

# BRAZIL-STATE OF BAHIA.

Summary of the Message presented to the General Legislative Assembly of the State of Bahia, by Dr. J. J. Seabra, Governor of the State, on the opening of the First Ordinary Session of the Twelfth Legislature, 1st April, 1913.

(Translated from the Portuguese by F. D. Byrne.)

**G**ENTLEMEN, Deputies of the General Legislative Assembly,—

While conveying to you to-day my most sincere salutations on the commencement of your labours, taking advantage of the always noteworthy occasion of your meeting in Parliamentary Session, I am sensible that it is my duty to express to you as well as to the people of Bahia, my deep recognition of the decisive testimonies of strong support and loyal constancy which I have always received from you and from the people during my first Governorship.

Without that co-operation in the defence—which you have placed upon my shoulder—of the great interests of State and of its legitimate rights, and especially without the assistance of your experience which lends additional strength to the best of patriotism, the light upon my path would have been indeed dim, especially as even at the present day the responsibilities of power are shown to be heavily increased by the embarrassments caused by former mistakes and serious imprudences.

## UNCHANGED POLICY.

Meanwhile I am proud to declare to you, Gentlemen, Representatives of the State, as a binding statement to precede all other statements made in this document which I offer to your consideration in the name of the law, my firm adherence, fixed and absolute, to the opinions which I announced to you a year ago, suggesting the proper remedies, which would prepare for Bahia the new day of a better future. I have had to change nothing, and I have changed nothing, neither in my very moderate exposé to you of the evils which I have encountered, nor in the just and veracious principles on which I have based my programme of Government, nor in my deliberate promises, which correspond to so many hopes entertained by you, and which one after the other I am now fulfilling. Finally, I have not had to alter in any way the principle which I have adopted in the government of the State—namely, the principle of useful work and honest and devoted effort towards the public good, to the triumph of which I have consecrated myself, and which I wish to serve with a clear conscience.

revenue from tax on I at once endeavoured to satisfy those who, giving heed to my warnings, called for the payment of the State accounts, old and new.

These were many—for services rendered, for past contracts, for the hire of school properties, for judicial sentences remaining unexecuted, for salaries in arrears, and some, of greater antiquity still, were expressed in documents for which the cant and apt expression in the Treasury was "yellow papers," because time, or the caprice of political animus, tinted them with a colour of its own as they lay in the fallow field of expectation.

I paid a great deal, but I was not able to pay everything. A sum of over three thousand five hundred contos shows in the balance-sheet for 1912 the scrupulously honourable satisfaction of these debts of the past. More than one thousand contos, and consequently much more than the three hundred contos suggested, represents the value of the balance of gratis journeys on the State railways.

## LOAN OFFERS.

When I had restored our Treasury payments to order, and even before I had finished attending to many of the most pressing necessities of Government, when I found it opportune to attend to the question of the loan shown to be necessary for the financial and economic reorganisation of the State, I had more than fifteen proposals and offers on the subject addressed to me from our own country and from the countries of Europe. Nearly all joined with the loan the scheme for the establishment of an Agricultural and Hypothecary Credit Bank, modelled on the uniform type of the kindred institutions in Minas and São Paulo.

But in none of these proposals for the loan contemplated by your Legislative authority did I find a favourable financial market, with an interest rate of 4 per cent. I did not even find one at 4½, and above that rate the State would only encounter disadvantage, if it were to plan a disastrous unification, as against a proper conversion, of its three debts in gold, all at the same rate, 5 per cent., by means of the new operation.

As at the present day loans of that type are extremely rare, both here and in Europe, and for us, as I ascertained, they would be absolutely impossible, I recognised the fact at once that the loan voted by you should be restricted in great measure, after a close calculation of our future resources, to what was indispensable for the public works and services as planned.

## THE GUINLE TERMS.

I fixed the capital amount of the loan at three or more millions sterling, and this is quite apart from the capital of the bank, which from the first moment that its establishment was resolved on I determined should be not less than a hundred million francs in shares and Debentures. The offer in general proposed to supply a larger sum. Only one of them, while accepting the interest rate of 5 per cent., which is that forming the base of all the other offers and is the rate attached to the great majority of Brazilian loans, together with an invariable annual sinking fund, and the period of 50 years as the term of redemption—only one of them, that of the capitalist and manufacturer, Senhor Eduardo

change 5,763:170:000! It considers that, when it has paid the eleven remaining annuities up to the term of redemption in 1923, including accumulated interest, if the payments into the sinking fund were duly maintained, each at the date due, and there were no alteration in the rate of exchange, there would be required for the extinction of the rest of the debt the enormous sum of 14,791:607:180!

## CONVERSION OF 1904 LOAN.

Already in 1904, on the occasion of the loan of that year, the redemption of 3,118 bonds had to be met, and now, if the loan of \$3,500,000 contracted for were raised to \$7,000,000, as is proposed by London, the immediate suppression of the remaining bonds would result in the better valorisation of the State guarantees for the credit of its name and for its assets and revenue, which were entirely pledged by the transaction of 1904.

In principle redemption by means of a conversion at the same rate is reprehensible, and for that reason I never decided it for the whole of the External State Debt. But when limited to the balance of a ruinous loan, such as the 1883 loan was—the extinction of which it was endeavoured to anticipate by three years in 1904 and the market value of which is at the present moment relatively low—I considered it to be a great advantage to receive by so opportune a transaction the considerable moral compensation contained in the valorisation of our guarantees, while strengthening Bahian credit for the new loan.

I now inform you that I accepted the proposed amendment, and I think that in your wisdom, which I much respect, you would not have acted otherwise.

## ISSUE OF 1913 LOAN.

I am now able to inform you that, according to reliable advice recently received from the capitalist and banker, Dr. Eduardo Guinle, the loan of \$4,000,000 and the contract for the Banco de Crédito Hypothecário e Agrícola da Bahia have now been definitely and finally concluded, the organisation of the latter to be completed by the end of this month at the latest and the former to take place during the coming month, the respective issues being made simultaneously in the markets of Paris and London.

You see, Gentlemen representing the State, that in this lotation which I have made with careful reflection in the future interests of Bahia and throughout all its attendant difficulties I considered the financial side of the question and one of the most important economic problems with joint attention.

I do not think it necessary for me to explain to you why I kept two contracts separate. You will have already understood without my pointing them out to you the advantages of an independent Bank, guaranteed and financed by the Government, over a bank which is simply and solely a State Bank. It will itself, instead of the Treasury, pay the interest charges on its shares and Debentures, the Treasury merely assisting it at any critical period and having any sum then advanced repaid to it during better times when profits and business increase.

I am convinced that the Bank, as I have organised it, will never need, after it has been established for one year the exercise of the State's

subvention for ten years of 500 contos per annum.

Though its sole assets, so far as a fleet was concerned, consisted in a single steamship, as I rejected all the rest as unserviceable, I obtained a genuine surplus after only a little more than five months' State management of no less than 58,451,869.

And—more important still, and a matter of which I am proud and have to maintain—I restored to the trade of the São Francisco River, by abolishing the traffic privileges held by those who farmed the service from the Government, the liberty it so much needed—the right of utilising without the embarrassment arising from inopportune preferences the transport ships which the Government alone possessed.

## MUNICIPAL BUILDINGS.

As political party strife since the declaration of Independence had entirely withdrawn attention from the municipal government of Bahia, I utilised as far as I could the ordinary revenues of the State and the \$200,000 advanced on account of the delayed loan to bring into being a series of public buildings necessary for the good administration of Bahia and for maintaining its dignity in the eyes of the world.

No prejudice arising from vested interests or other discreditable feeling seems ever likely to be able to call in question or destroy the effect of the picture created by these new buildings of the city of Bahia—the Palace of the Government, which is being restored, the Government Printing Office, which is being built and organised, the Court of Congress, the State Library and the Public Archives.

To these must be added the school buildings, both constructed and planned, the Educational Museum, which will be built upon the site of the Palace of Veterinary, as soon as the demolition of the latter building is complete, the Inland Revenue Department building, the Vaccination, Bacteriological and Anti-Rabies Institute, and the Central Police Station.

I also signed three different contracts for the construction of about 4,000 workmen's dwellings. Omitting the enumeration of various other public buildings, recently converted or transformed, I may mention that I have begun the works for the Court of Proclamation, which is to become the residence of the chiefs of the State.

## PUBLIC WORKS.

Without taking note of the smaller public works and repairs undertaken, the following greater works were carried out by me:—

The bridge over the River Jacupé, which had been planned by my predecessor, Senhor Conselheiro Bráulio Xavier da Silva Pereira;

Three new sections of branch line on the Santo Amaro Railway;

The line from Santa Inez to Tocá da Onça, in extension of the Nazaré Railway;

The commencement of the works for the railway to Jerqui, to which will shortly be added a connecting line with a harbour on the bay;

The Avenida do San Bento at Barra, which has now been extended as far as the Rio Vermelho, traversing a populous district, which will be included among the future suburbs of Bahia;

The circular road to the meadows of Ilapoz, which takes in a total length of about 24 kilometres.

## RUBBER.

Our State competed at last year's Rubber Exposition in New York, despatching to that centre of international competition, along with samples of our various types of rubber, a quantity of information as to the origin, production and marketing of this product in Bahia. Before this despatch took place, a fairly successful preparatory exhibition took place on 24th August in the building of our Commercial Association.

With reference to the Brussels Exhibition, I have had the great honour of distributing, with fitting ceremony, the prizes very justly conferred upon our exhibitors, who distinguished themselves at that important world's fair.

## HYDRO-ELECTRIC INSTALLATIONS.

The decree regulating the industrial exploitation of electrical works deriving their energy from the hydraulic power existent in the State dates from 27th March, 1906.

Of the concessions granted under this Act, two are already in full execution and nearing their special object. That of 15th June of that year, with works on the cataracts of the river Jaguaripe, situated on the Remédios estate in the municipality of Nazaré, were begun on 15th August following. That of 14th February, 1907, for the exploitation of the Bananeiras falls of the river Paraguaçu, was transferred on 14th August, 1909, to the Companhia Brasileira de Energia Elétrica and has been in execution since March, 1907.

Little remains to be done as to the technical works of the first concession, which will be in actual operation before the end of the present half-year.

As to the second, which is of much greater importance, and for the exploitation of which in the coming year 1914 we have many costly works in prospect, an extraordinary development has already taken place, costing more than 12,000 contos, inclusive of material. There is a railway completely constructed of 20 kilometres in length; dams, one of which consists of nearly 5,000 cubic metres of masonry, about 24,000 cubic metres of earth and more than 60,000 cubic metres of rock having been taken out of its foundation; a reservoir with a capacity of 200,000,000 cubic metres; and for these constructions 121,133 cubic metres of cement were used, 136,070 cubic metres of rocks quarried out and 250,000 cubic metres of earth removed.

Then there are water mains, conduits, powerhouse with towers, lines of transmission, electric units, workshops and a veritable world of installations of all sorts, which I have seen and admired, wondering at the power of capital and the productive energy of mankind.

Everything will be complete in two years, and before the term cheap electric power will be offered to the consumer, providing for the necessities of the people generally as well as for those of manufacturers.

The utilisation of the Paulo Afonso cataracts, as well as others in the district of the São Francisco river in this State, is by no means abandoned and is under consideration.

## FEDERAL RAILWAY RESULTS.

The important problem of the Federal Rail-

During the past year 1912 its revenue increased by 174,560\$576 over the amount coming to hand in 1911, while its expenditure decreased by 19,807\$155, or nearly 20 contos.

The general financial results of the Nazaré Railway for the last five years are shown in the following tables:—

YEARS.	Receipts.	Expenditure.
1908 .....	757,523\$733	613,461\$113
1909 .....	865,669\$733	672,493\$538
1910 .....	862,345\$901	583,394\$337
1911 .....	964,370\$169	636,028\$913
1912 .....	1,139,430\$745	580,222\$758

	Balance.	Ratio of Profit.
1905 .....	244,062\$620	32%
1909 .....	393,175\$971	45%
1910 .....	278,961\$564	32%
1911 .....	364,841\$366	37%
1912 .....	559,208\$967	49%

And for the last year separately:—

Passengers .....	169,242\$150
Parcels .....	27,617\$640
Animals .....	905,460\$020
Special trains .....	3,522\$600
Warehousing .....	92\$700
Telegrams .....	18,445\$500
Sundries .....	1,680\$300
Eventual receipts .....	4,920\$747
Accessory receipts .....	1,136\$588
Total .....	1,139,430\$745

## NAZARETH RAILWAY GOODS TRAFFIC.

The goods account, value 905,460\$020, is as follows:—

	Weight in kilos.	Product in reis.
Tobacco .....	9,930,479	181,060\$780
Coffee .....	13,377,380	281,899\$800
Cocoa .....	1,077,563	35,302\$760
Hides and skins .....	486,395	12,782\$100
Cereals .....	2,126,374	26,784\$900
Sugar .....	1,613,060	17,020\$780
Timber .....	919,327	2,432\$440
Jerked beef, salt cod & wheat flour .....	3,219,133	39,381\$440
Goods & hardware .....	2,161,136	49,380\$040
Alcohol .....	1,973,665	31,857\$880
Kerosene .....	2,267,252	50,214\$040
Rubber .....	39,895	1,608\$040
Salt .....	1,609,212	14,101\$860
Materials .....	363,586	3,372\$760
Sundries .....	7,581,084	158,950\$800
Total .....	49,141,181	905,460\$020

Expenditure:—	
Staff .....	439,767\$154
Material .....	129,465\$966
General expenses .....	10,988\$638
Balance .....	659,258\$987
Total .....	1,139,430\$745

Such small surpluses as were obtained were given by the traffic of the branch lines, which bring up the total length of the line to 82.8 kilometres, while there are 16 kilometres more being constructed or planned.

Those branch lines serve the factories, but they weigh heavily on the general expenditure account of the line on account of maintenance costs, their traffic being not less than that of the main line, except at harvest time.

I inquired into the matter of reconciling the general interests of the line with those of the workers and manufacturers of the district, where there is an agricultural population of more than 30,000 persons. While inquiring, however, I did not suspend the construction, which continues to go forward, of the branch lines, as I considered it was not lawful for me to create any unjust discriminations.

Now that my inspection of the line is completed, I hope to reduce the expenditure on maintenance. I found the worst technical conditions extending along two kilometres of the route, which is very detrimental to the rolling stock, preventing it being operated as it should and also putting it easily out of repair. The condition of the first section of the main line is better, both as to curves and inclines.

The financial movement of 1912 was as follows:—

(a) Ordinary Services:—	
Total revenue .....	556,318\$160
Total expenditure .....	235,412\$745
Balance .....	320,905\$415

(b) Extraordinary Services:—	
Balance of 1911 .....	4,027\$240
Paid by State Treasury .....	20,000\$200
Drawn from ordinary revenue .....	21,651\$403
Expenditure:—	
Actually paid .....	43,529\$733
Balance for 1913 .....	2,240\$913

(c) Inspections:—	
Receipts:—	
From State Treasury .....	127,032\$417
From the Railway .....	12,420\$410
Total .....	139,452\$827

Expenditure:—	
Canella-Limoeiro branch .....	27,661\$294
Rom Successo branch .....	14,501\$505
Bom Jardim extension .....	60,573\$680
Sundry materials .....	4,829\$100
Staff of the Commission .....	22,837\$150
Total .....	139,452\$827

The kilometric expenditure of the railway has been excessive for a long time back, as the following table shows:—

## KILOMETRIC TABLES.



1910—

Sugar, 3,442 bags	14,675,935
Honey, 89,835 pipes	10,600,520
Tobacco, 20,173 bundles	1,350,689
Cane	36,985,890
Wood	2,970,900
	66,593,944

In 1911—

Sugar, 360,682 bags	21,640,920
Honey, 12,872 pipes	15,186,960
Tobacco, 15,126 bundles	876,244
Cane	83,590,100
Wood	5,085,300
	126,381,524

In 1912—

Sugar, 168,878 bags	10,074,654
Honey, 6,498 pipes	5,198,800
Tobacco, 19,720 bundles	1,105,653
Cane	52,179,780
Wood	5,152,740
	73,711,627

## S. AMARO VALUATION.

All these figures are proof of the great service rendered by the railway to the cause of agriculture in the municipality of Santo Amaro. Without it the sugar industry, which is now very well advanced and prosperous, could never have been developed. The "Bon Jardim" extension, delayed for the long period of 30 years, and which was opened to traffic on the 16th of last month, is a new benefit which increases its utility.

With plans submitted for consideration on 21st April, 1878, and opened on 14th March, 1887, with 26 kilometres of line, constructed at the expenditure of about 2,000 contos of capital, the Santo Amaro Railway represents to-day on the assets side of the State balance-sheet, including the sum spent on its branches, the considerable amount of 3,530,441\$076.

The complete reconstruction of the Santo Amaro Railway Station is necessary for this line. It has been authorised, and I count upon pushing through the works during the whole of the current year. The improvement of the workshops is also a matter of urgency, as also the acquisition of two more locomotives and sundry coaches, which have been already ordered.

Indispensable above all as a measure to secure the safety of the line is its immediate ballasting. This once achieved, and the necessity of reducing the gradient at various points of the main line and the widening of certain curves at others being met, together with that of reducing certain excessive inclines, the Santo Amaro Railway will be found to be in excellent economic traffic conditions, aided, as it is, each day more and more by the intense agricultural exploitation of the important district served by it.

I trust it may be so.

## ILHEOS-CONQUISTA RAILWAY.

The concession for this railway is contained in Decree No. 288 of 28th December, 1904. Construction was begun in October of the following year, and, after receiving the new grants contained in the Decree of 23rd August, 1908, the railway, on 17th May, 1909, passed into the possession of the State of Bahia South-Western Railway Company, Ltd. It was only then, when the undertaking had secured the resources it stood in need of, that the phase of real development of the railway works commenced, so that, though after seven months' working the capital stood no higher than 769,024\$401, by December, 1909, it had attained the sum of 2,449,390\$326, and in June, 1912, the total of 4,802,476\$613, apart from the branch lines, whose capital at the date mentioned was estimated at 580,468\$576.

## EARLY DELAYS.

On account of the slow progress of the works during the early construction period it naturally resulted that, in spite of the time being prolonged to 17th November, 1910, the period fixed for opening the line to traffic as far as Ilheus was not observed, the rails only arriving during September, 1911, and a provisional service as far as Almada being established on 20th July of that year. Even so, the Government granted, on 25th February, 1911, the construction of the Almada branch and the Mucambo subsidiary branch, both with 35 kilometres extension, so that in March of that year—six months before the

solved the question by putting through the amply justified regulations contained in Decree No. 1,198 of 8th November, 1912. I hope by the end of this month to give the Ilheus Railway its definite "instructions and regulations" and its new scale of charges, the consideration of which is now being completed.

The increases of capital corresponding to the work done during my administration have been ascertained as follows:—

Trunk line:—	
In first half-year of 1912	178,998\$500
Branches:—	
In the same half-year	304,546\$483
Total	483,544\$983

The Treasury debt of the railway in virtue of the interest guarantee, which is the basis of the contract, stands as follows:—

Paid from 1906 to 1910	296,514\$784
Interest paid by me for 1911	114,550\$000
	411,064\$784
To be paid for first half-year of 1912	58,262\$500
	469,327\$284
Deduction for overpayment in 1910	3,950\$000
Total	465,377\$284

This trunk line interest total corresponds with the guaranteed capital of 2,330,500\$000. The interest of the branches amounts to 21,409\$756.

The traffic movement in 1912 (in approximate figures) was as follows:—

Collected revenue	393,145\$880
Eventual revenue	18,531\$850
	411,677\$730
Realised expenditure	370,205\$870
Balance	41,471\$860

In 1911, the first year of traffic, the results had been as follows:—

Receipts	250,205\$185
Expenditure	320,481\$310
Deficit	70,276\$125

## TRAFFIC DEVELOPMENT.

In 1912 there were carried 44,676 passengers, 16,581 being first class and 28,095 second class passengers.

The tables show the rapidity with which the traffic promises to be developed. That should be the case, because the railway passes through a fairly rich and immensely productive district. But for the waste of the early construction period, the sacrifice of capital which the State guarantees up to certain limits would be compensated for in a short period.

In my judgment the extension to Conquista, if its construction be carried out, as is to be hoped, under good economic conditions, will bring down the kilometric charge of the railway and raise the average of revenue from traffic, and a return on capital being thus achieved the moment will arrive when the guaranteed money received will be repaid to the Treasury, and when the prosperity of this important railway will be an accomplished fact.

The future is no other than what I forecast and maintain to be a certainty if the extension is carried out.

## RESALE OF CENTRAL WESTERN RAILWAY.

I must tell you with my usual sincerity and frankness that, had I been called upon to sign the agreement as to the resale of the Central Western Railway according to the terms of the official Note of 7th August, 1911, or even according to other terms, I should have refused doing so. As the matter took place about eight months before I was invested with the Governorship of the State, I conceived it to be my duty not to impede the agreement or rescind it. It was the word of the Government that I thus honoured, because the Government knows no term or interruption of continuity, and when it makes a contract, it never changes it because we have changed our constitutional representatives.

Consequently, while awaiting the judgment of the Minister of Communications, whose function it was in virtue of the Federal contract of 15th April, 1911, to approve or refuse that

Whence it is seen that the average loss per month is 10,071\$759, and for the State, according to the terms of its traffic maintenance agreement, 78,560\$044.

My decision in the matter, had it not been settled at the time of my succeeding to the Governorship, would be to promote the liquidation of the Treasury interests, the railway receiving up to the value of its joint responsibility with the State, and to unite the line with the Santo Amaro Railway, with which after the necessary extensions were made it would form an excellent and most useful railway unit of our system of State undertakings.

What has been done is this—keeping in mind that the resale price of the Central Western Railway, in the form of the external loan contract of 1910, is destined for the anticipated redemption of a certain number of its bonds, the result will be, over and above the actual loss of the capital of 1,939,017\$348, the loss of the value of the railway alienated, which will, in fact, remain an asset the less among our State undertakings.

If I am wrong, Gentlemen of the Assembly, I do not see that any harm comes to the State from my opinion, because the Central Western is sold.

I wish to insist all the same on my opinion and to make it clear to you that, opposed as I am in principle to the policy of alienation, I would never have sold it.

## BAHIAN NAVIGATION.

There is no service showing such confusion, to such an extent that it would seem that there was nobody at all to manage it, as that of the Bahian navigation. It is enough for me to point out to you—and to assure you, gentlemen, that I tell you the truth—its condition of absenteeism from the records of the Treasury.

For the whole time of its administration by the State there is not a single record of its movement of receipts and expenditure, so that, apart from the cases of loans being raised to satisfy creditors worn out with hoping and complaining, for the payment of steamers bought in Europe for the coastwise traffic and for the purchase, also effected by the money derived from the 1910 loan, of a floating dock, no information is imparted in the books of the Treasury, or, rather, everything was hidden from them.

Wants, defects, accounts in arrears, complaints of all sorts—that is what I encountered in April last year, making it abundantly clear to my mind, darkened as it was by the shadows of such a picture, that I was taking under my responsibility a service without management, perverted and laid entirely waste by anarchy.

## COMMITTEE OF INVESTIGATION.

Consequently, I appointed forthwith a special committee enjoying my entire confidence to study the matter in its entirety and after a complete examination to inform me how far the common condemnation by the public was justified and by what immediate measures it would be within my power to amend recognised faults.

Within two months I knew everything and held proof for the facts. Outside the floating assets of the coastwise line, among which were numbered four new units and the Araujo Pinho Dock of undoubted value and importance, the rest—ships, bridges, workshops—none of these corresponded with the purpose of the undertaking.

For the inland line traffic it was frequently necessary to hastily arrange the night before what vessels should be told off to undertake the voyages of the following day, and during the most pressing business hours of the same day to double the number in order to help the different lines to keep their time-table.

The bridges are mostly in ruins.

## STATE OF THE WORKSHOPS.

The workshops, if those which the Bahian Navigation possesses deserve that name, were as follows—a matter I immediately verified:—

One shed, open to wind and rain; and things, all out of gear, to say nothing of their ancient construction, to which it is repugnant to give the name of "buildings"; and in both—where the workman produced very little, and that under conditions which should earn for him the appellation of a true hero—an absolute want of machinery, plant, tools and all that is necessary for the most modest of modern workshops, and for want of which the work turned out was as difficult as dear, entailing for the simplest repairs an excessive expenditure of time, money, effort and work.

## BAHIAN NAVIGATION FINANCE.

I cannot describe to you as flattering the condition of the finances of the Bahian Navigation. In this particular there is still much to be done. But I can safely assure you that they have greatly improved during the past year.

The State Treasury, which contributed an amount of 296,233\$600 to pay off the debts of 1911, advancing in cash the sum of 201,282\$380, and itself paying directly a slice of 94,951\$310, as it had already supplied the sum of 161,793\$000 in 1911 to pay the debts of the previous year, now certifies before striking the balance of 1912 that the total receipts of the Bahian Navigation having been 1,603,234\$867 and its expenditure 1,639,998\$934, the deficit is not more than 36,765\$067, and taking into account the fact that 51,996\$905 entered as receipts was never actually collected—precisely the contrary of what happens now—the deficit—an event that never took place before—will not now go beyond the figure of 88,761\$972.

The following tables are a true expression of the facts and define the situation thus:—

Coastwise line	160,277\$437
Internal line	477,815\$301
Araujo Pinho dock	1,500\$000
Federal Subvention	300,000\$000
Commission on transport duty	821\$244
Extraordinary receipts	6,356\$500
Receipts to be collected	51,996\$905
Bonus on payment of accounts	4,414\$160
Interest	638\$320
	1,603,234\$867

Total Expenditure in 1912:—

Coastwise line	
Costs account	918,797\$162
Main-tenance	110,959\$913
	1,029,757\$095

Internal line—

Costs account	272,723\$784
Main-tenance	120,825\$970
	393,549\$754

A. Pinho dock—

Costs account	150\$000
Main-tenance	4,753\$920
	4,903\$920

Bridges—

Costs account	52,343\$102
Main-tenance	11,118\$378
	63,461\$480

Coastwise line agencies—

Costs account	3,077\$249
Main-tenance	8,449\$113
	11,526\$362

Head Counting House 109,477\$353 |

Araujo Pinho Dock	392\$400
Extraordinary expenditure	5,757\$450
Fiscalisation	6,000\$000
Automatic cranes	15,174\$120
	1,639,998\$934

Difference or deficit 36,765\$067 |

From the above figures are deduced the following:—

Coastwise line, 1912:—	
Collected revenue	760,277\$437
Total expended on ships	1,027,757\$095
Traffic deficit	269,479\$658

Internal line, 1912:—

Collected revenue	477,815\$301
Total expended on ships	393,549\$754
Traffic balance	84,265\$547
	4,162

Total 1,603,234\$867 |

Total 1,603,234\$867 |

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Total 1,603,234\$867 |

Total 1,603,234\$867 |

Total 1,603,234\$867 |

Republic.

It paid in 1905, though only a small amount, the sum necessary, according to the resolution of 8th January of that year, for the indemnification of the new Empresa Viacao do S. Francisco (the company undertaking the transport service of the S. Francisco), a concern which had been organised by the State itself!

It paid finally in 1907, after the liquidation of the Viacao do Brasil and the indemnification of the concern which it put in its place, for two new steamships, two barges, material and certain improvements on the River Preto, a sum of 285,160\$300!

And I tell you, gentlemen, that, in order to comply with the Federal contract of February last, in which an annual subvention of 300,000\$000 is secured to Bahia for ten years, the State Treasury will have to pay out the sum required for the purchase of five new steamships for the navigation of the Sao Francisco, because without them the Union will never make over to us that valuable grant in aid which I agitated for and obtained in virtue of the Budgetary Law of 1912.

## FARMING CONTRACT OF 1909.

When the Navigation of the Sao Francisco had become the property of the State and had been somewhat improved, it appeared that the contract drawn up and signed in 1909 for the farming out of the services only proved a means of deceiving the Government and depriving it of its rights.

In all sincerity, I could not, after my first careful inquiry into the matter, put any faith in the working of the contract of 2nd July. The farming out of the services had not from first to last one single advantage. It did not guarantee to the Treasury, contrary to what had always been maintained, a fair profit by way of compensation. It did not secure for the service the benefits demanded and claimed by the public. And, most of all, it upheld against the free trade of the Sao Francisco district a position of privilege which is incompatible at the present day with the object of all transport undertakings.

For these reasons I annulled the farming agreement and rescinded the contract of 1909.

## RESULTS OF STATE MANAGEMENT.

The events of the first five months of State management completely confirmed my judgment and the propriety of the step which I had taken, and of which I trust you will approve.

The farming agreement had lasted 37 months, and the receipts from the service during that period were as follows:—

Second half-year 1909	210,008\$490
First half-year 1910	281,043\$410
Second half-year 1910	298,606\$810
First half-year 1911	332,640\$880
Second half-year 1911	320,822\$860
First half-year 1912	320,980\$740
From 1st to 28th July, 1912	76,320\$620
Total	1,840,527\$210

or an average monthly receipt of 49,743\$978 for 37 months.

During the period from 29th July to 31st December the receipts were 290,367\$920, or, during five months of State management the average monthly receipt was 58,173\$854, making a difference in excess on the monthly return of 8,429\$606.

From the point of view of the State's share in the profit, the difference, as I shall show you, commences to be marvellous.

The following are the checked accounts of the quotas receivable by the Treasury during the farming out period:—

Second half-year 1909	43,002\$550
First half-year 1910	64,313\$020
Second half-year 1910	69,582\$050
First half-year 1911	78,366\$900
Second half-year 1911	83,056\$350
First half-year 1912	78,392\$300
1st to 28th July, 1912	15,264\$930
Total	431,980\$100

Deducting the value of the capital account, according to Decree No. 1,239 of 21st-February, 1913

	334,926\$555
a balance remains of	100,053\$545
which is the actual "gain" accruing to the Treasury from 37 months of the farming agreement; that is to say, an actual liquid "profit" of 2,704\$149 per month.	

For the five months of State management (28th July to 31st December, 1912), taking into account the fact that the salt freight tariff had been reduced 15 per cent., the account is:—

Receipts	290,367\$920
Expenditure	232,416\$227
The "profit" of	5,951\$693

or a monthly gain of

	11,603\$338
	4,163

4,163 miles at 12 voyages per annum

4,128 miles.

Total

75,360 miles.

## BALANCE OF ACCOUNTS.

During the last year, as may be easily verified, the total receipts of the service amounted to 688,173\$280, distributed thus:—

Total receipts of first half-year	320,980\$740
Receipts of July, up to 28th	76,324\$620
Receipts from 29th July to 31st	290,867\$920
Total	688,173\$280

Expenditure, including leaseholders' profits, was as follows:—

From 1st January to 28th July:—	
Participation of Treasury	93,657\$230
Less capital account	28,955\$330
Expenditure and profit by leaseholders	332,603\$460

From 29th July to 31st December:—	
Expenditure on the service	232,416\$227
Balance lodged in Treasury	55,000\$000
Cash balance for 1913	3,451\$693
Total	688,173\$280

The accounts for the period of State management, 29th July to 31st December, 1912, stand as follows:—

Receipts:—	
Traffic	210,796\$180
Transport duty	2,185\$200
Casual	2,886\$540
Federal Subvention	75,000\$000
Total	290,867\$920

Expenditure:—	
Traffic	103,706\$449
Custom House	24,820\$940
Workshops	26,391\$350
Wages	37,126\$785
Sundry	16,679\$153
Sundry creditors	23,691\$550
Balance:—	
Lodged in Treasury	55,000\$000
Cash, for 1913	3,451\$693
Total	290,867\$920

Total

290,867\$920

Total

290,867\$920

Total

290,867\$920

Total

290,867\$920

Total

290,867\$920

Total

290,867\$920



# BRAZIL—STATE OF BAHIA.

## Dr. J. J. Seabra's Message to the General Legislative Assembly. (Continued.)

### EXPORT DUTY.

The revenue mentioned under the head of export duty was derived from the dispatch of 1,560,625 packages, weighing 82,253,516 kilograms. Besides a weight of 2,374,239 litres of specified products, all which exported goods represented an official value of \$9,933,093\$566, these being the direct payments, stated separately, for the year 1912—

Export duties	6,195,214\$576
Statistics	1,313,693\$056
Labour Bank	474,426\$258
Total	7,983,333\$890

The export duties, estimated at 5,600,000\$, produced a revenue of 6,195,214\$576, the amount collected by the Collecting offices not being included in that figure, the surplus of revenue over the estimate being consequently 595,214\$576. The statistics duty, which is levied on all kinds of exported goods, shows an increase of 210,655\$856, seeing that the estimate was for 1,199,000\$ and the yield 1,313,693\$056.

The products which contributed most to the export revenue were—

Cocoa, with a total of	2,917,271\$224
Tobacco, with a total of	2,062,968\$601
Coffee, with a total of	883,816\$073

### VARIOUS TAXES.

The taxes on industries and professions contributed a sum of 2,456,750\$500 to the Government receipts, and was collected thus—

By the Revenue Department	1,281,062\$330
By the Collecting Offices	875,688\$169
Total	2,156,750\$500

The tax of property transfer, including the 10 per cent. of additions, produced 1,285,615\$090, which was obtained thus—

By the Revenue Department	723,534\$050
By the Collecting Offices	565,010\$040
By the Treasury Station	118\$000
Total	1,290,615\$090

Interest on debt produced a sum of 631,115\$721, which was collected thus—

By the Revenue Department	255,424\$229
By the Collecting Offices	431,852\$566
By the Treasury Station	5,835\$353
Total	691,115\$721

The receipt from the Labour Bank, which was 474,426\$258 in 1912, now aggregates since 1902, the date of creation of the 1 per cent. duty, a sum of 4,364,244\$037.

### REVENUE DEPARTMENT.

The total amount collected yearly by the Director of Revenue during the last sixteen years was as follows: the product of the statistics tax being included in the figure for the total amount collected—

YEARS.	Total collected.	Statistics tax.
1897	9,249,230\$082	894,904\$793
1898	12,938,811\$010	1,260,578\$705
1899	9,738,466\$365	941,871\$807
1900	11,150,742\$110	1,165,746\$729
1901	9,706,310\$470	979,111\$475
1902	8,651,716\$474	828,916\$469
1903	7,817,537\$193	735,683\$799
1904	8,181,189\$923	782,817\$079
1905	6,430,059\$080	588,756\$402
1906	7,583,245\$761	782,594\$320
1907	5,583,478\$021	1,172,964\$047
1908	6,067,676\$805	961,634\$629
1909	8,564,408\$516	1,069,605\$663

### CHIEF ITEMS OF EXPENSE.

The principal items in the expenditure of 1912, 18,042,507\$907, were the following—

(a) Debt paid on account of previous financial years	3,518,214\$443
(b) Charge on internal and external consolidated debt	4,001,171\$238
(c) Public Instruction	1,542,682\$788
(d) Public Force	1,920,523\$494
(e) Justice	1,280,111\$321
(f) Public Works (other than those provided for by special vote)	933,865\$145
(g) Legislature (4 Assemblies)	807,652\$265
(h) Road construction	785,531\$461
(i) Prisons and Reformatories	686,938\$752
Total	15,476,091\$450

Other State expenses 2,566,416\$457

18,042,507\$907

It is thus seen what a heavy burden on the expenditure of 1912 was formed by the 3,518,214\$443 of the accounts and maturities of former years, which when fixed by the suspended estimates only amounted to 200,090\$000.

### BUDGET BALANCE.

The difference between the general receipts and expenditure of the State was as follows—

General receipts, 1912	29,744,336\$646
General expenditure, 1912	25,546,661\$821
Difference	4,097,674\$755

Taking into account the movement of funds, the difference was as follows—

General expenditure	25,546,661\$821
Movement of Funds	7,286,344\$950
Total	18,360,316\$871

General receipts, 29,744,336\$646

Movement of Funds	11,879,933\$857
Total	17,664,402\$789
Difference	498,914\$152

### STATE UNDERTAKINGS.

All the services of the State undertakings, with the exception of the Bahian Navigation whose balance of receipt and expenditure shows a deficit of 36,765\$067, exhibited surpluses as follows—

(a) Revenue from securities	12,825\$200
(b) S. Veira bridge (farmed out)	3,750\$000
(c) Nazareth Railway:	
Receipts	1,139,430\$745
Expenditure	530,221\$753
Surplus	599,208\$992

(d) S. Amaro Railway:

Receipts	376,318\$160
Expenditure	235,742\$735
Surplus	50,575\$425

(e) S. Francisco Navigation:

Receipts	683,173\$280
Expenditure	629,721\$537
Surplus	53,451\$643

(f) Bahian Navigation:

Expenditure	1,639,999\$934
Receipts	1,603,243\$267
Deficit	36,756\$667
General Balance	648,376\$233

### EXTERNAL DEBT.

All the State obligations were punctually paid.

expenditure for the various services with which the Treasury is charged.

### TREASURY AND EXCHEQUER.

The balances or classified accounts of receipts and expenditure in 1901 and 1902 were the last published by the State Government, as that of 1905 referring to the previous year was, between ourselves, the last public statement of the Treasury.

And in that statement, also, in spite of the minutiae with which it sets down certain financial points in the administration, in particular the loans of 1888 and 1904, nothing else is to be found but the sums relating to the general balance of the State, which imparts information as to the items of public expenditure during the two preceding years.

Everything remained in this condition subsequently to the new very remote year of 1902, a condition, namely, in which nothing was known about anything. The Messages of this period, in which by no means rarely the official figures were found in a state of confusion, confined themselves to the minimum that it was necessary to say, only publishing as financial record the general balance of the State referred to above, the sums received and expended, the table of receipts collected by the Revenue Department, and the compilations of such export statistics as this great collecting department of the Treasury had cognisance of.

As to expenditure considered in reference to the items set down in the estimates or items which were extraneous to the Finance Act and passed by special resolutions of the Assembly or the Government, nothing was known up to the present day; moreover, such alterations were never made known to the official printing office of the State, nor was there a single document ever issued by it explaining the current position. Even at present it remains a matter for conjecture how this strange state of affairs could have come about, public opinion remaining for the long period of ten years in complete ignorance of the functions actually performed by each one of the services and working departments of the Government.

### ORDER SUCCEEDS DISORDER.

There is no reason to wonder at the facile disposition of the Treasury in giving up little by little the work of classifying and recording the receipts and expenditure of the State and allowing them to fall in arrears for several years when, pressed by the exigency of other business, it knew that the Government never asked for these records and apparently never felt the want of them.

But in my view it was a matter of necessity, in regard to the Treasury statements to reduce past transactions to order and throw a light upon the present. Throughout the whole period of my Government up to the present moment in which I now address you there is nothing to be criticised in this Department. Everything, taking into account the work the Commission was called upon to perform, is as it should be; everything is straight.

As to the past, the work has been begun and is still under consideration by the Commission of three industrious citizens which was appointed under the vigilant care of the worthy Director. One of these was a high functionary of the Treasury Department itself, another was from the Revenue Department, and the third was a person of position in our commercial world. But it has not been possible to complete the work. Together with the tables of the financial year 1912, the Commission has drawn up those of the years 1911, 1910 and 1909. The further matter down to the last publication of 1913 is now in

Board) a more rigorous fiscalisation and of securing for the Department itself a knowledge of the new commitments entered into by the State which it would be called upon to meet. Previously there had been an era of luxury and confusion in regard to these points.

In the same way, Gentlemen and State representatives, you have to recognise with all the zeal with which I was inspired the value of that action by which I subjected to the examination and judgment of the same Junta da Fazenda the accounts of payments in advance for security by means of quantities delivered or moneys advanced. You must not think that it was my intention by this decision of mine to free the Government from any part of its responsibility. That is maintained under the conditions of the law by the decision.

I must tell you with regard to these accounts of payments in advance that those which I found I had to liquidate were in existence from the most varied dates and originated in the most diverse ways; there were more than twenty cases in which one person alone bore the responsibility, some dating more than four or five years back and two or three that have lain forgotten for twice that period of time.

### STATE PROPERTY REGISTER.

I also took steps to secure a certain record for our State property, having it registered in the Treasury at its proper valuation, so that, by preserving the history of its acquisition, it can be made to figure on the assets side of the State balance-sheet without defect or exaggeration. Although this very important work is well enough advanced, it is not yet concluded.

I devoted considerable attention to our interest-bearing debt, and with equal solicitude I have taken steps to secure the defence in Rio de Janeiro before the Supreme Court of the great interests held by the State in the matter of the three lawsuits entered against it, which are now sub judice and approaching decision. With this end in view, when the circumstances called for it, I caused the Promotor of this city to repair to the capital, where he now is, as legal counsel for Bahia. He has a knowledge of the matter in dispute, having previously engaged in its defence with the same energy as that which he now displays in regard to it.

### SUPPLEMENTARY PERIOD.

Finally, a measure which I considered to be indispensable, and consequently decreed it, and now proclaim to you as adopted, was that of creating an additional term for the financial year, which I limited to two months, for the liquidation of the accounts of each year without making any important change in the financial statement of the Treasury. Though I could have entertained doubts as to the advantages of this re-adopted norm, had I allowed my mind to be distracted by the conflicting theories propounded by advocates of systems which all have their defects, I took my stand and came to the decision I have done, justified by the fact, against which opinions are of no avail, that the Treasury is in possession without any difficulty a few days after the close of the financial year of an orderly arrangement of the memoranda and accounts, and all the demonstrations and balances of its movement as effected, determined and checked for 1912. Heretofore, and according to the procedure then in vogue, such a thing hardly, if ever, happened.

The Treasury worked hard under my Government during the past year with the united purpose of reorganising its Departmental services so as to secure the performance of its duties without that supreme effort which I had to demand from it, and I always had the goodwill of a certain group of its highest and best servants.

In this way what I am now doing will always be done.

### STATE SAVINGS BANK.

Established by Law No 50, of 16th August, 1893, the Caixa Economica do Estado (State Savings Bank), whose services are of unquestionable value, must have, on the pattern of a wider scheme of organisation, for which reform I am empowered by Art. 35, of Law No. 920, of 28th November, 1912, an independent existence, transacting the business permitted by its capital resources on its own responsibility, or must at least be put in a position to utilise to the profit of its own cash department the deposits which it receives, and for which the Government is responsible.

maintained unsolved, as without capital there is no organising of banks, just as without credit it is impossible for agriculture to exist and produce.

It may be asked why the Government did not divert to the former bank the loan which it has lately raised, since the State is the guarantor. The answer is easy and decisive—because for the Bank as it formerly existed neither my Government nor any other would ever have obtained a loan at all. Besides, experience proves that time alone restores to banks in a state of decay, even when well managed, that confidence without which money never reaches them and which is necessary in order to obtain capital for them from any source whatsoever. It would be useless to attempt to struggle against facts such as these.

### A NEW INSTITUTION.

It is asked why I did not leave the Agricultural Bank alone to work out its own destinies? My answer is that, the State having once guaranteed the mortgage bonds issued by the bank, I had no right to create a situation which, while being disastrous for the bank itself, would also be prejudicial to the Treasury. No serious Government would create such a situation. My duty was the exact contrary, namely, so to act that the bank, instead of disappearing amid the dangers of a fatal liquidation, should arise as a new institution, strong enough to meet all its commitments and to serve the cause of agriculture in all that the latter stands in need of.

I consequently, Gentlemen, signed the contract of 12th December, 1912, establishing the Banco de Credito Hypothecario e Agricola da Bahia. The Treasury, from the first day of the present month, is in a position to supply the necessary purchase money, giving former shareholders a 10 per cent. bonus, in the terms of the contract. The new bank is now engaged in buying up these shares, for I am glad to be able to announce that the shareholders in their meeting of 31st March last accepted the Government's proposal. The new bank will be in operation by May.

### CONCLUSION.

Such, Gentlemen, has been the work to which I have devoted my attention and energies in our common cause, the cause of Bahia. I persevered in it unhesitatingly, guided by my own spirit of patriotism and your wise and devoted counsels, from which I have never departed, maintaining the principles which I tendered as a pledge for the confidence reposed in me by the people when entrusting me with the exalted position of Governor—the principles of work, justice and honour.

WORK—which I have maintained throughout the whole of this first year of my administration, work directed to the preservation of good order in the State, to the introduction of its ardently desired renaissance by the power of mind and will, to the creation of a real era of progress, in spite of the impediment of an impoverished Treasury, trusting in the great economic forces of the country.

JUSTICE—which constitutes the guarantee for work and is everywhere upon the earth the sovereign good of peoples who struggle to arise, which is, as it should be, authority subject to the law, which allows vested interests no power against principles and makes reason victorious over the despotism of the passions, justice, which establishes peace and reconciles all rights; this justice I have maintained, as you well know, while respecting each individual's freedom of thought and opinion and every legitimate privilege attached to the possession of liberty.

HONOUR—in which consists the true dignity of man and of Governments, I have ever regarded as the banner under which I serve for my lifetime and as an inseparable attribute of my character, honour which it is my destiny to serve with an enthusiasm of belief that will

### SELECTED MINES OF MEXICO

#### DR. SAUER'S REPORT ON THE PROPERTIES.

The statutory meeting of the members of the Selected Mines of Mexico, Ltd., was held, pursuant to section 65 of the Companies (Consolidation) Act, 1903, yesterday at the registered offices of the company, Pinners Hall, Austin Friars, E.C., Dr. Hans Sauer presiding.

The Secretary (Mr. Ernest Hallam) having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen,—This meeting has been called in order to comply with the requirements of statute. I cannot, however, allow this opportunity to pass without placing before you the impressions, facts and conclusions which have been forced on my mind as the result of the personal visit of inspection which I have just made to Mexico, and from which I have just returned. I was accompanied by Mr. Ernest Gedge and Mr. H. S. Denny, both fellow-directors in your company. Our stay in Mexico lasted about one month, and practically the whole of this time was spent in visiting the three properties in which your company is interested. During the whole of our stay in Mexico we had the assistance of Mr. George Denny, who is resident in Mexico. Mr. George Denny accompanied us to all the various mining camps, and his great knowledge of all things appertaining to mining, not only in Mexico, but elsewhere, was of the greatest use and benefit to us. You doubtless know that Mr. George Denny is our manager and consulting engineer out there. I should like to say to those of you who do not know Mr. George Denny that he is recognised as a mining engineer of the highest standing as regards capacity and absolute integrity.

MINERAL RESOURCES OF MEXICO.

As regards the mineral resources of Mexico, they are stupendous, fabulous and inexhaustible for hundreds of years to come, and these resources in the precious metals will again in the not distant future regulate, modify and influence the monetary currency of the world as they did for over 300 years to about 1824, when the secession from Spain and the consequent political troubles practically shut down the great mining industry of Mexico. The present political situation in Mexico I regard as favourable. The administration, under President Huerta, is strong and composed of the best elements of the nation. The Government is determined to pacify the country and to suppress all rebellious outbreaks, and to this end is constantly increasing the numbers and efficiency of the army; continual pressure is being exercised on the rebels, and not a day passes without some fighting between the Government and rebel forces. The result of this active military policy is that the rebels are continually kept on the move, and their losses through death, desertion and capture are so constant that it will not be long before the present state of unrest comes to an end. During my visit I travelled about the country for distances aggregating about 2,000 miles and saw absolutely no signs of unrest whatever in these particular sections, but whether the pacification of the country in the distant area will take a few months more or less does not to my mind matter much, because the most abiding impression, and even the most solid conviction that the country and its people make on one is that this country, with its numerous large cities, its vast system of railways, its extraordinary development of hydro-electric power plants, its great and many mining camps, and, lastly, its great stock-raising and agricultural industries, can never for long lapse into a state of unrest or disorder; its civilisation is too far advanced, and the material interests at stake are too great to allow of this. Gentlemen, I will now pass on to matters of more direct interest to you.

#### OHIO GROUP OF CLAIMS.

The Ohio group of claims is located in perhaps the most renowned mining camp at present in Mexico, namely, the Pachuca mining district in the State of Hidalgo, about two hours by rail north-west of Mexico City, and is also directly connected by rail with Veracruz on the Gulf of Mexico. The Pachuca mining field is situated on the great mountain rim which entirely encompasses the Valley of Mexico, so effectively that an hydrographic entity was established. The precise position is a distance of about five miles east of the town of Pachuca, about 2,000 ft. east of the La Blanca mine, and about one mile south of the mining settlement of Real del Monte. The following statement regarding the general characteristics of the Pachuca field in its geological aspects applies entirely also to the Ohio group of claims, and is therefore of great interest to us. The rocks in which the ore occurs are andesites of the early eruptive miocene period, and it is in these rocks that the ore bearing fissure veins were formed. These older ore bearing andesites are covered in many parts by flows of younger rocks known as the younger andesites. This flow of the younger rocks in many places is entirely covered the older rocks with their mineralised veins, and in consequence it is only rarely that the veins can be seen outcropping on the surface, if indeed they ever occur in the sense in which an outcrop is generally understood.

Since the claims have, however, been continuously held since then, and the payments demanded by the mining laws have been made. The small amount of work done on the property has at least demonstrated that at less than the usual depth from surface valuable ore was not to be found, and the continued development of the Santa Gertrudis and La Blanca mines have tended to strengthen the possibilities of its future development. In the preceding remarks I think I have clearly shown that in this group of claims we have a property of enormous prospective value, and one which I have not the slightest hesitation in recommending as a permanent and legitimate mining venture. To sum up—(1) The claims are in one of the most successful mining districts in Mexico, and (2) adjacent to properties which are earning enormous profits, and which are valued in the open market to-day at several millions sterling. (3) The property possesses all the signs of value associated with the famous mines in the vicinity. (4) The number of vein outcrops and junctions on the property indicate that it has every chance of equalling any of the properties in the field. (5) It has railway connection which actually passes over the property, the railway line being a few yards distant from the spot where we have commenced to sink our exploratory shaft. (6) Electric power is available at about a cost of £11 per h.p. year up to any amount required—thus reducing capital outlay. (7) Pachuca being a mining camp centuries old, the population is skilled in all mining work. Your directors have been advised by Mr. George Denny, and have agreed to sink a shaft of minimum depth of 250 metres, the situation of which has been selected. (8) The situation of our consulting engineers, the sum of £15,000 would be sufficient to prove the value of the property. In concluding my observations on this Ohio group of claims, I will only say that in general the evidence for the value of this property puts it beyond the class of a mere prospect, but that of partly proved mines, with very favourable conditions ahead of it.

#### THE CONCEPCION MINE.

The Concepcion de Borda y Anexas mine is situated in the district commonly known as the El Oro district, in the State of Michoacan, about seven hours by rail in a north-westerly direction from Mexico City. In this district again, as in Pachuca, there are parallel systems of fissure veins on which the different mines are located. One of the main systems are located in the El Oro Mining and Railway Company, the Esperanza and the Mexico Mines of El Oro, Ltd. On the next vein system is the great Dos Estrellas mine, and the Concepcion mine, which I am now dealing, is situated on the third parallel system of veins. It would take me much too far afield to attempt to give even a short description of this mine and the district in which it is placed, and I shall, therefore, confine myself to the broad points of interest. The mine and its immediate vicinity has a history of almost fabulous production. The Concepcion mine was one of the earliest if not the earliest located and worked in the district by Borda, who was probably the greatest individual miner known to mining history. The results obtained by Borda led to the finding of other valuable mines in the vicinity. The Church of Concepcion, Borda paid to Spanish Crown about £50,000, which represented one-fifth of his output from the mine and its vicinity. The mine's reputation of this property in Mexico is of the highest order, and I may state that some of the most general manager of the Dos Estrellas mine, told me personally that he considered the Concepcion to be one of the best if not the best mine in the district. This view is strengthened by the fact that at least two of the great operating mines in the El Oro district have, on various occasions, attempted to obtain control of the property. The present owner of the mine, Mr. J. J. Sauer, was for nearly forty years one of the largest smelters of ore in Mexico, and he ultimately bought this mine on account of the knowledge he acquired by smelting the ore from the mine. The Concepcion contains more than one fissure vein. None of the veins on the property have been worked to any great depth, the deepest point reached being about 400 ft., but the general average depth is probably well under 300 ft. This is, of course, almost nothing in comparison with the other mines of the field, as the Dos Estrellas, for instance, which is the nearest working mine to us, profitable mining is being done at over 1,000 ft. deeper than the deepest point reached on the Concepcion. A point of great significance is the fact that the Dos Estrellas people have recently secured all the mines adjoining the Concepcion on three sides—namely, north, south and east. All these mines have been worked in the past.

#### THE CORONAS VEIN.

The main fissure vein running through the Concepcion block, and the most famous ore producer of this section, the Coronas vein, is of great strength and shows extensive old workings at it amounting to over 1,700 ft. in length, in addition to which there are virgin sections of ground about which nothing is known. The properties adjoining, now under control of the Dos Estrellas Mines, are also being unwatered at the present time. We have several reports on this mine by engineers who have examined it in the past, all these reports are very favourable, and give large tonnage of pay ore in the mine, the estimate of profit to be derived from this ore running into large amounts. I will not attempt to go into figures here, as we will have information on this figure which will show what the position really is. The mine is now being unwatered under the supervision of Mr. George Denny, and when the unwatering is completed a careful and accurate valuation will



631-116872, which was collected thus:  
By the Revenue Department 255-424829  
By the Collecting Offices 431-852856  
By the Treasury Station 3-635553

Total 601-1168723  
The receipt from the Labour Bank, which was 474-426-253 in 1912, now aggregates since 1902, the date of creation of the 1 per cent. duty, a sum of 4,364-2448037.

### REVENUE DEPARTMENT.

The total amount collected yearly by the Director of Revenue during the last sixteen years was as follows: the product of the statistics tax being included in the figure for the total amount collected:—

YEARS.	Total collected.	Statistics tax.
1897	9,249,230\$982	894-904\$793
1898	12,938,811\$010	1,250,579\$705
1899	9,738-466\$565	911-871\$907
1900	11,150-742\$110	1,165-748\$729
1901	9,706-610\$470	979-111\$475
1902	8,631-716\$474	828-916\$470
1903	7,817-537\$493	735-583\$799
1904	8,181-188\$923	782-817\$079
1905	6,430-059\$060	588-756\$402
1906	7,583-245\$761	782-594\$320
1907	9,563-478\$021	1,172-964\$047
1908	8,067-676\$605	961-634\$629
1909	8,564-408\$515	1,069-605\$663
1910	9,043-907\$904	1,091-362\$237
1911	9,886-783\$840	1,258-576\$130
1912	10,477-369\$345	1,318-693\$056

The export statistics actually drawn up for each month of the year 1912 indicate the port of destination for each of the exported products.

### CENTRES OF REVENUE.

Of the Collectors, which exist to the number of 119, besides 19 agencies, those of Ilheus and Santa Amaro are still the best revenue producers, and the following eleven are those which have produced most revenue during the past three years:—

STATIONS.	1912.	Three years average, 1910-12.
1. Ilheus	162,987\$576	136,243\$665
2. Santa Amaro	118-042\$436	133-881\$768
3. Itabuna	98-426\$539	85-807\$471
4. Canavieiras	96-276\$055	79-387\$946
5. S. Felix	71-772\$648	78-740\$103
6. Arica	68-434\$004	56-862\$268
7. Belmonte	68-161\$216	73-456\$500
8. Sençoes	65-430\$740	71-318\$197
9. Nazareth	60-563\$824	47-262\$652
10. Jazeiro	53-379\$558	48-952\$731
11. Alagoinhas	51-298\$865	61-233\$519

All the others produced less than 50,000\$000.

### GENERAL EXPENDITURE.

The general expenditure of the State which took place through the Treasury was the following:—

In 1910	34,028-475\$251
In 1911	19,249-261\$605
In 1912	25,646-661\$891

And, apart from the movement of funds, loans, payment of guarantee-deposits and to the Montepio and requisitions from the Caixa Economica, was as follows:—

In 1910—	
Department of the Interior	6,052-871\$055
Central Police Station	2,830-945\$940
Department of Agriculture and Works	2,002-436\$586
Department of Lands and Mines	79-527\$891
Department of the Treasury	11,261-928\$416
Department of the Revenue	406-571\$323
Total	22,634-281\$311

In 1911—	
Department of the Interior	3,934-546\$887
Central Police Station	2,537-634\$664
Department of Agriculture and Works	2,279-281\$099
Department of Lands and Mines	55-120\$986
Department of the Treasury	5,826-763\$233
Department of the Revenue	318-730\$821
Total	14,852-077\$495

In 1912—	
Department of the Interior	4,707-347\$320
Central Police Station	2,297-049\$337
Department of Agriculture and Works	3,459-494\$448
Department of Lands and Mines	64-267\$755
Department of the Treasury	7,067-255\$882
Department of the Revenue	359-092\$165
Total	18,042-507\$807

### STATE UNDERTAKINGS.

All the services of the State undertakings, with the exception of the Bahian Navigation whose balance of receipt and expenditure shows a deficit of 36-765\$067, exhibited surpluses as follows:—

(a) Revenue from securities	12-825\$200
(b) S. Veira bridge (farmed out)	3-750\$000
(c) Nazareth Railway:	
Receipts	1,139-430\$745
Expenditure	530-221\$753
559-208\$987	

(d) S. Amaro Railway:	
Receipts	376-318\$160
Expenditure	235-742\$735
50-905\$425	

(e) S. Francisco Navigation:	
Receipts	688-173\$280
Expenditure	629-721\$587
58-451\$693	

Total of Balances	685-141\$305
(f) Bahian Navigation:	
Expenditure	1,639-990\$034
Receipts	1,603-243\$867
Deficit	36-765\$067
General Balance	648-376\$233

### EXTERNAL DEBT.

All the State obligations were punctually paid. The situation of the External Debt is the following:—

(a) Paris Loan, 17 Dec. 1888, of 2,800,000, or 20,000,000 frs, issued at 91 p.c. 5 p.c. int. and 1 p.c. sinking fund.	£367,440, or 9,560,000 fr
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(b) London Loan, 21 Dec. 1904, of £1,000,000, or 25,000,000 frs, issued at 80.5 p.c. 5 p.c. int. and 1 p.c. sinking fund.	£1,012,075 15 6, or 25,301,894 fr
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(c) Paris Loan, 22 Jan. 1910, of £1,800,000, or 45,000,000 frs, at 86 p.c. 5 p.c. int. and 1 p.c. sinking fund.	£1,776,127 10, or 44,403,167 fr
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Total of the three loans issued at nominal amount of £3,600,000, or 90,000,000 frs, now quoted at market price of £3,175,643 5 6, or 79,361,032 fr

The difference noted in the 1904 loan is due to the fact of its having been increased in 1905 by £62,360 for anticipated redemption that year of 3,118 bonds of 500 francs each of the loan of 17th December, 1888.

Receipts to hand in the current year, January and February, in accordance with Law No. 920 of 28th November, 1912, were as follows:—

Through Revenue Department	1,160-038\$067
Through the Collecting Offices	388\$195
Through the Treasury Station	23-030\$440
Total	1,568-068\$262

Expenditure of the same two months was as follows:—

Department of the Interior	223-035\$140
General Police Station	214-832\$359
Department of Public Works	774-836\$076
Department of Lands	4-085\$998
Department of the Treasury	377-824\$444
Department of the Revenue	27-568\$490
Total	1,622-184\$547

The estimates of this year, now in course of realization, fixed receipts at 16,778-450\$788 and expenditure at 16,872-698\$338. The two former years, 1912 and 1911, in dependence on the same Law No. 766 of 16th October, 1909, had fixed expenditure at 2,108-592\$572 and receipts at 11,030-000\$000.

There was subsequently, in 1912, an increase over estimated receipts of 3,696-752\$023 for collected receipts, of 2,677-481\$350 for taxes and duties, and of 1,805-966\$273 for receipts collected and lodged.

I hold the reasonable conviction that the State receipts will continue to increase and meet the

### ORDER SUCCEEDS DISORDER.

There is no reason to wonder at the facile disposition of the Treasury in giving up little by little the work of classifying and recording the receipts and expenditure of the State and allowing them to fall in arrears for several years when, pressed by the exigency of other business, it knew that the Government never asked for those records and apparently never felt the want of them.

But in my view it was a matter of necessity in regard to the Treasury statements to reduce past transactions to order and throw a light upon the present. Throughout the whole period of my Government up to the present moment in which I now address you there is nothing to be criticised in this Department. Everything, taking into account the work the Commission was called upon to perform, is as it should be; everything is straight.

As to the past, the work has been begun and is still under consideration by the Commission of three industrious citizens which was appointed under the vigilant care of the worthy-Director. One of these was a high functionary of the Treasury Department itself, another was from the Revenue Department, and the third was a person of position in our commercial world. But it has not been possible to complete the work. Together with the tables of the financial year 1912, the Commission has drawn up those of the years 1911, 1910 and 1909. The further matter down to the last publication of 1913 is now in hand, some prepared and some revised, so that with everything that is now brought together an opinion may be formed that all will be ready by 1st July of the present year.

### PREVALENT ABUSES.

Another extremely exacting task, which frequently deprived the Treasury of the services of some of its ablest employees, and to which the director gave the greatest attention, was that of the fiscalisation of the collecting offices, in whose coffers the revenue may be doubled if only the law be observed. The caprice of party spirit, want of instruction in fiscal matters, too liberal a view as to the application of the sums voted in the estimates, neglect or abandonment of duty, everything here and there, is the cause of the diminution of the revenue in the stations where it was collected. In some of them there were duties which were never collected—export duties, for instance. And in addition to these evils, that of smuggling over the frontiers has had a great effect upon the revenue. It is a long-standing evil of great intensity, and which must be striven against unceasingly.

It is a matter of certainty that the agreement come to between my Government and that of Pernambuco will bring with it the advantage of repressing this last-named abuse in a certain zone of the San Francisco, to our profit and no less to that of the neighbouring States. I think that it is a matter of urgency to establish similar conventions with the States bordering upon ours, and I do not believe that any of them, without very weighty motives, will refuse to accept a means held out to them which promises to be so efficacious.

Even the Government of the State, while not admitting the fact, seemed to be permanently discouraged with regard to the Agricultural Bank, as up to the present it only made tardy delivery of the new sums received in deposit by the Treasury. It was only from my Government that this institution received within the stipulated time what I was able to pay over to it in conformity with the law.

It was clear, moreover, that, having decided to work for the economic advancement of Bahia, I could not leave out of my plan of action so important and opportune a problem as that of the reorganisation of that Bank, four-fifths of whose capital was subscribed by the State.

### COLLECTION OF TAXES.

It is also necessary to have established in the interior of the State, now that the service of the collecting offices has been thoroughly reorganised, branch offices of the Treasury, with chiefs drawn from this Department to act as the local functionaries, and one in particular in Jazeiro, to serve as a centre for the vigilance of the Treasury over its agencies and representatives in the zone of the San Francisco. They would be two, or three, or four, according to convention. But they must never become warrens of favoured individuals, or other negligent or useless persons, whom it is the wont of political life in its unfortunate aberrations to privilege and foster.

A measure of great value also and unquestionable morale for the service was the deprivation of the collecting offices of the right to draw upon the Treasury, by means of five days' bills, the amounts received from individuals for the payment of loans. As soon as introduced the measure has put a stop up to the present day to the abuses of civil practices and speculation. The soldiers do not now complain of unfair deductions from their pay, and the merchants who were in the habit of advancing money to the Government when the collecting offices declared themselves destitute of resources have no fear now of the danger of delay in getting it paid back.

### CONTRACT REGISTRY.

Another useful measure for public order was that of registering in the Treasury contracts entered into with the Government, a measure which I introduced for the double purpose of imposing by the previous examination of their clauses by the "Junta da Fazenda" (Exchequer

and close of the financial year of an orderly arrangement of the memoranda and accounts, and all the demonstrations and balances of its movement as effected, determined and checked for 1912. Heretofore, and according to the procedure then in vogue, such a thing hardly, if ever, happened.

The Treasury worked hard under my Government during the past year with the united purpose of reorganising its Departmental services so as to secure the performance of its duties without that supreme effort which I had to demand from it, and I always had the goodwill of a certain group of its highest and best servants.

In this way what I am now doing will always be done.

### STATE SAVINGS BANK.

Established by Law No. 50, of 16th August, 1893, the Caixa Economica do Estado (State Savings Bank), whose services are of unquestionable value, must have, on the pattern of a wider scheme of organisation, for which reform I am empowered by Art. 35, of Law No. 920, of 28th November, 1912, an independent existence, transacting the business permitted by its capital resources on its own responsibility, or must at least be put in a position to utilise to the profit of its own cash department the deposits which it receives, and for which the Government is responsible.

I have this matter under consideration, and think that within a short time I shall be able to submit to your appreciation and judgment the proposal to which in view of the importance and opportuneness of the case, I am now devoting my attention.

### AGRICULTURAL CREDIT BANK.

The functions of this institution of credit, established in virtue of Law No. 474, of 5th September, 1902, chiefly with the resources derived from the 1 per cent. duty on the official value of exported goods, have been for some time past very restricted, in spite of the powers it possesses to issue Mortgage bonds. As its transactions are extended over a long time, according to the general rule in institutions of this nature, when such transactions are not secured by cautionary deposit or agricultural pledge, the capital of the Bank, consisting of 5,000 contos, of which only 30 per cent. has been called up, is, as will be readily seen, quite insufficient.

For this reason, as soon as the first incomes were exhausted, the loan movement only became a little less inert, whenever from year to year the calls upon shares came in. Beyond that, the action of the Bank was reduced to slowly receiving and applying the amortisations and interest paid in, as it always had a sense of its own weakness. I do not say that the Bank has not rendered services to agriculture, but I do state categorically that it was never in a position to render new services, at least systematically and to the extent that they were required.

Even the Government of the State, while not admitting the fact, seemed to be permanently discouraged with regard to the Agricultural Bank, as up to the present it only made tardy delivery of the new sums received in deposit by the Treasury. It was only from my Government that this institution received within the stipulated time what I was able to pay over to it in conformity with the law.

It was clear, moreover, that, having decided to work for the economic advancement of Bahia, I could not leave out of my plan of action so important and opportune a problem as that of the reorganisation of that Bank, four-fifths of whose capital was subscribed by the State.

### FOREIGN CAPITAL FOR THE BANK.

There were two ways of doing it: either to reorganise the Bank with the resources of the local Money Market or of the Treasury, or else to reorganise it by means of foreign capital. Our own Money Market never had any liking or confidence in the Bank from the first day of its existence, so that up to the present day the money collected from the municipalities, obtained by political influence, constituting the minor portion of the capital, about a fifth of its capital, scarcely 1,000 contos, was never entirely paid up. It would consequently have been an exhibition of imprudence, if not of naïveté, to call upon it for any considerable contribution.

As for the Treasury, it held no sum, great or small, which could meet the amount necessary for such a reorganisation: I had, consequently, to have recourse to foreign capital. It was what I did, and I did it with entire success. In any other way the problem would have re-

quired the introduction of its urgently desired renaissance by the power of mind and will, to the creation of a real era of progress, in spite of the impediment of an impoverished Treasury, trusting in the great economic forces of the country.

JUSTICE—which constitutes the guarantee for work and is everywhere upon the earth the sovereign good of peoples who struggle to arise, which is, as it should be, authority subject to the law, which allows vested interests no power against principles and makes reason victorious over the despotism of the passions, justice, which establishes peace and reconciles all rights; this justice I have maintained, as you well know, while respecting each individual's freedom of thought and opinion and every legitimate privilege attached to the possession of liberty.

HONOUR—in which consists the true dignity of man and of Governments, I have ever regarded as the banner under which I serve for my lifetime and as an inseparable attribute of my character, honour which it is my destiny to serve with an enthusiasm of belief that will only end in death, honour has always dictated, as it now dictates, my rules of conduct; and these rules are, and ever shall be, the rules of my administration. Other principles than these I do not hold, of others I have no need, for others I have no desire. On these principles, Gentlemen of the Assembly, I have guided the State during the past year. Without them I should refuse to govern it, and with them I am firm in my intention to serve it, trusting as far as in me lies and aided by your support to give Bahia a fair chance of achieving its prosperity.

J. J. SEABRA.

Bahia, 1st April, 1913.

### GREENWICH HOSPITAL'S INCOME.

According to a White Paper issued yesterday, the estimated expenditure of Greenwich Hospital for the financial year 1913-14 is £199,112, showing a surplus over the estimated income of £1,442. The expenditure includes £9,200 for pensions to officers and contributions towards the education of their children, £143,450 for pensions to seamen and marines, £23,380 for widows and education of children, and £22,380 for the Royal Hospital School.

### TRADE REPORTS.

#### LIVERPOOL COTTON.

Liverpool, 26th June.—The American futures market opened quiet at 1 1/2 to 1 point advance. Some buying of old crop positions later on hardened values a few points further, but the market during the rest of the morning ruled extremely quiet, though the undertone was steady. With disappointing cables the tendency weakened, and the market closed quiet at 1 1/2 points advance to unchanged rates since yesterday. Closing prices, 2.30 p.m.—In spot American only small business has been done, but quotations are raised 7 points. Best Indian unchanged. Egyptian in good demand at firm prices. Brazilian unchanged. American middling, 6.80; ditto middling fair, 7.38; Pernambuco, 6.33; Egyptian brown, fair, 8.85; ditto fully good, 9.55; M.G. Brach, good, 5 1/2; ditto fully good, 5 1/2; ditto fine, 6 1/2; M.G. No. 1 Oomra, good, 5 1/2; ditto fully good, 5 1/2; ditto fine, 5 1/2; Unnivalley, fully good fair, 5 1/2; ditto good, 5 1/2. To-day's sales comprise—American, 4,020 bales; Brazilian, 1,001; Egyptian, 500; Peruvian, 40; East Indian, none; West Indian, 30; African, 100; 16,000 bales (including 500 on speculation and export). 4.15 p.m.—Spot Liverpool, quiet. Closing of futures, 4.15 p.m.—Deliveries: American, any price basis of middling, G.O.C. Tendency quiet. June, 6.53 1/2; July, 6.50 1/2; Aug., 6.50; Sept., 6.42; Oct., 6.30; Nov., 6.24 1/2; Dec., 6.20 1/2; Jan., 6.19 1/2; Feb., 6.19 1/2; March, 6.20 1/2; April, 6.21 1/2; May, 6.22 1/2; June, 6.23 1/2.

#### SMITHFIELD MARKET.

Produce arriving at Smithfield up to 1 p.m. yesterday for market or cold store weighed 1,952 tons, being 260 tons above the day's average deliveries. Of the deliveries 200 tons were British, and 1,752 tons imported from the Colonies and foreign countries, made up as follows:—

	Beef & Mutton & Lamb.	Pork.	Poultry & Game.	Sun-dries.
British bred	Tons. 133	Tons. 113	Tons. 21	Tons. 20
Imported	Tons. 1,173	Tons. 411	Tons. 43	Tons. 8
Totals	1,306	524	64	28

Trade slow.

numerous large cities, its vast system of railways, its extraordinary development of hydro-electric power plants, its great and many agricultural industries, can never for long lapse into a state of unrest or disorder; its civilisation is too far advanced and the material interests at stake are too great to allow of this. Gentle, sure, it will pass on to matters of more direct interest to you.

### OHIO GROUP OF CLAIMS.

The Ohio group of claims is located in perhaps the most renowned mining camp at present in Mexico, namely, the Pachuca mining district in the State of Hidalgo, about two hours by rail north-west of Mexico City, and is also directly connected by rail with Veracruz on the Gulf of Mexico. The Pachuca mining field is situated on the great mountain rim which entirely encompasses the Valley of Mexico, so effectively that an hydrographic entity was established. The precise position is a distance of about five miles east of the town of Pachuca, about 2,000 ft. east of the La Blanca mine, and about one mile south of the mining section of the Cerro del Monte. The following statement regarding the general characteristics of the Pachuca field in its geological aspects applies entirely also to the Ohio group of claims, and is therefore of great interest to us. The rocks in which the ore occurs are of the early eruptive igneous period, and it is a hard rock, the ore-bearing andesites are covered in many parts by flows of younger rocks known as the younger andesites. This flow of the younger rock in many places entirely covered the older rocks with their mineral veins, and in consequence it is only rarely that the veins can be seen outcropping on the surface, if indeed they are seen in the sense in which an outcrop is generally understood. In two or three instances, however, the wearing away of the younger andesite capping exposed primary or secondary quartz belonging to the mineral veins below, and it is probably this circumstance that originally led to the discovery of this field. Nature, however, provided one other certain indication which has enabled the prospector to follow, locate and trace the mineral veins lying underneath the flow of younger rock. This indication consists of a well-marked yellowish discoloration of the andesite capping wherever the capping overlies a mineral vein. This is a hard and fast rule, and practically the only indication—followed in the location of the numerous mines on this field. This yellowish discoloration was probably caused by cracking of the capping overlying the veins with a concurrent movement on the walls of these enormous veins, which movement continued for some time after the cessation of the younger flows, opening longitudinal fissures which allowed metallic waters to penetrate to surface and produce the effects, which we see to-day in the lines of surface discoloration. It is even possible that deep-seated solutions have played a part in the alteration of the superficial capping, since it is not uncommon to find in the capping bunches of ore not generally of great extent, but always of less secondary quartz. Broadly, the Pachuca mining field may be said to contain a few main veins of great width and unusual persistence, such as the Viscaina and Santa Gertrudis, representing two main vein systems parallel to each other and running east and west, and the Santa Gertrudis and Santa Gertrudis del Norte, running north and south. Branching off these main veins at intervals are spur veins, many of which are of the greatest economic importance, such as the Maravillas from the Viscaina and the so-called branch veins of the Santa Gertrudis and La Blanca mines. When standing on the Ohio group it was plain for everyone to see the line of discoloration running through the Santa Gertrudis and La Blanca mines straight into the Ohio claims. Of this fact there can be no matter of doubt. In the case, however, of the Ohio group, we have more than indications; as a matter of fact, there is actual evidence of a quartz of a metro wide outcrop in the railway cutting a few feet off the grass roots. On reference to the sketch map on the table, it will be seen that we have within the boundaries of these claims the outcrops of three distinct veins, and, what is perhaps of more importance, the junction at acute angles of veins in the Dornelas and Trinidad claims. The intersection of these veins cannot be over-estimated. They are the almost certain signs of great ore concentration. The men who have been interested in this property for the last twenty years or more, amongst whom are counted the manager and mine captain of the La Blanca, originally took up the ground because of the unusual evidences of mineralisation that are to be seen on the surface. These mine officials just referred to, men of lifelong experience in Pachuca, state unhesitatingly that there is no piece of property in the whole of the Pachuca field to-day which has such a fine surface showing as have the Ohio-Trinidad-Nevada group of claims. By carefully tracing their authority vein outcrop on the Ohio group it is followed to a spur on which the San Jose shaft of the La Blanca Company is situated. In other words, the vein is one of the same system that is worked in the Santa Gertrudis and La Blanca.

### WORK DONE.

The only work done on the Ohio group consists of two small prospecting shafts, which were sunk more than twenty years ago. These workings are caved in and useless. The only reliable information which we can obtain regarding the past work refers to the shaft sunk by Mr. William Ryke. Mr. Ryke was for many years, and up to quite recently, the manager of the La Blanca mine in association with other Pachuca people, amongst whom is mentioned Mr. Richards, the present mine foreman of the La Blanca. They state that at a depth of 50 metres a streak of ore was found on the footwall of the vein assaying over 100 to the ton. At the lowest level a crosscut was being made to the vein, the wall of which had just about been reached, when the ground caved in such an extent as to almost engulf three men. The result was that the work was abandoned, and the properties have been lying

idle ever, was for nearly forty years one of the largest smelters of ore in Mexico, and he ultimately bought this mine on account of the knowledge he acquired by studying the ore from a mine. The Concepcion continues more than one fissure vein. None of the veins on the property have been worked to any great depth, the deepest point reached being about 400 ft., but the general average depth is probably about 300 ft. This is, of course, in almost surface prospecting only, especially in view of the fact that in the other mines of the field, as the Dos Estrellas, for instance, which is the nearest working mine to us, profitable mining is being done at over 1,000 ft. deeper than the deepest point reached on the Concepcion. A point of great significance is the fact that the Dos Estrellas people have recently secured all the mines adjoining the Concepcion on three sides—namely, north, south and east. All these mines have been worked in the past.

### THE CORONAS VEIN.

The main fissure vein running through the Concepcion block, and the most famous ore producer of this section, the Coronas vein, is of great strength and shows extensive outcroppings on it amounting to over 1,700 ft. in length, in addition to which there are virgin sections of ground about which nothing is known. The properties adjoining, now under control of the Dos Estrellas Mines, are also being unwatered at the present time. We have several times, on this mine by engineers who have examined it in the past; all these reports are very favourable, and give large tonnage of pay ore in the mine, the estimate of profit to be derived from this ore running into large amounts. I will not attempt to go into figures here, as we will have information on this point which will clearly show what the position really is. The mine is now being unwatered under the supervision of Mr. George Denny, and when the unwatering is concluded a careful and accurate valuation will be made of the ore developed, and of the future prospects of the property. The mine has electric power installed, has complete offices and sufficient workshops for the present, stores and assay offices, electric motors, air compressors, &c. In addition to all this there are two incline shafts. One is over 300 ft. deep and in good order; the other is 50 metres, also in good condition. The cost represented by all this development and equipment work in connection with the mine must be a very large sum of money, which is to the good, and although a large tonnage of ore has been removed from the upper levels of the mine there is not only a great area standing idle, but the lower levels are all apparently filled with ore which is not equipped, will pay well to mill. As regards working facilities, the same general conditions apply as in the Pachuca camp. Railway connection, power supply and labour force are readily obtainable, the working costs on this field compare favourably with other mining fields. The working costs on the Dos Estrellas (the nearest working mine) being about 16s per ton, reckoned in this all charges incurred on the mine. In conclusion, I may be wrong, but in my judgment, these are two properties of unusual promise, and I look forward to their development with the utmost confidence. I may add that since I wrote that we have had a cable from Mr. Denny to say that he has been able to get into and open out the greater part of No. 1 level to the south, and that it looks extremely promising. There is a bit of ground below the second level which will take a little time to explore, and on the second level itself clearing out work has yet to be completed. There is a large tonnage of ore standing above this level. I think that before very long this level will be entirely cleared, and Mr. Denny will then be able to make a complete valuation



## BRAZIL—STATE OF BAHIA.

Dr. J. J. Seabra's Message to the General Legislative Assembly.

(Continued.)

## COMPARATIVE RESULTS.

Revenue and expenditure stand as follows when compared for the last five years:—

YEARS.	Revenue.	Expenditure.
1908	300,397\$293	258,326\$866
1909	351,330\$502	258,946\$955
1910	325,371\$816	298,520\$955
1911	416,319\$076	358,185\$375
1912	336,319\$160	285,412\$735
	Balances.	Profits.
1908	33,050\$368	10.6%
1909	94,391\$167	26.8%
1910	26,830\$861	8.2%
1911	58,433\$701	14.0%
1912	50,905\$425	15.1%

## S. AMARO RAILWAY GOODS TRAFFIC.

The chief sources of revenue shared in the above result as follows:—

In 1908:—	Kilos.
Sugar, 188,149 bags	12,086,285
Honey, 3,490 pipes	10,018,200
Cane, 8,354 bundles	579,187
Tobacco	36,718,238
Wood	1,272,170
	60,774,130
In 1909:—	
Sugar, 247,483 bags	16,603,065
Honey, 8,532 pipes	10,067,760
Tobacco, 7,995 bundles	519,081
Cane	31,333,589
Wood	3,606,573
	62,130,078
In 1910:—	
Sugar, 3,442 bags	14,675,935
Honey, 89,835 pipes	10,600,530
Tobacco, 20,173 bundles	1,350,689
Cane	36,995,890
Wood	2,970,900
	56,593,944
In 1911:—	
Sugar, 360,682 bags	21,640,920
Honey, 12,872 pipes	15,188,960
Tobacco, 15,126 bundles	876,244
Cane	83,590,100
Wood	5,085,500
	126,381,524
In 1912:—	
Sugar, 168,878 bags	10,074,654
Honey, 6,498 pipes	5,198,800
Tobacco, 19,720 bundles	1,105,653
Cane	52,179,780
Wood	5,152,740
	73,711,627

## S. AMARO VALUATION.

approval of the plans—by Decree No. 852 on 20th September the first works of levelling commenced along a stretch of 25 kilometres.

Neither the main line of 58.75 constructed kilometres nor the Almada branch (under construction) was entirely in order when on 29th March of last year I assumed the Governorship of Bahia. To say nothing of the irreparable mistake made in the initial tracing of the first section of line which, on account of the excessive detour it made, failed from the first to secure the traffic for Itabuna, there were great defects in the construction of the line, want of solidity, deviations from the true, sinkings in the level, and, besides other irregularities, that of arbitrary rates for the carriage of goods, in respect of which rates may be mentioned as one of the worst features the admission of the principle of "inverse differentiation" of kilometre taxation.

## BETTERMENTS EFFECTED.

With the adoption of certain measures at my advice for the fiscalisation of the service, everything was set right during this last year, and the exploitation of the line was set on a normal basis. The permanent way has been improved. The work of maintenance is sedulously pursued. The telegraphic line is being re-made. The bridge-work is now in order, changes having been made in the sub-structure. Worn-out or spoiled sleepers have been replaced. The ballast has commenced, and is now in full swing, and—a most important point—works are being carried through for the protection of the cuttings and drainage of water. The construction of branch lines continues—which is not the case, however, with the Itabuna extension, which can only point to plans for 50 kilometres of line.

## FREIGHT TARIFFS.

As to the tariffs, concerning which many complaints were made by representatives of the commerce and agriculture in the zone served by the railway, I gave the most careful attention to the matter, so that without further delay I resolved the question by putting through the amply justified regulations contained in Decree No. 1,198 of 8th November, 1912. I hope by the end of this month to give the Itabuna Railway its definite "instructions and regulations" and its new scale of charges, the consideration of which is now being completed.

The increases of capital corresponding to the work done during my administration have been ascertained as follows:—

Trunk line:—	
In first half-year of 1912	178,998\$500
Branches:—	
In the same half-year	304,546\$483
Total	483,544\$983
The Treasury debt of the railway in virtue of the interest guarantee, which is the basis of the contract, stands as follows:—	
Paid from 1906 to 1910	236,514\$784
Interest paid by me for 1911	114,550\$000
	411,064\$784
To be paid for first half-year of 1912	58,262\$500
	469,327\$284
Deduction for overpayment in 1910	3,950\$000

agreement, concluded between the Government of the State, the Central Western Company and Senhor Barao do Raulle, the latter as representative of the Companhia Viacao Geral de Bahia, I never remarked to the Minister that I desired it or did not like it.

For the long period of eight months during which I handled the business all my care was to attain to one of the two solutions, whichever might be. But I certainly placed no obstacle in the way of a solution, because delay, under the circumstances which the railway was in, going to ruin from day to day for want of proper maintenance, and only able to give a most imperfect service for the traffic, commits the Treasury to a disastrous burden of deficits, while considerably increasing the loss in value of the railway itself.

Of the 3,239,017\$348, the capital invested by the State in the railway, there being 2,063,000\$000 of issued policies and 1,176,017\$348 of interest paid by the Treasury, and the adjusted indemnity for making void the agreement being fixed at 2,000,000\$000, of which amount we would be responsible for 1,300,000\$000 only, the result of the Central Western Railway, now accepted under date 26th February last, brings a loss to the Government of the Union of 1,939,017\$348, or about 2,000 contos! The traffic deficit of 1912 assigned to the account of the State and the Central Western Company in the ratio of 13 to 7 increases the great detriment that comes to us by the transaction. This deficit amounts to 120,861\$597, arising as follows:—

Receipts:—	
Passengers	29,848\$500
Registered parcels	2,057\$820
Animals	1,824\$660
Merchandise	20,941\$340
Telegraph	1,573\$720
Sundry	4,500\$780
Total	50,746\$920
Expenditure	191,608\$517
Deficit	120,861\$597

Whence it is seen that the average loss per month is 10,071\$799, and for the State, according to the terms of its traffic maintenance agreement, 78,560\$044.

My decision in the matter, had it not been settled at the time of my succeeding to the Governorship, would be to promote the liquidation of the Treasury interests, the railway receiving up to the value of its joint responsibility with the State, and to unite the line with the Santo Amaro Railway, with which after the necessary extensions were made it would form an excellent and most useful railway unit of our system of State undertakings.

What has been done is this—keeping in mind that the resale price of the Central Western Railway, in the form of the external loan contract of 1910, is destined for the anticipated redemption of a certain number of its bonds, the result will be, over and above the actual loss of the capital of 1,939,017\$348, the loss of the value of the railway alienated, which will, in fact, remain an asset the less among our State undertakings.

If I am wrong, Gentlemen of the Assembly, I do not see that any harm comes to the State from my opinion, because the Central Western is sold.

I wish to insist all the same on my opinion and to make it clear to you that, opposed as I am in principle to the policy of alienation, I would never have sold it.

To these evils, the first and last of which easily explain the disorder of traffic, the out-of-repair condition of the ships and the high level of expenditure on maintenance, were added the disorders in its management, most detrimental to the economic existence of the undertaking.

## IRREGULARITIES IN ACCOUNTS.

Not to insist too much upon the sad story contained in the official report of the Fiscal Commission, I shall restrict myself to saying that there were many and grave irregularities in the accounts, books not being made up after four years of operation; that in others I detected, besides arrears, a chaotic confusion in figures and accounts; that about a thousand accounts, aggregating a total sum of 661,815\$953 were paid without bearing the visé of the management, and more than two hundred, representing an aggregate sum of 104,531\$934, without the smallest voucher being retained in the archives; that non-existent material continued to figure among the assets of the undertaking; that the book-keeping records and annotations were not in harmony with those of the agencies; that the passes and tickets, as well as carrier checks, &c., representing a value of over 200,000\$, were mixed up with official orders and complimentary tickets, and that the same good officials complained of innumerable other irregularities, denouncing in order to save themselves from their own responsibility the disorder and general want of discipline that pervaded the whole body.

## REFORM OF ABUSES.

Without delay I put a stop to all those abuses and restored indispensable regularity to the Bahian Navigation. The Government is now in touch with the accounts, and knows from one twenty-four hours to another that whatever takes place is at once shown in the balances of the cash office of the undertaking.

By means of the Treasury resources I had the accounts and debts claimed paid up for the year 1912, and they amounted to nothing less than 295,233\$690.

I introduced absolute punctuality in the observance of the time-tables.

I put a stop to the custom of complimentary voyages, without any exception whatsoever.

In short, I converted the discipline of the services into a reality, proving in the course of the reform that by far the greater number of the staff on sea and land was without blame—that I am convinced—for the vast disorganisation which I had encountered.

In order to correct the evils existing on the inland line of navigation, I placed orders without delay in Europe for four new ships to be built under the inspection of disinterested and competent persons, when after useless attempts I had ascertained that it was impossible to obtain them in Rio de Janeiro.

One of these, a fast ship, will do the service to Itaparica, doubling the number of its voyages when necessary.

I also count upon restoring, and in the same way, the two damaged edifices, the condition of which is shameful.

## BAHIAN NAVIGATION FINANCE.

I cannot describe to you as flattering the condition of the finances of the Bahian Navigation. In this particular there is still much to be done. But I can safely assure you that they have greatly improved during the past year.

The State Treasury, which contributed an amount of 295,233\$690 to pay off the debts of 1911; advancing in cash the sum of 201,282\$380, and itself paying directly a slice of 94,951\$310, as it had already supplied the sum of 161,793\$000 in 1911 to pay the debts of the previous year, now certifies before striking the balance of 1912 that the total receipts of the Bahian Navigation having been 1,603,234\$867 and its expenditure 1,639,993\$934, the deficit is not more than 36,759\$067, and taking into account the fact that 51,995\$905 entered as receipts was never actually collected—precisely the contrary of what happens now—the deficit—an event that never took place before—will not now go beyond the figure of 88,761\$972.

The following tables are a true expression of the facts and define the situation thus:—

Total receipts in 1912:—	
Coastwise line	160,277\$437
Internal line	477,815\$301
Araujo Pinho dock	1,500\$000
Federal Subvention	300,000\$000

That is to say, the Coastwise Line, ship by ship, was run invariably at a loss, while the Inland Line showed a small profit, due for the most part to the traffic of the steamer "Conselheiro Dantas," on the Cachoeira line. These results point out the line of policy which the manager of the Bahian Navigation ought to take, remembering that the regimen of account balances is now definitely introduced for the coming year.

I must tell you, gentlemen of the Assembly, that I am negotiating with the Companhia Cessionaria do Porto in order to acquire from it a site whereon to build the new station of the Bahian Navigation. As soon as that is obtained, the necessary construction works will be put in hand at once.

## NAVIGATION OF THE SAO FRANCISCO.

The history of the navigation of the Sao Francisco, gentlemen, representatives of the State, is an ugly narrative of mistake after mistake, most of the mistakes being marked by grave responsibilities and immense losses inflicted upon the coffers of the Treasury, ever since the time when the Bahia Government by signing the contract of 16th February, 1899, began to participate in the fortunes of the Federal undertaking. Without resources and without credit, with a service which was little short of no service at all, within measurable distance of bankruptcy day by day, that undertaking, the securities of which never found a bid in the market of Rio de Janeiro to show that they possessed even a rubbish price, found an acceptance with us which it had never dared to hope for. The Treasury paid 103,000, 138,000, 225,000, even up to 295,000, for its shares when nobody else but the State would buy them.

I purchased, issuing for the purpose 1,258 policies of the nominal value of one conto each, bearing 5 per cent. annual interest, an issue now burdening the State balance-sheet, 55,927 Debitures, which, before the Government of Bahia entered the market, got no better price than 58,800 each. But when they attained to salvation by acquiring the custom of the Government they were dealt in at a maximum price of 128,000, and when made over to the Government itself they were worth as much as 225,000, or, taking the whole block purchased, 1,258,357\$800!

Then for four years a subvention of 72,000\$000 was paid, according to the contract of 1899!

It also paid for the material obtained by the State for the navigation of the Rio Grande and the Rio Corrente, because it was paying, and paying well, too, to receive in exchange more shares of the undertaking, the shares denominated "new," but whose value was just the same as that of the old.

## CAREER OF EXPENDITURE.

Again it paid, when it finally took over the concern and had to complete its payments on the occasion of the auction of 5th September, 1903, expending, over and above the 600,000\$000 required for the final instalment, a sum of 40,309\$000 as interest due to the Bank of the Republic.

It paid in 1905, though only a small amount, the sum necessary, according to the resolution of 8th January of that year, for the indemnification of the new Empresa Viacao do S. Francisco (the company undertaking the transport service of the S. Francisco), a concern which had been organised by the State itself!

It paid finally in 1907, after the liquidation of the Viacao do Brasil and the indemnification of the concern which it put in its place, for two new steamships, two barges, material and certain improvements on the River Preto, a sum of 285,160\$300!

And I tell you, gentlemen, that in order to comply with the Federal contract of February last, in which an annual subvention of 300,000\$000 is secured to Bahia for ten years, the State Treasury will have to pay out the sum required for the purchase of five new steamships for the navigation of the Sao Francisco, because without them the Union will never make over to us that valuable grant in aid which I agitated for and obtained in virtue of the Budgetary Law of 1912.

## FARMING CONTRACT OF 1909.

When the Navigation of the Sao Francisco had become the property of the State and had been somewhat improved, it appeared that the contract drawn up and signed in 1909 for the farming out of the services only proved a means of deceiving the Government and depriving it

Comparing these two results we have:—  
Average monthly profit from the farming ..... 2:704\$140  
Average monthly profit from State management ..... 11:600\$338

Difference in excess ..... 8:896\$198  
Nothing from the financial point of view can be more conducive than the above figures to a knowledge of the inferiority of the farming arrangement created by contract of 22nd July, 1909, which in good time I rescinded.

## COMMANDERS' REPORTS.

As to the order of the services provided by the Navigation of the Sao Francisco and the maintenance and necessary increase of the material required for the same services, I must tell you, Gentlemen representing the State, that throughout the whole period that the lease of the farming lasted during my Governorship complaints and claims lodged were repeated, insistent and continual.

Commander Edgard Lynch, the first director whom I appointed to manage the Navigation, informed me immediately on his arrival at Joazeiro "of the accumulation of cargoes at the mining stations," and wrote as follows as to the floating assets:—

"The steamships and launches for the conveyance of merchandise are in a very unsatisfactory state of preservation. Repairs are made slowly owing to the want of proper modern machinery; an increase in the material is an indispensable necessity, not only in order to meet the growing development of the traffic, but also in order to allow the existing material to be put in repair."  
Commander Muniz Barreto, who succeeded Commander Lynch in the management of the service, was still more severe, blaming the leaseholders as "responsible for the great damage done to the steamships and other property of the undertaking, and being consequently the cause of great prejudice to the State."

## PROGRAMME OF VOYAGES.

The Sao Francisco system of communications, with its 2,268 kilometres in operation, of which 1,754 are in Bahia, 481 in Minas and 33 in Pernambuco, or, taking it river by river, 1,519 kilometres on the Sao Francisco, 125 kilometres on the Corrente, 350 kilometres on the Rio Grande and 274 kilometres on the Rio Preto, deserves well of our effort to improve it, all the more so as by the new contract of 5th March the abolition of the navigation privilege is accelerated by one year, and much more because, while being of considerable advantage to the economic interests of this State, this shipping service animates, stimulates and guarantees the industrial and commercial life of no less than 20 large and wealthy municipalities.

The March contract, which enumerates and emphasises the chief improvements which are indispensable for the navigation of the Sao Francisco, lays down as one of the most important that of the increase of the minimum number of voyages, which will henceforth be 60, according to the following scheme:—

(a) Line from Joazeiro to Pirapora:—	
1,484 miles at 48 voyages per annum	71,232 miles.
(b) Line from Pirapora to Januario:—	
344 miles at 12 voyages per annum	4,128 miles.
Total	75,360 miles.

## BALANCE OF ACCOUNTS.

During the last year, as may be easily verified, the total receipts of the service amounted to 688,173\$280, distributed thus:—

Total receipts of first half-year	320,980\$740
Receipts of July, up to 28th	76,324\$620
Receipts from 29th July to 31st December	290,867\$920
Total	688,173\$280
Expenditure, including leaseholders' profits, was as follows:—	
From 1st January to 28th July:—	
Participation of Treasury	95,657\$230
Less capital account 28:955\$330	64,701\$900
Expenditure and profit by leaseholders	332,603\$460
From 29th July to 31st December:—	
Expenditure on the service	232,416\$227
Balance lodged in Treasury	55,000\$000
Cash balance for 1913	3,451\$693
Total	688,173\$280

The accounts for the period of State management, 29th July to 31st December, 1912, stand as follows:—  
Receipts:—  
Total ..... 688,173\$280

## LIABILITIES.

External funded debt	28,128:422\$763
Internal consolidated debt	17,555:000\$000
Floating debt	10,100:962\$105
State Savings Bank	6,928:579\$265
Compensation values on sale of assets	1,420:502\$420
Receipts 1912	12,835:965\$273
" 1913	1,160:456\$702
Total	79,410:893\$449

The balance was thus increased, in comparison with that of the preceding year, by 8,503:665\$132, it having to be noted that, in spite of the entry "sundry creditors" of the balance of 1911 having been fixed at 1,800:053\$510, when the large sum of 3,518:214\$443 was paid, real for real, from its ascertained total amounting to 4,118:214\$443, the debit balance of the State was brought down from 11,791:813\$531 to the sum of 8,361:775\$366, which appears in the balance-sheet.

As to the floating debt, totalled at 10,100:962\$101, which figure includes loans by means of bills, it is necessary to consider the sum of the cash balances on the assets side, amounting to 3,535:261\$889, and to keep in account in addition to the expenditure on improvements the former debt of 3,518:214\$413 which the Government has to pay in its entirety in 1912, 600:000\$000, to meet which a credit has already been opened and which is thus in process of liquidation.

## RECEIPTS.

The total receipts of the State were as follows:—  
Receipts from the Revenue Department ..... 10,477:369\$345

Receipts from the Collecting Offices	2,428:447\$533
Receipts from the Treasury Station	1,174:853\$669
Receipts on State Undertakings:—	
(a) Nazareth Railway	1,139:430\$745
(b) Santo Amaro Railway	336:318\$160
(c) Sao Francisco Communications	638:173\$280
(d) Bahia Navigation	1,603:234\$867
(e) S. Vieira Bridge	3:750\$000
(f) Income from Government Securities	12:825\$200
Movement of Funds	11,879:933\$252
Total	29,744:336\$646

In the meanwhile the revenue collected by the Treasury was as follows:—  
Revenue Department ..... 10,477:369\$345

Revenue from the Collecting Offices	2,428:447\$533
Revenue from the Treasury Station	1,174:853\$669
Revenue on State Undertakings:—	
sums received by the Treasury:—	
(a) Nazareth Railway	440:000\$000
(b) Santo Amaro Railway	100:449\$946
(c) Sao Francisco Communications	83:066\$350
(d) Income from Government Securities	12:825\$200
(e) S. Vieira Bridge	3:750\$000
	14,726:752\$033

The revenue lodged in the general cash office of the Treasury, which is the revenue figuring in the general balance of the State, is the same revenue collected by the Treasury, less the value of the guarantee deposits and sums expended directly by the collecting offices.

## COLLECTED REVENUE.

Collected Revenue	14,726:752\$033
Guarantee Deposits:—	
Revenue Department	37:594\$640
Collecting Offices	20:888\$531
Treasury	478:706\$127
Ordinary Expenses paid by the Collecting Offices	1,353:597\$458
	1,890:785\$760
Difference	12,835:965\$273