

BRAZIL COFFEE MEN CONSULTED

President Souza Mello Confers with Various Interests and Explains Policy of the DNC—
General Approval

Special Correspondence

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THE outstanding coffee development of the last week has been the visit of Dr. Souza Mello, President of the DNC, to São Paulo and Santos, and his remarks on coffee policies, according to a statement by U. S. Consul General Carol H. Foster, of this city.

According to the *Folha da Manhã* for 22 January, 1936, when Souza Mello was questioned in the Sociedade Rural Brasileira of São Paulo about the raising of DNC prices so vigorously urged by the Society and the Rio Coffee Center, he replied that the elevation of prices would not produce the results hoped for but would provoke a reaction resulting in a general elevation of prices so that the DNC would then be in the same position as now and the farmers, who contribute the 45\$000 tax on each bag of coffee exported, would have suffered an additional loss. Moreover, high prices would not benefit the *fazendeiros* because the great majority of them have already sold their coffees to middlemen. Raising the DNC prices would have immediate reactions on the commercial markets and would upset their equilibrium, with consequences of an extent no one could know. The policy being followed by the DNC would build up confidence in business between the farmer and buyer (*commissario*) and between the buyer and the exporter. The DNC was following the direction indicated by the Coffee Convention and would exercise the utmost firmness in following the resolutions of that Convention.

APPROVAL OF PRESIDENT'S DECLARATIONS

The remarks of the President of the DNC were greeted with general approbation. Several commentators have said that the effect on the market would be reassuring. The politically independent *Folha da Manhã*, in its editorial for 23 January, 1936, gave substantially the following approval of the President's stand:

"It is in the farmers' interest not to pay high prices but to buy (by means of the 45\$000 coffee tax) for the lowest price possible the remaining stocks from middlemen who hold them at present, and the less taxation money paid for these remainders, the more there is available for repaying the debt of the DNC to the Bank of Brazil, thus reducing the length of time the tax will be collected.

"It is in the interest of agriculture that coffee instead of being bought and burnt be sold. It would

thus profit from its value to national economy because the more coffee Brazil sells the less will its competitors sell.

"Critics say that the DNC prices are so low that it will not be able to buy any coffee, evidently because exportation will offer greater inducements. It is to be desired that the exporters buy all existing coffee and leave not one sack to be brought by the DNC.

"If there are remainders that cannot be sold, the best solution is for the DNC to make such purchases in the zones where coffee is poorest and cheapest. Even if the DNC should purchase four million bags in Rio and Victoria, Paulista agriculture would benefit; first because the cost of such coffee purchases would be less and the waste of tax money would be less, thus reducing the length of time the tax would be collected, and secondly, because Paulista coffees would then gain, or at least hold, customers that otherwise would be lost to other producing countries."

In the *Folha da Manhã* for 24 January, 1936, Mr. Rubens do Amaral praised the DNC President for his refusal to raise the price of coffee bought for destruction and criticized the President of the Sociedade Rural Brasileira for urging the payment of greater sums for such coffee and saying that this coffee is no longer in the hands of farmers but of the merchants and that the real purchaser would be the farmer who pays the tax of 45\$000 that furnishes the DNC with its resources.

SANTOS SPEECH

On January 22, the leading coffee men of Santos gave Dr. Souza Mello a luncheon in the Exchange. Afterwards he made a speech in the course of which he said that the decisions of the coffee convention of July, 1935, did not have the force of law until the beginning of this month but that they would now be carried out, purchases would start within thirty days, and the statistical equilibrium would be guaranteed. Coffee would be advertised both in Brazil and abroad according to a plan of propaganda now being worked out.

As to market prices, he said, the direction to be followed is to maintain a level convenient to the interests of agriculture and commerce, which, at the same time, should permit competition in international markets. It is for this reason that "the government's policy has always been against exaggerated valorization, which stimulates competition . . . the opposite policy not being less liable to criticism, as it would mean the surrender of our defenceless product to foreign speculation." And he ended, "We must sell our coffee at the highest possible price, up to a limit which does not stimu-