

MR. NORTZ ON BRAZIL COFFEE

New York Broker Makes Detailed Study of Growing and Marketing Conditions—Describes Great Progress and Activity

MR. F. EUGEN NORTZ, of Nortz & Co., New York, who with his son, Paul Nortz—the latter a member of the United States Delegation of coffee traders visiting Brazil has been making a detailed study of coffee growing conditions in the principal growing districts of that country, forwarded two letters to his house while in Brazil. Both of these, due to Mr. Nortz's familiarity with Brazil, which he has visited many times, are illuminating. Quoting from them (in part) he says:

GENERAL BRAZILIAN CONDITIONS

"The first impression which the periodical visitor receives upon his arrival in Brazil, is one of admiration for the astonishing progress the country has made since his last visit. Not only in the expansion and general embellishment of the cities, but also the great activity displayed in every line of business and industry. Naturally, the picture is not without its shadows. One is the heavy and still increasing general indebtedness in public as well as private circles. The cost of living is almost incredibly cheap. A pound of meat costs one milreis (about 8½c.), a dozen fresh eggs one and a half milreis (about 12½c.), a dozen oranges 500 reis (4c.), a chicken 5 milreis, etc. Most things are now manufactured here at prices much cheaper than those at which they can be imported—shoes, linen and cotton goods, furniture, surgical instruments, and what not. The truth of the matter is that the buying power of the milreis, in spite of heavy Government financing during the last few years, has increased by about 20%. A situation has now arisen which is beginning to seriously worry economists here, i. e., there are signs that countries which import from here may eventually insist on some kind of reciprocal trade, or a sort of bartering of manufactured articles, so as to provide a means of payment for the articles which they buy from Brazil.

VARIOUS COFFEE PRODUCING DISTRICTS

"In my previous letters I have explained how the principal coffee districts of São Paulo have impressed me. I may classify these into three classes. The new districts of the Noroeste which present a fair appearance; the plantations in the Central part of the State, along the Araraquarensis, and around the Cities of Jau and Olympia, which look extremely poor, and those in the older part, along the Paulista and Mogyana Railroads, as far up as Franca, where crop prospects are most irregular, but on the whole, rather poor except on plantations which have not put in intermediate crops of cotton and cereals, and which have received good care and fertilizing. One will often notice, that while plantations on one side of the road may present a picture of desolation, those on the other side may look quite normal. During the past 20 years, many trees have been planted as a speculation, on rather unsuitable land, or which have not received proper treatment since. In many cases, one can also notice estates where owners

have abandoned all reserve, and are evidently now trying to get all they can out of the land by intermediate plantings, probably feeling that there was not much future to such property anyway. It can be plainly seen today that many of these trees—hundreds of millions of them—will cease to exist during the next five years or so, but let us not forget that these can easily be spared in view of the many young trees which are gradually coming into full bearing. These are the trees which owe their existence to the valorization policies of former governments, and which now form the great problem of coffee production the world over. On the whole, a new atmosphere now seems to prevail in São Paulo, partly due to the fact that Paulistas have, in many sections, taken on a new economic sweetheart, i. e., the growing of cotton. They have cooled down considerably in their enthusiasm over coffee, to which they formerly belonged body and soul, and through which they have experienced a great deal of trouble with many disappointments. During the last few years they have even become a little afraid of it. According to reliable information, things do not look any better in the Minas Coffee Districts.

INTERIOR COFFEE BEING HELD

"As to the present crop, I believe it to be very small, although there are those who still talk about 9 to 10 million bags, old crop coffee not included. One result of the poor outlook for next year's crop is that owners of coffee in the interior have become extremely stiff-necked. Prices on Interior markets (these now exist in many centers), are from 5 to 10% higher than in Santos. Buyers for Santos houses find it extremely difficult to get hold of any coffee in the interior. Large speculation has developed there on the theory that prices will be higher, a condition which can hardly be said to be sound. Many owners have held back coffee of the previous crop. Instead of delivering 40% of their coffee for the sacrifice quota, for which they would have received 30\$000 a bag, they can now get 70\$000 to 80\$000 for such coffee. Rather large quantities of coffee of the previous crop are mentioned as having been retained by individual owners. The tendency seems to be to estimate the quantity at 3,000,000 rather than 2,000,000 bags, and even higher figures are mentioned by pessimists. "Another reason for the optimism of coffee growers is the law called 'of readjustment,' voted in January, by virtue of which the Federal Government assumes 50% of all the debts of coffee planters, the creditors to receive in compensation, 30 year bonds bearing 6% interest. As a matter of fact, to date nothing further has been done. Creditors have started to hand in statements of what is owing them, but nobody knows exactly when these new debt certificates will be issued. On the other hand, while cash is slow in coming in, mortgages cannot be foreclosed, nor can judgments against defaulters be obtained, and the latter feel perfectly at ease and well protected.

CHANGED MERCHANDISING PRACTICE

"Another point which I wish to mention is the great change in the merchandising of coffee. Commisario business which characterized and formed the backbone of the Santos market seems to have died out, and, instead, Exporters and Commission Houses are now buying direct from planters in the Interior. Regular markets have sprung up in all