions of the countries they are called-on to deal with. Had they any personal knowledge of the state of affairs amongst us they would be the first to admit that the work of regeneration that the present Government has undertaken and is, to the best of its ability, carrying out without having, so far, given any occasion whatever to doubt the honesty of its intentions, must necessarily be slow and cautious. . . . Those who talk so airily of reducing the army and navy and of the wholesale dismissal of employees and reduction of salaries all round to starvation level must be either abso-
lutely ignorant of the political, social, and economical medium with which they deal, or deliberate fomentors of trouble and disturbance. In the same year the Brazilian Review blasted another English newspaper, the Statist, for publishing excessively pessimistic figures with regard to the coffee crop. It frequently suggested that the Campos Salles administration could do no wrong in the field of financial and economic policy—and equally frequently reached the opposite conclusion! On the credit side, the following was an assessment of the reforms undertaken during the four years of the Campos Salles presidency: "Never before has the financial outlook been better or more stable, nor is there in history an example of financial recovery more rapid, complete and lasting." The view was essentially shared by American diplomats in Brazil. By 1900 Minister Bryan could report that "the financial crisis which has existed for several years is at an end." In May of 1901 he noted an appreciable upward trend on the financial front, and confirmed the improvement at the end of September. In his comments on Rodrigues Alves' second Annual Message to Congress in 1904, Minister Thompson stated that things had been improving steadily since 1900.

The results of the Campos Salles presidency looked encouraging to various London newspapers. The Financial News of August 24, 1903, published some complimentary articles commenting on the recently-issued report of the British Consul General in Brazil, and these were relayed in the Brazilian press. In 1905 there was a considerable outcrop of British
press articles commenting on Brazilian progress. The Daily Mail, on February 25, 1905, produced an article in which it stated that British investments, particularly in the sector of Brazilian railways, would be sure of a good return on capital. It went in detail into the railway system and gave the impression that it was very satisfied with what it saw. Later in the year (August 3), the Daily Mail returned to the same topic and reached the same extremely favourable conclusions. In yet another article, dated October 19, 1905, the Daily Mail examined the rising prices of rubber and coffee, and said that these products, together with the development of industry and of the communications system, had enabled Brazil to occupy a position of prosperity unequalled on the South American continent.

The surge of interest in 1905 was not limited to the Daily Mail. In August, several London newspapers commented on the satisfactory political and economic situation of Brazil, and praised the work of the government of Rodrigues Alves. They warned would-be investors of the need to differentiate clearly between loans solicited by the central government and those sought under the auspices of various state authorities. In September, the Financier produced a long and, according to one Brazilian commentary, "brilliant" article on the material development and steadily increasing progress of Brazil, together with a detailed study of the growth of certain basic economic activities. It made the suggestion that relations between the Brazilian government and those who invested capital from abroad should be improved, and left no doubt that
it believed firmly in Brazil's economic future. The article received sympathetic attention in the Gazeta de Noticias, but was sharply attacked in the pages of the Brazilian Review. The latter newspaper seemed extremely sceptical about the value of opinions voiced in London, and suggested that the standard of reporting would be improved beyond recognition if the English press took the trouble to post correspondents in foreign countries instead of lifting all their material out of local journals like the Brazilian Review. The Financier, however, continued to support Brazilian economic progress through the closing months of 1905. It made the point that British investors should not neglect Brazil, and that Germans and Americans were taking advantage of British conservatism to establish themselves in that country. In October, the Financier once more referred to the growing prosperity of Brazil, and echoed the Daily Mail in attributing this to the railway network. The article was written by the Financier's "correspondent in Brazil"—a possible reply to the earlier criticisms of the Brazilian Review. The Pall Mall Gazette, in an article dated May 18, 1906, returned to the question of the Brazilian railways, discussed the dispute between the Porto Alegre-New Hamburg Railway and the Brazilian government, and suggested that Brazil had a reputation for straight dealing with foreign creditors which she should endeavour to uphold.

In 1908 it was once more the turn of The Times to praise Brazilian economic progress. In an article in its June 26 issue, it commented favourably on both the valorization scheme and the caixa de conversão,
and expressed confidence in the economic future of Brazil. The *Financial Times*, just two weeks earlier (June 11), had appeared somewhat mystified by the drop in the Brazilian market at a time when the sales of valorized coffee were working out so well. The June 26 article made it clear that although Britain had not been as closely concerned with Brazilian development as she had with that of Argentina, nevertheless she had over £100 million tied up in Brazil and was likely to increase that sum considerably within the foreseeable future.

1909 and 1910 saw a further increase in British assessments of Brazilian economic progress. The *Gazeta de Noticias* (April 23, 1909) commented on an article in the *Financial Review of Reviews* in which Lord Elcho compared the finances of Brazil in terms which were generally favourable to the former. The same Rio newspaper mentioned the following month (May 5, 1909) that the London press had reacted enthusiastically to Afonso Pena's Message to Congress, and that Britain expressed confidence in the financial state of Brazil. Both *The Times* and the *Financial News* devoted considerable attention to Brazil during the final days of 1909. The former published on December 10 an article concerning the rubber industry, and its author concluded that there were no serious obstacles in the way of its continued development. The same newspaper, in its retrospective look at the year 1909, referred to Brazil's growing prosperity, and the fact was duly noted in the afternoon issue of the *Jornal do Commercio*, December 31, 1909. The *Financial News* took the same benevolent view. Early in the month (December 10) it praised recent Brazilian poli-
cies, and on December 21 it published a large part of an American consular report on Brazil with the suggestion that the Brazilian export situation was very healthy.

All these developments were reported in the Brazilian press and were clearly of considerable interest to informed readers in that country. Early in the new year (January 13, 1910), A Noticia praised the Financial News, a paper with a tradition of hostility to Brazil, for its recent comments concerning industrial development. The Jornal do Commercio did nothing more than complete a familiar circle when it stated (January 15, 1910) that The Times had published on the previous day a letter from its correspondent in Rio to the effect that the Brazilian commercial statistics for the first nine months of 1909 were very encouraging. The Economist, on March 5, 1910, published a letter from a certain James Mitchell which criticized the renowned weekly for its permanently anti-Brazilian stand, suggested that Ruy Barbosa was a better man for the presidency than Hermes da Fonseca, and cited various examples of recent Brazilian progress. Once more, the fact was duly noted in the Brazilian press (Gazeta de Noticias, March 6, 1910). Not only was it a question of how Brazil was faring in the eyes of the British. On March 29, 1910, the Jornal do Commercio printed a translation of a recent article in Annales Politiques et Litteraires, which began in the following glowing terms: "O desenvolvimento economico do Brasil chama cada vez mais a atenção do mundo financeiro, pela amplidão que tomou e pela regularidade com a qual prosegue."

The Financier was equally enthusiastic, and in an article of April 8, 1910
suggested that Brazil represented one of the best investment areas to be found anywhere. The Times lent its revered voice to the general chorus of optimism in the form of an article by Manuel Abad, London editor of the Jornal do Brasil, in its South American Supplement of July 30, 1910. The article, entitled "Report on progress in Brazil 1900-1910" is perhaps worth quotation at some length:

During the first decade of the present century such a succession of propitious circumstances occurred, and there was such an entire harmony in the efficient factors of national progress that the hope is justified that the culminating epoch in the prosperity of this fertile country may be reached in the near future.

The great advance which has been made in this short period of time in the vast work on which the men responsible for the destinies of Brazil are engaged, and the surprising success with which their efforts have been crowned in all departments of public administration, may be regarded as a proof of this fact. This progress is evident in the consolidation of the finances and the re-establishment of the national credit abroad; in the application to the populous towns of a carefully thought-out scheme of hygiene, accompanied by great and expensive urban reforms which have embellished and made healthy the principal centres; in the development by means of new railway lines of the communications between the extensive regions which constitute the vast Brazilian territory, thereby bringing into connexion the productive districts with the numerous ports on the long coast-line, and in the construction of the principal ports in order to assist navigation as also in the acquisition of a powerful and modern Navy for the protection and security of the industries of the country.58

Two months later, the Financial Times (September 26, 1910) dedicated a long editorial article to the industrial development of Brazil, which it considered as the most significant result of the protectionist tariffs which had been instituted for some time in that country. It suggested that European manufacturers would soon find that the Brazilian market was presenting serious obstacles. The Daily Telegraph (August 16, 1910)
echoed the general currents of enthusiasm by referring to Brazil's commercial expansion and the impressive internal progress she had been making. It wondered why Hermes da Fonseca had not yet favoured England with the visit which had been discussed for so long.

Even the upheavals of the Hermes presidency did not shake the confidence of some British observers in the immediate prospects of the country in the field of economic and financial progress. The Times produced an article early in 1914 (January 10) entitled "Unsettled financial situation in Brazil," in which it drew attention to Brazilian extravagance in schemes of public works, and criticized "the attempts of cities like Rio de Janeiro, and, to a less extent, Pernambuco and São [sic] Paulo, to live up to the sybaritical examples of the older civilisations of London and Paris." The general note of the article was, however, one of optimism for the future: "Without going so far as to say that Brazil is passing through a crisis, we may certainly say that in the face of the prevalent financial pressures all over the world and of her own temporarily declining trade, it is her obvious duty to husband her resources, to postpone further developments to a more convenient season, and by cautious policy to prepare the way for that recovery which is a sure and certain eventuality in a country of such immense area and untold natural wealth." The Times published much the same view a short while later (April 24, 1914) when it interviewed Sir Owen Philipps, who had recently returned from a visit to Brazil. Sir Owen spoke of "enormous improvements" in the city of Rio de Janeiro, despite the unsatisfactory financial position caused by the fall of rubber and coffee.
He stated that the population of the city of São Paulo had increased from 250,000 to 450,000 in seven years, and saw a rosy future for the State of São Paulo in the field of manufacturing industries.

On the diplomatic front, British expressions of confidence and optimism were so rare that they can be effectively discounted. Sir William Haggard abandoned his gloomy view in 1907 to comment on President Pena's Message to Congress, and saw some hope for the future in the details it contained.\(^5\) He even joined the wave of enthusiasm in 1910, summarizing Nilo Peçanha's Message in these terms: "The Message on the whole has given great satisfaction in Brazil, not only because it is a record of energy on the part of the Executive, but because the general situation of the country from a commercial and industrial point of view is shown to be one of prosperity unique in the annals of the Republic. . . . On the whole the situation, as depicted in the Message, is eminently satisfactory."\(^6\)

Milne Cheetham, Secretary of the British legation, had recently written a report, published by the Foreign Office in October, 1909, in which he too looked over the commercial and economic features of the past year and came to the conclusion that, once a few details had been straightened out, the prospects for European capital in Brazil would be excellent.\(^6\) Yet another member of the British legation, Goodhart, was impressed by the measures taken during the early stages of the Hermes presidency, and thought that Brazil was finally in a position to control the extravagance which had been so characteristic of earlier years.\(^6\) Finally, Arnold Robertson, in his outstanding despatch of April 23, 1915, clearly believed in the long-term
economic and commercial future of Brazil and in Britain's commitment to it. 63

In general terms, however, British diplomats had severe doubts about Brazil's economic well-being during these years of transition. Dering's devastating assessment of the Campos Salles-Murtinho reforms—"Anything more hopelessly wretched than the actual economical state of this country it is hard to conceive"—set the seal for later evaluations. 64 Some Americans were similarly disturbed by what they saw during these four years of reform. Colonel Page Bryan, after an extended trip through northern Brazil, referred to "business stagnation, as a result of the recent financial crisis," while holding out some hopes for a reversal in the future. 65 Bryan's successor, Thompson, was clearly upset by the harshness of the tariff regulations, and commented that the Brazilian people "[were] now taxed in different ways beyond their capacity to pay without great suffering." 66 Charles Richardson of the American legation referred to the oppression of the mass of the Brazilian people, and to ruthless taxation applied to luxuries and necessities alike: "This burden on the people could be diminished by the levying of taxes on real estate, which is done only in the cities and in two of the States; but as the large land owning class are practically in control this is not likely to take place." He was unimpressed by the massive loans which had been obtained abroad for the purpose of financing public works schemes. 67

The Rodrigues Alves administration, which was responsible for much of the reconstruction of Rio and the virtual elimination of major disease,
was also attacked on economic grounds. From the British legation Dering wrote of the distress caused by the fluctuations in the exchange rate, and attributed them directly to the size of foreign loans. In 1906 he suggested that Rodrigues Alves was abandoning a sinking ship as expertly as possible in order to avoid having the blame for a shaky financial situation laid at his own door. Haggard, in one of his first despatches from Rio, suggested that Dr. Passos, who had been largely responsible for the face-lift given to the capital, was leaving an equally critical imbroglio behind him. 69

In the eyes of the British, the position of Brazilian economic matters did not appear to improve with time. In 1908 the Foreign Office received reports of scarce money, of unfavourable trade balances, of plans to raise funds for a sick economy by putting one of the Dreadnoughts up for sale, and of continuing national extravagance despite warnings that Brazil was by no means doing as well as she had believed. 70 Early in 1909 Milne Cheetham, commenting on the budget proposals for that year, suggested that they expressed "a confidence in the prosperity of the country during the present year which is hardly warranted by the facts as known." After a few days of reflection, he came to the following conclusions: "One is tempted to believe that the budget has been made out according to the necessities of expenditure and dressed up for its effect in London and Paris where application for a new Federal Loan is not unlikely." 71 Haggard continued the attack on extravagance in 1910 with an examination of Dr. Frontin's grandiose scheme for railway development,
and Acting Consul General Hambloch summed up the shaky situation in an extended despatch late in the year:

This town [i.e., Rio] is full of examples of money recklessly spent in order to make Rio de Janeiro one of the "world's capitals"; a gorgeous municipal theatre, a big national library, and a school of "bellas artes," to quote only three instances. That a big town should have three such institutions is no doubt a good thing, but it is absolutely unnecessary to have planned them on such an elaborate scale, and it would seem, moreover, more logical to have made sure of the existence of actors, books, and some elementary foundation of education before lavishing so much money on buildings for them. . . . The country will certainly have to pay one day for the recklessness and extravagance which prevail to-day, but the enormous wealth of the country, on the development of which so much of the money that is wasted on "Dreadnoughts" and other similar "white elephants" might be spent to advantage, is a factor which will no doubt contribute towards avoiding a really overwhelming economic crash. The lack of real patriotic spirit among politicians is deplorable, and it is significant that the idea of political intrigues is expressed by one word "politicagem." Until this word ceases to have a bad signification and those in authority are willing to sacrifice their own personal interests and ambitions to the good of the country the genuine progress of the nation will remain stationary, and the agricultural, mineral, and pastoral wealth of the country which the hardy race of the interior are so anxious to develop will be sacrificed to the vanity of the coast Brazilian.72

Haggard's last three years in Brazil saw no improvement in the situation as observed by his staff. Commenting on Hermes da Fonseca's Message to Congress of May 3, 1912—a speech which itself pointed out that expenditure was exceeding revenue and that restrictive measures should be introduced—he stated that "[it] constitutes the expression of a pious wish, hardly likely to be translated into practice."73 A year later Haggard referred back to a previous assessment of the "alarming financial condition of the country," stating that "day by day it becomes
more evident that I in no way exaggerated the picture." In the same despatch he examined in some detail the critical commercial situation in Pará and Amazonas brought about by the fall of rubber. He quoted a letter from Mr. Wileman to the *Jornal do Commercio* in which the editor of the English-language newspaper said that "horrified with the menace of bankruptcy and overwhelmed by the general dearness of living and the low price of rubber and coffee, we fall from the heights of optimism to the depths of pessimism." Haggard's conclusions were by no means encouraging:

I have often stated that I think there is little hope left for the rubber industry of this country. With its destruction, if that takes place, will go a great percentage of the revenue of this country. There must, moreover . . . now come a depreciation in the price of coffee, if it only be from the competition in other parts of the world which it has excited, and a consequent large diminution in the revenue. Brazil is loaded up to the hilt, not to say crushed with the weight of loans, the interest of which has to be met somehow or other, it can hardly be so out of a future decrease in the revenue. If this takes place what will happen? Meanwhile at a moment when at all events the greatest economy in public and private expenses is necessary, the Government and the people alike have learnt lessons of and are indulging in the wildest extravagance. These were easy to learn, but will it be so easy for them to be unlearnt? What is the prospect for this country? Will prices go down as fast as they have gone up? Will factories fostered by protection be able to continue to pay the heavy taxes notwithstanding which they can now make enormous profits? Or will they not have to limit their output, if not close down? What in that case will happen to the crowds of workmen? How will all classes be able to meet the increased price of living and the taxes which will probably at least not be reduced? These are only a few of the questions which will have to be answered in the not far distant future.\(^4\)

Throughout 1913 there was much interest in the upheavals caused by the decline of rubber, and the climate was such that this one year saw the most devastatingly pessimistic comments from British observers. Haggard's
final assessment of his stay in Brazil, written on October 24, 1913, has already been quoted in full above.\(^75\) It was even suggested that the very future of Brazil as a political unit had been thrown into doubt by the ripples emanating from political and economic sources in Manaus and Belém.

The government of Hermes da Fonseca was regarded as insufficiently prepared to be able to deal with the serious issues involved. Arnold Robertson wrote in an early despatch that:

> The record of Marshall Hermes Fonseca's Government has been one of unbridled extravagance and corruption, and even now Congress seems to have no real conception of the seriousness of the situation. Its members have but one object, viz.: to fill their own pockets and those of their satellites as quickly as possible, and they do not appear to take the smallest interest in the welfare of the country. The annual budget is little more than a farce, for huge extra credits are voted after it has been passed. Hitherto, deficits have been made up by loans, external and internal, and so long as money was easily forthcoming in that manner, none took thought for the morrow. Now, however, the shoe is pinching. With the heavy fall in the price of rubber and coffee the balance of trade has turned against Brazil; there has been so large an export of gold that the deposits at the "Caixa da Conversão" have fallen by over £7,000,000 in the last eleven months; imports have now begun to decline and are likely to continue to do so owing to the impoverished condition of purchasers; though this may help to redress the balance of trade, it will have the disadvantage of reducing the revenue from the Customs on which the Government of the country almost entirely depends; bankruptcies have become frequent, owing, in many instances, to firms being unable to recover debts due to them from the Government; add to all this the stringency of the money market in Europe and the failure of the £11,000,000 loan issued last May, most of which remained in the hands of the underwriters, and it will be seen that there is sufficient cause for patriotic and serious statesmen and legislators to take grave thought.\(^76\)

In a letter enclosed in the same despatch, Consul General Hambloch referred to the "feeling of insecurity of commerce and trade generally."\(^77\)
At the beginning of the new year (1914), Robertson elaborated on his previous assessment in similarly pessimistic terms: "The financial condition of the country is so grave that one would have thought that Congress would have paid some heed to this warning and given all its attention to the Budget. Far from this, the main part of the eight months session was occupied with 'politics' pure and simple, frittered away with bombastic talk and personal manceuvrings [sic] which earn members their 100 milreis a day and are of no possible use to the country." Gloomy reports continued to reach London from Brazil throughout the year, and observers were virtually unanimous in their condemnation of extravagance and their advice that Brazil could survive only if she tightened her belt and recognized that a slow but steady reconstruction of the financial and economic situation was the country's most urgent need. The outbreak of war did nothing to stem the mounting tide of criticism and despair. After the initial panic and the realization that Brazil was going to have to put her house in order without the assistance of European bankers, the same fundamental lines of thought appeared in the British diplomatic and consular despatches. "The financial position of the Federal Government is worse even than had been expected," wrote O'Sullivan-Beare, Consul General in Rio, on March 19, 1915. Arthur Peel, the new British Minister, was equally disturbed. From Buenos Aires came news that one of Brazil's old enemies, Estanislao Zeballos, was taking advantage of Brazil's financial embarrassment by suggesting in the press that she was attempting to use the ABC alliance as a defense against her impending bankruptcy.
The years 1914-1918 will be discussed in more detail in a later chapter. It is sufficient here to say that the crisis of 1910-1915 did not plunge Brazil into everlasting doom, as was suggested would happen by various contemporary observers, and in fact Brazil emerged from the war with many of the fundamental ills of her financial and economic system having gone some considerable way towards being remedied.

Apart from diplomatic assessments, the main channel for British pessimism regarding Brazil was the press. The opinions aired in London newspapers were, unlike those of resident diplomats, rarely first-hand. The Times was the only paper to maintain a correspondent in Rio, though his identity and efficiency were brought into question in Brazil on more than one occasion. The Financial News could normally be counted on to print anything it could find detrimental to Brazil, and the Economist, though generally respected in much the same way as was The Times, managed to produce some particularly antagonistic material during the period under consideration. Whatever the quality of British coverage of Brazil, there is no doubt that the British press was closely watched throughout that country for fluctuations in opinion and for commentaries on Brazilian progress. Key articles, such as the one by Zeballos in the South American Supplement of The Times, December, 1909, produced considerable comment in the Brazilian press. English-language newspapers in Brazil tended to despise their London counterparts and criticize their lack of contact with South American realities. The Brazilian Review was highly active in this respect, particularly in its early days. In an attack on British misrepre-
sentations of the gloomy prospects of 1898, it made the following comments:

"London Editors are not as a class more stupid, than any other; though one might well think so to judge by the extraordinary criticisms and advice they are so found [sic] of offering on every possible subject and occasion! Despising South America, which is regarded there chiefly as an excellent dumping ground for Manchester and Brummagem superfluities, they take no trouble to investigate the social and political factors that enter so largely into our financial problems; but, jumping at conclusions, insist too often on revolutionary measures certain to provide the very cataclysm they most dread!"  

It was the same Brazilian Review which, despite its strong connec-
tion with official Brazilian circles through J. P. Wileman, began its exis-
tence in a mood of gloomy pessimism. In its very first edition, dated
March 3, 1898, it looked at the previous year and reached the following
depressing conclusion: "No year in Brazilian history has been more disas-
trous, politically or economically, or more productive of events, the imme-
diate results of which were to spread consternation and terror, and that for years to come must exercise their influence, baneful or otherwise on our community." The year 1899 was no improvement: "Whether we look abroad or at home 1899 is disappointing." The financial situation was such that only the most idealistic could hold out some hope for eventual reco-
very. The Brazilian Review continued its commentary in August, 1900:

It is a very long time, not since the dark days of 1897, that the state of the market has been so distinctly dangerous as at present.
Not only are failures of every day occurrence, but credit is destroyed, money stringent, discounts impracticable and suspicion rampant. In such a situation a single big failure would be sufficient to precipitate liquidation and swamp the market in general insolvency. Not only has the speculative market suffered to an unheard of degree by the violent oscillations of exchange and consequent enormous differences, but some of the banks, having lost their cover, must be in an almost equally difficult situation. Differences are already so gigantic that jobbers have lost all hope of retrieving, abandoned their margins to the banks and now refuse to carry out their contracts. . . . Business has become a pure gamble, and legitimate trade come almost to a standstill. If only in the interests of morality something must be done. 86

It is by no means clear that the Campos Salles-Murtinho administration did anything to remedy such a lamentable situation. In October, 1904, there appeared in London a report written by C. B. Rhind, British Vice-Consul in Rio, which pointed to some of the basic failures of Brazilian economic progress and which was discussed at length by British newspapers, among them the Financial News and the Economist. The former, in its issue of October 8, reached the conclusion, along with Vice-Consul Rhind, that Brazil would never succeed in attracting foreign capital if the current instability and lack of financial confidence continued. The Economist of the same date, echoing Rhind's opinion that information regarding Brazil's financial progress was based on false premises, suggested that the situation for British investors was by no means as rosy as had been thought. The Financial Times continued the same line into 1905, basing its pessimistic assessment of Brazilian affairs on a report produced by L. H. Aymé, American Consul in Pará. 87

The year 1906 did not seem any the more successful to many experienced observers, and respected channels of information drew attention to the
general mood of gloom. Yet another consular report, this time bearing the name of Consul General Chapman, was digested by the *Economist* and transcribed in the pages of the *Brazilian Review* (October 9, 1906):

A report of the trade and commerce of Brazil in 1905, by Mr. Consul-General Chapman . . . gives a very pessimistic account of the condition of affairs in that country. Depression in trade and commerce continued in 1905, according to the report; scarcity of money in commercial circles, restricted credits, and numerous failures and fraudulent liquidations were experienced. "Tariffs and taxation increased, and the country was flooded with foreign loans, the lavish expenditure of which, whilst affording opportunities in certain branches of trade, tended to divert labour from remunerative production." Importation was restricted by high duties, while the high exchange and increased cost of production had the effect of checking exports. Mr. Chapman points out that a fictitiously favourable appearance was given to the balance of trade by the rise in exchange, which inflated the sterling value of the inconvertible paper currency. The return of imports was not published at the date of the report, but the sterling value of the exports in 1905 was £44,642,983—and increase of £5,203,947. The currency value of these exports, however, was 91,709,107 milreis less than the currency value of the shipments of 1904.

The *Brazilian Review* was, in general terms, unconvinced about all the so-called advances made during the administration of Rodrigues Alves (1902-1906). In an article entitled "The Outgoing Administration," dated November 20, 1906, it reached the following conclusions: "It is with feelings of regret and disappointment that we write these lines; regret that it should [sic] be necessary and disappointment that with such tremendous opportunities as the outgoing administration enjoyed they should have been so misused. Not that the government of Dr. Rodrigues Alves did ill.; but that they did well in an evil manner, and sacrificed private rights to what they imagined to be the public advantage. Immense improvements have
been effected, it is true, of of [sic] the greatest importance to the material and even moral welfare of this city; but at what cost of money and of more than money--of the rights that all really free peoples regard as most precious and inviolable!" As it elaborated in a note a week later, the cost of material improvements tended to be submerged under the magnificence of the improvements themselves: "The late Prefect, Dr. Passos, left the Treasury of the Prefecture like Mother Hubbard's cupboard, quite empty, so much so that for the moment even Petty Cash was a minus quantity. Dr. Passos leaves, none too soon, for Europe tomorrow."38

The attacks continued from various quarters. Throughout 1907 Mr. Percy Martin produced a series of uncomplimentary articles about Brazil in the Financial News, and was severely censured by the Brazilian Review regarding the reliability of his facts.39 The Financial News came to be the one place the British public could expect to find consistently gloomy reports about Brazilian fortunes. It looked closely into the coffee valorization scheme, and predicted in 1908 that it could only lead to total financial disaster.90 The Brazilian press grew increasingly sensitive to the hostilities of its London counterpart, and in its series entitled "Cartas de Londres" the Jornal do Brasil published a long article (July 5, 1908) attacking the Financial News and pleading for a more effective propaganda machine throughout Europe:

Existe aqui uma folha denominada Financial News, que revela sempre especial interesse pelas cousas do Brasil, e occupa-se delas ampla e constantemente, enchendo columnas e columnas em transcrever estatisticas sobre as finanças nacionaes, recortes de outros jornaes,
brasileiros ou estrangeiros, opiniões sobre a situação do país e previsões para o seu futuro; tudo, já se sabe, no sentido hostil combatendo os planos administrativos, prophetizando o fracasso dos projectos económicos dos Governos Federal e Estaduais, anunciando empréstimos, prevendo-lhes inúteis, estampando dados e algarismos sobre a dívida brasileira, e, enfim, trazendo ao público tudo quanto ao juízo possa prejudicar os créditos do país. A qualquer que não esteja ao par dos factos, causaria grande estranheza o prurido dessa folha ocupando-se tão assídua e tenazmente das cousas brasileiras, mas a nós, que conhecemos as suas intenções e aspirações, não nos surpreende absolutamente. Ha no mundo, especialmente na América do Sul, governos que gastam rios de dinheiro em sua propaganda na Europa, pagando pingões subvenções aos jornais, aos oradores e a outros agentes; porque, pois, o Brasil, país enorme, rico e de grande futuro, não ha de dispender também alguma cousa na defesa de seus interesses?

Commenting the same day on more recent news from England, the Correio da Manhã showed itself to be equally sensitive about the Financial News and about the way in which the London paper had taken hold of the recent British Consul’s report on the situation in Brazil. Neither the report itself nor press treatment of it was particularly flattering when referring to the "progress" and "prosperity" of Brazil in the early years of the century.

The Economist was another British publication which tended to make Brazilians react violently. An article it published on July 17, 1908, attacking the inordinate growth of Brazilian naval strength and commenting on the impossibility of any benefits being obtained from the coffee valorization scheme, was itself reported and countered by the Jornal do Commercio (July 18, 23): "na sua qualidade de Economista parece que só faz economia de juizo." Throughout 1909, the Economist continued its attacks. An article from São Paulo on Brazilian poverty, dated February
27, 1909, was printed in the London weekly and aroused indignation in the Brazilian press when its terms became known. The Brazilian Review expressed exasperation in its issue of April 27, 1909, and suggested that the discerning public should look up to the Economist only so long as it retained a sense of impartiality and respect. Financial disaster continued to be predicted in its columns throughout the entire year. Even the Brazilian Review, though ready to spring to the defense of Brazil when she became the victim of inferior journalism, dwelt on the problems facing the country and returned time and time again to an attitude of depressing gloom: "pessimists we are and pessimists we shall be until we can see some radical change in methods and policy. At present the policy is to borrow all we can, as the Americans say, 'regardless.' How then, remembering how closely this country came to National bankruptcy in 1897, can we be otherwise than pessimistic?"

The economic instability of the Hermes regime received its share of comment in the British press. The Economist (June 4, 1910) and the Financier (October 28, 1910) suggested that the situation was by no means healthy from the very beginning. By 1914, the crisis had developed to such an extent that even The Times joined many of its contemporaries in an expression of its doubts and fears about Brazil's financial disaster. The Thunderer broke the Carnival atmosphere on February 23, 1914, by reporting that "the commercial situation does not show any signs of improvement. The crisis is due partly to the excess of importing last year and partly to the general lack of confidence in the financial soundness of the
country, but also to the delay of the Government and the municipality in meeting their obligations." On the previous day a correspondent had written in a similar vein from Rio, and his comments were published in The Times on March 18, 1914:

Brazil is passing through a crisis of which it is not easy yet to see the outcome. The condition of affairs here, towards the end of February, is directly and primarily due to the heavy fall in rubber and to the decline in the price of coffee. Brazil has depended almost exclusively upon these two products, and the double drop was bound to affect the country severely. But in a more provident community under more provident administrations, the crisis would never have attained its present dimensions. There were plain indications of impending trouble, and these were generally ignored. For a number of years Brazil has had money for the asking. In fact, the various public authorities have practically been invited to borrow. As a natural result, money has been spent carelessly and wastefully. . . . Meanwhile the Government has realised, though late in the day, the urgent necessity for retrenchment. The order has gone out that all possible economies are to be effected, and there is no doubt that the Government is resolved to do everything in its power to establish the equilibrium between revenue and expenditure.

Such was the situation on the eve of the Great War. How the Brazilian economy was affected by the changed circumstances of the period 1914-1918 will be discussed below.

In conclusion to the present chapter, the following observations may be made. Firstly, British observers were generally depressed both by the Brazilian system of government and by the figures involved in it during the early part of this century. Secondly, British diplomatic opinion departed only rarely from the view that Brazil's chances of organizing herself and playing a significant role in the affairs of the world were extremely slim. Thirdly, the British press followed, in large measure, the
lead of the diplomats, although they were generally less informed and more prone to vicious and repetitive attacks on sensitive Brazilian individuals and institutions. Fourthly, the degree of British pessimism stands in direct conflict with most other assessments of the state of Brazil during the period under consideration.94 Finally, despite the warnings, the climate of instability, and the frequent lack of guarantees, the British investor continued to pour money into Brazil at an increasing rate, and was generally well rewarded for his attentions.
NOTES

I have borrowed the phrase from Professor Burns, who writes: "In retrospect the era from the turn of the century to World War I emerges as one of the most fruitful periods in Brazilian history. . . . Prosperous and peaceful at home, Brazil could turn its full attention to international relations and could concentrate its energy on the formation and execution of a constructive foreign policy for the first time in several decades." (Burns, pp. 19-20). A similar view was held by the historian of the republic, José Maria Bello (História da República [1889-1954]: [Síntese de Sessenta e Cinco Anos de Vida Brasileira], 5th ed. [São Paulo: Companhia Editora Nacional, 1964], pp. 209, 223, 262); and also by Américo Jacobina Lacombe in Brasil: Período Nacional (Mexico: Insituto Panamericano de Geografia e Historia, 1956), p. 129.

Between 1900 and 1913 British investments in Latin America almost doubled in value. Brazil was the destination of slightly less than one quarter of these funds, trailing some way behind Argentina, Britain's principal interest in the continent. By the end of 1913, average returns on British investments in Brazil were running at the rate of 4.8%. See Rippy, pp. 66-67.

See above, Chapter 3.

Haggard was not the only British diplomat to blame a large negro population for some of the evils afflicting Brazilian society. His predecessor in Rio, Sir Henry Dering, devoted a despatch to the subject in 1906: "One of the perils which hangs over this country is undoubtedly the rapid increase of the negro population which is going on side by side with the very evident deterioration, both physical and moral, of the White Race." Dering included in his despatch the translation of a letter written by a "well-known Brazilian Diplomatist," and which reads, in part, as follows: "Can there be a greater evil for the nation than this degeneration of the white race, alongside the ever increasing prosperity which is shown by the black population, who find in this climate every element favourable to its development." (Dering to Grey, PRO FO 371/13, July 31, 1906). See also O'Reilly to Grey, PFO FO 371/1052, December 4, 1911.

January 2, 1900.


Haggard to Grey, PRO FO 371/605, September 28, 1909.
8Robertson to Grey, PRO FO 371/2294, April 23, 1915. This despatch has been mentioned above (Chapter 3) and will be discussed again in Chapter 5. It was prompted by Robertson's interest in the British role in Brazil both during and after the First World War.


10See Haggard to Grey, PRO FO 371/1303, September 22, 1912; FO 371/1051, April 3, 1911; FO 371/1302, June 11, 1912; FO 420/256, February 14, 1912. For more details on Lauro Miller, see below, Chapter 5.

11Benson to Bryan, NABD (1910-1929), Political, May 10, 1917. In the same despatch Benson described Miller as "selfish, shifty, and utterly unscrupulous."

12Haggard, "Annual Report, 1912," PRO FO 371/1581, June 19, 1913, p. 52; Peel to Balfour, PRO FO 371/2901, May 10, 1917. Peel reported on this occasion, however, that the British community welcomed Peçanha's appointment as Minister for Foreign Affairs.

13Haggard to Grey, PRO FO 371/832, August 23, 1910; Dudley to Knox, NABD (1910-1929), Political, March 4, 1910.

14"Marshal Hermes used to be regarded as honest, but the luggage he brought with him when he returned from Germany last year . . . opened people's eyes, and, when the facts became known, his excursion was characterized as one of the most disgraceful if successful cases of smuggling in the year. (He brought back 140 boxes and trunks)." PRO FO 371/831, January 7, 1910.

15Haggard, "Annual Report, 1911," PRO FO 371/1303, July 1, 1912, p. 9; Rivés to Knox; NABD (1910-1929), Political, May 7, 1912.


17Robertson to Grey, PRO FO 371/2294, April 23, 1915.


20Dudley to Knox, NABD (1910-1929), Political, March 4, 1910; Morgan to Lansing, NABD (1910-1929), Political, June 27, 1913.
21.
Lowther to Lansdowne, PRO FO 13/826, July 1, 1902; Dawson to Hay, NAED, Vol. 66, October 24, 1901.

22.

23.
Unsigned (Haggard?) to Grey, PRO FO 371/402, Junly 12, 1908. See also Haggard to Grey, PRO FO 371/201, May 15, 1907.

24.
Peel to Grey, PRO FO 371/2294, October 29, 1915; Morgan to Bryan, NAED (1910-1929), Political, December 3, 1914.

25.

26.
Ernest Hambloch, His Majesty the President: a study of Constitutional Brazil (London: Methuen, 1935).

27.
Ernest Hambloch, British Consul.

28.
Hambloch, His Majesty the President, p. 1.

29.
Tbid., pp. 70-71.

30.
Tbid., p. 8.

31.
Loc. cit.

32.
See below for comments on economic progress.

33.
Lamoureux's article enclosed in Bryan to Hay, NAED, Vol. 65, March 27, 1900. See also Rio News, February 20, 1900.

34.
Dawson to Hay, NAED, Vol. 65, January 15, 1900. Dawson added that the possibility of a monarchist uprising was becoming more remote, and that the general political situation was sound.

35.
Haggard to Grey, PRO FO 420/257, January 19, 1913.

36.
Haggard to Grey, PRO FO 420/257, August 30, 1913. Cf. Haggard's "Annual Report, 1912," PRO FO 371/1581, June 19, 1913, p. 47: "I knew these people nearly thirty years ago and I have lately had six years' experience of them. I see no improvement in them; on the contrary, there is a distinct decadence, as under the Empire there was a certain check. Now the liberty that has come with the republic has degenerated into the loosest licence."

37.
38Haggard to Grey, PRO FO 420/257, August 30, 1913. For other British and American comments of the day, see Dawson to Hay, NAED, Vol. 65, January 15, 1900; Bryan to Hay, NAED, Vol. 65, March 27, 1900; Richardson to Hay, NAED, Vol. 70, November 26, 1904; Derer to Lansdowne, PRO FO 13/841, November 18, 1904; Haggard to Grey, PRO FO 420/257, January 19, 1913.

39Derer to Lansdowne, PRO FO 13/841, November 18, 1904.


41Robertson to Grey, PRO FO 371/1916, November 20, 1914.

42Haggard to Grey, PRO FO 371/1581, July 24, 1913. See also below, Chapter 5.

43See Chapter 3, p. 94.

44Haggard to Grey, PRO FO 371/1302, January 31, 1912.


46Reilly to Grey, PRO FO 371/1052, December 4, 1911. The idea was echoed by Haggard in a despatch sent two years later: "I have always been of the opinion from the time that I was first here, 27 years ago, that the eventual future of this country is inevitably a break up into various less unwieldy States." PRO FO 371/1581, October 24, 1913. Rives, the American chargé d'affaires, was nearer the truth when he stated that the local oligarchies were breaking up and that men under the influence of the central government were being installed throughout the States: "Such a state of affairs would be viewed with satisfaction by most of the foreign Governments represented here, as at least they would have some chance of obtaining the settlement of claims in treating with a centralized Government." NAED (1910-1929), Political, February 10, 1912. For further comments, see Haggard, "Annual Report, 1910," PRO FO 371/1052, March 18, 1911, p. 24; and Mitchell (Consul, Pará) to Grey, PRO FO 371/1581, October 24, 1913.

47Haggard to Grey, PRO FO 371/1580, April 13, 1913.

48For a view of Brazilian dependence on foreign currents, see Prado Junior, pp. 269-281.


50BR, February 7, 1899. In 1898 the BR pointed out the the Economist was so poorly informed about events in Brazil that it was not even aware
page 156 omitted
in page numbering
who occupied the presidency at that particular time—see BR, March 29, 1898, and the Economist, March 12, 1898.

51 BR, May 16, 1899; Statist, April 22, 1899.

52 BR, November 18, 1902. The assessment is interesting in the light of the following comment written by the British Minister, Henry Dering, just two weeks after the BR published its sweeping praise: "Anything more hopelessly wretched than the actual economical state of the country it is hard to conceive." (PRO FO 13/826, December 1, 1902). For further defense of the Campos Salles-Murtinho measures, see BR, February 19, 1901 and July 9, 1901. The war between the BR and the Economist by no means came to an end with the close of the Campos Salles presidency. In 1910 the London weekly was accused of being the "funny man of Brazilian politics." (Cited in Hambloch to Grey, PRO FO 371/832, April 18, 1910).


54 See GN, August 25, 1903.

55 The articles received the expected attention in the Brazilian press. See GN, February 26, 1905; August 4, 1904; October 20, 1905.

56 Reported in Rio press (J do C, O Paiz, GN, etc.), August 23, 1905.

57 For this series of articles, see the Financier, September 3, 1905; GN, September 3, 1905; BR, September 12, 1905; Financier, September 12, 1905; GN, September 13, 1905; Financier, October 28, 1905; A Noticia, October 28, 1905.

58 That Sr. Abad overworked this opportunity for some gentle propaganda is obvious from the sweeping style he adopted. That The Times was prepared to publish such an article is perhaps an illustration of the lack of reliable and unimpassioned information available to the British press. It seems highly doubtful, in the light of the evidence, that Brazil's "powerful and modern Navy" was ever in a position to act for the "protection and security of the industries of the country"; that there was a "surprising success . . . in all departments of public administration"; or that there was "an entire harmony in the efficient factors of national progress."

59 Haggard to Grey, PRO FO 371/201, May 15, 1907.

60 Haggard to Grey, PRO FO 371/832, May 20, 1910.

61 See A Noticia, October 12, 1909.
62 Goodhart to Grey, PRO FO 371/1051, April 21, 1911; FO 371/1052, May 5, 1911.

63 Robertson to Grey, PRO FO 371/2294, April 23, 1915.

64 See above, n. 52.


66 Thompson to Hay, NABD, Vol. 70, July 8, 1904.

67 Richardson to Hay, NABD, Vol. 70, November 26, 1904.

68 Dering to Lansdowne, PRO FO 13/851, April 24, 1905; Dering to Grey, PRO FO 371/13, June 18, 1906.

69 Haggard to Grey, PRO FO 371/200, January 5, 1907.

70 Peto to Grey, PRO FO 371/402, January 14, 1908; Cheetham to Grey, PRO FO 420/250, December 14, 1908.

71 Cheetham to Grey, PRO FO 371/604, January 4, 1909; January 17, 1909.

72 Haggard to Grey, PRO FO 371/832, May 7, 1910; Hambloch to Grey, PRO FO 420/254, December 31, 1910.

73 Haggard to Grey, PRO FO 371/1303, May 6, 1912. It is interesting that Hermes' previous Message to Congress had elicited a similar response from Dudley in the American embassy: "Chief public interest centers in the portion relating to finance, which lays strong emphasis on the imperative need of more economic administration and of retrenchment in public expenditures as the condition of the Government's avoiding most serious financial complications and tiding over the present grave situation, which is described." NABD (1910-1929), Political, May 31, 1911.

74 PRO FO 371/1580, April 13, 1913.

75 Chapter 2.

76 Robertson to Grey, PRO FO 420/258, December 15, 1913.

77 Hambloch was later to enter into a detailed examination of Brazilian financial policy in his book, His Majesty the President. After blaming the Campos Salles-Murtinho reforms for much of the subsequent upheaval, and criticizing the gold milreis scheme as totally unworkable, Hambloch came to the following conclusions: "In an official report issued in London in 1929 it was stated: 'The Brazilian Government has generally followed a
far-seeing policy with regard to the entry of foreign capital, realising that the country itself will inevitably be the chief beneficiary in the long run, since capital once sunk cannot be withdrawn without leaving the country permanently enriched in some way.' As a matter of fact, capital in Brazil has been so deeply sunk that it cannot be withdrawn at all today, and it is open to question whether any body has been 'permanently enriched'—except the intermediaries. But the important thing about that official British statement is that, as it stands, it is an extremely left-handed compliment to the Brazilian authorities; for it seems that they have been unscrupulous borrowers. That is not so, and possibly the statement was not meant so. Where, however, the report is really misleading—for lack of discernment—is in talking about 'a far-seeing policy'. There has been no policy at all, unless borrowing as much and as often as possible can be termed a policy. There has been merely hand to mouth borrowing, either to fill a depleted Treasury, or to favour some pet scheme of expensive and—more often than not—unproductive public works.' (pp. 181-182).

78 Robertson to Grey, PRO FO 371/1915, January 6, 1914.
80 PRO FO 371/2294.
81 Peel to Grey, PRO FO 371/2294, June 2, 1915; PRO FO 371/2294, October 29, 1915; PRO FO 371/2294, December 6, 1915.
82 Tower (Minister, Bs. As.) to Grey, PRO FO 371/2294, May 14, 1915.
83 H.R., May 3, 1898; November 22, 1898; June 8, 1909; Cheetham to Grey, PRO FO 371/604, May 3, 1909; Haggard to Grey, PRO FO 371/1051, December 24, 1910.
84 H.R., May 3, 1898.
85 Ibid., January 2, 1900.
86 Ibid., August 28, 1900.
87 Financial Times, July 11, 1905.
88 H.R., November 27, 1906.
For Brazilian opinion which did not conform to common patterns of optimism, see Chapter 5.
"The student of Brazilian history in the first three decades of the present century may at times get the impression that the whole country is suffering from an inferiority complex." Fred P. Ellison, Brazil's New Novel: Four Northeastern Masters (Berkeley and Los Angeles: Univ. of California Press, 1954), p. 13.

The present study has confined itself so far to an examination of thoughts and opinions expressed by foreign residents in Brazil during the early years of this century. It is the intention of this chapter to show, through the writings of several contemporary intellectuals and politicians, that the mood of pessimism pervading British commentaries was shared by some Brazilian observers. It is clear that the periods before, during, and immediately after the First World War represented a time of crisis—intellectual, moral, political, economic—in the minds of many leading figures of the day. The War itself did much to crystallize these currents of opinion and translate into concrete action what had been mostly vague and idealistic talk in previous years. A sense of nationalism was to accompany the growth of Brazil as an influential force in the affairs of the world, and the maturing phase was marked by considerable self-examination and self-criticism. Some Brazilians were completely unconvinced that Brazil was riding the crest of the wave and that her future as a nation could be nothing but rosy.
Paulo Prado (1869–1943), a member of one of São Paulo's best-known families, was a man whose experience of his own country could hardly have been wider. He was a leading figure in the coffee trade, had spent many years involved in the business of foreign immigration into his home state of São Paulo, and retained a close contact with the arts through his many literary and artistic friends. Paulo Prado, according to Mário de Andrade, was the prime mover of the Semana de Arte Moderna, which marked the beginning of Modernism in Brazil. But Prado was set apart from most of the collaborators in this literary and artistic renaissance by the fact that he really belonged to an earlier generation. His youth had been spent in the days of the empire, and by the end of the First World War he was almost fifty. He had seen the events of the Old Republic through the eyes of a mature man, and the conclusions he reached in the 1920s concerning the state of Brazil were based on impressions absorbed during the course of several decades. The circumstances of the 1920s, from both the political and the artistic point of view, provided the point de départ for Prado's book, Retrato do Brasil, but the mood expressed in it can well be applied to earlier years.

The book, subtitled Ensaio sobre a tristeza brasileira, appeared in 1928, and was an attempt to place the sadness of Brazil as a nation in an historical context. "Numa terra radiosa vive um povo triste," he began, showing in the first part of the book that Brazil had been colonized by people who thought almost exclusively of the satisfaction of two basic desires—greed for gold and physical lust. Out of this doubtful
background has developed a sad nation, one which, on the eve of independence, could show nothing for three hundred years of colonization: "A colônia, ao iniciar-se o século de sua independência, era um corpo amorfo, de mera vida vegetativa, mantendo-se apenas pelos laços tênues da língua e do culto." Even the romantic revolution of the nineteenth century left Brazil with nothing with which to face the demands of the modern world: "No Brasil, do desvario dos nossos poetas e da altiloquência dos oradores, restou-nos o desequilíbrio que separa o lírico romântico da positividade da vida moderna e das forças vivas e inteligentes que constituem a realidade social... O romantismo foi de fato um criador de tristeza pela preocupação absorvente da miséria humana, da contingência das coisas, e sobretudo pelo que Joubert chamava o insuportável desejo de procurar a felicidade num mundo imaginário. Entre nós o círculo vicioso se fechou numa mútua correspondência de influências: versos tristes, homens tristes; melancolia do povo, melancolia dos poetas."

The final section of the book is devoted to an examination of Brazil in the early part of the twentieth century. Prado was unconvinced by suggestions that his country, after a decade of anarchy and disorganization in the 1890's, had made gigantic strides towards a happy and prosperous future: "O Brasil, de fato, não progride; vive e cresce, como cresce e vive uma criança doente no lento desenvolvimento de um corpo mal organizado. Se esta terra fôsse anglo-saxônia, em 30 anos teria 50 milhões de habitantes, afirmou Bryce com o seu desdém britânico." Prado claimed that the interior of Brazil was being developed by foreign initiative, as
it always had been, and that Brazilians were continually plagued by their desire to imitate rather than to do for themselves: "Tudo é imitação, desde a estrutura política em que procuramos encerrar e comprimir as mais profundas tendências da nossa natureza social, até o falseamento das manifestações espontâneas do nosso gênio criador. . . . Imitação quer dizer importação. Nesta terra, em que quase tudo da, importamos tudo: das modas de Paris—idéias e vestidos,—ao cabo de vassoura e ao palito." He looked upon the political activity of the republic as false and unproductive, too wrapped up in its own verbosity to be of any positive use to the fortunes of the country, and called upon Brazil to wake up and make herself aware of the modern world: "Apesar da aparência de civilização, vivemos assim isolados, cegos e imóveis, dentro da própria mediocridade em que se comprazem governantes e governados. Neste marasmo podre será necessário fazer tábua rasa para depois cuidar de renovação total." The final note of the book combines a spark of hope for the future with a violent indictment of the age in which Prado lived: "Para o revoltado o estado de coisas presente é intolerável, e o esforço de sua ação possível irá até a destruição violenta de tudo que lhe condena. O revolucionário, porém, como construtor de uma nova ordem é por sua vez um otimista que ainda acredita, pelo progresso natural do homem, numa melhoria em relação ao presente. É o que me faz encerrar estas páginas com um pensamento de reconforto: a confiança no futuro que não pode ser pior do que o passado." A contemporary of Paulo Prado, Alberto Torres (1865-1917), led
an extremely active political and social life during the formative years of the Brazilian republic, and has recently been the object of various studies and articles. Tórres was born in the State of Rio and was closely connected with it during the years of declining coffee prosperity in the Paraíba valley. He became President of the State of Rio in 1897, occupied various posts in the Federal Government, and served with the Ministry of Foreign Affairs in the early years of the century. Like Prado, Alberto Tórres was concerned about certain aspects of Brazil's progress during these years, and was a prolific writer in the press of Rio and of São Paulo. He did not believe in the efficacy of the republican system, suggesting instead a kind of "non-partisan plutocracy which he believed would provide a maximum of popular sovereignty with a minimum of direct popular participation." According to one recent assessment, Tórres regarded the early years of the century as a time of sadness and disillusionment: "He saw in Brazil a sleeping giant which, independent since 1822, and a republic since 1889, showed no signs of awakening but, rather, seemed to be drifting into a national nightmare. The bright promise of the republic he had ardently supported against an outworn monarchy had been blighted. After more than twenty years, republican Brazil, in Torres' estimation, had a weak and inefficient national government incapable of vigorous action and unworthy of respect at home or abroad. The dynamic republic he had envisioned had not emerged; Brazil, the state, was not yet a nation." Tórres thought essentially in terms of the Brazilian reality and of the need to adapt political and economic policies to the good of the nation as a whole. In some fields he was
distinctly wide of the mark; his conviction that Brazil's future lay on the side of agriculture rather than industry was shaky, and his experience of international affairs did not always lead him to logical conclusions.\(^\text{11}\)

In his book, *O Problema Nacional Brasileiro*, Torres began by examining the Brazilian situation as he saw it on the eve of the outbreak of the First World War. He lamented the destruction of Brazil's tremendous potential and the political anarchy which had produced such sad results:

"Com uma civilização de cidades ostentosas e de roupagens, de ideias decoradas, de encadernação e de formas, não possuímos nem economia, nem opinião, nem consciência dos nossos interesses práticos, nem juízo próprio sobre as cousas mais simples da vida social."\(^\text{12}\) He claimed that the country was passing through a period of intense cultural and national decadence: "No nível geral da sociedade, e com respeito às formas superiores do espírito, o dilettantismo, a superficialidade, a dialectica, o floreio da linguagem, o gosto por phrases ornamentaes, por conceitos consagrados pela notoriedade ou pelo único prestígio da auctoridade, substituiu a ambição de formar a consciência mental para dirigir a conducta. O aplauso e a aprovação, as satisfações da vaidade e do amor proprio, fazem toda a ambição dos espíritos: atingir a verdade, ser capaz de uma solução, formar a mente e o caráter para resolver e para agir, são coisas alheias a nossos estímulos."\(^\text{13}\) He explained that profits from the development of Brazilian resources were going abroad, and called upon Brazilians to organize themselves, and to work together towards the formation of a national system. He was optimistic about Brazil's future to the extent that
he felt prepared to make the appeal for consolidation and movement, but thought that Brazilians in the past had done little to learn from their colossal mistakes: "Os nossos eternos deficits, as nossas emissões de papel-moeda, as nossas Caixas de Conversão, as nossas valorizações, os nossos empréstimos à lavoura, os nossos proteccionismos, todas as phantasias do inflacionismo, e da especulação, as nossas eternas luctas, aéreas e estereais, de partidarismo, e não menos frequentes agitações politicas, sem objetivo, por doutrinas e ideias sem base real, são experiencias que nos passam pelos espiritos sem deixar a menor impressão educativa."¹⁴

Such was one informed view of Brazil in 1914. Tôrres continued his study by examining the "nationality" of Brazil, by discussing the racial characteristics of his country, and by treating the major problems of Brazilian society from both the internal and the international standpoint. When he wrote of the political organization of his country as he had observed it during the years of the republic, he reached the following depressing conclusions: "A politica é, de alto a baixo, um mecanismo alheio à sociedade, perturbador da sua ordem, contrario a seu progresso; governos, partidos e politicos, succedem-se e alternam-se, levantando e combatendo desordens, creando e destruindo cousas inuteis e embaracosas. Os governantes chegaram à situação de perder de vista os factos e os homens, envolvidos entre agitações e enredos pessoaes."¹⁵ He saw foreign investment as one of the major obstacles to real progress in Brazil, suggesting that it helped to create a situation of economic feudalism which could only be detrimental to the fundamental interests of the nation:
"as novas nacionalidades americanas ficaram sujeitas ao domínio da cobiça, à pressão do capital, ou, o que é mais verdadeiro, de especulações sem freio; e sob o impulso desses interesses imprudentes e desapiedados, nações e territórios vão tendo o destino de terras efédudas aos mais audazes, conforme a sua natureza. É aqui que o problema brasileiro apresenta seu aspecto mais grave."16 With particular regard to the United States, Torres laid down the essential rules of economic and national independence: "Para manter independente a nação, é imprescindível preservar os órgãos vitais da nacionalidade: suas fontes principais de riqueza, suas indústrias de primeira necessidade e de utilidade imediata, seus instrumentos e agentes de vitalidade e de circulação económica; a viagem e o comércio interno: a mais ampla liberdade de indústria e de comércio. Nenhum monopólio, nenhum privilégio; a mais plena garantia e protecção ao trabalho livre; a iniciativa individual, a pequena produção, a distribuição das riquezas."17

Among the private papers of the Barão do Rio Branco there exists a letter, written by Alberto Torres and received by the Barão only a few days before his death in February 1912.18 The letter is the final one in a series sent to the Minister for Foreign Affairs during the years of so-called progress and prosperity, and is important as an indictment of policies undertaken and directions followed during the early part of the century. It is a long and detailed document, one to which Torres probably dedicated a great deal of thought and attention. In large measure it resumes ideas which Torres made public in other quarters—in the press,
in lectures, and in his books—but the prestige of the addressee and the clarity of the presentation of ideas show that Tórres was thoroughly convinced of the validity of his warnings and of the possibility of some of his thoughts being adopted by the men who directed the destiny of his country.

Tórres began by suggesting that Rio Branco represented one of the few hopes amid the disorder through which the country was passing. He saw two major problems emerging from the agitated situation of the first years of the republic—the conflict between central and state politics, and the subordination of the interests of the national government to individual and party ambitions: "A sorte do Brazil tem sido até hoje jogada em lutas entre influências pessoais e grupos acidentaes de interesses partidarios e vae sendo decidida ao acaso das combinações que resultam das posições das forças politicas eventualmente de posse das posições nos estados." Tórres lamented the fact that the government of Hermes da Fonseca had been unable to take the necessary lead and reach some workable solution:

Como resultado pratico, os acontecimentos mostram uma luta entre as agremiações pessoas dos estados e a agremiação pessoal do Presidente da Republica; e, como expressão politica, a luta entre a força partidaria e armada do Poder Executivo e o "dogma da autonomia dos estados," usando a expressão do sr. Cons. Rodrigues Alves, isto é, a ambição e audacia de políticos arrastaram a situação para um terreno em que ambos os elementos combatentes e ambos os princípios são condensaveis. . . . Ninguem tentou até hoje, fora das formulas vagas e gerais da teoria jurídica e burocrática . . . firmar os princípios básicos da nossa vida social e económica; em falta d'isso e por força do exercício poder [sic] dos governos estaduais, a administração do Brazil vaga ao acaso, segundo inspirações momentâneas e impulsivas.
Tôrres then went on to explain that in terms of real progress, Brazil had gone no distance at all. The question, according to Tôrres, was of fundamental significance:

Que importa que as nossas exportações augmentem, que progridam as nossas cidades, que as zonas onde as produções de exportação de grande custo florescem ostentem um estado de apparente progresso, se a esse estado de superficial prosperidade não corresponder um progresso real do povo, por seu desenvolvimento, sua cultura e sua capacidade de trabalho e uma valorização de nosso território e de nossas fontes de riqueza? O nosso povo, se aumenta numericamente, não progride em força e capacidade; as nossas riquezas, não estão sendo exploradas e aperfeiçoadas; estão sendo extraihidas e desbaratadas. Isto, sem levar em conta as vastas regiões do país em decadência e abandono.

The point led him to a discussion of one of his most pressing and recurrent themes, that of foreign control of the Brazilian economy. In fact, the entire letter seems to have been sparked off by news that an American trust, not content with the control its countrymen exercised over communications, industry, coffee and rubber in Brazil, had decided to go into the business of cattle-raising. What Tôrres proposed was a more active national defense against economic pressures from overseas:

"Sou profundamente optimista e tenho fé no futuro de nossa patria e no da Humanidade; estou, porem, convencido ... que estamos atravessando, neste momento, uma das grandes batalhas decisivas da evolução historic; antes da crise violenta, se houver estadistas previdentes e habilis para a prevenir, ou depois d'ella, se estas falharem, o homem retomará seu caminho progressivo; mas, durante esse processo de energica selecção, muitas victimas podem tomar. O Brazil está prevenido e operando para
The letter concludes with a three-point plan for the solution of Brazil's most pressing problems. Firstly, Tórres proposed federal intervention in the troubled states of the Union; secondly, the annulment of elections in these states; and, finally, the establishment of a commission to study the social and economic problems facing Brazil. They are familiar points, and the letter as a whole brings nothing new to our knowledge of Alberto Tórres and his preoccupation with contemporary issues. Its value lies more in the assessment of the Rio Branco era and in its implied critique of the Barão's dedication to foreign rather than specifically Brazilian problems, than in any novelty of thought or presentation.

Paulo Prado and Alberto Tórres were not alone in expressing their disappointment at the state of Brazilian affairs at the beginning of the century. Various other figures followed the same lines, albeit for a variety of reasons. Ruy Barbosa, the opposition politician par excellence, was always inclined to attack national conditions as he saw them, particularly if by doing so he could obtain some concrete political advantage. In an interview with Sir Arthur Peël late in 1918, Ruy made several points which had been made by Tórres a few years before: "The financial state of the country is just as unsatisfactory as ever; corruption still prevails unchecked in every department of the State; education has made no progress and the great body of the people take but little interest in public affairs, which continue to be left in the hands of a class who are engaged in a
perpetual struggle for place and power." He expressed fears of growing working class influence and of the spread of bolshevik and anarchist ideas, and his remarks made it clear that no fundamental changes had been made in the Brazilian governmental structure in the course of the three decades of the existence of the republic. In a later despatch Péel reported on a speech given by Ruy to the Associação Commercial of Rio: "His speech was remarkable for the fact that it plainly indicated that there are forces at work which, if not checked by [sic] the immediate introduction of reforms will inevitably lead to the disintegration of the nation and the reign of anarchy, and he warned his audience that Brazil was at this time being governed by an oligarchy which is doing its best to open its doors to the inroad of principles which will have the same consequences as have been experienced both in Russia and Germany." 

Earlier assessments contained similar expressions of disappointment and despair at the direction being followed by Brazil. Haggard must have been positively overjoyed to be able to convey to London the details of a conversation with J. C. Rodrigues early in 1911: "Dr. Carlos Rodrigues said that the whole country was in a state of anarchy, that now he was 66 years of age, and had hoped to see his country prosperous before he died, instead of which he could only say that he was ashamed to be a Brazilian." A correspondent of Lima Barreto referred in 1909 to the sorry state of affairs in Brazil: "cada vez mais descreio dos homens do nosso infeliz Brazil em tão má hora--governado pelos politiqueiros bachareis e pelos alvitres de rotainas[?]." Various official and semi-official
sources questioned the prosperity of Brazil and the advisability of the policies she was undertaking. In a series of articles in late 1908, the Jornal do Commercio condemned governmental extravagance, claiming that the time was not appropriate for such large-scale expenditure as had been seen of late. The Message to Congress of President Peçanha in May, 1909, drew attention to the extremely unsatisfactory condition of the mass of city-dwellers in Brazil, and suggested that Brazilian legislation was way out of date in this particular respect. The Jornal do Commercio once more returned to the pressing problems of extravagance in a series of articles in mid-1910 in which it took the Brazilian navy as a prime example of governmental mismanagement. The first two Messages to Congress of President Hermes, in 1911 and 1912 respectively, dwelt in detail on the delicate state of the country's finances, were unusually critical and pessimistic about what was going on in Brazil, and put forward a series of measures which were intended to salvage a thoroughly alarming situation.

The Jornal do Commercio, in an article on August 22, 1913, admitted that the country was suffering from serious financial ills, but suggested that these resulted more from administrative prodigality than from a basic instability within the national financial make-up. A correspondent of Coelho Neto, writing from Paris, painted a gloomy picture of what he had been hearing from Brazil: "São bem tristes as noticias que me dá da nossa terra; não obstante, agradeço-as como seu depoimento sobre a mortal apathia que nos vae consumindo a passos largos. Pelo que publicam as gazetas, há muito percebi o doentio fatalismo musulmano, que alastra por todo o Paiz,
relaxando-lhe a resistencia physiologica contra a invasao das enfermidades que nos ameaçam de morte. A nossa situacao é muito parecida com a desta generosa França naquelle anno terrivel de 1799."

An interesting point of view was expressed in Wileman's Brazilian Review in its issue of December 12, 1916. The writer looked at statements which had appeared recently in O Paiz, and reached the following conclusions: "According to Brazilians themselves there is no virtue in the country—everyone speaks ill of the other and even great national achievements, like the port works, awake no enthusiasm—public men are classed as 'canalha' or 'cavadores'—conviction of graft is ineradicable and Brazilian diplomacy, far from being a model for South America to follow, is composed of parasites and idiots! Yet when a foreigner, perchance, ventures to endorse such opinions, he is savagely attacked!"

The most practical manifestation of Brazilian dissatisfaction with the direction the country was taking in these early years of the century was the Liga de Defesa Nacional, founded by Olavo Bilac on September 7, 1916. The Liga was born out of the fusion of two fundamental elements in the history of the period from 1889 to 1920—an atmosphere of national insecurity and increasingly aggressive nationalism, together with the shock of the First World War and the realization that there was a variety of fields in which Brazil's strengths had not been fully developed. The initial awakening of the Liga and of the various movements associated with it took place in the University of São Paulo on October
9, 1915, when Olavo Bilac gave a speech outlining the horrors of the international situation and the lack of unity among Brazilians. "O que me amedronta é a míngua de ideal, que nos abate. Sem ideal, não há nobreza de alma, não há desinteresse; sem desinteresse, não há coesão; sem coesão, não há pátria." The key to Bilac's thought was the integration of the army with the people, and he suggested that a system of education based on the barracks would help develop the national spirit so lacking in contemporary Brazil. He claimed that he was not a militarist, but he proposed the adoption of military methods in the formation of Brazilian youth.

The speech had immediate repercussions, and members of the Law Faculty at the University of São Paulo went ahead with the formation of a Centro Nacionalista in that Faculty. On October 29, just three weeks after Bilac's speech, the Estado de São Paulo published an interview with five of the leading members of the Centro Nacionalista, under the heading "O Movimento Nacionalista." The article, a landmark in the history of Brazilian nationalism, has been carefully examined elsewhere. The students were clear in their reaction against the prevailing mood of their country:

Ha por toda parte indiferença, desanimo, abatimento moral ... Damos a impressão de um povo que falhou ... Sim; de um povo que falhou e que compreende que falhou; a admiração fetichista pelo estrangeiro vae matando toda a originalidade nativa, todo espírito de iniciativa própria, todo estímulo para o aperfeiçoamento. Na nossa civilização de empréstimo nem mesmo há adaptação: há simples cópia. Ha pior: há um profundo desprezo por tudo quanto é nacional. A ideia apriorística de que somos um povo incapaz está profundamente arraigada na maioria
They went on to discuss the dangers of the political disintegration of Brazil, and ended with a discussion of the importance of education and of the methods they hoped to use within the educational system in order to shake the country out of its lethargy and moral decadence. They suggested "o restabelecimento das linhas de tiro e da instrução militar obrigatória nas escolas secundárias e superiores; a adopção do escotismo nas escolas primárias e nos primeiros anos dos gymnasios."²⁶

The ideas of Bilac and of the Centro Nacionalista in São Paulo enjoyed wide acclaim in the cities of the south. In a despatch to London in which he described the general feeling of depression which accompanied the November 15 celebrations, Peel bore witness to the euphoria surrounding the Bilac campaign:

A distinguished writer and poet of the name of Bilac recently delivered a speech to the students of the University at São Paulo in which he strongly advocated the adoption of a system of compulsory military service as the only means to awaken that spirit of devotion and self-sacrifice to the interests of the nation if the past glory of Brazil is to be resuscitated, and such was the force of his glowing words of patriotism and so great was the frenzied enthusiasm his language created that not only did the orator carry his youthful audience with him, but his ideas have spread far and wide and have received the warm support of the military and naval classes, and since his return to the capital the poet has been the centre of popular attraction and the honoured guest at banquets and many a glittering fête.²⁷

Less than a year after his original diagnosis of the malady and
suggestions for its cure, Bilac was present, along with Pedro Lessa and Miguel Calmon, at the founding meeting of the Liga de Defesa Nacional in Rio de Janeiro. Addressing the crowd gathered in the National Library on the anniversary of Brazilian independence, Bilac set out in his powerfully oratorical style the aims of the organization: "O País já sabe, pela rama, o que esta Liga pretende fazer: estimular o patriotismo, consciente e coesivo; propagar a instrução primária, profissional, militar e cívica; e defender: com a disciplina, o trabalho; com a força, a paz; com a consciência, a liberdade; com o culto do heroísmo, a dignificação da nossa história e a preparação do nosso porvir."

These aims were to form the backbone of Article I of the Statutes of the Liga, presented and accepted in March, 1924, and it is in the thirteen sections of this first article that appear the detailed means by which the ideas of Bilac and his colleagues could be implemented.

The first issue of the Liga's official organ, the Boletim do Diretório Central, appeared in November, 1917, and coincided with the end of Brazilian neutrality in the First World War. After informing its readers that Brazil was now in a state of war, it appealed to them to obey the directives of the Federal Government and to intensify all aspects of national production. This was the very testing ground for which the Executive Committee of the Liga, composed of Pedro Lessa, Miguel Calmon, Olavo Bilac, Felix Pacheco, Joaquim Luis Osorio, and Affonso Vizeu, had been working so hard. The matter of unity and national culture was foremost in their minds as they set about the task of publicizing their ideas.

The present chapter has attempted to show that the euphoria of the belle epoque was qualified to a considerable extent by currents of national pessimism, insecurity, and self-examination. Many renowned Brazilians joined their foreign contemporaries in doubting that the early years of this century were as peaceful, progressive and prosperous as has been suggested.
NOTES


3 Ibid., pp. 148-149.

4 Ibid., p. 168. Vianna Moog, in his book *Bandeirantes e Pioneiros*, shows that this is not necessarily so, and that Brazil has always had more natural obstacles in the way of progress than, for example, the United States.


6 Ibid., p. 182.

7 Ibid., p. 183.


9 McLain, p. 25. The same author refers later to Tórres' "hydra-headed government of benevolent intellectual despots." (p. 33).

10 Ibid., p. 18.

11 Cruz Costa made the following comments on Tórres: "Completely mistaken about the historical direction of his own time, in my opinion, at the very moment when the European situation warned of the approaching horror, he referred, in 1913, to the "pacific feelings" of Wilhelm II; he declared that war had "had its day" and that the 'visible proof of this assertion was modern life!'" (p. 243).


13 Ibid., p. 38

14 Ibid., pp. 50-51.
15 Ibid., p. 189.
16 Ibid., p. 204
17 Ibid., pp. 228-229.
19 Peel to Balfour, PRO FO 371/3653, November 20, 1918.
20 Peel to Balfour, PRO FO 371/3653, March 12, 1919.
21 Haggard to Grey, PRO FO 420/254, January 6, 1911.
22 Julio [] to Lima Barreto, BNMS I - 6,35,50 no. 11, March 31, 1909.

23 Melo Rezendo to Coelho Neto, BNMS I - 1,4,80, April 20, 1914. Ten years before, Neto had received a similar letter from Olavo Bilac, who was also spending some time in Paris: "Já tenho uma pitada de saudade da minha taba de tamoyos. Quarenta annos!—como esta carga modifica as ideias da gente! Aos vinte e cinco annos, eu, quando pensava que tinha de sahir de Paris, chorava de raiva. E hoje não posso passar aqui quatro meses sem ter saudade da porcaria, do mijo, da estupidez, do mexerico, da safadice da Patria! o patriotismo é como o rheumatismo: um achaque de velhice." (Bilac to Neto, BNMS I - 1,1,52, August 6, 1904).

24 Cited in Barbosa Lima Sobrinho, p. 388. Chapter XXVII of this work summarizes the main events surrounding the formation of the Liga, together with a commentary on the relationship between it and the ideas of Tórres.

25 Ibid., pp. 399-403.

26 In this respect, according to Barbosa Lima Sobrinho, the Centro Nacionalista was closer to the thinking of Alberto Tórres than it was to that of Bilac (see Presençã, pp. 393-394). Tórres ins any case classified Bilac's campaign as a "multidão de palavras, de ideias e de sentimentos, confundidos: uma montanha de princípios em desordem." (Ibid., p. 393).

27 Peel to Grey, PRO FO 371/2294, November 21, 1915.


29 Article I of the statutes ran as follows:
A Liga da Defesa Nacional, fundada no Rio de Janeiro, em 7 de setembro de 1916, independente de qualquer credo político, religioso ou
filosófico, e destinada dentro das leis vigentes do País, a congregar os sentimentos patrióticos dos Brasileiros de todas as classes, tem por fim:

a) manter em todo o Brasil a ideia de coesão e integridade nacional, procurando facilitar e desenvolver as comunicações morais e materiais entre as unidades da Federação;

b) propagar a educação popular e profissional;

c) difundir nas escolas primárias, profissionais, secundárias, superiores, civis, militares e religiosas, assim como em todos os lares, oficinas, corporações e associações, a educação cívica, o amor à justiça e o culto do patriotismo;

d) defender o trabalho nacional, a lavoura, a indústria, o comércio, as ciências e as artes, e interessar-se por todas as questões que importarem à prosperidade, à segurança e à dignidade do País;

e) combater o analfabetismo, o alcoolismo, a vagabundagem e a dissolução dos costumes;

f) desenvolver o cívismo, o culto do heroísmo, e fundar e sustentar associações de escoteiros, linhas de tiro e batalhões patrióticos, quando autorizados por lei;

g) apoiar, pela persuasão e pelo exemplo, a execução das leis de preparo e organização militar;

h) aconselhar e facilitar a instrução militar em colégios, escolas, faculdades, academias, externatos, internatos, seminários, orfanatos, institutos de assistência pública e particular, associações de comércio, indústria, beneficência, esportes e diversões;

i) estimular e avivar o estudo e o amor da História do Brasil e das nossas tradições;

j) fazer a propaganda da Liga no lar, e em público, por meio de conferências, comícios, livros, folhetos, revistas, jornais, festas públicas e prêmios;

l) publicar um catecismo cívico, e livros de educação patriótica, destinados à infância e adolescentes [sic], para distribuição gratuita;

m) robustecer o sentimento de pásria entre os Brasileiros residentes no estrangeiro;

n) promover o ensino da língua pátria nas escolas estrangeiras existentes no Brasil, e a criação de escolas primárias nos núcleos coloniais.

(Taken from the Estatutos da Liga da Defesa Nacional, 1924. Section k) is missing in the original).
Despite the abundance of documentation both within Brazil and in foreign archives and libraries, no detailed study has yet been made of the effects of the First World War upon Brazil, of her actions both as a neutral and as a belligerent, nor of her relations with her major international allies during this crucial period. Certain basic studies, such as P. A. Martin's book, *Latin America and the War*, may be added to a vast collection of secondary material which ranges from the good to the positively mediocre, but as yet no attempt has been made to form a composite picture based on primary sources in Brazil, the United States, Germany and elsewhere. The present chapter is intended to fill something of the gap, to examine events in Brazil between 1914 and 1918 and their relation to the international currents of the day, and to consider official and semi-official British material which can cast a new light on the development of Brazil as an international force.

The War caught Brazil at an unfortunate moment. The bubbles of her two staple products—rubber and coffee—had burst by 1913, and reports suggested that the financial state of the country was far from satisfactory. The government of Hermes da Fonseca had lost the support and respect of a large segment of the educated public, and the economic and political future of the country seemed extremely uncertain. The eternal problem of a foreign loan was once more being discussed by Brazilian
financiers, and in April 1914 it was suggested that Wenceslao Braz was on his way to Europe to find the money needed for propping up the gold reserves once more. When news of the outbreak of hostilities reached Brazil, the immediate reaction was for Brazilians to become thoroughly panic-stricken at the thought of what the War would do to an already shaky financial position. While Itamaraty telegraphed urgently for more information on events in Europe, O Paiz commented on an article in A Notícia and brought the following prognostications to its anxious readers: "Vamos ser atingidos no proprio estomago; vamos ter o super-encarecimento da vida, exactamente no mesmo momento em que o Tesouro passa uma de suas crises mais agudas, para jugular a qual a Nação faz um appello supremo ao patriotismo nunca desmentido de seus filhos."4

The last day of July and the early days of August, 1914, were filled with a sense of financial panic and general chaos rarely equalled in the history of Brazil. Already on July 31 the seriousness of the situation was having its effects on the financial markets of the country, and over that first weekend of the War (August 1-2) various organs of the Brazilian press were preoccupied with commercial and financial speculation. The exchange rate fell, payments were suspended because of lack of money, and stock markets rocked under the impact of shock waves from Europe. "A situação desta praça," wrote one correspondent from São Paulo on August 1, "foi de verdadeiro pânico."5 The military were thrown into confusion by their own lack of preparedness for any kind of major conflict, and Deputy Calógeras was among those who raised the cry of serious rearmament during
these early days of the War. The new week began in what the Jornal do Commercio called "uma atmosfera oppresiva e suffocante para as classes sociais sem distincção," and it reprinted an article from O Diario in which a call was made for an attempt to stop the sudden run of daily bankruptcies. As the smoke gradually cleared, commentators lamented the lack of clear information on the European situation, protesting that the only two news services available, HAVAS and AMERICANA, were excessively pro-French and pro-German respectively: "A Europa bate-se; morre-se ali; é o que se sabe, infelizmente, e pouco mais," wrote one frustrated journalist. Little by little, Brazilian observers began to take sides. Antonio Claro of O Paiz smugly reminded his readers that this was the conflagration he had been predicting for months, and laid the blame for the present situation squarely on the shoulders of Germany. The Jornal do Commercio, in a long article entitled "A Conflagração Européia" in its issue of August 4, reached the same conclusions. It came forward with the following seven-point plan designed to help Brazil through its present crisis: "a) Fazer seguir já navios do LLOYD, comboiados por um 'dreadnought', para a Europa, a fim de receber os Brasileiros; b) Diminuir a menos de metade os trens da E. F. Central do Brasil, para economizar carvão; c) Estando paralysadas a importação e a exportação, decretar a moratoria geral pelo prazo de 90 dias; d) Fiscalizar a especulação sobre géneros alimenticios; e) Suspender as armazenagens de mercadorias nas repartições do Governo; f) Decretar um imposto de 50% sobre a exportação de ouro; g) Decretar oito dias feriados." O Paiz showed continued concern about internal economic
measures and international communication lines, saw problems in the importation of coal from England and the export of coffee from São Paulo, and hoped that the Lloyd Brasileiro could come to the rescue with its merchant fleet.  

After a feverish week of activity in Europe, during which the German nation had taken on all comers and finally, on August 4, involved itself in a long and bloody war with Britain, the Jornal do Commercio took sober stock of the Brazilian side of the story by enumerating the various elements of the Brazilian reaction to events across the Atlantic:

Está patente, inquietante, no dessasoeigo geral, na situação de panôico observada nas nossas principaes praças de commercio, na para-
lyzação dos negocios legítimos, na queda do cambio, no augmento dos preços dos generos de prira[sic] necessidade. Mesmo sem a repercus-
são da conflagração europea, a nossa situação era bastante angustiosa, tanto no terreno economico, como no financeiro. O café cahira de novo. O mercado andava frouxo e assustado. O mal estar era geral, diante da retracção do credito bancario e da insufficiencia dos recursos do Thesouro, para attender a compromissos urgentes. Com a guerra, tudo isso, que já traduzia um estado melindroso, se tornou, de um dia para o outro, gravissimo, chegando a um periodo quasi desesperador para a vida economico e financeira da nação. O Governo está chamado a pro-
videnciar sobre mil e um casos, tendo suas atenções solicitadas a cada passo e de toda a parte.

In the same issue there appeared the official decree of neutrality, which established the rules which Brazil was to follow for three years.  

Meanwhile, Brazil was already involved in the diplomatic activity which invariably accompanies the outbreak of war. Her main preoccupation seems to have been with Brazilian nationals resident in Europe. On August 3 a telegram went from Itamaraty to the embassy in Lisbon and the legations
in Paris, Berlin, London, Vienna, Bern, Brussels and St. Petersburg, requesting information on the situation of Brazilian subjects and offering to take any measures deemed necessary. Two days later the Minister of Foreign Affairs sent another telegram, this time to Washington, requesting that the United States send three merchant ships to Europe immediately, in order to repatriate Brazilians through the ports of Lisbon and Genoa. The British chargé d'affaires in Rio de Janeiro, Arnold Robertson, was also involved in the details of diplomatic correspondence. He wrote to the Minister of Foreign Affairs on August 5—just one day after his country had entered the War against Germany—stating that Britain would hold Brazil responsible if she suffered any war losses as a result of German merchant ships being fitted out with arms in Brazilian ports. Two days later Robertson wrote to say that the British government impressed upon Brazil the need for neutrality, and suggesting that Brazil follow the United States in her shipping regulations. At the same time a memo from the British legation stated that the export of coal from Britain would continue as before, thus attempting to allay one of Brazil's most pressing fears. The message was reinforced by a further note of August 12 in which Robertson quoted information from Sir Edward Grey that the British government was optimistic about keeping trade routes open and that Britain was controlling more and more sea traffic with the passing of each day. In the British legation, O'Sullivan-Beare took three weeks to sort out his thoughts on the Brazilian reaction to the War, and eventually reached the unilluminating conclusion that events in Europe "absolutely stunned public imagination here."
He too reported on official Brazilian declarations of neutrality, but thought that the sympathy of the nation was overwhelmingly on the side of France and Belgium. 17

During the first week of the War, various demonstrations were held throughout Brazil to express support both for France and for Germany. From São Paulo on August 5 came the report that some 500 volunteers had attempted to enlist at the French consulate, but that two hundred of these (all Brazilians) were turned away. There was similar activity at the German consulate. 18 Throughout southern Brazil there were pro-French demonstrations as French reservists made their way back to France to fight at the front, and an occasional voice was raised to support the actions of Germany and the successes of Kaiser Wilhelm. 19 In the Chamber of Deputies, a speech by Irineu Machado defending the policy of France was well received by the members present, although the subsequent pro-French motion could not be regarded as an official statement on account of the previous declaration of neutrality. Prices of staple materials began to rise alarmingly, and speculators soon appeared to take advantage of the unstable situation. The Jornal do Commercio suggested that the repercussions of the War were being felt throughout South America far more rapidly than anyone could have expected, and that a shortage of coal in Brazil would have far-reaching effects. It was, however, heartened by one thought which seemed to be universal among observers of the European scene: "Ninguem acredita--e Deus nos livre de tal catastroph--que a guerra dure mais de quatro meses." 20 The market, after several chaotic days, ground to a
halt amid an atmosphere of relative calm, and various measures were in-
istituted which, it was hoped, would ease the tension within the country. In the face of declining fuel supplies, the Central Railway cut its goods' services, the immediate effect of which was to force up the price of meat in the capital. The government, well aware of the activities of specula-
tors, decided to fix the price of essential foods, but it was pointed out in some circles that the prices were fixed after the speculators had been active, and not before, with the result that merchants were selling at unrealistically high prices. Correspondents from Porto Alegre reported that the city had decided to save gas by putting out its street lights earlier in the evening. On August 7, some factories in Sao Paulo were reported to have sent workers home because of a lack of raw materials.

By August 9, with all banks and financial agencies in Brazil still at a standstill, the Jornal do Commercio was ready to reverse the mood of panic and depression and breathe a few words of gentle encouragement into the ear of the Brazilian public. In an article entitled "A Situação Econômica do Brasil," it reached the following conclusions: "A crise por que estão passando os Estados Unidos do Brasil não é . . . senão uma crise de augmento, acidente passageiro de um paiz que cresceu depressa demais. Quando as finanças publicas, no momento prostradas sob o peso de novos encargos demasiado numerosos, puderam retomar o seu equilíbrio, ninguém duvide de que uma era de prosperidade se abrirá para este paiz tão rico e tão fertil." Meanwhile, public interest in the fortunes of the War did not diminish, and crowds continued to gather outside newspaper offices to
read the bulletins as they came from Europe. Demonstrations of sympathy continued to the point at which they were prohibited by the authorities in some cities, and economy measures included the restriction of services on the Leopoldina Railway. French and German consulates remained clogged with reservists on their way to Europe, and out of all the apprehension, excitement, and concern came the curious suggestion from O Paiz (August 10) that the whole situation could have been averted if Europeans had taken a leaf out of the South American book and agreed to live in a state of peaceful toleration: "A America deve muito, deve tudo à Europa; mas a civilização do velho mundo teria talvez lições proveitosas a receber da nossa política internacional, sempre pautada por uma nobilíssima linha de rectidão e de justiça e por uma prudência e sabedoria que são o segredo da confraternidade que reina inalteravelmente entre todos os países do nosso continente."

News of the War was temporarily overshadowed on August 10 by tributes to the Argentine statesman, Sáenz Peña, who died on the previous day in Buenos Aires. A second interlude was provided by the case of Bernardino de Campos, the politician from São Paulo who was reported killed by some German soldiers as he attempted to cross the Swiss frontier with his wife. The somewhat obscure details reached the Brazilian press on August 12; but Itamaraty had already expressed doubts as to the truth of the reports on the previous day. By August 16, Müller had telegraphed to the appropriate authorities in São Paulo that Bernardino de Campos was well and in Geneva, and the public outcry against Germany began to subside.
The facts of the case were not totally clear until August 22, when Itamaraty conveyed to the State of São Paulo Campos's own version of what happened at the Swiss border.22

Despite the diversion, the situation in Brazil remained virtually unchanged. Reports from various corners of the country filled the press and suggested that the repercussions of the War were being felt by all sectors of the community. From Belém came news of the complete paralysis of the rubber trade, and the rapid rise in the price of foreign goods. Recife suffered from a similar rise in prices, and the Tramways Company in Pernambuco ran out of cash to pay its employees. Bakers in Rio de Janeiro tried to get around the price fixing by selling smaller loaves of bread, while the Chamber of Deputies voted a 30 day moratorium as proposed by the Jornal do Commercio several days before. In Florianópolis many factories were forced to close down, and in Recife the production of sugar was seriously affected. Warships were despatched to various parts of the country—the Matto Grosso to Santos, the Tiradentes to Bahia, the Paraná to Pernambuco, and the República held in reserve to be sent anywhere she might be needed. In Rio de Janeiro there was proposed a system of cozinhas econômicas to help feed the people in times of shortage, and from Bahia and Paraíba came increasing reports of soaring prices. The American Consul in Pernambuco wrote on August 15 that the War had already caused considerable disruptions and price rises, and that sympathies were generally with the French and the British. Restrictions were imposed on the loading of coal in Rio de Janeiro and on radio commu-
communications between ships in port. *O Paiz* reported on August 17 that prices were still rising day by day, and that wholesalers were making it difficult for retailers to stick to the price-fixing tariff arranged a few days before. On the same day the banks and the money market reopened under the supervision of arrangements concluded in the moratorium agreement, and soon it was possible to find an occasional humorous article on the conduct of the War. As one observer put it: "Comprei uma gazeta. Costou-me um tostão. Tinha mais de cem carapetes telegrammaticos, afóra os da redacção. Nada mais barato: cada mentira por menos de um real! E ainda se falla da carestia da vida!" Brazil, while still passing through a crisis, was at least getting used to the fact.

News of the death of Pope Pius X reached Brazil on August 21 and supplanted the details of the War on most front pages. In commercial circles, there seemed to be something of a growing confidence, while widespread economies were causing considerable problems of unemployment throughout Brazilian cities. Reports of rising prices continued to drift into the capital from widely diversified areas, although it was generally agreed that the moratorium had had a stabilizing effect. By the end of the first month of the War, Brazil seemed to have come to grips with the basic problems she was likely to face for the duration of the conflict. She had managed to avoid any violence perpetrated by or against the sizeable segment of the population which was of German extraction, and had outlined a policy of neutrality which was to be the guiding light of her international relations over the course of the next three years.
During the remaining part of 1914, the coffee trade proved to be one of the most pressing preoccupations of the Brazilian government. Not only was the State of São Paulo concerned about the lack of export facilities for its lifeblood, but there was also the matter of large stocks of valorized coffee which had been deposited in various parts of Europe and which were in danger of being appropriated by Germany and Austria. This coffee was in fact the property of the State of São Paulo, although it had been deposited in Hamburg and Trieste in the name of Nauman, Gepp C.L., of Santos. On August 28, 1914, Carlos Guimarães, Governor of São Paulo, wrote to the Ministry of Foreign Affairs and asked a Dr. Rubião to consult Lauro Müller and suggest what could be done about the situation. A few days later Guimarães wrote directly to Müller, asking him to intervene with diplomatic representatives in Berlin and Vienna with a view to saving these deposits of coffee, and enclosed a list of exactly how much coffee was involved. Müller followed this up late in September by forwarding to Guimarães plans outlined by the Italian government to ensure the smooth distribution of Brazilian coffee through the port of Naples, thus obviating the need for Brazil to be excessively concerned about present stocks in Hamburg and Trieste. Unfortunately, however, the stocks of coffee owned by the State of São Paulo were so considerable that Brazil was forced to keep up diplomatic pressures to avoid its seizure by Germany. The Brazilian representatives in Berlin suggested that the German government was being less than sympathetic to their requests concerning the valorized coffee stocks on account of the flurry of anti-
German sentiments in the Brazilian press. São Paulo saw a way out of the problem by proposing the sale of valorized coffee stockpiled in Hamburg, Antwerp, and Trieste, and by the end of November Müller could report that the State's representative in Germany, Theodor Wille, had been selling Brazilian coffee at highly advantageous rates in Berlin, and that he was on his way to Antwerp to supervise arrangements there.

The selling continued into the New Year, and by March, 1915, some 800,000 sacks had been disposed of in Europe. The problem, as outlined in a letter from Rodrigues Alves to Müller, was now of a different nature—the War was making it difficult to move the money obtained from coffee sales out of the hands of the bankers, S. Blaischroder and Co. The Germans were determined to prevent the funds involved (apparently somewhere in the region of £7 million) leaving either for Brazil or for Britain. Eventually, towards the end of 1915, the State of São Paulo recognized, after negotiations had taken place with Theodor Wille, that it would probably never get the coffee money out of Germany. At about the same time news reached Brazil of the decision of the French government to requisition coffee stocks held under the valorization scheme in Le Havre, and authorities both in Rio de Janeiro and São Paulo remained in close contact with their Paris counterparts over the fixing of prices and the terms of sale.

The year 1915 was fairly quiet with regard to Brazil's relations with the European conflict. The initial panic of August 1914 was now over, and the serious events of 1917 and 1918 were yet to be encountered. Public sympathies, however, slowly crystallized on the side of France, and it was
in the early months of 1915 that the Brazilian League for the Allies began to be active (its existence dated officially from March 17). The League was led by such figures as Ruy Barbosa, Coelho Neto, and José Verissimo, and was highly appreciated by those in Europe who had any contact with the Brazilian scene. Speaking at a rally held in Rio de Janeiro to mark the birthday of King Albert I of Belgium (April 8), Coelho Neto denounced the crimes of Germany and praised the courageous heroism of the Belgian people. A French correspondent of his, on receipt of the news of Neto's strong pro-Allies stand, was moved to write a long letter of thanks in which he stressed the importance of Brazilian support in the present conflict: "vous avez pris place courageusement parmi les meilleurs combattants de notre juste Cause, et vous avez votre part dans la grande Victoire que nous espérons remporter, complète. . . . Votre bon discours sur l'honneur de la Belgique-soeur restera pour moi comme une inoubliable preuve de votre grandeur d'âme et je veux le conserver ici en témoignage de profonde admiration. Au fait, je ne pouvais douter de l'âme brésilienne."32 All over the country, Brazilians expressed their solidarity with the Allied cause, to such an extent, in fact, that authorities had to be constantly on their guard to see that public manifestations of sympathy did not violate the terms of Brazil's neutrality.33 While the League for the Allies clamoured for more concrete action in support of France and Britain, however, the Minister of Foreign Affairs steered a middle course which drew him enthusiastic praise from more than one influential source.34
During the course of 1915, Miller became involved in another piece of international diplomacy which temporarily diverted his attention from the affairs of the War. Rio Branco's pro-American policies of 1902-1912 underwent considerable modification during his successor's term of office, and the negotiations of April, May, and June, 1915, with the governments of Argentina and Chile were a fundamental element in this change of direction on the part of Brazilian foreign policy. The idea of an ABC alliance was not new, and it had been discussed in the early years of the century as a means of counteracting the growing influence of the United States in the economic and financial affairs of South America. The traditional hostility between Argentina and Brazil, as personified in the rivalry between Zeballos and Rio Branco, effectively dampened any such attempts at concerted action. The reasons for the reopening of the matter were explained by Arnold Robertson in a despatch to the Foreign Office written just after Miller had left Brazil on his mission to Buenos Aires and to Santiago:

The idea is that these three States shall form a sort of international unit and act in concert with the United States of North America with the object of using every pacific means of suppressing and discouraging revolution in the more turbulent States. In their political dealings with Europe they would also act together as far as possible, and in support of the United States if they see fit. His Excellency [Miller] assured me that there was no question of any commercial agreement which would in any way affect the interests of European Powers, nor any intention of discussing the various complicated questions that are arising out of the war. Should any serious agreement be arrived at, the Pan-American ideal would be at the root of it, and it might not impossibly have important consequences in the future.
In Argentina, *La Prensa* fulminated against such overtures by the Brazilian government in articles either written or inspired by Estanislao Zeballos. The former Argentine Minister of Foreign Affairs saw the motive for the ABC meetings as a "want of confidence, on the part of some one of the South American Republics, in the pacific and cordial sentiments of the Argentine Republic in view of her acquired naval superiority." This attack was not enough, however, to prevent the signing of an Arbitration Treaty by the representatives of the three nations meeting in Buenos Aires, and Muller returned to Brazil amid considerable press activity and jubilation. The Minister for Foreign Affairs was more modest in his assessment of what had been achieved by the signing of the Treaty, as he explained to Sir Arthur Peel, the British Minister: "Although there has been a tendency in the Press to exaggerate the results of his Mission, he assured me that he carried away with him the hope that he had succeeded in creating such an atmosphere of peace as would prevent the growth in South America of a policy of militarism, and if he had effected so much, his Mission in that event would have had the advantage of securing by means less violent than a resort to a surgical operation what in point of fact the nations in Europe were at present trying to effect."

British reports on the situation in Brazil during 1915 dwelt at length on the shaky financial position of the country. Arthur Peel, the new British Minister (he arrived early in 1915), wrote of the "poverty and misery" of the urban centres and elaborated upon this original assess-
ment in several despatches during the course of the year. Moreover, Peel and his colleagues saw that out of the development of Brazil and the hoped-for destruction of Germany could come trade and market prospects which would be extremely advantageous to the British. The issues at stake were most forcefully expressed by Arnold Robertson in his thoughtful and sensitive despatch of April 23, 1915, which has already been discussed at some length in previous chapters of this study. Robertson began by referring to the desperately poor quality of Brazilian government under Hermes da Fonseca, commented on the success of the authorities in preventing German ships from using Brazilian ports since the outbreak of war, and was full of praise for the stand being taken by Müller: "The consistently friendly attitude of the Minister for Foreign Affairs is, to my mind, largely due to the fact that he has personal political ambitions, and that he knows that the vast majority of public opinion in the country is hotly on the side of France, and, therefore, of the Allies. He dare not favour the Germans as against us, or such influence would be brought to bear that he would be removed from office. In addition to this, I give him credit for being a Brazilian in sympathy, and having the best interests of his country at heart."

He went on to discuss Brazilian attitudes to various European powers:

There can be no doubt that public opinion in this country is strongly in favour of the Allies. The main reason for this is racial and intellectual affinity with France, which is looked up to as the leader of Latin culture and ideals. There is great sympathy with Belgium,
admiration for her King, and horror at the savage treatment that she has received at the hands of a ruthless and bloodthirsty enemy, but it is to France that all eyes are turned. Great Britain is very little known. Our sea-power is taken for granted, but not realised, and undue importance has been attached to the fact that we were unable to catch the "Karlsruhe" and "Kronprinz Wilhelm", which destroyed so many of our merchantmen off the coast of Brazil. We are recognised to have certain sterling qualities which are coldly appreciated, but rouse no enthusiasm, and do not appeal to the fiery imagination of the Latin. Commercially we are looked upon as honest and reliable, but conservative, lacking in initiative and desire to please, too lazy and too self-satisfied to study the market and compete with the German, who, after the war is over, will certainly oust us in the long run and take first place. Our art and literature are sealed books to all but the select few. Our language is not understood. Our political institutions receive the tribute of lip-worship, but there is no desire of imitation. Our statesmen, both dead and living, with two exceptions among the latter, are as little known to Brazil as Brazil is to them.

After developing various related themes, Robertson summed up Brazilian attitudes to the European war:

The Brazilians taken as a whole, are a warm-hearted, quick-witted, and intelligent people, and withal, highly sensitive. They realise their own shortcomings as well as we do, and require sympathetic help and understanding. They feel that they are despised by Europe and regarded as a happy hunting-ground for the financier and company promoter, but that no European Government takes the smallest interest in them except for the purpose of debt-collecting. Yet, when war breaks out, those self-same Governments, all of which, with the exception of the British, are represented by promoted consuls and dragomans, without any diplomatic staffs, suddenly expect Brazil to do her duty in their interest. She has done her duty, as I have endeavoured to point out in this and other despatches, partly out of sentiment, partly because her Minister for Foreign Affairs realises her interests; certainly not out of gratitude.

The British diplomat then conveyed his thoughts on the relations of Brazil with various foreign powers, among them France, the United States and Germany, and reached the following conclusions with regard to sustained
British involvement in Brazil:

As to ourselves I can only say that, though it is perfectly true that we have been prominent in finance and engineering works, which have helped the development of the country, we were being overhauled by the Germans in the matter of imports, and if we are to take advantage of the moment, if we are to establish [sic] our trade in Brazil, we must make an effort, and above all consider the matter of easy credit. The British colony here consists of very worthy people, but they keep mainly to themselves and are out of touch with Brazilian life. They are mostly salaried representatives of London houses, to which they have to refer for instructions, and which know little or nothing of the country. We must send out a commission of bankers and business men to see the country, to judge personally its potentialities and to get in touch with the right people among its commercial and political representatives. If we could support such a commission with a further one consisting of a few leading men in the political, literary and scientific world, whose object it would be to explain personally our reasons for going to war, the effort that we are making and which is realised or appreciated and, incidentally, to give some idea of our mentality, I feel sure that it would flatter Brazilian vanity and bear good fruit. Such a mission would be very cordially received at this moment, and the newly-formed league for the Allies would be only too glad of the opportunity to organise a demonstration in honour of Great Britain, for whose aims and ideals there is now but little sympathy, as they are not understood. In making the above suggestion I confess that my idea is that the effort should be sustained, and that we should so lay a sure foundation for the future, rather than expect to glean immediate advantage from the somewhat discouraging present. If we are to compete with the Germans, to take part in the development of what is, naturally, one of the most variously endowed countries in the world, we must show a living interest in its people, study their institutions and, if possible, lend them an understanding and helping hand, financially and commercially, in recognition of the fact that they have done their best for us in this crisis.

The circumstances which prompted Robertson to write such a despatch in April, 1915, were all the more pressing during 1916, a year which saw a considerable increase in Brazil’s involvement in the affairs of the War. Not only was the coffee crisis to become more acute as the result of the Allied blockade, but also individuals and groups within Brazil were more
ready to take sides and become caught up in the issues of the European conflict. In short, as the War dragged on into its third year, Brazil was gradually made aware of the seriousness of her own situation and of the need to take positive action on the international front.

The main preoccupation of Brazilian and British authorities alike during the course of 1916 was the matter of shipping. Brazil was anxious to safeguard her neutrality and thus assure herself of an outlet for her precious coffee, while Britain wished to use her control of the seas to impose restrictions on the movement of ships in the hope of thus bringing Germany to her knees. The conflict of interests here involved provoked—as was to be expected in the circumstances—a series of misunderstandings and impassioned pleas which were to continue well into 1917. If the Brazilians were serious about their coffee, the British showed no less interest in the shipping using Brazilian ports.42 Already at the beginning of 1916, Arthur Peel was obliged to clarify, in the press and in a letter to the Minister for Foreign Affairs, the misunderstood policies of the British government with regard to German vessels interned in neutral ports.43 The State of São Paulo continued to be alarmed at the coffee situation, was dismayed at the fall in the German exchange rate at the beginning of the year, and proposed to send Paulo Prado to Europe to salvage what he could from what appeared to be a precarious turn of events.44 Meanwhile, the French prohibition of coffee imports came as a direct threat to Brazilian economic interests, which had been affected, according to Müller, far more than those of any other
The publication of the British Black List did little to improve relations between Brazil and the various Allied nations. This list, designed to include all those companies with which the Allies declined to trade, was taken by many to be an example of British arrogance which Brazil would do well to ignore. Wileman's Brazilian Review, which published the Black List in its issue of April 4, 1916, defended the new formula as being flexible enough to avoid any lasting injustices, but saw a danger in the possibility of the enemy trading under the cover of neutral organisations. It suggested that the time when German shipping interned in Brazilian ports would have to be requisitioned and put to use, was not so very far away. Opposite reactions were by no means rare, however, and the Correio da Manhã, ever dubious about Brazilian approximation to the Allied cause, thought that Brazil should take a leaf out of Argentina's book in its resolute opposition to the concept of a Black List: "O que se está passando na Argentina acerca da lista negra deve merecer a atenção do nosso Governo, que tem talvez melhores razões para nos defender contra as violências da política ingleza, porque temos sido tratados ainda com maior arrogância pela Grã-Bretanha. Encarando desdenhosamente os direitos e a soberania das nações fracas, o governo britânico affronta as leis das Republicas sul-americanas com a sua boycottagem, que elle sabe prudentemente não estender ao territorio dos Estado Unidos." The Correio da Manhã went on to point out that not only was the Black List an infringement of the Brazilian Constitution, which guaranteed free trading rights to
nationals and foreigners resident in Brazil, but also that several of the companies on the list were in fact owned and run by Brazilian subjects.\textsuperscript{46} British policy in this respect was explained and defended by Ernest Hambloch, the newly-appointed commercial attaché to the British legation. At a meeting held on August 11, 1916, Hambloch stated to the British commercial community that although His Majesty's Government wanted "to hit German trade as hard as possible and strike at her economic welfare," the prime consideration was the development of constructive commercial relations between Britain and her various trading partners around the world. It was at this same meeting that Hambloch proposed the formation of the British Chamber of Commerce in Rio de Janeiro.\textsuperscript{47}

The coffee situation continued to be of vital concern to the Brazilian government. In September, official representations were made to the British Minister in an attempt to have the restrictions lifted so that Brazil could once more export her coffee. Peel himself seemed to favour the proposal, as long as certain conditions were respected, but London replied with a regretful negative.\textsuperscript{48} The British Foreign Minister was in touch with Baron Rothschild over the matter, and the latter, while advising caution, suggested that his organization might be interested in buying a certain amount of coffee under the surveillance of the British government. The Foreign Office was aware of the hardships its policies were causing in Brazil, and realized that there were many important British interests at stake in that country.\textsuperscript{49} Meanwhile, in Brazil, Peel was becoming increasingly impatient and critical of British actions:
"we appear to be prejudicing in a brutal fashion the agricultural industry of the country, because we are aware that Brazil has not the means to induce us to modify our methods, and our policy seems to be all the more astonishing inasmuch as the feeling throughout the country is strongly in favour of the cause of the Allies." At the same time, he attempted to stall Brazilian opposition by replying to the official representations of September in the following breezy but ineffective terms: "I have now much pleasure in informing Your Excellency that I have received a telegram from the Secretary of State for Foreign Affairs which states that although His Majesty's Government are unable to assent to the request contained in the notes to which I have referred they are doing their best to find some means of easing the present situation." The Brazilian press was not convinced by such inaction, and Peel reported a delicate balance of public opinion, with German interest fanning the flames of Brazilian discontent.

In the final week of November, 1916, the British Foreign Office returned to the consideration of whether Britain could help Brazil out of her difficult situation in return for the seizure of German ships interned in Brazilian ports. The Rothschilds had apparently withdrawn from the proposed coffee-purchase scheme, and Peel thought that the new deal would be very much in order. Meanwhile, a correspondent wrote to the Foreign Office that although the blockade was irritating, it was not as disruptive as Brazilians thought: "As a matter of fact their troubles are due, in a very large degree, to the cumulative effect of past sins; venal administrations, unscrupulous and reckless expenditure, misappropriation of public
money and material, political jobbery, and a hundred other civic offences, which had brought them to the verge of ruin before the war broke out."

The same observer also pointed out that Brazil was running the risk of losing the money tied up in valorized coffee stored in Germany and Austria since the beginning of the War: "Brazil therefore has strong reasons for intimating to Germany that unless accounts are settled she will take over German and Austrian ships in her harbours, and I do not see why [sic] we should not endeavour to establish this as a condition of our financially [sic] helping Brazil at the present time."53

While the question of the seizure of ships was dropped for the time being, alarming news reached Brazil that Britain was planning to prohibit all coffee imports. The State of São Paulo was quick to forward its protest through the appropriate channel, suggesting that Britain was exceeding her legal rights in pursuing restrictions thus far.54 The Brazilian Ambassador in Washington attempted to use his weight with British representatives there to see that the proposals were not put into effect, despite the offers of compensation which the British government seemed prepared to make.55 The matter was cleared up, temporarily at least, by a note from the Board of Trade to the Foreign Office in which it was stated that there were no immediate plans to prohibit the importation of coffee into Britain.56

The year 1916 cast a new light on two of Brazil's leading political figures, Ruy Barbosa and Lauro Miller. Ruy, an early champion of the Allied cause during the First World War, was one of the prime movers of
the Brazilian League for the Allies. His old ties with England and France inspired him to take an active line with regard to the affairs of the War, and he was among the first to press for the revocation of Brazil's declaration of neutrality and entry in the War on the side of the Allies. In the early stages of the conflict, Brazilian participation would have been counted as an act of rash political idealism, particularly when the realities of her own situation were examined closely. As the struggle wore on, however, direct Brazilian involvement became more of a realistic possibility, and the debate between the Wilsonian neutralists and the pro-Ally supporters developed into a real issue.

Ruy Barbosa opened the campaign with a speech delivered in Buenos Aires on July 14, 1916. He was in Argentina as Brazil's representative at the celebration of the centenary of Argentine independence, and for this reason was regarded as a semi-official voice of the Brazilian government. His address to the Faculty of Law and Social Sciences in Buenos Aires had immense repercussions throughout Europe and North America, as well as in his own Brazil. He based his arguments on the inviolability of international law, such as had been agreed upon by the nations of the world at the Hague Peace Conference, and on the fact that the War had witnessed the destruction of any such agreements. Considering the concept of neutrality in such a context, Ruy Barbosa came to the following conclusions: "Neuteralidade não quer dizer impassibilidade: quer dizer imparcialidade; e não imparcialidade entre o direito e a justiça. Quando entre ella e elle existem normas escriptas, que os discriminam, pugnar pela observancia dessas
normas não é quebrar a neutralidade; é prática. A violência pisando arrogante o código escrito, cruzar os braços é servilismo. Os tribunais, a opinião pública, a consciência não são neutros entre a lei e o crime. Em presença da insurreição armada contra o direito positivo a neutralidade não pode ser a abstenção, não pode ser a indiferença, não pode ser a insensibilidade, não pode ser o silêncio. 

In Rio de Janeiro it was suggested that the President was embarrassed by the strong stand taken by Ruy on his official visit to Buenos Aires. The members of the German community in Brazil were extremely indignant about what Ruy had said, but even such a revered organ of the press as the Jornal do Commercio was full of praise for his stand (July 18, 1916). There was great enthusiasm in the Senate for a speech by Pedro Moacyr (July 17, 1916) made in much the same vein as Ruy's pronouncements in Buenos Aires, and it was clear to many observers that the time had come for Brazil to think seriously about her policy of continued neutrality. This did not mean, however, that Brazilians suddenly became convinced that they should pack their bags and head for the Front. As one source put it: "Brazil is not in a position, financially or militarily, to take an active part in the struggle nor can those who seem to be endeavouring to force this country to take sides in the struggle have considered what the results might be. It is easy enough to urge the abandonment of neutrality, but somewhat more difficult to explain by what it could be substituted."

Ruy Barbosa returned to Rio de Janeiro to a triumphant welcome, while Brazil basked in the sun of favourable Allied publicity. The eminent
jurist reiterated his pro-British sentiments in an interview with the
British Minister early in August, while both the President and Lauro
Miller looked for ways of disassociating themselves from Ruy's pronounce-
ments. Peel suggested in despatches to London that Wenceslao Braz was
having to face considerable criticism for his stand on this issue. 60

Before the commotion had time to subside, Ruy was once more employing his
persuasive and rhetorical prose to draw public opinion towards the side
of the Allies. This time he addressed a special session of the Brazilian
League for the Allies, held on September 17, 1916, and in the presence
of noted diplomatic representatives of the Allied nations. He repeated
the arguments he had expressed in Buenos Aires about the breaking of
commitments solemnly declared at the Hague Conference, and was more spe-
cific about the atrocities perpetrated by Germany during the two years
of the War. He criticized the United States for having stood by without
responding to her obligations in the case of the invasion of Belgium and
the continued state of war in Europe. Ruy then replied in considerable
detail to Brazilian charges that he had exceeded his commission in Buenos
Aires by making an appeal which had no official backing from the Brazilian
government, and finally called upon his audience to uphold the cause of
the Allies and to abandon the sham of neutrality. 61

Once more the reaction was one of enthusiasm on the part of the
Brazilian populace, and angry embarrassment from Brazilian governmental
circles. Arthur Peel was frankly delighted at this strong denunciation
of Germany, and conveyed to London the remarks Ruy had made concerning
the role of the United States: "no words were more enthusiastically cheered than those which he employed in impugning the policy of the United States and of President Wilson." Ruy's famous war speeches continued into 1917, when the Brazilian government, in the face of an increasingly aggressive policy on the part of Germany and taking its cue from the United States, acceded to most of the demands Ruy had been making for many months.

Lauro Müller was an equally busy man during 1916. Doubts about his Germanic origins and allegiances during the War had been sufficiently dispelled at this stage—at least in the minds of British observers. Both Robertson and Peel seem to have been on good terms with him, and the atmosphere of cordiality between the British legation and Itamaraty was such as had never existed during the Rio Branco era. Müller did a great deal of travelling in 1916, and for a long period left the Ministry of Foreign affairs in the hands of his deputy. In May he requested a four-months period of leave, and this was interpreted by some as a hint that he was interested in the Presidency. He proposed to visit the United States, and American diplomats in Rio de Janeiro suggested that Müller was trying to obtain financial assistance for his country and thus assure himself a bargaining position when the elections were due early in 1918. When Müller departed from Brazil, in late June, 1916, Peel sent a telegram to London proposing that the Foreign Minister be invited to visit Canada on his trip to North America. This visit did in fact take place, and Peel was able to report in August that it had been most enthusiastically received in Brazil—except among the pro-German faction. When Müller
finally returned to Brazil in October, he was given a great welcome by
the people of Rio de Janeiro. By this stage he was clearly emerging as
one of the candidates for the forthcoming election; with Ruy Barbosa
being the most obvious contender for the Presidency. Ruy's position with
regard to the War was, as has been seen, one of commitment to the Allied
cause without necessarily entering the combat area. Müller was generally
better-disposed towards an attitude of Wilsonian neutrality, and in a
speech in Rio de Janeiro given shortly after his return to Brazil and
clearly intended to respond to the arguments Ruy had been developing in
his absence, he stated: "Neutrality does not in the least mean indiffer­
ence. It rather expresses the conscience of a free nation which knows
how to choose for itself the situation which is suitable for its interests
and advancement." Peel was convinced, however, that Müller was not
totally tied to the policy of the United States vis-à-vis the War: "Various
indications would tend to show that Dr. Lauro Muller has returned somewhat
ill-disposed towards the United States," he wrote in December 1916. He
pointed out that Müller was delighted about his recent visit to Canada,
and continued in a similarly optimistic vein: "As Minister for Foreign
Affairs he cannot also but be impressed by the effect of the statutory
list policy in Brazil in lowering German prestige and bringing home to the
public mind the immense resources Great Britain possesses to inflict in­
jury on her enemies." According to Peel, Müller was increasingly aware of
the advantages of friendship with Britain in view of recent developments
in the War.
While Ruy Barbosa espoused the Allied cause with dedication and enthusiasm during 1916, and Müller followed a line of neutrality, activity on the pro-German side was extremely limited. From the British point of view, apart from the German commercial enterprises operating in Brazil, the only blot on the horizon was Oliveira Lima. The noted Brazilian historian and diplomat was the centre of a series of diplomatic enquiries and representations when it became known towards the end of 1916 that he intended to visit England. Peel made it quite clear to Souza Dantas, the acting Minister for Foreign Affairs, that if Oliveira Lima had been engaged in pro-German activities—as had been suggested—he would hardly be welcome in England. After some three months of investigation, it was announced that the Brazilian diplomat would not be allowed into England under any circumstances. The incident was of no great significance, except that it showed that there existed in some Brazilian circles currents of informed opinion which did not stand behind France and England.

In 1917 Brazil was forced, by a series of external events which sprang principally from the German policy of taking on all comers and waging unrestricted warfare throughout the Atlantic, to reconsider her neutrality and to ally herself, by a progression of measured and deliberate steps, with the forces of France, England, and the United States. Although Brazil acted in full recognition of the role played by the United States, her actions were closely related to Brazilian realities. Her entry into the international conflict was marked by three distinct phases: (1) the breaking of diplomatic relations with Germany following the sinking
of the Paraná in April, 1917; (ii) the revocation of Brazilian neutrality at the beginning of June, 1917; and (iii) the declaration of war in October.

The initiation by Germany of unrestricted submarine warfare early in 1917, the damage caused to Brazilian life and property by German raiders, and the breaking of diplomatic relations between the United States and Germany, caused Brazilians to take a rather more active interest in the affairs of the War. The British Minister in Rio de Janeiro reported on January 24 that public opinion was already overwhelmingly in favour of a break with Germany, particularly if the Allies were prepared to grant concessions to Brazil in return for Brazilian involvement. At the same time, however, Peel doubted whether Brazil was in any position to support the burden of a war against Germany, and suggested that Brazilian confidence in the Allies was shaken by the inability of the Allied navies to safeguard international trade from German aggression. German submarine activity precipitated Brazilian measures in support of the Allies. On April 5 the Germans sank the Brazilian steamer Paraná off the coast of France, with the loss of three Brazilian lives. On the following day President Wilson declared that a state of war existed between the United States and Germany, and on April 11 Lauro Müller communicated to the German Minister in Brazil that his government was forced to break off diplomatic and commercial relations with Germany. Ruy Barbosa was delighted with the news, and on the afternoon of April 14 harangued an enthusiastic crowd from a window in the Jornal do Commercio building overlooking the Avenida Rio
Branco.

From the breaking off of diplomatic relations to the revocation of Brazilian neutrality was but a short step, achieved in a matter of weeks. On April 25 the Brazilian government issued a decree declaring its neutral status in the conflict between the United States and Germany, and the Presidential Message to Congress of May 3 did nothing to suggest that Brazilian policy was moving in a more positive direction. At this stage, however, it became clear that the various discussions and negotiations which were taking place in the back rooms of ministries and legations had produced one major casualty in the form of Lauro Müller, who resigned from his post as Minister for Foreign Affairs in the early days of May. The reasons for Müller's resignation are not at all clear. His so-called germanophile tendencies seem to have been largely an invention of his enemies, and it is known that members of the American Embassy in Brazil had little time for him. If he had leaned even slightly towards Germany in his international dealings, one would assume that the British legation would have noticed, but in fact its members had quite the opposite impression. Other sources are extremely vague about the resignation. José Maria Bello, the historian of the republic, brushes the matter aside in thoroughly unsatisfactory terms: "A pequena crise, aberta no ministerio do Exterior com a saída do ministro Lauro Miller, suspeito de germanófilo pela sua origem alemã e por certas atitudes, era facilmente resolvida com a indicação de Nilo Peçanha para seu substituto." It seems likely, in the light of the evidence, that Müller was trapped by his own
(or his President's) policy of neutrality, and that when Brazil was forced to adopt tougher policies on account of new German tactics he found himself in an unpopular position, hounded by a public which demanded positive action on the side of the Allies. When it became obvious that Brazil was moving towards the revocation of the neutrality which he had built over the course of almost three years, he was left with no alternative but to resign.

Brazil was drawn further into the international imbroglio by the sinking of another Brazilian ship, the Tijuca, on May 20. Two weeks later, after yet another long and powerful speech by Ruy Barbosa (this time in the Senate), in which the fiery orator from Bahia urged Brazil to follow the United States in its bid to contain Prussian militarism, Brazil formally revoked its neutrality (June 1, 1917). Thus the great South American nation abandoned its isolationism from the affairs of the rest of the world and entered the short limbo of non-neutrality linked with non-belligerency.

Reactions to the Brazilian declaration were varied. The British stated that Brazil had merely revoked her neutrality and could not technically be regarded as one of the Allies. The War Office was dubious about taking Brazilian participation too seriously, as it would be at least a year before she could play any positive role in the military effort of the War, but thought that the international cable system would be greatly strengthened by some Allied control of a link through Pernambuco. The Admiralty noted that clear Brazilian ports would be an advantage to the
British navy and that the Lloyd Brasileiro was generally too inefficient to be of any positive use, ending an official despatch to the British Foreign Office in the following terms: "The general conclusion which Their Lordships have reached is that, if we can count on a really friendly and helpful attitude in all respects on the part of Brazil, it would be advisable from a Naval point of view to discourage her from actually declaring war." In Brazil, the dilemma of the government was well expressed by Wileman's Brazilian Review (August 14, 1917): "Anxious as Brazil undoubtedly is to play her part bravely and loyally, it is impossible for this country, in the disorganised condition of its finances, to engage in any offensive alliance, or to even suggest effective alliance to the Allies until the question of finances is settled, with regard to which the Allies not Brazil should take the initiative." As the summer wore on in Europe, the British Admiralty was left with the impression that Brazil was perhaps more interested in having her fleet refitted than in any active naval participation in the War. Brazil's demands for naval ammunition would be met, according to the British, as long as she could hand over all her spare guns to the Allies, for it was in this field that the Allies were feeling the greatest shortage.

By October 1917, Brazil had gone so far along the path of commitment to the Allied cause that it was entirely logical for her to take one more step and declare that she was at war with Germany. Once that step was taken, the British government revealed two major preoccupations vis-à-vis Brazilian involvement. Firstly, as Peel explained in a note to Itamaraty
on November 3, Brazil could perform an inestimable service by closing down German banks and commercial organizations still operating in the country, thus interfering with German communications and blocking the future development of her trade. Secondly, and of considerably more immediate interest to the British government, negotiations regarding an arsenal concession in Brazil were speeded up and eventually brought to fruition. The Brazilian President was extremely obliging in the matter of arsenal concessions to Messrs. Vickers and Armstrong, and both Peel and his colleagues in London were enthusiastic about the way in which the negotiations were going. The British and Brazilian archives contain various notes which show an enviable spirit of respect and cooperation, and negotiations continued in this friendly atmosphere into 1918.

Meanwhile, Brazil was invited to participate in such international agencies as the Commission Internationale de Ravitaillement, and an early suggestion was made that Brazilian aviators should be sent to Britain to train for active service.

Brazil's progression from neutral to belligerent status during the course of 1917 did little to alleviate two of her most pressing problems—the lack of international shipping and the restrictions placed upon her coffee trade. The year opened with no decision having been reached as to whether Britain intended to prohibit the importation of Brazilian coffee, but the Foreign Office suggested to the British Minister in Rio de Janeiro that this could only be avoided if Brazil was prepared to use her own tonnage for the transportation of the product—
obvious reference to the German ships lying paralyzed in Brazilian ports. Diplomatic enquiries continued to be made through various channels, and the British government finally decided to go ahead with the prohibition of coffee imports from Brazil. Prompted by this and other more general considerations, Brazil proceeded, in June, to seize the German ships, and Nilo Peçanha, the new Minister for Foreign Affairs, pressed the British government to relax the restrictions it had imposed. A compromise was reached by which Britain accepted the importation of a certain amount of Brazilian coffee on the understanding that it be moved only in the holds of ex-German ships. The solution was not satisfactory to Nilo Peçanha, who continued to press for the abolition of restrictions, while the government of São Paulo appeared to regard the whole situation as perfectly reasonable. It is clear that the incident provoked considerable friction between the British and Brazilian governments, and a long note from Peel to Peçanha, dated September 6, 1917, and reproduced here in its entirety, outlined all the various stages of the negotiations in an attempt to clarify and defend the British position:

With reference to our conversation on the 4th. instant in regard to the prohibition of certain imports, including coffee and cocoa, into Great Britain it has appeared to me advisable, before Your Excellency decides to again press for the withdrawal of these restrictions, that I should shortly refer to the steps which have already been taken in that direction, but which have not succeeded in causing
His Majesty's Government to modify their attitude, greatly though they regret the loss which is thereby caused to Brazil.

It is well to remember that His Majesty's Government were obliged to resort to this measure as a consequence of the illegal German submarine policy, and I may also remind you that British subjects have thereby suffered considerable hardships, as they were deprived of the various commodities included in the measures of restriction which they had long been accustomed to use.

I did not fail to point out to His Majesty's Government the important considerations which this matter involved for Brazil, as well as the regret and dissatisfaction the decision of His Majesty's Government has excited, and in reply to my representations I was instructed to inform the Brazilian Government that His Majesty's Government had decided to admit some 20,000 tons of coffee, of a value of about £1,200,000, which happened to be in transit at the time the prohibition was imposed.

On the first occasion I had the honour of meeting Your Excellency on assuming the direction of the Ministry for Foreign Affairs, you urged me to use my best endeavours to obtain the withdrawal of the restrictions on the import of coffee, not because you thought that any material benefit would thereby accrue to the trade, owing to the shortage of tonnage, but because you were of the opinion that this course would produce a great moral effect in this country.

As I had already been informed that such a request could not be granted at that time because all tonnage was required for the transport of articles of vital necessity, and also because there were many years supply of coffee in the United Kingdom, it occurred to me that the situation might be modified by the month of August, when the harvest would have been gathered in, and I therefore suggested in a despatch I addressed to the Secretary of State for Foreign Affairs that the prohibition should not be prolonged after July, but I was informed in reply that that concession could not be encouraged as the position of tonnage was so uncertain.

I also received a communication from my Government indicating the principal causes which had led up to the adoption of the prohibition of the importation into the United Kingdom of a large number of commodities and manufactured articles, the substance of which I communicated to the press, as you will see from the extract I have the honour to enclose herewith.

For the reasons stated in that communication it is obvious that in endeavouring to meet the wishes expressed by the Brazilian Government His Majesty's Government had from the first been faced with the difficulty that it was practically impossible to admit coffee from Brazil and keep out that exported from other countries. It did however appear to them that this difficulty might be removed if a small proportion of normal imports of Brazilian coffee were brought to the United Kingdom and any of the ex-German ships recently taken over by the Brazilian
Government. I may remind your Excellency that His Majesty's Government made this concession from the mere desire to gratify the wishes of the Brazilian Government, as I was instructed to inform you that coffee was not required, there being stocks in the United Kingdom equal to 5 1/2 years' normal consumption.

This proposal however did not fully meet with the assent of your Government, who, while being quite ready to accede to only a proportion of coffee forming part of the cargo, were not prepared to accept the stipulation that it should be carried on ex-German ships.

Correspondence on this question ends for the present with a telegram which, at your request, I sent to the Secretary of State for Foreign Affairs asking that half space on all Brazilian vessels bringing foodstuffs to the United Kingdom might be allowed for the transport of coffee.

As I informed Your Excellency in a note which I addressed to you on the 30th. July last, I did not fail to point out the excellent impression which would be created by a favourable decision in regard to this request.

Despite the very distinct differences of opinion engendered during the coffee negotiations, relations between Britain and Brazil enjoyed a markedly cordial atmosphere in 1917. Early in the year the Brazilian Ambassador to the United States, Domício da Gama, explained to Sir Cecil Spring-Rice, his British colleague in Washington, the need for Britain to adopt some bold policies with regard to South America and to start building immediately towards the reconstruction of the post-war years. He suggested that some declaration of friendship on the part of the British government would be greatly appreciated in Brazil, and mentioned the possibility of the raising of the status of diplomatic representations as a step towards future unity. He thought that Britain should take more seriously the teaching of Portuguese in her universities, and stated that any lead taken by Britain in this or any other field would have as much symbolic as practical value.
Da Gama was not alone in his thoughts. In June it was announced that the Camoens Chair of Portuguese Language and Literature was to be established at King's College, London, as a parallel to the Cervantes Chair of Spanish, which had been founded in 1916. Nilo Peçanha consented to serve as one of the Patrons of the Chair, along with the Portuguese Premier, Affonso Costa, and the Chairman of the San Paulo Railway Company, Lord Balfour of Burghleigh. In the previous year a similar departure had been made at the University of Leeds when Lord Cowdray offered a sum of £10,000 for the foundation of a Chair of Spanish Literature, with the intention that Portuguese be taught as an adjunct.

In Brazil the British Minister was fast gaining a reputation for fair and honest dealings. His elevation to the knighthood in March 1917, was a mark of the high esteem in which he was held by his superiors, and at a banquet at Itamaraty in August—the first function of its kind since Nilo Peçanha took over the portfolio of Foreign Affairs—the place of honour was occupied by Sir Arthur Peel. Wileman's Brazilian Review was moved to write in September: "Anglo-Brazilian relations here have never been more cordial than at present, and, thanks to the tact of H.B.M.'s representative and the cooperation of Dr. Nilo Peçanha, Minister of Foreign Affairs, an atmosphere has been created that augurs well for Anglo-Brazilian relations in the future." (September 18). O Paiz published, just two days before, a tribute to Sir Arthur Peel and to the good work he had been doing in Brazil. On the occasion of the first annual meeting of the British Chamber of Commerce, the British community positively
crowed with self-satisfaction:

The first general meeting of the Chamber since its incorporation is no inconsiderable event in the annals of local British commerce, accentuating as it does the change of outlook and attitude that the war has wrought in our community. But five years ago any necessity for association for self-protection or hope of efficient assistance in trade matters from H.B.M.'s representatives would have been de­rided, whereas today not only has an efficient Chamber of Commerce been organized, but its members—mirabile dictu—though representing interests so diverse as to be sometimes almost contradictory, have worked for a whole year harmoniously and whole-heartedly for the Cause. . . . If the outlook of the traders has changed, still more remarkable is the manner in which H.B.M.'s Ministers and even consuls have been stirred into un­wonted activity by the war; the truth having at last been driven deep into their inner conscience that it is in virtue of the immense resources accumulated by a century of unrestrict­ted trade that the British Empire withstood the worst assault of all, and that by Trade alone can the future be assured.91

On the home front, three major issues concerned the Brazilian government during 1917. Firstly, the economic situation continued to be precarious. Increased taxation and a rise in prices did nothing to al­leviate the lot of the common people, already hard hit by the repercussions of the War. The cuts in expenditure effected by Dr. Calógeras at the Ministry of Finance represented an attempt to improve the situation, but his measures were unpopular and he was eventually forced to resign in September, 1917. Sir Arthur Peel referred to the "notoriously dear" cost of living in Brazil, in an appeal to London for a raise in his salary, and both the San Paulo Railway Company and the Leopoldina Railway Company sent representations to London throughout late 1917 and early 1918 in the hope of being able to raise their rates to keep abreast of the increased costs of the War period.92
Secondly, Brazil continued to be plagued by political upheavals. The year opened, according to one observer, in an atmosphere of discontent and disturbance, and when commenting on political troubles in Pará and Amazonas the British Minister wrote of the "unfitness of this country for representative institutions and the hopelessness under the present regime of any sound economic administration being realised." As plans went ahead for the election of a new President, no figure emerged who could be relied upon to provide the true leadership necessary in these troubled times. Neither Rodrigues Alves nor Delfim Moreira, who were to represent the São Paulo-Minas Gerais coffee axis and be elected President and Vice-President respectively, had the physical or moral strength to be able to drag Brazil out of the political doldrums.

A third preoccupation in 1917 was that of the German community resident in the southern part of Brazil. Just as alarmist reports of German activity in the period prior to 1914 turned out to be more imaginary than real, so the demonstrations and protests of 1917 represented no continuing threat to Brazilian national stability. Reports of violence from Rio Grande do Sul were fairly frequent, as was to be expected under the circumstances, and in April, after the sinking of the Pararê, there were indications that an ugly situation was in fact developing in Porto Alegre. German property was smashed in the city, and representations were made to the Governor, Borges de Medeiros, from both sides. The Uruguayan Minister for Foreign Affairs was convinced that a serious revolution was about to break out on the other side of the border, and
Uruguayan troops were hurriedly moved into position to combat any possible overflow into their territory. As was pointed out by the American Consul in Pôrte Alegre, at no time was there any danger of street demonstrations turning into organized hostility on the part of residents of German origin.

The final year of the War was marked in Brazil by an atmosphere of political uncertainty and social unrest. The election of Rodrigues Alves as President in March, 1918 took place amid much apathy on the part of the electorate. It became clear during the course of the year that ill-health would prevent the former President from successfully taking up his duties once more, and it was suggested that various influential figures were merely waiting on the sidelines for the President-elect to falter and for his corrupt and conspiratorial sons to be thwarted. News of victory in the War was mingled with a strong sense of political despair when it was announced that Rodrigues Alves was too sick to assume office on November 15, and Ruy Barbosa complained that "public affairs . . . continue to be left in the hands of a class who are engaged in a perpetual struggle for place and power." Rodrigues Alves lingered on for another two months and finally died on January 18, 1919, thus bringing to a close a dull and unproductive year of politics.

Social unrest was rife during 1918. The State of Bahia went through yet another of its periodic convulsions in mid-year, with reckless spending aggravating what was already regarded as a condition of bankruptcy. Local observers suggested that political anarchy and lethal epidemics were only just around the corner. Rio de Janeiro also had its share of troubles,
with labour disputes shattering the hitherto peaceful atmosphere aboard the Rio-Niterói ferries in August. November saw another outburst of strikes, demonstrations, and bomb-throwings in the streets of the capital, with much of the blame laid at the door of foreign agitators. As the year drew to a close, the cotton industry went into a state of paralysis as a result of strikes and various other disputes. Ruy, whose sense of social justice did not extend as far as the working classes, was positively alarmed by what he saw.

One of the major problems connected with labour was the rise in the price of basic commodities since the outbreak of the War. The control of food prices was never particularly effective, and Sir Arthur Peel noted the following price increases per kilo between 1914 and 1917 in the Brazilian capital: beef rose from 12d. to 16d.; flour from 5d. to 10d.; lard from 17d. to 49d.; rice from 7d. to 14d.; beans from 5d. to 11d.; codfish from 2ld. to 63d.; and sugar from 6d. to 12d. The average price of a suit jumped from £7 to £11, and boots rose from 30/- to 42/-. At the end of 1918 the same source referred to a nationwide survey and drew attention to an "increase of about an average from 120 to 150 per cent over 1914 prices principal commodities everyday use including food supplies." The rise in basic prices cannot be attributed to a lack of production. On the contrary, by 1918 it was clear that the War had played a vital role not only in the production of Brazilian manufactured articles, particularly textiles, but also in stimulating various sectors of agricultural activity. The amount of land under cultivation had increased, and rice
and sugar had made immense progress. From the point of view of the low-income groups, which experienced much hardship and even starvation during 1918, the blockage occurred at the level of the trader who was more prepared to export to Europe at high profits than to sell within Brazil, or who worked to produce artificial crises for his own financial advantage. In the closing months of the year the government acted to try to set an upper limit on food prices, but at this stage the circumstances which had made such measures necessary were no longer in effect.

The enthusiastic heralding of Dr. Antonio Carlos as Minister of Finance in January, 1918 suggested that perhaps the time had come for some kind of reform in the nation's financial affairs. During the nine months he was in office he showed an extremely considerate attitude to the working class and looked for serious means of cutting national expenditure. The British Minister was sceptical about the chances of success of the new approach: "Brazilian legislators never seem to profit by the lessons of the past but continue to pass votes for construction of railway lines, ports and buildings far in excess of the amount that can be raised by the collection of national revenue." The rubber market continued to be in a state of grave crisis, with enormous stocks on hand and no way of competing with the efficient methods of the Far East. Coal remained in short supply, and special arrangements had to be made with the British in order to obtain two shiploads of this vital commodity.

Coffee suffered from precisely the opposite problem, with some 6 1/2 million bags (approximately 613 million) sitting in storage in Santos
and Rio de Janeiro with no obvious outlet in sight. Negotiations took place on much the same basis as they had during the previous years of the War; Brazil could be helped with her coffee problem if she in her turn took firm action against German interests, such as the business of Theodor Wille, which continued to operate on Brazilian soil. In April, 1918, Peel suggested that there be established an international trust, composed of Britain, France and the United States, with a view to buying surplus coffee stocks. The British Foreign Office suspected that Brazil was unwilling to act against German enterprises as this would leave the door open for an American entry into the field. Britain did, however, come forward with a scheme whereby Brazil could liquidate German property, hand it over to Allied interests, and pay the money due to the Germans at the end of the War. In return, Brazil would be relieved of 4 million bags of coffee and granted various other concessions. Peel was pessimistic about the scheme, suggesting that there was nothing to prevent a smart businessman like Wille working under cover and buying back his own property after it had been liquidated. The United States showed an interest in the deal, while Peel in Rio de Janeiro advised that the Allies should work in close collaboration. He suggested that Peçanha was strongly in favour of liquidation of the German firms. Communications became somewhat confused during June, with various of the Allies seemingly unsure of what the basic reasons for the arrangement really were. On the Brazilian side, Wenceslao Braz continued to press for the total abolition of the Statutory List policy, while his Minister of Finance compiled a register
of German firms in Brazil and gave the impression that liquidation was going ahead. Just as formal negotiations began to get under way in Washington at the beginning of July, in the presence of Domício da Gama, Lord Reading and representatives of the State Department, news came through from the coffee plantations that a heavy frost had decimated the crop and that all previous calculations were now rendered invalid. Planters agitated for government assistance, and the situation in Brazil was referred to as one of "widespread and national" crisis. Negotiations between the various governments came to a halt without any positive decisions being made, and no action was in fact taken against the German firms which had been at the centre of all the telegrams and diplomatic notes.

With regard to direct Brazilian participation in the War, the year 1918 brought little that was new. Ambassador Morgan could report to the State Department in April: "The Brazilian public is not vitally interested in the war. They wish its speedy termination and the end of the inconvenience which it is causing. They are not yet prepared to make any national or personal sacrifices, and they are even less interested in the principles behind the struggle than were the people of the United States previous to the loss of the LUSITANIA." By July the situation had changed: "The interest of the Brazilian public in the war during the last three months has increased largely on account of the active participation of the United States." Brazil was impressed, added Morgan, by the force of American arms.
On the British side, negotiations revolved around the possibility of Brazilian aviators being sent to England for training and the advisability of Brazil sending troops to assist in the fighting. In January, 1918, the British government, in an atmosphere of extreme cordiality and cooperation, agreed to welcome ten Brazilian airmen on British soil, and arrangements were made for their journey to Europe. As Sir Arthur Peel pointed out in March, in a despatch which described in some detail the terms of the recently-published Green Book, Brazilian public opinion was impressed by the various invitations which were being issued by Allied governments. Beneath the general currents of diplomatic niceties, however, there is evidence that official British opinion tended towards the exclusion of Brazil from the field of battle. Peel played an admirable role in encouraging small-scale Brazilian participation while at the same time attempting to contain any grandiose plans which might emerge from Itamaraty. His relations with Pecanha seem to have been extremely friendly, as is shown in a note he sent the Brazilian Foreign Minister shortly before the termination of the War: "His Majesty's Government," he explained, "desire to place on record the increasing services which Brazil has rendered to the Allied cause, not only since October 26th., 1917, but even before her active participation in the great war. . . . The prominent part played by Your Excellency in the events leading up to the rupture of relations with Germany is so well known that I need not refer to it here, but His Majesty's Government cannot fail to emphasize their appreciation of the prompt and sturdy reply of Brazil to the dastardly
attacks of Germany on her merchant shipping and the lives of her merchant sailors." After outlining the various ways in which Brazil had contributed to the war effort, Peel concluded: "I am authorized by His Majesty's Principal Secretary of State for Foreign Affairs to allude to the excellent impression produced in England by Your Excellency's skilful handling of Brazil's foreign policy which has always been in complete accord with the spirit of the policy of all the Allied Governments, and I am desired by Mr. Balfour to convey a personal message of congratulation to Your Excellency for having so admirably voiced the sentiments of your compatriots and for having imparted to all the other Allied Governments that sense of satisfaction in feeling that their ideas of right and justice not only prevail within their own territories but are also echoed in vast countries far removed from the actual scene of conflict."\(^{113}\)

While 1918 was a year in which both Britain and Brazil made positive efforts to increase their commercial and cultural contacts with each other—the British Chamber of Commerce witnessed a tremendous growth in membership, and a new Anglo-Brazilian Society was founded in London—there was preoccupation in official and non-official circles about the way in which relations between the two countries would turn on the termination of the War. The Foreign Office thought that Britain was projecting a somewhat feeble image, and that South Americans felt Britain to be too weak to further her trade after the War.\(^{114}\) Peel was instructed to warn the Brazilian government that commercial controls undertaken after the War would doubtless be harsh, but that they would be temporary in nature.\(^{115}\)
The Economist (May 18) wrote that trading methods had been bad, and that now, with increased study and better information available, improvements could be effected. J. P. Wileman, however, who knew more than most people about Brazil's foreign trade, wrote (Wileman's Brazilian Review, July 2) that "somehow we seem to get along pretty well despite our inattention to the requirements of customers in this country at any rate, seeing that, allowing for periodic lapses, due chiefly to overtrading, imports from the United Kingdom during the 5 fat years 1909-1913 show increase compared with the previous five years 1904-1908 of £27,590,000 or 53 per cent, whereas those for Germany show increase of £10,424,000 or only 44 per cent. In fact the increase in our case was not only relative but absolute and shows that however diligent Germans and their methods might be in this country at least, the old fashioned policy of fairness and honesty triumphed."

Two important and closely-connected moves on the part of the British government during 1918 were designed to look to the future of Anglo-Brazilian relations and to plan for the years immediately following the end of the War. The first was the official mission of Sir Maurice de Bunsen to various countries of South America to examine the economic problems emerging from the War and the possibility of closer cooperation in the future. Great secrecy was observed throughout the early negotiations on account of the dangers of transporting a mission of such importance across the submarine-infested Atlantic. Sir Arthur Peel made all the necessary arrangements with Itamaraty, and the Brazilian Foreign
Ministry showed a marked willingness to cooperate in the affairs of the mission. On his arrival in Brazil, de Bunsen received from Pecanha a note which stressed the closeness of relations between the two nations and proposed that the Brazilian legation in London be raised to the rank of embassy. De Bunsen replied that the British government was contemplating a similar step in connection with its representation in Brazil.

The mission continued its work in Rio de Janeiro and in São Paulo, attempting to persuade the Brazilian government to take strong action against the firm of Theodor Wille and its associates. The talks held by de Bunsen were complicated by the absence from Rio de Janeiro of the American Ambassador, Morgan, who, according to Peel, hid behind a cloak of Pan-Americanism and offered poor excuses for his lack of cooperation with the special mission. Despite this, however, the mission enjoyed a tremendous success, among both Brazilians and members of the British community. The three weeks it spent in Brazil were extremely busy, and although nothing concrete came out of the negotiations, de Bunsen was satisfied that matters were being left in the able hands of Sir Arthur Peel. The mission was particularly concerned with the financial implications of coffee stockpiling, as de Bunsen explained in some detail in a despatch written in Uruguay after the group had left Brazil. He was impressed by the President-elect, Rodrigues Alves, who had assured him of his favourable attitude towards Europe in general and Britain in particular.

The commercial mission came to be something of a fashion during the final year of the War. Peel reported in June that an Italian mission
was visiting Brazil, and made the following comments regarding the effect of such visits: "It is not surprising that the advent of these commercial missions . . . should make the nation feel and think that they are about to enter on an era of great prosperity, but in administrative circles the increase of population and the consequences arising out of the circumstances of the War as likely to interfere with immigration are regarded with much anxiety."119 Meanwhile, the United States was planning to send its own mission to Brazil towards the end of the year, and in December Sir Vincent Caillard, President of the Federation of British Industries, issued an invitation to a small group of Brazilian businessmen to visit Britain and strengthen "the ties of friendship which have existed in the past and which have been rendered still closer by the cooperation of the two countries in the War."120

The second major innovation on the part of the British government was the elevation of the legation in Brazil to the status of embassy. After the visit of de Bunsen and the general policies of approximation pursued during the War, it was an entirely logical step for the Foreign Office to declare, in September, 1918, that it intended to appoint Sir Ralph Paget as the first British Ambassador to Brazil. The British authorities planned at this stage to have Paget installed before the President left office on November 15, but more than a year was to pass before he in fact arrived in Brazil. Although the general reaction to the creation of the embassy was favourable, it was mixed with much regret that Sir Arthur Peel, after a difficult but entirely successful term of office in Brazil,
would finally be leaving the country. As one observer in the British
diplomacy, and forms a striking tribute not only to the inherent
respect which Brazilians have always held towards our countrymen, but to
the general policy and stand taken by England in the war and to the consid­
eration, fairness and invariable sympathy shown by His Majesty's Govern­
ment and their Minister here throughout the complex questions which have
agitated this country during the very trying period following the finan­
cial crisis of 1914."

The end of the War marked for Brazil the beginning of her large­
scale involvement in international agencies and commissions. The Hague
Conference of 1907 and a series of Pan-American Congresses had prepared
the terrain, and Brazil's role in the affairs of the War had consolidated
her international status. Now it was time for her to participate in a
peace conference which was to regulate the affairs of Europe—with some
noteworthy and ominous exceptions—for the next twenty years, and to play
a part in the international forum which was heralded with such idealistic
fervour by those who remained to plan the reconstruction of post-war days.

The nomination of Brazilian delegates to the Peace Conference
produced something of a minor disturbance in the shady halls of Itamaraty,
and occupied several leading Brazilians during the month of December, 1918.
Brazil's most renowned international jurist, Ruy Barbosa, refused to lead
the delegation on the grounds that he did not have sufficient time to prepare his case. In fact, he was concerned about possible Brazilian subservience to the North American point of view, and became the centre of a great deal of personal bickering and animosity. The controversy was shortlived, however, and by the middle of the month Epitácio Pessoa had been named Chairman of the Brazilian Delegation, an honour which was to stand him in good stead in the presidential campaign which followed the death of Rodrigues Alves. Sir Arthur Peel was not at all happy with the appointment of Pessoa; he complained to London of Pessoa’s allegedly strong pro-German sympathies and noted that the appointment had been criticised in Brazil.122

Meanwhile, the preliminary discussions surrounding the creation of the League of Nations were arousing some interest in Brazilian political and commercial circles. The suggestions put forward by Sir Robert Cecil regarding the international control of raw material production and of such important matters as public health and labour organization, received sympathetic consideration in Brazil.123 The British Minister in Rio de Janeiro saw distinct advantages for Britain in Brazilian acceptance of the international role of the League:

I think that the general view here in regard to the creation of the League of Nations is that it will lead to the resumption of closer relations between South America and Europe and that it will terminate the conception that the South American states once they became emancipated were destined to form a world of their own on this side of the Atlantic. This line of thought is expressed in the opinion that Monroism no longer corresponds with the actual realities of the political world and, while there may be an indisposition to
abandon the principle of what is called continental unity, there is at the same time a tendency to welcome the departure from adherence to the rigid form of Monroeism which will be no longer necessary once the League of Nations is created.124

Brazilian optimism about the future of the League was tempered by mounting criticism through the early months of 1919, when it became clear that President Wilson was taking a stand which was not altogether favourable to minority (i.e., in this case, Brazilian) interests. As one observer put it: "In his eagerness to make the world safe for democracy he abandoned international democracy and became the advocate of international autocracy."125 The Brazilian press reacted strongly to Wilson's views on the Fiume question, and Peel once more gauged the force of informed public opinion: "The international position of Brazil has changed considerably since the war and . . . the importance which she has acquired in the eyes of the world and especially in the sphere of South American politics is not conducive to the smooth working of Pan-American principles, unless applied with tact and discretion."126

The internal situation of Brazil during 1919 was one of political crisis, economic consolidation after the upheaval of the War, and increasing unrest on the labour front. The political crisis was provoked primarily by the death of Rodrigues Alves in January, before he was able to occupy the presidential post to which he had been elected the previous year. His death unleashed a particularly vehement campaign on the part of Ruy Barbosa for the presidency of Brazil, but, as Ambassador Morgan pointed out in the early stages of the battle, the politically influential
states of São Paulo, Minas Gerais and Rio Grande do Sul were by no means ready to endorse his candidacy. Altino Arantes came forward to fill the gap left by Rodrigues Alves in São Paulo, but by February 3 Peel at least was convinced that Ruy would be elected. At the end of the month, however, Epitácio Pessoa emerged as a compromise candidate—a "safe although not brilliant selection," according to Morgan. Ruy continued to agitate throughout March and April, warning his audiences of the dangers of rule by an oligarchy at a time when international labour was becoming increasingly active, and levelling withering attacks on Domício da Gama for allegedly supporting the United States and blocking Ruy's path to the Peace Conference table. Even after the election of Pessoa in April, the diminutive orator continued to rage and storm, showing that he had lost nothing of his tenacity through several decades of political activity.  

The financial situation and problems of labour unrest were closely linked. The continued dissipation of revenue was aggravated by a sustained rise in prices. As has been pointed out above, it was not just a question of increased prices of imported, manufactured articles: "The cost of living in Brazil, as in all other countries, has greatly augmented since the outbreak of the war. Imported articles have increased in price more than others, and yet articles of national production, and especially food products, have ascended to high figures." According to the American Ambassador, not enough effort had been made to take advantage of all the resources at Brazil's disposal, and vast tracts of uncultivated but productive land could well help to lift Brazil out of her financial crisis.
The effect of this situation was to put an additional burden on the shoulders of the common Brazilian worker, and to stimulate "maximalist" activities such as were producing such disruption throughout the countries of Europe and, to a lesser extent, in Argentina. During the election campaign both Ruy and Pessoa attempted to woo the industrial city workers, but the atmosphere was one of unrest and strikes, and positive progress was not easy. While the great international powers tried to lay down some basic rules for the control of labour, the Brazilian worker was showing signs that he was no longer prepared to accept the social and economic position which had been meted out to him. Sir Arthur Peel summed up the question in a despatch dated May 6, 1919:

While it would be a mistake to suppose that social questions in this sparsely populated republic have reached anything like the acute point to be met with in Europe, yet it is clear that the working classes are beginning to feel their way and are demanding an improvement in their industrial condition with a greater degree of insistence than they have hitherto expressed. This sign of a wider consciousness of the power of collective bargaining is probably due to the spread of propaganda at the hands of foreign agents who have been urging for some time the closer union of all branches of the working class on the ground that it is only through community of purpose and close contact that they can have any hope of seeing their aspirations for a happier and more leisured life attained.130

For British interest in Brazil, the period immediately following the end of the War was of crucial importance. The visit of a group of Brazilian businessmen to Britain had already been projected in 1918 and was carried to successful fruition in 1919. The enthusiastic acceptance of such a mission by the Brazilian public was welcomed by British officials,
and Peel seemed generally satisfied that Britain would be able to defend her interests in the face of stiff commercial competition from the United States. "There has perhaps never existed," he wrote in May, 1919, "a time when the relations between Great Britain and Brazil were so closely united as they are at present." He felt that the most serious threats to future commercial development lay in the defects of the Brazilian financial system itself, but that these defects were by no means insuperable. Barclay, who was closely associated with the mission organized by the Federation of British Industries, felt that there were immense possibilities for expansion, but criticized British banks for not giving their local managers enough free rein. He made various suggestions to the British government, including the proposal that a British Building be constructed in Rio de Janeiro. In short, Britain emerged from the War in a mood of high optimism with regard to future trade with Brazil. ¹³¹ The membership of the British Chamber of Commerce had grown to 260 by April, 1919, and there was evidence that expert figures to Brazil were beginning to return to their pre-war levels. ¹³²

Contact between the two countries was further fostered by the visit of Epitácio Pessoa, Brazil's newly-elected President, to England at the beginning of June. The invitation was made through the Brazilian Minister in London, Fontoura Xavier, and the visit was judged a great success in both countries. Sir Maurice de Bunsen talked with Pessoa in London in an attempt to find out what could be done about Brazilian trade agreements which gave preferential treatment to the United States, and
he was assured that Brazil would really rather trade with John Bull than with Uncle Sam. Peel was satisfied with Brazilian reactions to the Pessoa visit, but was suspicious of Pessoa's pronouncements on arrival in the United States later in June. Peel thought that despite all the assurances to the contrary, Pessoa was really turning his attention to the United States. It is certainly true that the President did his best while in Washington to emphasize that the current wave of anti-Americanism sweeping through his country was not representative of the wishes of his people. In general terms, however, the visit of Pessoa to various European countries and to the United States did nothing but good for the future image of Brazil in the affairs of the world. \(^{133}\) Relations between Brazil and the United States were distinctly cool in mid-1919, and the Secretary of State, Polk, accused British, French and Italian companies of encouraging anti-American feeling throughout the country. Peel was unaware of any such activity, but officials in the Foreign Office felt that the contrary was true—and that somebody—possibly Ambassador Morgan—was trying to encourage animosity between British and American representatives operating in Brazil. The atmosphere calmed down considerably towards the end of 1919.\(^ {134}\)

The departure of Sir Arthur Peel from Brazil in September brought to a close an extremely successful and cordial phase of Anglo-Brazilian relations. Genuine regret was expressed in official and newspaper circles that Britain was losing a representative who had enabled the two countries to maintain their contacts during the dark and restrictive days of the War.
and who had done much to stifle the resentment brought about by the Statutory List policy of the War years. As he sent his final telegram to announce his departure from Rio de Janeiro, news came from the King that approval had been granted for Domício da Gama’s appointment as Brazilian Ambassador in London, after a distinguished career as Ambassador to the United States and as Minister for Foreign Affairs. The moment could scarcely have been more propitious for the arrival of Sir Ralph Paget, who steamed into Guanabara Bay to take charge of the embassy just two days after the departure of his predecessor. The considerable advances achieved since the days of Sir William Haggard were summed up in the courtesy note sent by Paget to the Brazilian President immediately he arrived in Brazil:

It is now close on a century ago that the first British Ambassador to Brazil landed at Rio de Janeiro and conveyed to the Emperor Dom Pedro I the recognition by the British Government of the sovereign independence of Brazil. Since that historic date the relations between our two countries, both political and economic, have not ceased to remain on a satisfactory footing of friendly cooperation. But under the stress of war it was felt in my country that a still closer understanding between us was both desirable and attainable. A special British mission was entrusted last year with the duty of expressing these desires to the Brazilian Government and people. The cordial reception accorded to it here gave to the British Government the assurance that Brazilian sentiment was in harmony with that of Great Britain, and I may say of the British Empire as a whole. This assurance was fully confirmed by the speeches exchanged on the occasion of Your Excellency’s very welcome visit to England a few months ago. The noble attitude assumed by Brazil in the Great War, by ranging herself as a Belligerent on the side of the Allies, has only strengthened the tendency observable in both countries towards a more intimate understanding of each other. I am charged with the task of interpreting these sentiments, as felt in my country, to the people of your great and enlightened nation.
Sir Ralph Paget's cordial greeting was by no means a hollow expression of international cooperation. Brazil's role in the affairs of the world had undergone a fundamental change during the four years of the First World War. Building on the diplomatic successes of Rio Branco and Joaquim Nabuco during the first decade of the century, she had now emerged as a significant factor in a wide variety of international affairs. The increased diplomatic activity brought about by the War enabled her sense of international presence to develop in a mature fashion to the extent that she could become morally and physically involved in the War itself and an actual participant in the negotiations which followed its termination. Despite the lack of stability at home for most of the War years, Brazil was able to follow a reasonably steady line on the international front, and to develop contacts at home and abroad in a way which had not been possible in the relatively placid pre-War days. Trade missions came and went, and there was every indication that Brazil was headed for a successful and, more significantly, diversified future.

With regard to Anglo-Brazilian relations, the War years represented a major revival. With one of the main contenders temporarily crippled, Britain could take a closer look at the trading and investment possibilities presented by such a vast market to the south. A satisfactory line of British representatives, among whom Sir Arthur Peel must occupy pride of place, was able to cope successfully with the various cases of international friction produced by the War and to allow the sterile days of Sir William Haggard to fade into the background. By the end of the War, the
future of relations between the two countries looked extremely optimistic. Ironically enough, however, precisely at the time when Britain was expecting a new and prosperous future in Brazil, the latter country had succeeded in diversifying its perspective to such an extent that British supremacy in political and economic affairs would never again be a fundamental feature of Brazilian daily life. This was part of an inevitable process; the wartime crisis laid emphasis on the importance of industrialization and commercial diversification in a way which had been almost totally unrecognized a decade earlier.

The subsequent development of Brazil's national interests was such that Britain could no longer expect to maintain the supremacy which she had enjoyed during the nineteenth century. In any case, it seems clear that the prospects offered by commercial relations between the two countries in the immediately post-war years were not as attractive to British business as those potentially present in other areas. Within South America, to mention just one example, the circumstances of Britain's connections with Argentine wheat and beef production were such that a continuing and major interest in that country could be anticipated. In Brazil, however, Britain faced new and different problems of diversification which were to effect a general decline in the mutual interest of the two countries.
NOTES

For the main lines of Brazil's involvement in the First World War, see P. A. Martin, Latin America and the War (Johns Hopkins Press, 1925); Andrew Boyle, trans., The Brazilian green book, consisting of diplomatic documents relating to Brazil's attitude with regard to the European war 1914-1917 (London, 1918); Brasil, Ministério das Relações Exteriores, Guerra da Europa: Documentos Diplomáticos: Atitude do Brasil, 2 vols. (Rio: Imprensa Nacional, 1917-1918); Brasil, Ministério das Relações Exteriores, Successos políticos na Europa: Conflagração europeia: Decisões tomadas pelo Governo brasileiro em relação à sua neutralidade (Rio: 1917); T. Monteiro, As origens da guerra: O dever do Brasil (Rio: n.p., 1918); José Carlos de Macedo Soares, Brazil and the League of Nations (Paris: Pedone, 1928); Ruy Barbosa, A Grande Guerra (Rio: Editora Guanabara, 1932); and a considerable number of articles in the Revista Americana, in 1917, 1918 and 1919. The present writer is preparing a bibliography of Brazil's involvement in the First World War, and has already collected approximately one hundred items. With regard to primary sources, the archives of the United States and Britain are now totally accessible. So, in theory at least, is the documentation contained in the Arquivo Histórico do Itamaraty.

See The Times, January 10, 1914; February 23, 1914; March 18, 1914; April 24, 1914; and O'Sullivan-Beare to Grey, PRO FO 420/258, April 25, 1914.

O'Sullivan-Beare to Grey, PRO FO 420/258, April 25, 1914.

AHI 319/2/48, July 31, 1914; O Paiz, July 31, 1914.

O Paiz, August 2, 1914.

Loc. cit.

O Paiz, August 3, 1914.

Loc. cit.

Ibid., August 4, 1914.

J do C, August 5, 1914.

AHI 319/2/48, August 3, 1914.

Ibid., August 5, 1914. Responsibility for repatriation arrangements was assumed by the Ministério da Fazenda, and £50,000 was deposited in London.
to finance the scheme. See Rivadavia Correa to Ministro das Relações Exteriores, AHI 294/2/2, August 13, 1914 and August 14, 1914.

14 Robertson to Müller, AHI 285/2/10, August 5, 1914.

15 Ibid., August 7, 1914.

16 Ibid., August 12, 1914.

17 O’Sullivan-Beare to Grey, PRO FO 420/258, August 23, 1914.

18 Ó Paiz, August 6, 1914.

19 One such voice was expressed in the form of a highly rhetorical article by Gilberto Amado in Ó Paiz, August 8, 1914.

20 J do C, August 7, 1914.

21 See letter from M. S., Ó Paiz, August 8, 1914.

22 For details of the Campos case, see Müller to Guimarães, AHI 311/4/5, August 11, 1914; August 16, 1914; (Reservado), August 22, 1914.

23 Ó Paiz, August 19, 1914.

24 Guimarães to Rubião, AHI 311/2/7, August 28, 1914.

25 Guimarães to Müller, AHI 311/2/7 (Confidencial), August 31, 1914.

26 Müller to Guimarães, AHI 311/4/5 (Reservado), September 24, 1914.

27 Müller to Guimarães, AHI 311/4/5, October 22, 1914. Müller was well aware of the effect of Brazilian press notices and public demonstrations against the German cause, as he explained in a letter to Herculano de Freitas (AHI 302/4/12, September 21, 1914). The German delegation was also sensitive about anti-German activities in Brazil, and wrote to Müller on November 4, 1914, complaining about the conduct of a Brazilian army officer who had distributed two pamphlets—entitled "Brasil versus Allemanha" and "A hediondez na guerra"—in the streets of Florianópolis in late October (AHI 279/3/2, November 4, 1914).

28 Müller to Guimarães, AHI 311/4/5, November 28, 1914. See also Guimarães to Müller, AHI 311/2/7, October 26, 1914; Müller to Guimarães, AHI 311/4/5, November 7, 1914; Guimarães to Müller, AHI 311/2/7, November 20, 1914; and Müller to Guimarães, AHI 311/4/5, December 8, 1914.
Rodrigues Alves to Müller, AHI 311/2/7 (Confidencial), March 16, 1915. Rodrigues Alves, now President of São Paulo, thought that the money should somehow be used to pay off the State's debts in London. See also Secretário da Fazenda (São Paulo) to Müller, AHI 311/3/11, July 15, 1915.

Rodrigues Alves to Müller, AHI 311/2/7 (Reservado), December 4, 1915.

Müller to Rodrigues Alves, AHI 311/3/2 (Reservado), December 7, 1915; Rodrigues Alves to Müller, AHI 311/2/7, December 7, 1915; Müller to Rodrigues Alves, AHI 311/3/2, December 15, 1915.

Phileas Lebesque to Coelho Neto, BNMS I - 1,3,51, May 15, 1915. See also Manuel Gahisto to Coelho Neto, BNMS I - 1,3,17, February 1, 1919; and M. Gahisto, "Coelho Netto, un écrivain brésilien ami de la France."

See, for example, a letter from Borges de Medeiros, President of Rio Grande do Sul, to Müller, AHI 310/2/10, March 2, 1915.

Wileman's Brazilian Review wrote on October 5, 1915, that "it may be mentioned that Dr. Lauro Müller . . . is of German extraction, so that the attitude of benevolent neutrality towards the Allies, which is undoubtedly due in large measure to him, is all the more to his credit. His management of the foreign affairs of his country has been uniformly characterised by the broad and humane outlook which has always been a guiding principle in the government of great democracies of the Western world."

Robertson to Grey, PRO FO 371/2294, April 26, 1915. See also Robertson to Grey, PRO FO 371/2294, April 16, 1915.

Sir Reginald Tower (Bs. As.) to Grey, PRO FO 371/2294, April 22, 1915. See also La Prensa, April 22, 1915, and Tower to Grey, PRO FO 371/2294, May 14, 1915.

Peel to Grey, PRO FO 371/2294, June 11, 1915. The smaller nations of South America were less convinced of the value of the ABC entente. See Murray (La Paz) to Grey, PRO FO 371/2294, June 22, 1915; and Tower to Grey, PRO FO 371/2294, July 12, 1915.

Peel to Grey, PRO FO 371/2294, July 13, 1915; PRO FO 371/2294, June 2, 1915; PRO FO 371/2294, October 29, 1915; and PRO FO 371/2294, December 6, 1915. See also O'Sullivan-Beare to Grey, PRO FO 371/2294, March 19, 1915.

See Peel to Grey, PRO FO 371/2294, March 10, 1915; and Attlee (Consul, São Paulo) to Grey, PRO FO 371/2294, June 18, 1915.
See above, Chapters 3 and 4.

Robertson to Grey, PRO FO 371/2294, April 23, 1915.

The British naval attaché in Rio, Captain E. L. D. Boyle, sent to England a series of thirty-seven reports on Brazilian shipping activity between March 1, 1916 and November 30, 1916 (see PRO FO 371/2639).


Rodrigues Alves to Müller, AHI 311/2/7, February 15, 1916.


Peel to Grey, PRO FO 371/2640, September 14, 1916; ibid., September 15, 1916.

Rothschild to Grey, PRO FO 371/2640, October 25, 1916; FO (Grey?) to Secretary of Army Council, PRO FO 371/2640, November 1, 1916.

Peel to Grey, PRO FO 371/2640, November 3, 1916.

Peel to Souza Dantas, AHI 285/2/11, November 3, 1916.

Peel to Grey, PRO FO 371/2640, November 9, 1916.


Altino Arantes to Müller, AHI 311/2/7 (Confidencial e Reservado), December 4, 1916.

Spring-Rice (Washington) to Grey, PRO FO 371/2640, December 7, 1916.

Board of Trade to FO, PRO FO 371/2640, December 21, 1916. The whole matter of coffee prohibition was reopened in 1917 and will be discussed below.

Peel to Grey, PRO FO 371/2640, July 22, 1916.


Peel to Grey, PRO FO 371/2640, August 1, 1916; ibid., August 9, 1916; ibid., September 6, 1916.

For full text of speech, see Ruy Barbosa, *A Grande Guerra*, pp. 73-102.

Peel to Grey, PRO FO 371/2640, September 27, 1916.

American diplomats thought otherwise. Benson wrote in 1917 of Miller's "pronounced pro-German sympathies," and described him as "selfish, shifty and utterly unscrupulous." NAED (1910-1929), Political, May 10, 1917.

MacNally (Consul General, Rio) to Lansing, NAED (1910-1929), Political, June 9, 1916.

Peel to Grey, PRO FO 371/2640, June 29, 1916.


Cited by Peel, PRO FO 371/2640, October 19, 1916.

Peel to Grey, PRO FO 371/2900, December 7, 1916.

Peel to Souza Dantas, AH1 285/2/11, October 7, 1916. See also various pieces of correspondence in PRO FO 371/2640, October-November, 1916; and *WBR*, September 26, 1916.

Peel to Miller, AH1 285/2/11, January 10, 1917.

Other Brazilians who showed strong support for the German cause during the War included Dunshee de Abranches, a traditional enemy of Britain who earned himself the nickname Deutsche von Abranches; Rafael de Cabedo, one of the associates of Abranches; and Dr. Bandeira de Mello, an international lawyer and writer who hid behind a mask of neutrality but whose anti-Americanism and devotion to Oliveira Lima were well-known. See A. Bandeira de Mello, *Em defesa do Sr. Oliveira Lima* (Recife: n.p., 1910); and *WBR*, November 7, 1916.

Peel to Balfour, PRO FO 371/2900, January 24, 1917.
At least one indignant writer took exception to the diplomatic terms of the note sent from Itamaraty to the German legation. In the following extract, the italics are from the original: "O Brasil... contentou-se em notificar ao ministro allemão que, 'com grande pesar, era forçado a suspender as relações diplomáticas e comerciais com a Allemanha'. Ao cumprir, porém, esse penoso dever, acrescentava o ministro Lauro Müller, 'aproveitava a ocasião para ter a honra de, ainda uma vez, apresentar asseguranças de sua alta consideração' ao ministro da potência, que nos acabava de torpedear um navio e assassinar três Brasileiros." (Fernando Nery, in Ruy Barbosa, A Grande Guerra, p. 155 n.).

Peel tended to suggest that at this stage Brazil, far from adhering to the policy of the United States, was following a totally independent line: "Perhaps the most notable point in the Message [of May 3] is the absence of any allusion to the decree directing the enforcement of neutrality in the war between Germany and the United States, an omission which taken in conjunction with the lack of any indication of sympathy for the attitude of the United States has excited some comment in the Press." (PRO FO 371/2901, May 16, 1917).

See Benson to Lansing, NAED (1910-1929), Political, May 10, 1917.

Peel to Balfour, PRO FO 371/2901, May 4, 1917; and WER, May 8, 1917.


Wellesley (FO) to Secretary, Commission Internationale de Ravitaillement, PRO FO 371/2901, July 12, 1917.

War Office to FO, PRO FO 371/2901, July 19, 1917.

Admiralty to FO, PRO FO 371/2901, July 19, 1917. The U.S. Navy Department thought that there would be certain advantages to having Brazil join the War. See Spring-Rice (Washington) to Balfour, PRO FO 371/2901, August 7, 1917.

Admiralty to FO, PRO FO 371/2901, September 2, 1917.

Peel (?) to Peçanha (?), AHI 285/2/11, September 6, 1917.

AHI 285/2/11, November 3, 1917.

See Peel to Balfour, PRO FO 371/2901, November 6, 1917; ibid., November 7, 1917; Peel to Peçanha, AHI 285/2/11, November 19, 1917; Balfour to Peel, PRO FO 371/2901, December 4, 1917; Admiralty to FO, PRO FO 371/2901,
December 5, 1917; Peel to Peçanha, AHI 285/2/11, December 5, 1917; War Office to FO, PRO FO 371/2901, December 8, 1917; Ministry of Munitions and War to FO, PRO FO 371/2901, December 14, 1917.

86. Peel politely discouraged this suggestion, although the matter came up for consideration again in 1918. For details pertaining to 1917, see Peel to Peçanha, AHI 285/2/11, December 27, 1917.

87. The text of the note to Peel is interesting: "Please keep me informed about feeling in Brazil with regard to destruction of shipping by German raiders. Owing to shortage of tonnage we shall probably before long have to announce prohibition of import of coffee, among other articles. Prohibition might possibly be reconsidered if Brazil could supply their own tonnage for transport to Allied countries. I should be glad to learn how you think announcement could best be broken to Brazilian Government, but you should not let proposal become known pending further instructions. Brazilian Minister here has made enquiries and has been told that prohibition of various imports may become necessary but coffee was not specifically mentioned." PRO FO 371/2900, January 23, 1917.

88. See Peel to Balfour, PRO FO 371/2900, January 31, 1917.

89. AHI 285/2/11, September 6, 1917. For further information on the coffee negotiations, see Spring-Rice (Washington) to Balfour, PRO FO 371/2900, February 12, 1917; Balfour to Spring-Rice, PRO FO 371/2900, February 17, 1917; Altino Arantes to Müller, AHI 311/2/7 (Confidencial), April 24, 1917; Peel to Peçanha, AHI 285/2/11, June 6, 1917; WBR, July 10, 1917; WBR, August 7, 1917; Peel to Balfour, PRO FO 371/2901, September 30, 1917; WBR, October 2, 1917. The British government was not able to change its mind on the coffee restrictions, as Peel pointed out in a note to Peçanha dated October 31, 1917 (AHI 285/2/11). For information on the business of repairs to the seized German ships—an enterprise from which the United States was successfully excluded—see Spring-Rice (Washington) to Balfour, PRO FO 371/2901, July 9, 1917; and Peel to Balfour, PRO FO 371/2901, July 11, 1917.


91. WBR, October 9, 1917.

92. See Peel to Balfour, PRO FO 371/2900, April 26, 1917; ibid., September 9, 1917; ibid., October 27, 1917; ibid., PRO FO 371/3167, December 14, 1917. For railway correspondence, see various PRO FO 371/3167, late 1917 and early 1918.

Rodrigues Alves died before taking office, and Delfim Moreira was a "vítima . . . de grave moléstia que lentamente o enfraquecia." (Bello, História da República, p. 294).

Lee (Consul, Rio Grande do Sul) to Lansing, NABD (1910-1929), Political, April 28, 1917. See also Mitchell Innes (Montevideo) to Balfour, PRO FO 371/2900, January 31, 1917; Minister (?), Montevideo to Lansing, NABD (1910-1929), Political, April 13, 1917; Borges de Medeiros to Miller, AHI 310/3/12, April 25, 1917; da Gama to State Department, NABD (1910-1929), Political, May 3, 1917; Borges de Medeiros to Miller, AHI 310/3/12, May 25, 1917; Borges de Medeiros to Peçanha, AHI 310/3/12, December 11, 1917. A full and well-documented report on the incidents following the sinking of the Paraná can be found in Borges de Medeiros to Peçanha, AHI 310/2/10, May 26, 1917.

Among the spectators of this macabre performance were, according to Peel, both Nilo Peçanha and Lauro Miller (Peel to Balfour, PRO FO 371/3167, October 14, 1918; ibid., FO 371/3653, November 28, 1918).

Peel to Balfour, PRO FO 371/3653, November 20, 1918.

The only group which had held out high hopes for the new administration was composed largely of Americans. Ambassador Morgan believed that Rodrigues Alves would base his foreign policy on a further approximation of Brazil and the United States. See Morgan to Lansing, NABD (1910-1929), Political, June 18, 1918; ibid., July 6, 1918.

See Report by Consul White in Peel to Balfour, PRO FO 371/3168, June 13, 1918.

Peel to Balfour, PRO FO 371/3653, November 20, 1918. See also ibid., November 28, 1918; and ibid., FO 371/3167, August 23, 1918.

Ibid., FO 371/3167, March 7, 1918.

Ibid., FO 371/3653, December 31, 1918.

35,000 tons of rice were exported in 1917, as compared with 469 tons in 1916; 5,000 tons of sugar were exported in 1913, and this figure rose to 120,000 in 1917. See Peel to Balfour, PRO FO 371/3167, January 21, 1918; Peel to da Gama, AHI 285/2/12, December 31, 1918; and Board of Trade Journal, October 21, 1918.

Peel to Balfour, PRO FO 371/3167, January 21, 1918.

For details on coal, see WBR, February 26, 1918; Peel to Peçanha, AHI 285/2/12, April 9, 1918; and ibid., July 20, 1918.
For full details of the coffee negotiations in 1918, see Peel to Balfour, PRO FO 371/3167, April 11, 1918; FO Memo (no addressee), PRO FO 371/3167, May 14, 1918; Balfour to Peel, PRO FO 371/3167, May 23, 1918; Peel to Balfour, PRO FO 371/3167, May 27, 1918; Reading (Washington) to Balfour, PRO FO 371/3167, May 29, 1918; Peel to Balfour, PRO FO 371/3167, June 4, 1918; Peel to Balfour, PRO FO 371/3167, June 12, 1918; Peel to Balfour, PRO FO 371/3167, June 19, 1918; Peel to Balfour, PRO FO 371/3167, June 22, 1918; Peel to Balfour, PRO FO 371/3167, June 28, 1918; Balfour to Reading (Washington), PRO FO 371/3167, July 5, 1918; Reading to Balfour, PRO FO 371/3167, July 9, 1918; Peel to Balfour, PRO FO 371/3167, July 15, 1918; Peel to Balfour, PRO FO 371/3167, July 18, 1918.

Morgan to Lansing, NAED (1910-1929), Political, April 12, 1918.

Ibid., July 29, 1918. The British were less convinced about the effect of American successes. Peel reported that demonstrations of sympathy for France on July 14 were far more impressive than expressions of solidarity with the United States on July 4 (PRO FO 371/3168, July 17, 1918).

Peel to Paçanha, AHI 285/2/12, January 12, 1918.

Peel to Balfour, PRO FO 371/3167, March 25, 1918.

In response to a request from Colonel John Buchan of the Ministry of Information, the Intelligence Department of the Admiralty prepared a short statement which was intended to encourage Brazilian interest and involvement in the War. The covering note which accompanied this document to the FO had a somewhat different tone: "Much of the attached has been written with my tongue in cheek but I imagine that plenty of cheek is essential for a propagandist. Heaven forbid that we should have a Brazilian Division on the Western front or too many Brazilian men of war adrift on the ocean or Brazilian air craft darkening the sun. . . . Attached is purely a personal opinion. Did you want it officially?" Hirst (?), Admiralty, to Sperling, FO; PRO FO 371/3168, May 17, 1918. The War Office was equally sceptical about direct Brazilian participation (see War Office to FO, PRO FO 371/3168, October 10, 1918).

Peel to Paçanha, AHI 285/2/12, October 16, 1918.

FO Memo, PRO FO 371/3167, April 8, 1918.

Peel to Paçanha, AHI 285/2/12, September 11, 1918.

See Memo, Peel to Paçanha (?), AHI 285/2/12, n.d. (received April 22, 1918); and Peel to Paçanha, AHI 285/2/12, May 1, 1918.
For details of the de Bunsen mission, see Peel to Balfour, PRO FO 371/3167, May 14, 1918; de Bunsen (São Paulo) to Balfour, PRO FO 371/3167, May 18, 1918; Peel to Balfour, PRO FO 371/3167, May 22, 1918; Peel to Balfour, PRO FO 371/3168, May 27, 1918 (2 despatches); de Bunsen (Uruguay) to Balfour, PRO FO 371/3168, May 29, 1918.

Peel to Balfour, PRO FO 371/3168, June 20, 1918.

Peel to de Gama, AHI 285/2/12, December 17, 1918.

G[orge] M[arr] (?), in Peel to Balfour, PRO FO 371/3168, September 28, 1918. For details of the creation of the embassy, see Balfour to Peel, PRO FO 371/3168, September 9, 1918; WER, September 24, 1918; Peel to Balfour, PRO FO 371/3168, September 26, 1918; J do C, September 26, 1918; J do C, September 27, 1918; Balfour to Peel, PRO FO 371/3168, November 9, 1918.

Peel to Balfour, PRO FO 371/3653, December 27, 1918; ibid., January 3, 1919.

Ibid., January 3, 1919.

Ibid., February 28, 1919.

J. C. de Macedo Soares, p. 90.

Peel to Balfour, PRO FO 371/3653, May 31, 1919.

For British and American views of the election campaign, see Peel to Balfour, PRO FO 371/3653, January 16, 1919; Morgan to Lansing, NAED (1910-1929), Political, January 21, 1919; WER, January 21, 1919; Peel to Balfour, PRO FO 371/3653, January 24, 1919; ibid., February 3, 1919; Morgan to Lansing, NAED (1910-1929), Political, February 11, 1919; Peel to Balfour, PRO FO 371/3653, February 24, 1919; Morgan to Lansing, NAED (1910-1929), Political, February 25, 1919; ibid., February 26, 1919 (1 telegram and 1 despatch); Peel to Balfour, PRO FO 371/3653, February 26, 1919; ibid., February 27, 1919; ibid., March 12, 1919; Morgan to Lansing, NAED (1910-1929), Political, March 20, 1919; Peel to Balfour, PRO FO 371/3653, March 22, 1919; ibid., March 31, 1919; ibid., April 9, 1919; Morgan to Lansing, NAED (1910-1929), Political, April 22, 1919; ibid., May 10, 1919; ibid., June 3, 1919.

For details of the mission invited by the FBI, see Peel to da Gama, AHI 285/2/13, February 15, 1919; Peel to Balfour, PRO FO 371/3654, May 19, 1919; ibid., May 20, 1919; Barclay to Balfour, PRO FO 371/3653, July 21, 1919.

See Times Trade Supplement, April 5, 1919; WER, April 30, 1919; WER, May 14, 1919. British exports to Brazil showed the following pattern during the period 1913-1918:

<table>
<thead>
<tr>
<th>Year</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>12,765,815</td>
</tr>
<tr>
<td>1914</td>
<td>6,265,453</td>
</tr>
<tr>
<td>1915</td>
<td>5,151,470</td>
</tr>
<tr>
<td>1916</td>
<td>6,718,137</td>
</tr>
<tr>
<td>1917</td>
<td>7,185,841</td>
</tr>
<tr>
<td>1918</td>
<td>8,836,186</td>
</tr>
</tbody>
</table>

(Source: WER, March 19, 1919).

For the British side of the visit, see FO to Fontoura Xavier, PRO FO 371/3655, May 14, 1919; Curzon to Peel, PRO FO 371/3655, June 7, 1919; de Bunsen to FO, PRO FO 371/3655, June 8, 1919; Peel to Balfour, PRO FO 371/3655, June 14, 1919; ibid., June 24, 1919; J de C, June 24, 1919; Lindsay (Washington) to Balfour, PRO FO 371/3655, June 28, 1919; Peel to Balfour, PRO FO 371/3653, July 29, 1919.

For details, see Barclay (Washington) to Balfour, PRO FO 371/3656, June 6, 1919; Peel to Balfour, PRO FO 371/3656, June 12, 1919; ibid., July 8, 1919; Peel to Balfour, PRO FO 371/3653, August 29, 1919.

See, for example, O Paiz, August 19, 1919.

Peel to Balfour, PRO FO 371/3656, September 29, 1919; Lord Stamfordham to FO, PRO FO 371/3653, September 29, 1919.

Paget to Pessoa, AHI 285/2/13, October 2, 1919.
CONCLUSION

The present study suggests three main lines of conclusion. The first is concerned exclusively with Anglo-Brazilian relations during the first two decades of the twentieth century, and is a result of the consideration of diplomatic correspondence, trade and investment statistics, and the lives and attitudes of the various figures involved. The second and third lines of conclusion depend on the first in that they can be illustrated more or less directly by means of British source material. In short, the second conclusion of this study can be found in the fact that British observers during the period under consideration presented a view of Brazilian "progress" which differed fundamentally from that of their foreign contemporaries, and which found a measure of support among enlightened Brazilians. Thirdly, the development of Brazil as an international unit of some significance is closely linked to the process of general decline in British interests in that country, and is seen in clearer perspective when set against the gradual waning of the British star.

To examine the first of these three conclusions in more detail, the period 1900-1920 is of crucial interest in the development of Anglo-Brazilian relations. By the end of the last century, Britain held a dominant position in Brazilian foreign affairs on account of a long history of contact with Brazil and Portugal, and of some eighty years of close and sometimes aggressive involvement in the business, investment
and policies of the massive South American nation. The early years of this century saw a fundamental change in this situation, brought about partly by a sense of apathy and high-handedness on the part of the British—who perhaps were so involved in enterprises elsewhere that Brazil was no longer of great importance to them—and partly by more efficient competition from other nations and an expansion of the Brazilian export business. British interests were hindered by a series of ineffectual representatives in Brazil, and it was only the somewhat false circumstances of the First World War and the presence of Sir Arthur Peel in Rio de Janeiro that prompted a marked but short-lived improvement in prospects during the period of the War and the few years immediately following it. For the most part, however, British observers were pessimistic about the country in which they lived, regarded its economy and governmental system as unfitted to the necessities of the day, and criticized the "national characteristics" of the Brazilian people. Even if they had not done this, even if they had taken a more positive and cooperative approach to the development of Anglo-Brazilian relations, the outcome at the end of these crucial two decades would likely have been much the same, given the various other international movements which were characteristic of the age.

To turn now to the second main conclusion of this study, British scepticism regarding Brazil's economic and political future was reflected in the thoughts and writings of several noted Brazilians. In chapter 5 some of the ideas of Paulo Prado, Alberto Tôrres, and Ruy Barbosa are dis-
cussed, and their influence on the creation of such bodies as the Liga da Defesa Nacional is considered. The concentration of this mood of pessimism—both Brazilian and British—is important in that it contradicts the view generally held that the first few years of the century saw great "peace, progress, and prosperity." The mood of national gloom and searching pessimism apparent in the figures studied is one which corresponds closely to the historical phase through which Brazil was passing. Having established itself as a republic after the many material advances of the nineteenth century had taken place (and not before, as in the Spanish American nations), Brazil first experienced a decade of military rule and retarded expansion, and then settled down to consolidate the change and plan for a more stable future. That many leading intellectuals should dissent from the policies undertaken and be left with the impression that Brazil had embarked on an erroneous course was only logical at this decisive moment of her national history. It is clearly a matter which needs more detailed study, particularly in the fields of artistic expression and the history of ideas.

Thirdly, there emerges a conclusion which is closely linked with almost every stage of the present study, i.e., the creation of Brazil as a significant international force. This conclusion is related to the general eclipse of British involvement in Brazil, in the sense that several simultaneous phenomena combined to facilitate the termination of British preeminence. While Britain tired of her Brazilian commitments and allowed nineteenth-century men to deal with essentially twentieth-century
problems, other nations, particularly the United States and Germany, became aware of Brazil's vast potential. Meanwhile, Brazil herself, failing in her attempts to make a national living from coffee and rubber alone, was both diversifying the bases of her economy with an increase in industrial activity and a broadening of agricultural progress, and seeking new and varied markets for the products she could supply. A marked improvement in relations with the United States during the Rio Branco era enabled her to steal a march on her Argentine rivals and emerge the moral leader of the continent. Her international achievements during these two decades have been listed above, and here it need only be said that they were impressive in number and kind when compared to the picture Brazil presented in 1900. All these various developments worked to the detriment of British preeminence in matters of finance, commerce and national policy.

In addition to these three principal conclusions, the present study suggests various possible fields of further research. The full extent of German involvement in Brazil both before, during and after the First World War will not be understood until the relevant material has been extracted from the German archives and from the productive racks of the Arquivo Histórico do Itamaraty. Similarly, the subsequent development of Anglo-Brazilian relations awaits the researcher, with ample sources of documentation now available in London and Washington. It would be instructive, for example, to examine the years 1920-1960 in the light of recent trade successes in Brazil and the constant growth of a sense of Brazilian nationalism. A further possible line of research would be a detailed study of
the effects of the First World War on Brazil, with particular concentration on the post-war years and economic development. Finally, as mentioned above, there is no complete study of the national literary and cultural mood, during the belle époque and after, which produced Modern Art Week in São Paulo in 1922 and which still has ramifications in Brazil's artistic life.
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Lynch Collection, Sociedade Brasileira de Cultura Inglês, Rio de Janeiro.
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Newspaper material from Brazil, Britain and the United States was also useful. Among the publications most frequently consulted were:

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Financial Times
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