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WEINER, JERRY T.

AFONSO PENA: MINAS GERAIS AND THE TRANSITION FROM EMPIRE
TO REPUBLIC IN BRAZIL

City University of New York

PH.D.

1980

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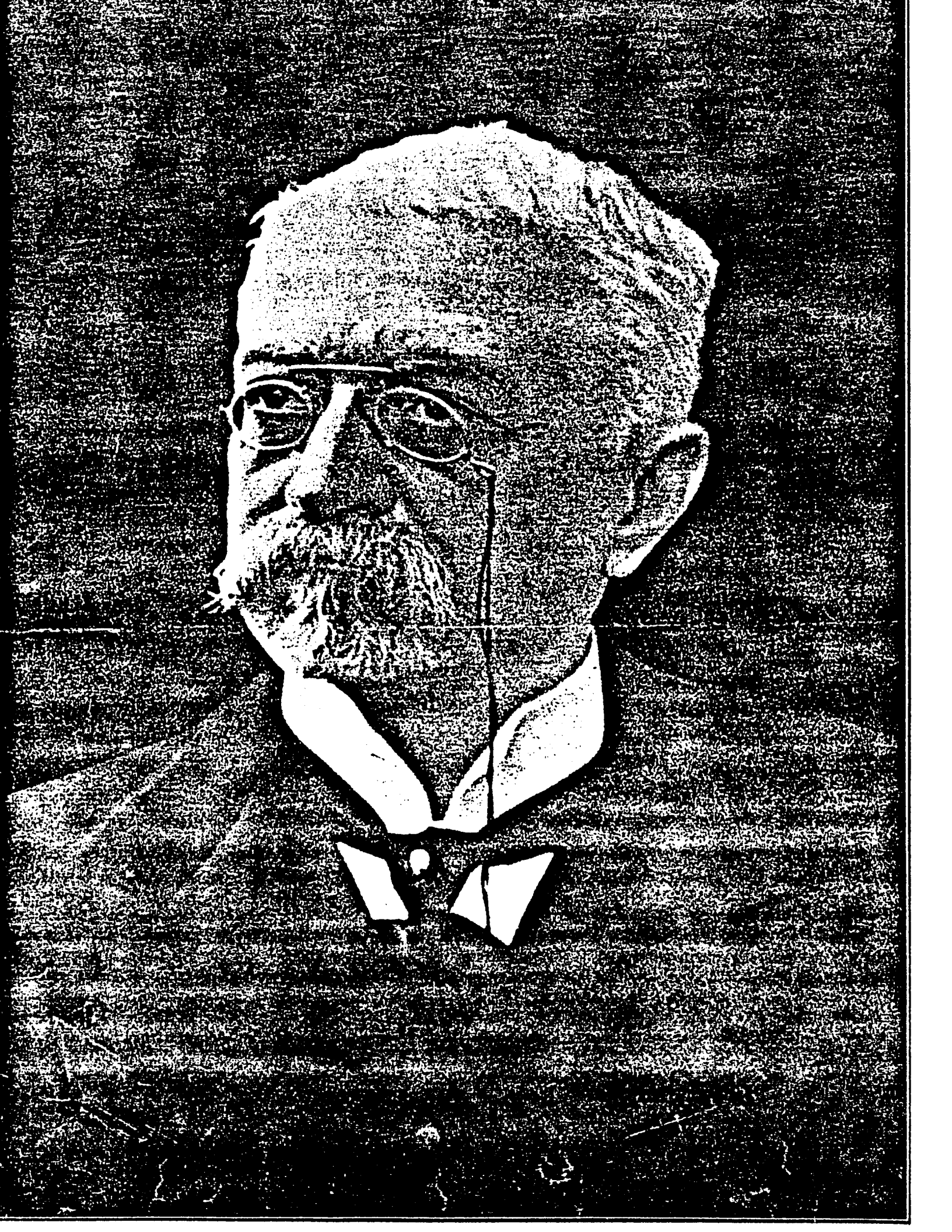
FROM EMPIRE TO REPUBLIC IN BRAZIL

by

JERRY T. WEINER

A dissertation submitted to the Graduate Faculty in History in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York.

1980



This manuscript has been read and accepted for the Graduate Faculty in History in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy.

April 21, 1980
date

Henry Weinstein
Chairman of Examining Committee

April 22, 1980
date

Abraham Archer
Executive Officer

Professor Ralph Dellacava

Professor Jay Kinsbruner

Professor Gregory Rabassa
Supervisory Committee

The City University of New York

BRAZIL



Map 1. Brazilian states and territories

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Naturally, the dissertation is the product of my own work and any mistakes or shortcomings are my responsibility.

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KEY TO ABBREVIATIONS

<u>A.B.B.</u>	Arquivo do Banco do Brasil
<u>A.H.C.R.B.</u>	Arquivo Histórico da Casa de Ruy Barbosa
<u>A.H.I.</u>	Arquivo Histórico do Itamaraty
<u>A.N.</u>	Arquivo Nacional
<u>A.P.A.P.</u>	Arquivo Particular de Afonso Pena
<u>A.P.A.P., Jr.</u>	Arquivo Particular de Afonso Pena Júnior
<u>A.P.M.</u>	Arquivo Público Mineiro
<u>I.H.G.B.</u>	Instituto Histórico e Geográfico Brasileiro
<u>M.H.</u>	Arquivo do Museu Histórico Nacional
<u>P.R.C.</u>	Partido Republicano Constitucional
<u>P.R.F.</u>	Partido Republicano Federal
<u>P.R.M.</u>	Partido Republicano Mineiro
<u>P.R.P.</u>	Partido Republicano Paulista
<u>R.B.E.P.</u>	Revista Brasileira de Estudos Políticos

SOME NOTES ON SOURCES

This bibliographical essay is intended to serve as a guide to the materials used in the preparation of this dissertation. This study of Afonso Pena is to a large measure based on archival research in the cities of Rio de Janeiro, Belo Horizonte, and Brasilia in Brazil.¹ The Afonso Pena archive, located in the Arquivo Nacional in Rio de Janeiro, is the primary source of materials. The archive houses the majority of the Pena papers that detail his political and private life from 1866 to 1909. These documents have, until now, never been systematically utilized for research purposes. Pena's notebooks, private correspondence, and diaries are of special interest because they provide a wealth of new information concerning major political personalities and economic events.

The papers of Afonso Pena Júnior were also given to the National Archive.² Additional documents pertaining to Afonso Pena were found in his son's papers. These materials are being integrated into the Afonso Pena archive. A newspaper clipping

¹See bibliography for a complete list of archives consulted for this study.

²Afonso Pena Júnior was a politician who also had a long and illustrious career. Prior to his father's death in 1909, Afonso Pena Júnior was his confidant in political and business affairs. Afonso Pena Júnior was the majority leader in the Minas Gerais Chamber of Deputies from 1907 to 1909. He was a member of the 'Mineiro' Republican Party's Executive Committee in the 1920s and 1930s. Pena Júnior also served as Minister of Justice in 1925 and 1926.

collection covering the major events that Afonso Pena took part in was also found among his son's papers.

Other archives were visited for different research purposes. The Instituto Histórico e Geográfico Brasileiro in Rio de Janeiro contains some of the papers of Afonso Pena's political associates during the 1880s and 1890s. The Arquivo da Casa de Ruy Barbosa also in Rio de Janeiro has valuable letters, originals and copies, of politicians who were in contact with Afonso Pena during the years 1890 to 1909. The Arquivo do Museu Histórico Nacional in Rio houses the Nilo Peçanha papers. These documents provide an excellent source of information concerning Peçanha's role as Governor of Rio de Janeiro from 1902 to 1906. Of particular importance concerning Pena are documents relating to the Taubaté convention of 1906 and the political affairs of the state of Rio de Janeiro in the first decade of the 1900s. The Arquivo do Banco do Brasil in Brasília has Pena's papers covering his service as president of the bank, 1895 to 1898. These banking papers and records, apparently never before used for research, offer an excellent opportunity to study Pena's involvement in the financial affairs of Brazil during the Prudente Morais administration, 1894 to 1898. The Arquivo Histórico do Itamaraty in Rio de Janeiro contains useful documents concerning the Barão do Rio Branco's role in the presidential succession question of 1910. The José Carlos Rodrigues collection at the Biblioteca Nacional in Rio de Janeiro has the correspondence between Afonso Pena and José Carlos Rodrigues, journalist and

editor of the Jornal do Brasil. The Arquivo Público Mineiro in Belo Horizonte was visited essentially to research public documents from Minas Gerais, 1870 to 1910.

Throughout this study use is made of Brazilian and 'mineiro' public documents. Afonso Pena was a major speaker on numerous issues during his Empire legislative career in the Minas Gerais 'Assembleia Provincial' and the federal 'Câmara dos Deputados.' The legislative records of these representative bodies are very informative concerning the issues that Pena dealt with as a state and federal deputy. Afonso Pena's work as the head of the Ministries of Agriculture, 1883-84 and Justice, 1885, is documented in 'relatórios' for these years. There is no report for his short tenure as Minister of War, 1881, but the federal 'anais' for that year and Pena's archive help fill in this part of the story. Pena's contribution to reform the Brazilian civil law code in 1888 is discussed in Projeto do Código Civil Brasileiro by a well-informed but anonymous C.J.

'Mineiro' public documents are more available for the Republican period.³ For the history of Minas Gerais during the Empire, the public record of the state legislature was the primary source consulted to examine Pena's early political career. For the 1890s, a greater variety of 'mineiro' materials are available. The Annaes do Congresso Constituinte do

³'Mineiro legislative records are difficult to obtain for the Empire period. Those used in this study are located in the 'Arquivo Público Mineiro' and 'Arquivo Nacional.'

Estado do Minas Gerais, 1891, which detail Pena's crucial involvement in the formulation of the state's constitution, is of special importance for this study. Pena's role at this historic convention has, until now, never been completely analyzed. Pena's presidential messages, 1893 and 1894, and the 'relatórios' of his secretaries, particularly David Campista, describe the initial phase of 'mineiro' economic development in these years. Aarão Reis, the head of the new capital study and construction projects, prepared several valuable reports, 1893 through 1895, which add fresh information to this topic. For the early 1900s, public documents that supplement the Afonso Pena-João Pinheiro da Silva correspondence can be found in Francisco de Assis Barbosa's João Pinheiro, Documentação Sobre A Sua Vida. João Pinheiro da Silva, Governor of Minas Gerais, was Pena's close associate.

For public documents on the federal level in the first decade of the 1900s, Afonso Pena's presidential messages, 1907 to 1909, the 'relatórios' of his cabinet ministers, the 'anais' and 'documentos parlamentares' of the federal Chamber of Deputies, 1906 to 1909, were consulted in reference to this work. These materials principally concern chapters five and six which treat the Pena presidency. These public papers were used to gain an understanding of the political debates and published reports pertaining to the 'Convenio de Taubaté,' the Caixa da Conversão,' military reform, the Pinheiro Machado-Carlos Peixoto political conflict, and the presidential succession question of 1910. Two reports on Brazilian port

development from 1901 to 1911 by Alfredo Lisboa, 1906, and José Barbosa Goncalves, 1912, were published by the federal government. These 'relatórios' provide valuable statistical data on a subject that needs deeper examination. There are also collections of laws, decrees, and statistics concerning Brazil and Minas that were consulted for this study.

A wide variety of secondary source materials were used in this biography. For a general history of Brazil during the period under study, the appropriate chapters in Harry Bernstein's Modern and Contemporary Latin America, José Maria Bello's História da república, available in English, and E. Bradford Burns' A History of Brazil were very helpful for an overview. The history of Minas Gerais is outlined in the five-volume study by João Camillo Oliveira Torres, Historia de Minas Gerais. John Wirth's Minas e A Nação: Um Estado de Poder e Dependencia Regional, 1889-1937 in O Brazil Republicano, volume one in the História Geral da Civilização Brasileira series and his recent regional study, Minas Gerais in the Brazilian Federation, 1889-1937, are essential for any work on 'mineiro' history in the Republican period. Wirth's publications are the starting points for any study treating regionalism, elitism, and the general political and economic development of Minas Gerais, particularly after the First World War.

Several other publications were particularly helpful on the topic of regionalism. Joseph Love's Rio Grande do Sul and Brazilian Regionalism, 1889-1930 and Robert Levine's very recent Pernambuco in the Brazilian Federation, 1889-1937 were

supplements to Wirth's regional study. Wirth, Levine, and Love have collaborated on a series of multi-regional works, each written independently, about Minas Gerais, São Paulo, and Pernambuco.

On the topic of elitism in Brazil, José Murilo de Carvalho's Elite and State Building in Imperial Brazil is an excellent and detailed account of the composition and formation of the political elite during the Empire period. This study was used along with the categories and variables developed by Wirth, Love, and Levine in order to evaluate Afonso Pena's career in the context of elitism. Political Recruitment in the State of Minas Gerais, Brazil, 1890-1970 by David Verge Fleischer examines the process of political recruitment in Minas Gerais and the transitional change from a rural landowner-dominated political system during the Empire and Republic to a mass-based urban style of competitive politics beginning after 1930. Linda Lewin's Politics and parentela in Paraíba: A case study of oligarchy in Brazil's Old Republic is a study of the Pessoa family from the Northeastern state of Paraíba do Norte which was used as a yardstick to compare the political influence and traditions of the Pena clan in Minas Gerais with that of another state in a different region.

There are a number of biographies of important politicians in Brazil and Minas Gerais that were consulted for this dissertation. Afonso Arinos de Melo Franco's Um Estadista da República is the classic study of a political figure from Minas Gerais. Recently a one-volume edition of this work complete

with index and detailed footnotes was published. Francisco de Assis Barbosa's Juscelino Kubitschek: Uma Revisão na Política Brasileira is also valuable but lacks an index and bibliography. The writings of Daniel de Carvalho, particularly Capítulos de Memórias and Francisco Sales, Um Político de Outros Tempos, convey the impressions of a 'mineiro' politician from the generation that followed that of Afonso Pena. Other studies worth reading are Um Verão da República: Fernando Lobo by Helio Lobo and Uma Conspiração Contra a Inteligencia: Vida e Obra de David Campista by Antonio Gontijo de Carvalho. A common problem in evaluating Brazilian biographical works is the author's tendency to overestimate the role played by the person under study. This is particularly true in studies of 'mineiro' politicians during the Republican period. The lack of a comprehensive biography about Afonso Pena contributed to this problem. All biographies consulted underestimated Pena's participation in significant political and economic issues from 1891 to 1909.

There are authors whose works are cited in this dissertation who have incorrectly interpreted key political and economic events. Some of these conclusions were based on incomplete evidence. An example of a study that must be read with caution is Rodrigues Soares Júnior's, Jorge Tibiriça e sua época. The author creates the false impression that Tibiriça and the 'paulistas' continued to control federal economic affairs after 1906. Rodrigues Soares writes that Tibiriça, Governor of São Paulo from 1904 to 1908, supplied the leadership in arranging for the financial loans which aided São Paulo's

coffee growers after the 'Convenio de Taubaté' was signed in 1906. Only by passing over Afonso Pena's major role in determining the terms, conditions, and political obligations of these crucial financial loans can the claim of 'paulista' supremacy in federal affairs from 1906 to 1909 be maintained.

In this study, certain monographs were relied on for a general outline and analysis of Brazilian and 'mineiro' economic history. João Pandiá Calógeras' La Politique Monétaire du Brésil served as a source book on the financial affairs of Brazil through the first decades of the Republic. An excellent analysis of the problems confronting Brazilian industrialization can be found in A Luta pela Industrialização do Brasil by Nícea Vilela Luz. Richard Graham's Britain and the Onset of Modernization in Brazil, 1850-1914 details the economic relationship between Brazil and its leading commercial partner and foreign investor, Great Britain.

There are several studies that examine coffee production and the valorization program of 1906 that help to clarify a complex subject. Statistical information on coffee can be found in Afonso de Taunay's Pequena História do Café no Brasil, 1727-1937. Carlos Manuel Peláez, Análise Econômica do Programa Brasileiro da Sustenacão do Café, 1906-1945 is a thoroughly researched account of the long-range effects of the coffee valorization program. Thomas Holloway's The Coffee Valorization Agreement of 1906 is a good account of foreign interest and 'paulista' participation in the valorization plan. Holloway relates the consequences of the Taubaté convention for Brazil

in the years 1906-1912.

The pioneering study by Francisco Iglésias, Política Econômica do Governo Provincial Mineiro, 1835-1889, furnishes an overview of the economic history of Minas Gerais during the Empire period. Iglésias outlines the work needed to be accomplished concerning nineteenth-century 'mineiro' economic history. Several recent studies have partially filled this gap. A Decadência das Minas e A Fuga da Mineração by Waldemar de Almeida Barbosa thoroughly explores the 'mineiro' mining industry through its phases of development. An excellent monograph has been written on sugar production in Minas Gerais. A Cana de Açúcar em Minas Gerais by Miguel Costa Filho deserves mention for its thoroughness. This study should serve as an example for scholars who research the history of the other 'mineiro' agricultural and pastoral products.

This biography of Afonso Pena does not emphasize Brazilian labor history or the social development of all stratas of Brazilian society. Nevertheless, these topics and related subjects are at times discussed within the context of Afonso Pena's life and the transition from Empire to Republic. Edgard Carone's A República Velha treats the significant social issues of the Republican period. John Dulles' Anarchists and Communists in Brazil, 1900-1935 contains valuable data on the political, social, and labor movements of the Republic.

For the statistical data on Brazilian slavery, I depended on Robert Conrad's The Destruction of Brazilian Slavery, 1850-1888 and Herbert Klein's essay, "Nineteenth-Century Brazil" in

Neither Slave nor Free, edited by David W. Cohen and Jack P. Greene. The figures concerning slavery in Minas Gerais in the nineteenth century come from the tables and appendixes of these works. Immigration into Brazil, and specifically into Minas Gerais, is well documented in several studies. For Brazilian immigration data, J. Fernando Carneiro's Imigração e Colonização no Brasil and Henrique Doria de Vasconcellos' Oscilações do Movimento Imigratório no Brasil were consulted. The cited Minas Gerais immigration statistics are those of Norma de Goes Monteiro from her superbly researched Imigração e Colonização em Minas Gerais, 1889-1940. Michael Hall's The Origins of Mass Immigration in Brazil, 1871-1914 was helpful for a comparison with what took place in São Paulo during the same period.

The military involvement in politics during the first decades of the Republic has been researched by June Hahner in Officers and Civilians in Brazil, 1889-1898 and Glauco Carneiro in História das Revoluções Brasileiras, volume one. Hermes da Fonseca Filho's biography, Marechal Hermes: Dados para uma Biografia, is particularly useful for information pertaining to his father's career during Pena's administration.

There are other books and articles listed in the bibliography that are appropriately referred to in footnotes throughout the text. A number of works not mentioned in the dissertation footnotes are present in the bibliography. These monographs aided in piecing together the complete story and sequence of events for many issues. This study does not rely

on extensive newspaper research. The Afonso Pena papers contain a large number and wide variety of newspaper clippings that were consulted. Selected issues of important newspapers were examined when necessary.

The orthography followed for Brazilian names and other words is based primarily on the modern spelling most often employed. The titles of the books, documents, and other works cited are given in the original form.

INTRODUCTION

This dissertation is a biography of Afonso Pena, a president of Brazil during the Old Republic, 1889-1930. Afonso Pena, 1847-1909, was a politician from the state of Minas Gerais whose career spanned the transition from Empire to Republic. Pena was a member of a very prominent 'mineiro' family from the 'município' of Santa Bárbara, located in the Center zone of the state.¹ The Center, a mountainous mining area, was the focal point of political power in Minas Gerais during the Colonial and Empire periods of Brazilian history.²

Afonso Pena was recognized to be intelligent and full of promise at a young age. His family provided him with the best upbringing and education that one of the state's powerful political clans could offer. Pena's university years coincided with the late stages and effects of the Paraguayan War, 1864-1870. After receiving a law degree from the University of São Paulo in 1870, he embarked upon a political career that eventually led him to the presidency of Brazil, 1906-1909.

Afonso Pena was elected to his first political office as a councilman, 'vereador,' in the town council of Santa Bárbara in 1871. His family's political influence in the

¹A 'município' in Brazil is a division of local government corresponding roughly to the American county.

²See map on p. 2 for the 'mineiro' zones or subregions.



Map 2. Mineiro zones, subregions, according to customary boundaries

'município' aided him in launching his career. Shortly thereafter, he was chosen to represent the Liberal Party in the state legislature. Pena was a deputy from the Third Electoral District in the lower house of the 'mineiro' legislature, the 'Assembléia Provincial,' from 1874 to 1878. The Minas Gerais Liberal Party leadership, the executive committee, selected Pena for the position of federal deputy in the Brazilian Congress in the elections of 1878. The reasons for this rapid elevation to national office were his brilliant political performance in the Minas Gerais' legislature and his sponsorship by several members of the 'Mineiro' Liberal Party executive committee. In the last decade of Emperor Pedro II's reign, Pena rose to the highest levels of the Liberal Party leadership, and headed ministries in three separate Liberal governments.

Afonso Pena, a confirmed monarchist, temporarily withdrew from politics after the fall of the Empire in 1889. However, by 1891, he was called upon by a divergent group of 'mineiro' politicians to resume his career and aid Minas Gerais resolve the divisive problems confronting the state. The political leadership of Minas Gerais in the first years of the Republic rested with Cesário Alvim, an ex-Liberal federal deputy, who was a confidant of President Deodoro Fonseca. Alvim was incapable of resolving the subregional political conflict between the Center zone, an economically declining mining area and emerging, coffee-rich South and 'Mata'

zones.³ Alvim was resented because he favored the ex-Liberal and Conservative politicians, recent adherents to the Republican cause, over the more authentic Republicans, the 'historicos.'

The Republican Party in Minas Gerais was organized in 1888. The historic Republicans, those who supported the idea of a Republic in the 1870s and 1880s, were often denied positions of political leadership by Alvim who chose adherents to the Republic for choice appointive positions and to participate in the federal and state constitutional conventions. The political situation in Minas Gerais contrasted with that of São Paulo and Rio Grande do Sul where historic Republicans gained control of their state's primary political organization, the Republican Party. Minas Gerais was not only faced with republican factionalism and subregional rivalry but also with the possibility of a federal intervention after Floriano Peixoto took power in 1891.

Pena's first task was to provide Minas Gerais with a constitution in 1891. Shortly after, Alvim resigned under pressure as governor of Minas Gerais. Pena was chosen to complete his term, and he served as governor from 1892 to 1894.

³A region in this study is defined as a large political unit in the Brazilian nation that is interdependent with other regions. Although Minas Gerais is a state, it also can be classified as a region. A region has a definite shape, size, political boundaries, and its own economic and cultural characteristics. The region of Minas Gerais is divided into subregions or zones, each with its own economies and peculiarities. The inhabitants, 'mineiros,' are loyal to their region on the national level and their subregion in the regional picture. Regionalism is defined as political behavior in the largest unit, Brazil, to obtain political decisional autonomy and economic advantages. See, John Wirth, Minas Gerais in the Brazilian Federation, 1889-1937 (Stanford, 1977), pp. xvi, xvii.

During these years, he helped resolve the state's pressing political problems: intra-regional strife and a threatened federal intervention. Pena was also instrumental in spurring the economic development of Minas Gerais through the greater participation of the state government.

Afonso Pena backed Floriano politically during the Naval Revolt in 1893. The famous 'Manifesto Mineiro,' written by Pena in December 1893 to preserve federal unity and help Floriano, placed the 'mineiro' governor in opposition to some monarchists and military officers who were old friends. Pena proved himself to be a firm supporter of the Republic and constitutional government. Upon leaving office in 1894, Pena arranged for the legal and peaceful transference of power in Minas Gerais. In 1894 and 1895, Pena played a leading role in the creation of the Law Faculty of the Federal University in Belo Horizonte.

From mid-1895 to 1909, Pena was primarily involved in national affairs although his political and business interests in Minas Gerais were not neglected. He served as President of the Bank of the Republic of Brazil from 1895 to 1898. In this capacity, he worked at resolving the financial crisis that was an outgrowth of Ruy Barbosa's and the Baron of Lucena's economic policies during the first years of the Brazilian Republic.⁴ After leaving his bank position, Pena

⁴José Maria Bello, A History of Modern Brazil, 1889-1964 (Stanford, 1966), pp. 72-76. Ruy's years as finance minister, the golden age of liberal economics in Republican Brazil, was a period of speculative investment. The 'Encilamento,' the financial crisis, developed by the mid-1890s.

briefly held the post of 'vereador' in the municipal council of the newly established capital of Belo Horizonte in Minas Gerais. In 1899, he was chosen as a federal senator from his home state. He was elected Vice President of the Republic from 1902 to 1906 during the presidential term of Francisco Rodrigues Alves. In 1906, he became President of Brazil and served until his death in 1909.

Pena's years as President of Brazil were particularly fruitful in terms of the nation's economic development. He played a large role in the financing of the coffee valorization agreement, the 'Convênio de Taubaté' of 1906. The economic and political issues Pena dealt with were of paramount importance for the remaining two decades of the Old Republic.

Afonso Pena's political career clearly demonstrates that he was a major historical figure in Brazil during his lifetime. It is therefore surprising that a biography of the man was not written earlier. Other leading Brazilian and 'mineiro' politicians of the Empire and Republican eras have been studied in depth. Biographies of less important political personalities from Minas Gerais are also available. In 1947, the 'centenario,' of Pena's birth, a substantial prize was offered for a complete study of the man. A number of short papers and essays were written covering the already well-known aspects of his career, but these articles were not a full treatment of his life.

There are several reasons for the lack of a comprehensive study of Afonso Pena prior to this dissertation. The

Afonso Pena archive, housed in the National Archives in Rio de Janeiro, was until recently extremely difficult to work with. Professor Sybil de Ipanema, of the National Archive, has admirably organized Afonso Pena's papers. The task of gathering useful data from these documents no longer discourages researchers. Secondly, Pena's career is thought to be associated with the Empire's and Republic's shortcomings. He appears to offer little attraction for today's young Brazilian historians.⁵ Finally, the American historians interested in Brazil have been concentrating on producing regional, social, and quantitative economic studies. Biographical works, with a few notable exceptions, are not attracting the Brazilianist's attention. Individuals are unfortunately being ignored.

Afonso Pena belongs in the same rank as other notable Brazilian politicians of his era. Ruy Barbosa, Francisco Rodrigues Alves, Prudente Moraes, and Manuel Campos Sales have already received the written treatment that they merit. Pena until now has been largely ignored. This lack of a comprehensive and imaginatively written account of Pena's life was noted in a recent article on Brazilian historiography.⁶ Not all historians have ignored the significance of Afonso Pena, the critical nature of the issues that he

⁵Conversation with Professor Francisco Iglésias, Belo Horizonte, July 12, 1977. Iglésias attributed the lack of a biography about Afonso Pena to the general disinterest in the man.

⁶Thomas Skidmore, "The Historiography of Brazil, 1889-1964," Part I. Hispanic American Historical Review (November, 1975), p. 734.

dealt with and what he represented in his lifetime to Minas Gerais and the Brazilian nation.⁷ This dissertation seeks to fill this gap in Brazilian historical writing.

A chronological approach was adopted in this thesis, primarily because it appeared to be the most logical way to write a biography. However, this dissertation is more than just a linear political account of Pena's life. A number of political, economic, and social issues are discussed and analyzed within the framework of the six chapters of this study. The transition from Empire to Republic brought change at the top, but the political ideas and traditions of the monarchical period hardly changed after 1889. This transference of the political system from Empire to Republic is the overall theme explored in this work.

Governmental power on the national, state, and local levels was concentrated in the hands of a political elite during the Empire, 1822-1889.⁸ The political elite in Minas Gerais retained their privileged positions after 1889.

⁷Harry Bernstein, Modern and Contemporary Latin America (New York, 1965), pp. 383-84; also José Maria Bello, A History of Modern Brazil (Stanford, 1968), pp. 197-206.

⁸Joseph Love, Rio Grande de Sul and Brazilian Regionalism, 1889-1930 (Stanford, 1971), p. xiii. The elite in Love's study of Rio Grande do Sul include the executive committees of the state parties, governors, cabinet members and above in the federal government, congressional leaders, and regional military commanders. These political categories for the most part apply as well to Minas Gerais where the political system functioned to a large extent in the same way. The exceptions in Minas Gerais are the regional military commanders who had little real political power.

Control over the process of governmental decision making on all levels remained in the hands of an extremely small percentage of the population. Afonso Pena is a classic representative of the political and economic elite in Minas Gerais during the late Empire and early Republican periods.⁹ More than any other 'mineiro' of his generation, Pena was responsible for the transference of the Empire political system to the Republic in his home state.

In the 1890s, Pena earned a reputation as a conciliator of divergent viewpoints and was respectfully referred to as a counselor, 'conselheiro.' In the 'Mineiro' Republican Party Pena acted as a moderating influence to bring the competing subregions of Minas Gerais together. As governor he chose a group of young men with promise whose formation was similar to his own for secondary positions of power. Although he was not unique in this method of selecting subordinates, his exceptionally high standards set the mark for future governments in the state.¹⁰

⁹John Wirth, Minas Gerais and the Brazilian Federation, 1889-1937, Appendix A, pp. 237-47. The categories and variables used in Wirth's study to measure elitism were modified to take into account Pena's early political career during the Empire. Pena is clearly the most outstanding politician who made a successful transition to the Republic and continued to obtain elite positions of power. Wirth, Robert Levine and Joseph Love have developed a list of seventy-one categories and variables covering political events, non-political leadership, foreign ties, interstate ties, education, occupation, and family ties to measure elitism in the states of Minas Gerais, Pernambuco, and São Paulo.

¹⁰An example of Pena's political astuteness in selecting aides can be seen during his years as Governor of Minas Gerais, 1892-1894. He chose David Campista as Finance Minister, Silviano Brandão as Interior Minister, Aarão Reis as the head of the Belo Horizonte project and Francisco Sá as Inspector of Lands and Colonization.

Later, as President of the Republic, he filled his ministry posts with men more noted for their intelligence and capabilities than for their political connections. The Pena cabinet, referred to as the 'Jardim da Infância,' was in essence an elite group who represented the finest of their generation.

Kinship politics also remained in effect after 1889. Afonso Pena was a loyal member of a political clan who sought to assist his relatives and friends.¹¹ This was not unusual in Minas Gerais where extended families bartered for political favors and could always depend on placing their own in some public office. The Afonso Pena archive contains a relatively complete record of his involvement in kinship politics and is an excellent opportunity to delve into the intricacies of the system. Pena's business affairs are examined in this context of extended family political relations. The base of a clan's political power rested on the control of a locality, the 'município,' by a political boss, the 'coronel' and his extended family. After the fall of the monarchy, this undemocratic underpinning of the Brazilian political process

¹¹Afonso Pena selected competent people for subordinate positions of power. However, operating within the framework of the established political system meant that certain members of one's extended family had to be taken care of. Pena did appoint family members and friends to positions of power and is therefore open to a charge of nepotism. Edmundo Veiga, Governor Pena's son-in-law, served as Director of the Minas Gerais printing office from 1892 to 1894. President Pena appointed his son-in-law as his principal secretary from 1906 to 1909. There are other examples; see Chapter II.

survived without serious alterations for most of the Republican era in Minas Gerais.¹²

Throughout this study attention is given to regional and subregional political and economic issues. The 'mineiros' sense of regional and zonal identity was a carryover from Empire to Republic. Minas Gerais was always among the most important states during the Empire. Based on its population, the highest in Brazil until São Paulo took the lead in the late 1920s, Minas Gerais had the largest congressional delegation in the federal congresses of the Empire and Republic. 'Mineiro' politicians were successful in defending their region's interests during Emperor Pedro II's reign. For example, Minas Gerais, the state with the most slaves, acted to retard the abolitionist movement in the federal congress in the 1870s and 1880s. Pena was a champion of these expressions of regional self-interest throughout his political career.

From 1889 to 1898, Minas Gerais temporarily lost its privileged power status within the Brazilian nation because of the state's unsettled political situation. Silviano Brandão, governor from 1898 to 1902, is credited with re-asserting the 'mineiro's' political influence in the federal government. Little attention, however, has been given to the role exercised by Afonso Pena in the 1890s to defend and

¹²Victor Nunes Leal, Coronelismo, Enxada e Voto: O Município e o Regime Representativo no Brasil (Rio de Janeiro, 1948). This oft-quoted classic is an excellent study of the political power of the rural 'coronel' in Brazil.

reestablish the state's commanding position on the national level. Silviano profited from the groundwork laid by Afonso Pena. Pena assumed control of Minas Gerais in 1892, the low point of the region's input into national affairs. He successfully defended his region against federal intervention. His promotion of economic development through railroad expansion, immigration, foreign investment in Minas, the establishment of a new capital and more favorable tariff rates for its agricultural products is discussed in the context of regionalism.

Afonso Pena was a representative of the Center zone in matters concerning the subregional political and economic issues of his home state. Nevertheless, he realized that subregional strife threatened the unity of Minas Gerais. The Center, or mining, zone controlled the political affairs of the state throughout the nineteenth century even though the mines were no longer as productive as they had been in the previous century. The politicians from Ouro Preto, the old capital, São João del Rei, Barbacena, and other towns in the Center were unwilling to relinquish power to the new zones of economic importance. Coffee, milk and its by-products, livestock raising, and light industry gave the South, 'Mata' and 'Triangulo' wealth but not political control of the state. Juiz de Fora in the 'Mata' was the focal point of the opposition to the Center's continued dominance of the state's political affairs. Afonso Pena helped resolve the state's divisive political problems, primarily due to this shift in

the 'mineiro' economic axis. This study focuses on the crucial subregional economic issues in the 1890s. The drawing up and significance of the Minas Gerais Constitution of 1891, the transference of the state capital to Belo Horizonte and the gradual realignment of zonal political power all reflected the region's changed economic situation. Pena played the paramount role in the resolution of this subregional conflict in Minas Gerais during the 1890s.

Later as President of Brazil, Pena gave particular attention to his home region's needs. São Paulo and Minas Gerais are thought of as partners in an alliance, commonly known as 'café com leite,' to dominate the political and economic affairs of Brazil during the Old Republic. Minas Gerais is usually considered the weaker member of this partnership. The supremacy of the 'paulistas' has often been accepted without question. The agreement to regulate the price of coffee, the 'Convenio de Taubaté' of 1906, is given as an example of São Paulo's manipulation of the federal government to protect its political and economic interests.¹³ However, careful study of Afonso Pena's papers reveals that the 'paulista' politicians were not as influential as

¹³Thomas Holloway, The Brazilian Coffee Valorization of 1906 (Madison, 1975), pp. 80-81. In his fine evaluation of the coffee valorization program to protect the price of Brazil's most valuable agricultural export, coffee, Holloway presents the generally accepted but erroneous viewpoint of the primacy of the 'paulistas' in determining the federal government's economic policy from 1906 to 1909.

previously thought once a 'mineiro' was the nation's leader.¹⁴

From 1906 to 1909, the balance of political power tilted in favor of Minas Gerais. Pena and João Pinheiro da Silva, the governor of Minas Gerais from 1906 to 1908, were staunch defenders of their region's political and economic needs. The decline in the price of coffee because of over-production affected Minas Gerais differently due to its production of lower grades of coffee. This study explores for the first time the roles played by Pena and João Pinheiro in the reformulation of the 'Convenio de Taubaté'. Regional considerations were often the 'mineiro' President's first priority in determining the federal government's attitude toward São Paulo's financial needs. Pena only aided São Paulo if the decision did not go counter to Minas Gerais' political and economic interests. Pena's papers show that the Brazilian government helped to contract the coffee valorization loan of 1908 to bail out the 'paulistas' in return for São Paulo's support of a 'mineiro' presidential candidate in the elections of 1910.

A biography of Afonso Pena would not be complete without a discussion of his political and economic philosophy. Pena believed in and supported the Liberal Party's political

¹⁴Rodrigo Soares Júnior, Jorge Tibiriça e sua época, Vol. 2 (São Paulo, 1958), pp. 521-64. The author claims that Governor Tibiriça of São Paulo, 1904-1908, was the major figure in the drafting of the 'Convenio de Taubaté.' This may be true, but he played a secondary role to Afonso Pena in the coffee agreement's reformulation and the financial accords made from 1906 to 1908 to support the plan.

and economic ideology in the early stages of his legislative career. In Minas Gerais the Liberal tradition was molded by the leading members of the party during the Empire. Bernardo de Vasconcellos, Teófilo Otoni, José Rodrigues Lima Duarte and Afonso Celso de Assis Figueiredo were the 'mineiro' Liberals who guided the state party in these years. These men at times were proponents of a national government with a federalist orientation, the opening up of the electoral process to include newly qualified participants and a laissez-faire economic policy.

The Liberals regained political power, after a ten-year lapse, in the Brazilian national elections of 1878. One of their campaign pledges was a promise to legislate changes in the electoral process. In 1881, the Saraiva Law was passed which expanded the number of eligible voters although property qualifications remained stringent. Afonso Pena, a young Liberal spokesman in the 'Câmara,' was an ardent proponent of this legislation and took part in the congressional debates to obtain its passage. The efforts to grant the 'municípios' greater autonomy by means of an expanded financial base during the 1870s and 1880s is another example of Pena's support of the 'mineiro' Liberal platform. Pena continued to pursue Liberal Party political principles after the fall of the monarchy. During the Republic, Pena was a champion of Liberal political ideology within the Republican Party. He was extremely successful in the transference of Liberal political ideas into the Minas Gerais

Constitution of 1891. This document is permeated with the late Liberal Party's political precepts.

In the early 1890s, Afonso Pena found it necessary to abandon the Liberal Party's outdated laissez-faire economic ideas that he, for the most part, backed almost to the end of the monarchical period. Pena now realized that the economic growth and modernization of Minas Gerais would be possible only if the state government took a more active economic role. As governor, Pena used the political powers of his office to guide, protect, and arrange for necessary loans to finance the economic development of Minas Gerais. The growing governmental participation in 'mineiro' economic affairs begun by Pena in 1892 continued after he left office. In contrast to his old Liberal Party political principles, Pena's economic philosophy changed completely during the Republican era.

As President of Brazil, Pena put together a program calling for the economic development of the entire nation. Afonso Pena was an early proponent of economic nationalism in Brazil. The 'Caixa de Conversão' of 1907 to regulate the nation's currency value, the tariff reform of 1906, transportation and communication growth, and increased immigration were integral parts of Pena's plans for the modernization of Brazil. This study for the first time thoroughly examines Pena's plans for Brazilian economic development.

Afonso Pena relied on the political support of João Pinheiro da Silva, Governor of Minas Gerais during his

presidential term.¹⁵ João Pinheiro's premature death in late 1908 was the turning point in the Pena administration. Thereafter Pena no longer could depend on the unconditional backing of a united 'mineiro' legislative delegation in the federal congress. Pena's efforts to arrange for another 'mineiro' to succeed him as President of Brazil in 1910 failed. Pena's political setbacks in early 1909, particularly his aim of having David Campista, the Finance Minister in his administration, named as the presidential candidate, proved debilitating to his health. These disappointments contributed to his death in May, 1909. Pena's passing marked the end of an era.

¹⁵Francisco de Assis Barbosa, João Pinheiro, Documentação Sobre A Sua Vida (Belo Horizonte, 1966), pp. 15-16. The author regards Afonso Pena as the central figure in promoting the economic development of Minas Gerais from the early 1890s to 1909. João Pinheiro da Silva, an historic Republican, commanded the 'Mineiro' Republican Party as Governor of Minas Gerais. João Pinheiro was a strong proponent of Pena's economic plans for his home state and the nation during the years 1906 to 1908.

CHAPTER I

HISTORICAL BACKGROUND:

NINETEENTH-CENTURY MINAS GERAIS

Minas Gerais, Brazil's fifth largest state with an area of 226,805 square miles, was first organized as a captaincy in 1720. The discovery of gold in the streams along the Serra do Espinhaço, a mountainous country running north to south, from Ouro Preto to Diamantina in Minas, by "paulista" prospectors in the 1690s had led to a large influx of population into the region. The center of the gold-mining activity was the town of Vila Rica de Ouro Preto. Throughout the first half of the eighteenth century, gold and diamond mining made Minas Gerais the richest and most important region in Brazil. Diamonds were discovered around Diamantina in the late 1720s. The Braganza royal house of Portugal was provided with a steady source of wealth which only began to diminish in the latter decades of the 1700s. The mineral riches of Minas Gerais passed quickly out of the hands of the Portuguese Crown due to a deficit trade balance particularly with British commercial interests. The gold and diamonds of Brazil helped finance the early growth of the Dutch and British commercial and industrial empires. Mineral riches had linked the political and economic fate of

Portugal to that of Great Britain.¹

After reaching a peak in the 1750s, the production of gold in Brazil began to decline. This decreased output of mineral wealth eventually led to severe reform measures by the Portuguese government in mid-1788. The new regulations were designed to make up for the arrears owed to the royal treasury for the previous years. Minas Gerais had an obligation to supply 100 arrobas (1 arroba equals 32 pounds) of gold per year. The unrealistic and draconian demands put forth by the Portuguese monarchy caused political unrest in Minas Gerais. In 1788-89, a separatist plot, the 'Inconfidencia Mineira,' chiefly involving a number of intellectuals, disgruntled royal officials, and indebted holders of gold contracts, was discovered and suppressed by the Portuguese authorities. The resulting imprisonments, exiles, and the execution of Joaquim José da Silva Xavier, commonly referred to as 'Tiradentes,' were meant to serve as a preventive lesson to those in Brazil who might in the future seek independence.²

¹Charles Boxer, The Golden Age of Brazil, 1695-1750 (Berkeley, 1962). This is an excellent account of the rise, effects, and decline of gold and diamond mining in Brazil, primarily Minas Gerais. Other gold deposits were discovered in Goiás and Mato Grosso.

²Kenneth Maxwell, Conflicts and Conspiracies: Brazil and Portugal, 1750-1808 (Cambridge, 1973). Maxwell's study focuses on the political conspiracy in Minas Gerais by exploring its economic roots through an examination of the motives of those involved in the plot. The 'Inconfidencia Mineira' is the most famous of the pre-independence separatist plans.

The French Revolution of 1789 spread fear in the royal houses of Europe. In the 1790s, the European political situation continued to reflect the changes caused by the outbreak of revolution in France. The Iberian nations were greatly affected by the evolving political events on the other side of the Pyrenees. The colonial empires of Spain and Portugal in the Americas were destined to gain their independence in the nineteenth century. Independence from Spain was basically the result of revolutionary activities in the colonies. In Brazil, the political situation differed because of the arrival of the Portuguese royal family in 1807. The Portuguese Crown's flight from Napoleon's armies with the aid of the British Navy enabled Brazil to remain relatively free of the political turmoil that developed in the Spanish colonies. The presence of Dom João VI and his son Pedro I in Brazil served as a unifying political link for the diverse regions of the future nation. The independence of Brazil came as a result of a gradual evolutionary process. The apparent agreement made by Dom João and the Portuguese-born Dom Pedro I, to divide the Braganza empire prior to João's return to Portugal led to the establishment of the Brazilian nation in 1822.

Emperor Pedro I ruled Brazil from 1822 to 1831. Pedro was a ruler with absolutist tendencies who found it increasingly difficult to operate within the political framework of his centralist Constitution of 1824. A number of poorly conceived foreign involvements, particularly the loss of

the Cisplatine province and political conflicts with members of the national legislature, weakened respect for Pedro in the 1820s. The representative bodies, the 'Senado' and 'Câmara dos Deputados' were set up to provide Brazilians, essentially the propertied upper class, with a political voice. Pedro's increasing reliance on the Portuguese community in Brazil and his open relationship with a Brazilian woman further contributed to the married Emperor's unpopularity. In 1831 he abdicated the throne under pressure in favor of his Brazilian-born infant son, Pedro II.

The Regency period, 1831-1840, of Brazilian history was a particularly politically troubled era. Revolutionary outbreaks in the South, Rio Grande do Sul, and in the North, Maranhão, Bahia, and Pará, threatened the territorial integrity of Brazil. Furthermore, the Liberals made certain important political changes in the Constitution of 1824 that weakened central authority.³ The Liberals' most notable accomplishment was the passage of the Additional Act of 1834.

³From the 1820s to 1889, Liberals and Conservatives vied for control of the political and economic affairs of Brazil. The Conservatives, in general, stood for political centralization, tight fiscal restraints over budgetary matters, and a strong monarchy. The Liberals wanted a federalized nation, a laissez-faire economic system, parliamentary responsibility in budget matters, more representative government, especially in the local 'câmaras,' and less royal prerogative. Both Liberals and Conservatives represented the landed oligarchy. During the Second Empire, the Liberals and Conservatives functioned in a two-party parliamentary system. Emperor Pedro II rotated the two parties into and out of office through the use of his moderating power. See, Afonso Arinos de Melo Franco, Um Estadista da República (Rio de Janeiro, 1976), pp. 178-80, 245, 246.

Through this act the Liberals tried to politically decentralize the Brazilian nation. The Act of 1834 abolished the Council of State which was considered a bastion of conservatism. It also outlawed the entailing of estates and provided for the establishment of provincial legislatures with powers over local affairs.

This chapter is divided into four parts. The first section explores the economic base of 'mineiro' politics by examining the economic conditions in the province in the 1800s. Section two is a synopsis of the political events of the late Regency and first years of the Second Empire, 1840 to 1889, in Minas Gerais. Section three is a discussion of Afonso Pena's family with emphasis on kinship ties, political influences, and family business affairs. The last section is devoted to Pena's educational background.

I. Economic Conditions

The town of Santa Bárbara where Afonso Pena was born in 1847 is one of the oldest parishes in Minas Gerais.⁴ Located in the Center mining zone, Santa Bárbara experienced

⁴Waldemar de Almeida Barbosa, Dicionário Histórico-Geográfico de Minas (Belo Horizonte, 1971), pp. 422-23. The alvará of February 16, 1724 made Santa Bárbara a 'colativa.' It rose to the status of town in 1839, and was elevated to the category of city by law 881 on June 6, 1858. It is part of a 'município' which comprises six districts: Santa Bárbara, Barra Feliz, Catas Altas, Brumal, Conceição do Rio Acima, and Florália. In 1878, a 'comarca' was created in Santa Bárbara. See also, T. Lynn Smith, Brazil People and Institutions (Baton Rouge, 1972), pp. 570-71, on the 'município' in general as well as for an analysis of the term and the comparison of the institution to the American county.

a slow but steady growth after its founding in 1724. By 1839, when it was elevated to the status of a 'vila,' the province was in the midst of a period of economic adjustment. The decreased mining production in the Center zone caused economic dislocation during the last decades of the eighteenth century. The decline of the mining industry continued into the nineteenth century. The gold, diamond, and iron deposits had never been worked in a scientific manner. Concerned primarily with fiscal control, the Portuguese government paid scant attention to new technology for the inefficient mining industry. Although there was a more advanced technology for gold, diamond, and iron mining, the extractive work remained relatively primitive in Minas Gerais. Mining could be extremely profitable when alluvial gold located near the surface was discovered. However, little was attempted when a more skilled labor and systematized organization were required. As the 1800s progressed, mining played a reduced role in the economic development of the province.⁵ The resurgence of the 'mineiro' mining industry did not occur until the twentieth century. Nevertheless, the extraction of minerals along with other economic pursuits kept Minas Gerais among the foremost provinces of the Empire.

⁵Francisco Iglésias, Política econômica do governo provincial mineiro (1835-1889), pp. 100-3. Iglésias' study treats the 'politics of production' in Minas Gerais and surveys the economic realities of the nineteenth century. There are more gaps in the economic history of the province of Minas Gerais in the nineteenth century than in other periods, according to Professor Iglésias, pp. 9-11, 59, 60.

Cattle ranching was a component of the region's economic intradependence dating from the growth of the Center subregion. In the seventeenth century, the raising of livestock attracted settlers to the 'sertão' in the north of Minas. The ranchers helped clear wilderness tracts and spurred economic ties to the mining zone through the exchange of beef, leather, and other livestock by-products. Ranching continued to be a major aspect of the 'mineiro' economy in the 1800s. In the Center mining zone, beef still brought a profitable market price. This remuneration also encouraged cattle raising in the western and southern parts of the state. São Paulo and Rio de Janeiro were other natural markets for 'mineiro' livestock products. The northern areas of the province stagnated after the recurrent droughts and gradual loss of markets in the mining towns. In the 1800s, the southern areas of Minas became the leading stock-raising centers of the region because of their easier accessibility to the major urban markets. The related pork raising in the western Minas, along with the growth of the dairy industry in southern Minas, contributed to make the province a ranching center of Brazil.⁶

In the nineteenth century farming increasingly became the major export activity in Minas Gerais. Cotton, tobacco, and sugar were the chief cash crops prior to the rise of coffee. By 1840, farming was recognized to be the principal

⁶Caio Prado Júnior, The Colonial Background of Modern Brazil (Berkeley, 1971), pp. 225-32.

occupation of the region.⁷ Cultivation of the land increased as the mining activities declined. Measured in terms of external commerce, agricultural produce in 1840 surpassed the value of livestock products.

Minas Gerais was the most populated province in Brazil throughout the Empire period.⁸ Nearly half of the 'mineiro' population consisted of slaves.⁹ In the 1800s many of these laborers were transferred to farm work as the mines declined in production. Statistics on the total number of inhabitants in Minas Gerais during the Empire are estimates open to

⁷Iglésias, pp. 61-78, for a general discussion of farming in Minas Gerais. See also, Miguel Costa Filho, A Cana de Açúcar em Minas Gerais, for a thorough examination of the sugar industry in Minas and Roberto Simonson, Aspectos da historia economica do café (Rio de Janeiro, 1938), p. 61, for growth of coffee production in Minas Gerais; for cotton, see Stanley Stein, The Brazilian Cotton Manufacture: Textile Enterprise in an Underdeveloped Area 1850-1950 (Cambridge, 1957), pp. 4, 5, 23.

⁸The population of Minas Gerais in 1833 was approximately 900,000 according to most estimates and rose to 1.1 million by 1854. The Imperial Census of 1872 gave Minas Gerais a population of 2.1 million. In 1890, the figure rose to 3.1 million. See, for example, Athos de Lemos Rache, Contribuição ao Estudo da Economia Mineira (Rio de Janeiro, 1958), p. 40. See also, Iglésias, pp. 119-21, and Rodolpho Jacob, Minas Gerais no XX^o século, summário geográfico (Rio de Janeiro, 1911), Quadro 15, pp. 29, 30.

⁹Herbert S. Klein, "Nineteenth Century Brazil," in Neither Slave nor Free, ed., David W. Cohen (Baltimore, 1974), p. 314; Table 10-1, compiled by Klein, gives an estimate of 40% for the slave percentage of the population in Minas Gerais in 1814. By 1872, the servile population in Minas Gerais dropped to 18% of the total. The percentages for the white and free colored categories show increases from 1814 to 1872. Although the slave population had decreased in terms of percentage, the total number of slaves increased from 150,000 to 370,000 in the province.

question. The most reliable figure comes from the Imperial Census of 1872 which gives Minas Gerais a total of 2.1 million people. A complete and accurate record of the occupations of the slaves is lacking, but it is evident that the servile class performed a high percentage of the field labor in the province.

In Minas Gerais, slavery was one of the primary causes for the failure to attract many immigrants of European origin prior to 1888. Attempts to encourage foreign settlement in the region ended with poor results. Teófilo Otoni, a prominent 'mineiro' Liberal, was among those in the forefront of promoting colonization in the province. A colonization experiment in the northern part of Minas financed to a large measure by Teófilo Otoni failed because the colonists could not physically adapt to the hostile climate conditions. During the Empire the negative reaction in Europe to the hardships of this and other early colonies further limited immigration into Minas Gerais. The region was never able to draw the number of immigrants that São Paulo and the other southern states later attracted. The rise in population during the nineteenth century was primarily due to a steady birth rate principally among whites and free blacks and some migration from other provinces.

After the 1830s, the growth of coffee cultivation in the 'Mata' and South zones brought new inhabitants to these zones. The monetary value of coffee production in Minas Gerais increased throughout the 1800s, thereby giving

greater economic importance to the 'Mata' and South. The Paraíba Valley, with its near perfect climatic and topographical conditions, was the principle area of coffee production. Coffee steadily added to the general wealth of the province.¹⁰ The political power in Minas Gerais, however, remained with the Center mining zone. The intermittent struggle to move the provincial capital away from Ouro Preto during Pedro II's reign reflected this changing economic order. Nevertheless, the establishment of a more suitable capital had to await the fall of the monarchy and the realignment of political power in Minas Gerais in the 1890s.

Industrial development did not find a favorable atmosphere in Minas Gerais. As the gold and diamond mines began to decline, more capital became available for other investment. A number of cloth factories as well as cottage industries were started in the province during the 1700s. The Portuguese monarchy was against this type of economic initiative because it made Brazil more self-sufficient. Textile manufacturing, except for rough cotton cloth, was prohibited by a royal decree in January, 1785. The climate for industrial growth hardly improved after independence. The prevailing spirit of economic liberalism prevented the Imperial government from promoting industry. The lack of a program in support of nascent industrial enterprises in the 1820s restricted

¹⁰Paulo Mercadante, Os Sertoões do Leste: Estudo de uma Região, A Mata Mineira (Rio de Janeiro, 1973). This is an interesting study of the rise of the 'Mata' zone which was primarily due to the increased coffee cultivation in the area.

economic growth in Minas Gerais. This failure to encourage industrial production with special tariffs, exportation license exemptions, and guarantees for capital continued to have an adverse effect on economic development in Brazil during the early stages of the Second Empire. Although the Alves Tariff was passed in 1844, it was not until later that state-supported measures to develop the nation's economy were undertaken.¹¹ These efforts did not alter the fact that Brazil had primarily become a producer of agricultural products for European and American consumption.¹²

II. Political Events of the Regency and Early Second Empire

The politics of Brazil in the period following the gains made by the Liberals in the 1830s revolved around the determination of the more conservative members of the ruling elite to consolidate the Brazilian nationality. The Conservatives sought to limit the political autonomy of the diverse regions of the Empire. During the Regency, 1831-1840, the manifestations of northeastern federalism and southern secession had convinced many that too much decentralization

¹¹From 1850 to 1875, most Brazilian economic modernization was a result of private initiative. Irineu Evangelista de Sousa, Viscondé de Mauá (1813-89) was the individual most responsible for beginning the modernization of Brazil's banking, transportation and communication's systems. Mauá was in the vanguard of encouraging national industry in Brazil in the 1850s. For a biography of Mauá see, Anyda Marchant, Viscount Mauá and the Empire of Brazil (Berkeley, 1965).

¹²Roberto C. Simonsen, A Evolução Industrial do Brasil (São Paulo, 1939), p. 13.

might destroy the Brazilian nation.¹³ Minas Gerais did not escape the political turmoil of the period.

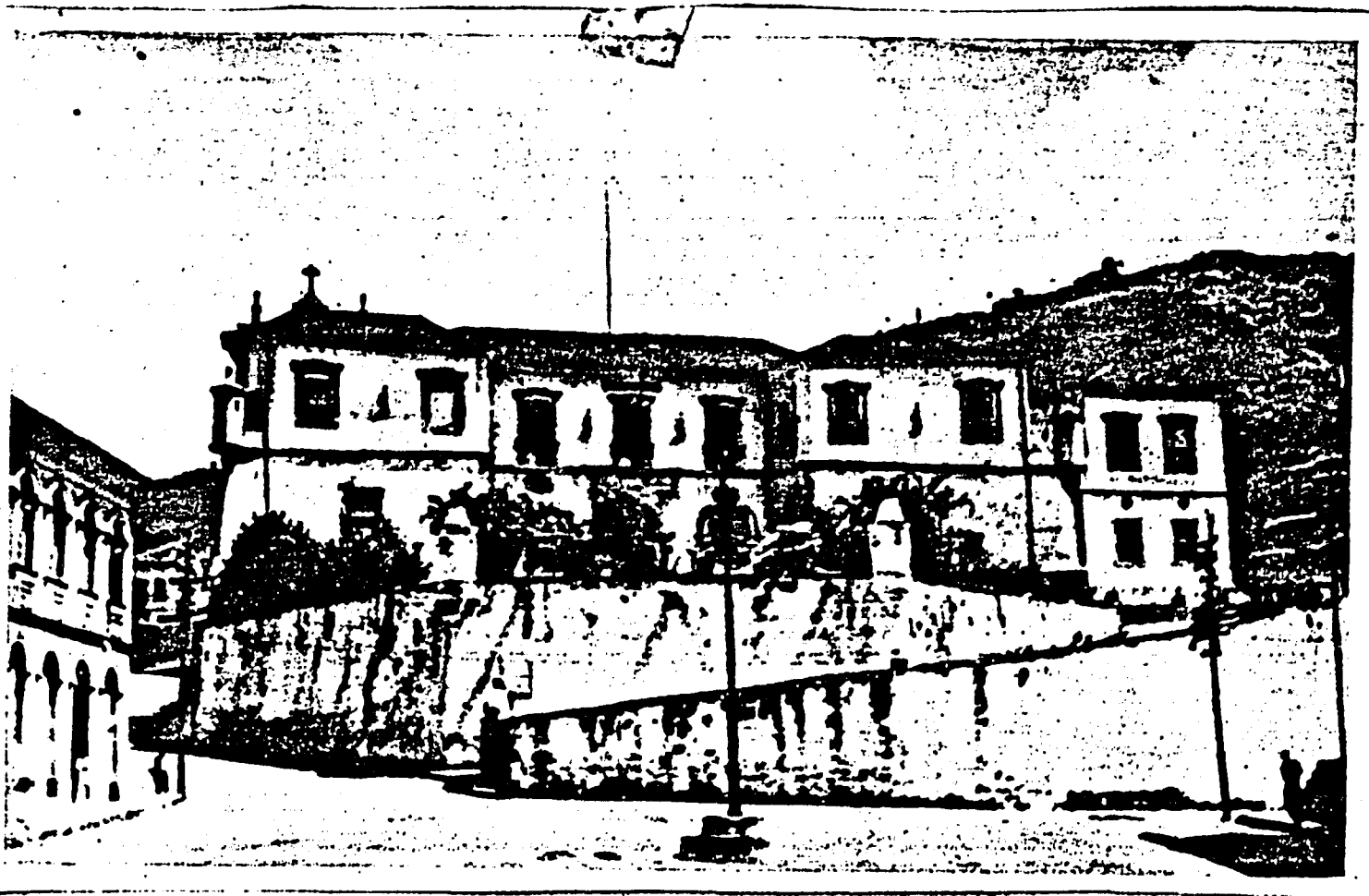
In 1840, a movement to draft the boy Emperor, Pedro II, principally led by conservative politicians, succeeded. The premature proclamation of Pedro's majority heralded the start of a new era in Brazilian political history. The beginning of the Second Empire, 1840-1889, coincided with the passage of the Law of Interpretation of the Additional Act in 1840. The Additional Act of 1834 had benefited regional interests by increasing provincial self-government. The provinces were allowed to elect their own legislatures which fostered the growth of state politics. The large landowners obtained more political power in their districts because they selected the provincial representatives. The provincial president, however, continued to be appointed by the national government. The new statute of 1840 reinterpreted the Additional Act to the point of nullifying it. The Emperor's political prerogatives once again increased. The Act shifted the basis of government back to a more centralized system. It did not eliminate the provincial assembly or municipal 'câmara.' Afonso Pena started his political career in Minas Gerais in these representative bodies.

¹³ Harry Bernstein, Modern and Contemporary Latin America (New York, 1965), pp. 342-47. Professor Bernstein cites regionalism in the forms of republicanism, secession, and internal divisions as the first grave threats faced by Pedro II and his supporters.

The response to these political changes caused a liberal reaction that manifested itself in the Revolution of 1842. The political problems in the North and South of Brazil, unresolved by the central government, had to await solution of the growing unrest and revolutionary activity in São Paulo and Minas Gerais. In the province of São Paulo a strong resistance developed to the reform law of 1840. The electors of the city of São Paulo sent a representation protesting against the actions of the ministry dominated by Conservative oligarchs responsible for the reform law.¹⁴ In 1841 Liberal representatives of São Paulo and Minas Gerais met and reached an agreement whereby when the 'paulistas' rose up in armed revolt, the 'mineiros' would create a military diversion that would distract the attentions of the central government. Among the 'mineiro' leaders was a rich 'fazendeiro,' José Feliciano Pinta da Cunha, a Liberal federal deputy from Santa Bárbara. He enjoyed enormous prestige in the area, thereby making Santa Bárbara one of the focal points of the Minas Gerais uprising. José Feliciano Pinta da Cunha, who after became Baron of Cocais, was selected to head the Liberal rebellion proclaimed at Barbacena in 1842.

The rebels in São Paulo and Minas Gerais sought to establish a legal basis for their actions. Their principal

¹⁴"Representação, que fizeram os eleitores na cidade de São Paulo ao Trono Imperial contra o Ministerio e a Reforma," in Martins de Andrade, A Revolução de 1842 (Rio de Janeiro, 1942), pp. 132-33.



Governor's Palace, Ouro Preto. Seat of Government
in Minas Gerais until 1897

complaint was that the Law of the Interpretation of the Additional Act of 1840 once again gave the Crown absolutist power. The Liberal insurgents' aims were to restore the Additional Act of 1834 and eliminate the detested Conservative oligarchy that influenced and misled the young emperor. The republican ideals that were goals of the anti-monarchical groups in Maranhão and Pernambuco were not espoused by the interim government set up to replace the provincial representatives of the Emperor in Ouro Preto.¹⁵ So many localities joined the movement that Bernardo da Veiga, the provincial president, was forced to recognize, although belatedly, the danger of the insurrection.

The 'mineiro' participants in the uprising in Santa Bárbara numbered about 1,200 men in arms. This large contingent included numerous landowners and their followers, primarily hired hands and slaves who were protesting against the interference into local prerogatives made possible by the recent legislation. The attempt to enforce the controversial law was widely resisted in Afonso Pena's home 'município' in Minas Gerais. Participating in this civic struggle in support of the Liberal interim government was Domingos José Teixeira Pena, the father of Afonso Pena. He was a Portuguese immigrant who had achieved a position of property

¹⁵ José Feliciano Pinta da Cunha, "Manifesto do Povo Mineiro ao Imperador," in Revista do Arquivo Público Mineiro (hereafter R.A.P.M.), ano XV (Belo Horizonte, 1910).

in Santa Bárbara and whose interests included land and mining holdings in the 'município.'

In early 1842, the widespread response to the movement by localities in all parts of Minas Gerais filled the insurgents with optimism. The provincial capital was thought to be in danger of invasion by rebel forces and provisions were made for its defense. The loyalist 'municípios' in the mining zone fell to the Liberal revolutionary cause. Itabira and Caeté, neighboring 'municípios' of Santa Bárbara, remained loyal to the provincial authorities in Ouro Preto. Rebel contingents from Santa Bárbara successfully invaded Caeté and forced the legal provincial troops to retreat.

Unfortunately, the rebels' military and political situation soon deteriorated. The hesitant insurgents did not follow up on their early military victories, and Ouro Preto was not attacked. The Liberal leadership of the uprising in Minas Gerais wavered in mid-1842 after receiving negative reports from São Paulo. The victory of the central government forces under the command of Luís Alves de Lima e Silva, Baron Caxias, in São Paulo turned the early enthusiasm of the insurgents to pessimism.* Southern Minas Gerais was soon pacified as more troops loyal to the Imperial government began to enter the area. The 'mineiro' participants in the rebellion had one last opportunity to strengthen

*The Baron of Caxias (1803-1880), later given the title of Duke, was the military leader who suppressed the uprisings in São Paulo, Minas Gerais, Maranhão and Rio Grande do Sul. Through his military actions, peace was restored to the shaken empire by the late 1840s.

their position. The capture of Ouro Preto once again became a distinct possibility after the victory of the Liberal soldiers at Queluz in the mining zone in 1842. José Feliciano Pinta da Cunha, however, did not want to continue the fight believing that he had fulfilled the 'mineiro' pledge to create a diversion in order that the 'paulistas' could attack and force the Imperial government to accept the rebels' demands. He was opposed by Teófilo Otoni who encouraged an immediate attack on Ouro Preto.

Bernardo da Veiga, the provincial president, buoyed by the news of the Baron of Caxias' victories, sent orders instructing the commanders of the Imperial forces to prepare to attack the rebels in Santa Bárbara and Santa Luzia. The insurgents in Santa Bárbara had joined up with the rebel contingents that were successful at Queluz. The arrival of Baron Caxias, leader of the troops sent to quell the 'mineiro' uprising, meant that the Imperial government was seeking a quick military end to the struggle. In an effort to avoid more bloodshed, José Feliciano sought to make peace and asked for amnesty for the participants in the revolt. The refusal by Caxias to compromise led to the flight of the 'mineiro' interim president. Teófilo Otoni took over the leadership and tried to continue the fight. The ensuing battle between Caxias' soldiers and the insurgents resulted in the victory of the Imperial army. In the mopping up operations, Santa Bárbara was occupied and a number of rebel commanders were arrested. Teófilo Otoni escaped and went into hiding. The

vengeance of the provincial government consisted of jailings and property confiscations, but this was eased later by the appointment of a new provincial president who was more sympathetic to the 'mineiro' participants in the uprising. Shortly thereafter, the Emperor granted a general amnesty. Confiscated property was restored to the rightful owners; banished politicians were allowed to return to Minas Gerais; and those rebels who received prison sentences were released. The 'mineiros' gratefully settled down, and the province did not experience serious political disturbances until the struggle against slavery and for a republican form of government got under way.¹⁶

III. Family Life, Politics, and Business

Afonso Pena was born on November 30, 1847.¹⁷ His father, Domingos José Teixeira Pena, was a member of a prominent family in the town of Santa Bárbara.¹⁸ The marriage of Domingos José to Ana Moreira dos Santos Pena, his second wife, is evidence of the pattern of intermarriage that united many

¹⁶The Revolution of 1842 has an extensive literature. The events in Minas are discussed by João Camilo Torres, História de Minas Gerais, Vol. 4 (Belo Horizonte, 1962), and Martins de Andrade, A Revolução de 1842 among others.

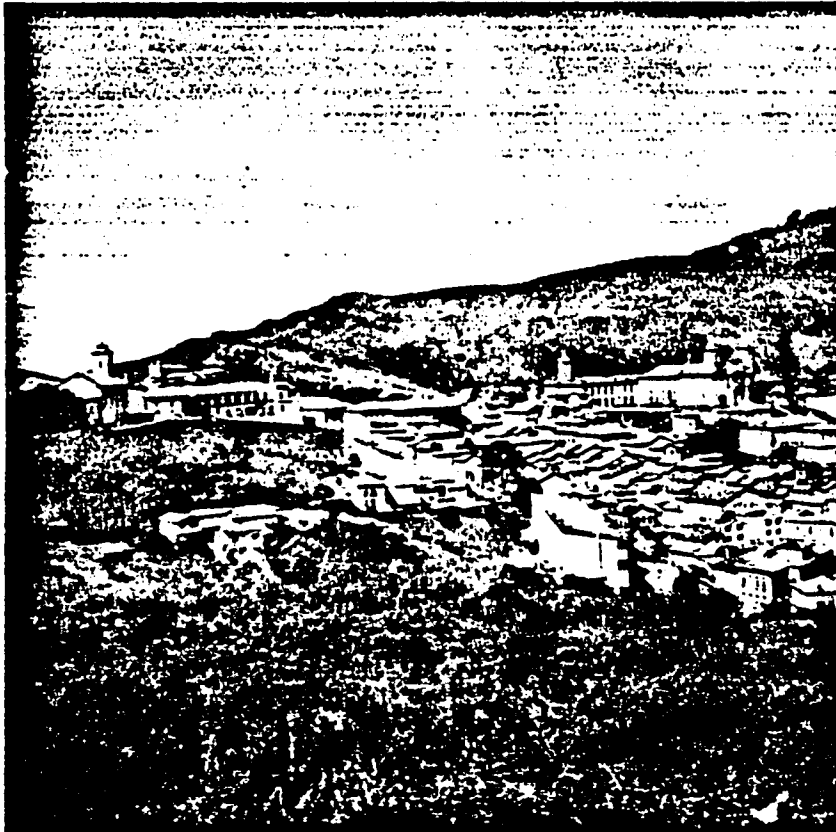
¹⁷Doc. 8.6.2, Caixa 14R, A.P.A.P. Domingos José Teixeira Pena kept a notebook concerning new additions to his family. Afonso Pena is listed as his sixth son of his second marriage.

¹⁸Letter from Domingos José Teixeira Pena, Doc. 1.3.24, Dec. 1, 1839, Caixa 14K. Arquivo Particular Afonso Pena (hereafter A.P.A.P.). Domingos José came from a family of good standing in Portugal. His father, Manuel José Teixeira de Almeida, came from the town of Ribeira de Pena, Casa de Touca Boa, Portugal, and served as an 'alferes' in his youth. His grandmother was Maria dos Prazeres de Carvalho. See also, Doc. 8.6.1, Feb. 2, 1774, Caixa 14R, A.P.A.P.



View of Afonso Pena's home in
Santa Bárbara, Minas Gerais

View of Ouro Preto, Minas Gerais



of the leading families of Minas Gerais. Ana Moreira dos Santos Pena belonged to the Moreira Penas, a wealthy landed family from Santa Bárbara who gained political control of the 'município' in 1861 when Manuel Moreira Pena was elected President of the local 'câmara.' Manuel Pena, Afonso Pena's uncle, promoted his nephew's political career in its early stages. The status of one's family in Minas Gerais as in other parts of Brazil was crucial for career advancement. Upward political and social mobility was possible especially if wealth was involved. However, the leading 'mineiro' elite families remained a relatively compact group whose domination of a defined area was based on landownership and local political control.¹⁹

The Moreira Penas were part of the Ribeiro-Oliveira-Pena-Sales clan cluster that controlled the political affairs of Entre Rios, Lavras, Nepomuceno, Itapecerica, Muriaé and Santa Bárbara. Members of this extended political dynasty, related through consanguineous, fictive, and affinitive kinship, began to appear in the provincial and national assemblies

¹⁹Linda Lewin, Politics and Parentela in Paraíba: A case study of Oligarchy in Brazil's Old Republic (New York, 1975). The elite extended family or 'parentela' in Brazil was the core of the political system and underlay the more formal institutions of government at the local, state, and federal levels. The ability of the dominant 'parentelas' to place family members in political office and bureaucratic positions was a good measure of the clan's political power. Dominant control or influence over the provincial government had political and economic value. Political violence to gain property or patronage could be legitimized. The expanding civil service was an economic prize for the leading families. In a status-conscious society, political office offered prestige; pp. 1, 2, 8-11.

by the third decade of the nineteenth century.²⁰ Afonso Pena's 'parentela' ties to these politically powerful families in Minas Gerais made it easier for him to further his political career.

The Imperial electoral system guaranteed the continued political leadership of the traditional 'mineiro' families through tacit compromises between the local chiefs in the 'municípios' and the central government. The intermediary agent in this political process was the president of the province.²¹ Property and a minimum annual income were the basis for voting. Under this electoral system, the 'votantes' chose the 'eleitores' for the provincial assembly. The

²⁰Cid Rebelo Horta, "Famílias governamentais de Minas Gerais" in Segundo Seminário de Estudos Mineiros (Belo Horizonte, 1956), pp. 43-91. Afonso Pena was born into the Ribeiro-Oliveira-Pena family group. During the Empire, more than two dozen members of this extended family network became elected representatives of different political bodies. Some of the more prominent names are Gabriel Mendes dos Santos, an Imperial senator; the Visconde de Carandaí; Belisário de Oliveira Pena; Feliciano de Oliveira Pena; and Afonso Pena. The political influence of these cooperating clans continued to increase in Minas Gerais in the nineteenth century. In the latter part of the nineteenth century the Sales clan became part of the extended family grouping.

²¹Victor Nunes Leal, Coronelismo, enxada e voto; o município e o regime representativo no Brasil (Rio de Janeiro, 1948). This oft-quoted classic study of 'coronelismo' in Brazil shows that the local colonel maintained his political control and, by extension, the family's power in his area by guaranteeing votes on the provincial and national levels. The system remained intact after the fall of the Empire. During the Republic, this political process based on 'parentela' and 'panelinha' relationships (a network of friendship and common ends much broader than kindred ties) prevented the development of more open and democratic politics.

'eleitores' would then select the deputies and senators. The minimum income required doubled for each step up the political ladder. Throughout the nineteenth century the total number of voters remained small. The political system was controlled by the privileged landowners throughout Brazil.

In the 1860s, the electoral reform known as the 'Leis dos Circulos' increased the political authority of the local party boss, the 'coronel.' The provinces in Brazil were divided into districts based on the number of representatives the province had in the Imperial legislature at the time. This reform made the rural colonel a more authentic source of political power. The local chief in the districts could more easily handpick a clan representative for a political or bureaucratic position. Whenever possible, the chosen member of the family had a background in law. This preponderance of lawyers in the Imperial Senate and Assembly continued during the Republic. The influence of family connections on the career aspirations of the young elite with law degrees was the pivotal factor in launching a political or bureaucratic career in Minas Gerais.²² Afonso Pena's first political offices were obtained in this traditional manner.

The 'mineiro' elite families had their representatives in the Conservative and Liberal parties. It was not uncommon for members of the same extended families to be in the two opposing political parties. This did not prevent the competing

²²Daniel de Carvalho, Capítulos de Memórias (Rio de Janeiro, 1957), pp. 5-17.

politicians from having close personal relationships and from aiding their brethren when the need arose. These family relationships, 'parentesco,' were an integral part of Afonso Pena's political career. In 1875, Afonso Pena married Maria Guilhermina de Oliveira Pena, thereby strengthening his intra-familial bonds. Maria's brother, Feliciano Augusto de Oliveira Pena, was a noted representative of the Conservative Party. The two brothers-in-law, Afonso and Feliciano, worked closely together thereafter in matters of politics and personal business.²³

The two Penas also represented the interests of the rural colonel. As an elected official or appointed bureaucrat, the clan representative had, at times, a conflicting set of obligations. He was supposed to further the interests of his family group as well as deal with the important issues of the day. The ideological differences that separated the Liberal and Conservative parties in Minas Gerais centered more upon national rather than local issues.

Politicians during the Empire and Republic were subject to requests from various sources, especially if they held ministerial or high party positions. The demands for favors, considerations, and appointments from political associates and family members were constant.²⁴ These solicitations led to a

²³Afonso Pena had political and business relations with family members. His correspondence with Feliciano is particularly interesting because both men trusted each other completely and were business partners. See, for example, Docs. 1.2.859-910, Caixa 14H, A.P.A.P.

²⁴The Afonso Pena archive contains numerous requests from practically all his family members and the major and minor

corruption of the political system on all levels of government which continued after the fall of the Empire. An exceptional individual could try to modify and temper this system, but it was impossible to ignore requests because of the consequences. A politician had to think of his future and family. Even out of office he could call in political debts and secure an appointment for another relative or close associate.²⁵

Afonso Pena was raised in this atmosphere of influence, nepotism, and favors. He benefited from 'parentela' and 'panelinha' relationships early in his career and later, as an established politician, had to honor many patronage appeals. It was only later still when Pena became the President of Minas Gerais in 1892 that he tried to modify the political appointment process by selecting more men of talent to fill administrative positions. Thereafter, Pena continued to promote the political and bureaucratic careers of talented aides. His selections for the ministries when he was elected President of Brazil in 1906 were controversial and not in accordance with political figures who came into contact with him during his career. These solicitations were evidently a constant factor in the life of all office holders and were expected to be honored. See, for example, João da Mata Machado to Afonso Pena, Docs. 1.2.630-640, Jan. 21, 1884 to 1885, Caixa 14F, A.P.A.P.; also, Domingos Pena to Afonso Pena, Doc. 1.2.832, March 5, 1885, Caixa 14G. A.P.A.P. Domingos, Afonso's brother, requested a position for a family friend. Afonso was Minister of Justice at the time. Also, Joaquim José de Oliveira Pena to Afonso Pena, Doc. 1.2.935, May 22, 1884. Joaquim, a member of Afonso's wife's family, asked for help in placing a family friend in a bureaucratic position.

See, for example, Visconde de Ouro Preto to Afonso Pena, Doc. 1.2.435, July 18, 1903, Caixa 14E, A.P.A.P. The letter was a request for an appointment and benevolence for his son.

the practices of the time. Instead of allowing the reigning regional political forces to dictate his choices, Afonso Pena picked young men of intellect, talent, and promise for these coveted posts. In 1906, Pena's definite break with past political tradition caused jealousy, anger, and resentment, particularly in Bahia, São Paulo and Rio Grande do Sul.²⁶

Afonso Pena believed in the sanctity of marriage and equated a wholesome family life with a nation at peace with itself. Family relationships became increasingly important to Afonso Pena as he and his own children grew older. Pena's correspondence is a testament to the love that he had for his wife and children. Maria, from the beginning of their marriage, was his political and business confidante. She was privy to matters of national significance. For example, after Pena became President-elect of Brazil in 1906, he took a long trip to the Northeast and Amazon regions. Pena literally wrote his wife daily about everything that happened. Family news and gossip can be found in every letter containing information about crucial national matters.²⁷

²⁶An example of this was the controversy over the appointment of Miguel Calmon from Bahia to a ministerial post. This appointment offended Rui Barbosa and José Marcelino because they were not consulted. See the correspondence in the Ruy Barbosa, Afonso Pena, José Marcelino and Miguel Calmon in the Arquivo Historico da Casa Ruy Barbosa (hereafter A.H.C.R.B.). See also, Eul Soo Pang, The Politics of Coronelismo in Brazil: The Case of Bahia, 1889-1930 (Berkeley, 1970) for an excellent study of Bahian politics, as well as the power of patronage of the political bosses.

²⁷Afonso Pena to Maria Pena, Docs. 1.1.589-615, May 15 to August 15, 1906, Caixa 14a, A.P.A.P.

Pena was deeply concerned about all his children and grandchildren, but he had a particularly close relationship with his sons Álvaro and Afonso Júnior. In the early 1900s, both sons began to take on active roles in political and family business affairs. By then they had completed their studies and had law degrees. Afonso Júnior took over the responsibility of managing the family's business affairs after the death of his uncle Domingos in 1906. He also became the majority leader of the 'mineiro' assembly that year and acted as a liaison between his father and Governor João Pinheiro da Silva in matters involving national and 'mineiro' interests. Álvaro served his father as a secretary in these years. Álvaro's death in 1907 was particularly tragic. Pena never completely recovered from his beloved son's premature death.

Afonso Pena was a businessman as well as a politician. His parents, Domingos José and Ana Moreira, left their children substantial property.²⁸ This included land, mines, and houses, which were wisely managed. After the death of his parents, Afonso and his brothers, Domingos and Manuel, ran the family's business affairs. Domingos actually took the lead in handling these matters. Afonso's marriage to Maria brought Feliciano, his brother-in-law, into this kinship business network. A complete

²⁸ Títulos de Propriedade, Docs. 8.4.1-19, 1859-1868, Caixa 14R, A.P.A.P. Most of the holdings were in the 'município' of Santa Bárbara, but some properties were in surrounding localities. See also, Docs. 1.3.39-39a, Oct. 26-Dec. 1, 1839, Caixa 14K. A.P.A.P. These documents confirm that Afonso's father, Domingos José, had gold mining property around Santa Bárbara. The documents discuss the declining profits from these holdings.

analysis of all of the family's business dealings from 1876 to 1909 would require a separate study. However, a discussion of a number of the family's financial interests is sufficient to show that politics and business were intertwined.

The lack of an adequate transportation system linking Santa Bárbara to Ouro Preto created problems for many property owners in the 'município.' Throughout his political career Afonso Pena sought to improve the transportation facilities to Santa Bárbara. An early example of this concern is his urgent request to Graciliano Pimental, the Provincial President of Minas Gerais, for financial support to repair and construct new bridges in the 'município.'²⁹ Later during the Republican period, Afonso Pena was primarily responsible for the completion of a railroad spur that linked Santa Bárbara to Ouro Preto.³⁰ The proposed plan for this spur of the 'Estrada de Ferro Central' was not acted upon because the federal government failed to provide the promised funding. As governor of Minas Gerais, Afonso Pena arranged for the financing of the line.³¹ Although it is not unusual for a politician to help his home district, Pena's constant concern to improve the transportation and communication links to Santa

²⁹Afonso Pena to Graciliano Pimental, Doc. 1.1.27, Feb. 27, 1880, Caixa 14, A.P.A.P. At the time, Pena was a Liberal federal deputy from the Third Electoral District in Minas Gerais.

³⁰Afonso Pena to Francisco de Paula Bicalho, Engenheiro Chefe do Prolongamento, Doc. 1.1.53, May 28, 1890, Caixa 14, A.P.A.P.

³¹Relatório - Estado de Ferro Central do Brasil, Doc. 2.2.2, Caixa 14L S/D A.P.A.P.

Bárbara and neighboring 'municípios' continued while he was President of Brazil. In all fairness, it should be pointed out that Pena wanted to improve railroad transportation throughout Minas Gerais.³² Personal profit was not Afonso Pena's major aim, but his family did benefit financially from these improvements.

By the turn of the century, the family's holdings in the state had substantially grown in size and value.³³ The story of the gold mine, Sta. Quitéria, is revealing because its profitable operation became increasingly difficult by the first decade of the 1900s. This mine, managed by Domingos, had declined in production after its successful years in the mid-1880s.³⁴ The necessary mining capital needed for new technology was not available in Minas Gerais. Therefore, the Pena family decided to sell the mine and began negotiations with the Anglo-Brazilian Gold Syndicate Limited. British capital was by far the major source of foreign investment for mining in Minas Gerais. The British-owned Morro Velho gold mine was

³²João Pinheiro da Silva to Afonso Pena, Docs. 1.2.1157-1201, Feb. 11, 1907 to Nov. 17, 1908, Caixa 14I, A.P.A.P. These letters contain Pena's annotations in the margins. He often evaluated projects, proposals, and finance problems in terms of the effects on the 'mineiro' economy. Any potential benefit to the mining zone from new railroad links always received favorable comments.

³³Tom Richards to Afonso Pena, Doc. 1.2.1052, July 13, 1904, Caixa I, A.P.A.P. Richards prepared a list of the Penas' properties. They included a gold mine, Sta. Quitéria, a cloth factory, São Domingos, and a number of 'fazendas.'

³⁴Domingos Pena to Afonso Pena, Doc. 1.2.832, March 5, 1885, Caixa 14G, A.P.A.P. The three principal partners in the mine were Afonso, Domingos and Feliciano.

the state's largest employer.³⁵ Despite their desire to sell, the Penas ultimately broke off bargaining because they believed the sum offered to be ridiculously low. The Penas' agent, Tom Richards, dickered with A. W. Daw, the director of the syndicate, over a period of years, 1904-1907, until negotiations were broken off.³⁶ Afonso Pena's increasingly nationalistic attitude regarding Brazilian industry during his presidential years, 1906-1909, was related to this attempt by a British company to take over the family's gold mine for less than its true value (see Chapter Six).

The São Domingos textile factory was another important family business. A combination of tariffs, exchange devaluations, and high freight rates produced the first industrial boom in Minas Gerais during the 1890s. Foreign textiles were kept out, and the 'mineiro' fabrics found ready markets.³⁷ Afonso Pena supported protectionist tariffs from the time that he was Governor of Minas Gerais, 1892-94, through the years that he held the nation's highest office (see Chapter Six, section three). There is an obvious connection between support

³⁵John Wirth, Minas Gerais in the Brazilian Federation, pp. 49, 50, 94. Wirth states that all but 3% of mining capital in Minas Gerais was of foreign origin.

³⁶See, Tom Richards to Afonso Pena, Doc. 1.2.1053-54, Sept. 7, 1904 and Oct. 28, 1905, Caixa 14I, A.P.A.P. Afonso to Afonso Pena Júnior, Doc. 1.1.627, Feb. 5, 1907, Caixa 14a, A.P.A.P. An early refusal to sell the gold mine can be found in A. W. Daw to Afonso Pena, Doc. 1.2.341, Sept. 22, 1900, Caixa 14D, A.P.A.P. See also, Domingos Pena to Afonso Pena, Docs. 1.2.830-852, Nov. 13, 1883 to May 6, 1906, Caixa 14G, A.P.A.P. for Pena family gold mining affairs.

³⁷Wirth, Minas Gerais in the Brazilian Federation, p. 50.

of protectionism and personal interests. However, Pena was scrupulously honest in all business and public affairs. His archive contains numerous examples of his high business ethics. What is likely is that Pena's direct knowledge of the problems confronting the nascent industrial enterprises in Minas Gerais and Brazil convinced him that stronger protectionist measures were necessary.

The São Domingos 'tecido' factory ran into production difficulties in the early 1900s. The plant was too small and inefficient and the equipment was outmoded. The Penas decided to sell the mill to the Mascarenhas family who were 'mineiro' industrialists.³⁸ Afonso Pena Júnior handled the negotiations and informed his father of all the details. The sale of this property appeared imminent in early 1909, but the President's death in May postponed the matter.

Afonso Pena also had investments in stock that he followed very closely, dating from the early stages of his political career.³⁹ Pena was not adverse to joint investments with members of his extended family network. An example of this type of financial relationship was with João Ribeiro de Oliveira Souza who became President of the Banco Credito Real de Minas

³⁸Afonso Pena to Afonso Pena Júnior, Doc. 1.1.643, Feb. 4, 1908, Caixa 14a, A.P.A.P.

³⁹Afonso Pena to Sociedade Bancaria Mauá-McGregor and Cia, Aug. 23, 1879, Lata 15, Arquivo Particular Afonso Pena Júnior (hereafter A.P.A.P.Jr.). The Penas had a respectable sum tied up in the bank and were worried about their investment. Also, Afonso Pena to Cia. União e Industria, Nov. 30, 1875 to Nov. 8, 1876, Lata 15, A.P.A.P.Jr.

Gerais with Pena's help in 1899. João Ribeiro was later appointed President of the Banco do Brasil during Pena's presidential term. The two men had a wide range of stock investments that included holdings in London banks. National financial affairs were discussed in the same letters that included their private interests.⁴⁰

An evaluation of Afonso Pena's political career would not be complete without an understanding of his business arrangements. Pena's support of nascent nationalistic ideas, greater protectionism, modernization of the nation's transportation and communication facilities and a stronger national banking system, are easier to understand in view of his own financial interests and role as a businessman.

IV. Educational Background

During the colonial period, education in Brazil was not encouraged by the Portuguese government. The noted lack of educational institutions in Brazil was only partly filled by the religious brotherhoods. Often, the wealthier members of Brazilian society would send their children abroad for a university degree. The University of Coimbra in Portugal was the most popular choice. After the advent of independence, steps were taken to improve the Brazilian educational system. The law faculties in Recife and São Paulo were among the schools created to fill this void. By 1850, it became increasingly the trend to be educated in Brazil. Higher education continued to

⁴⁰ João Ribeiro de Oliveira Souza to Afonso Pena, Docs. 1. 2.1219-68, Nov. 11, 1895-Apr. 17, 1909, Caixa 14J, A.P.A.P.

be the single most unifying factor of the political elite in Brazil.⁴¹

The education of Afonso Pena was typical for a promising youth from a prosperous 'mineiro' family. Prior to his entry in the São Paulo Law Faculty, Pena was educated in Minas Gerais. He attended the 'Colegio do Caraça' which was run by the Lazarist fathers. The type of instruction offered was of a high quality similar to that given by the Jesuits. The 'Colegio do Caraça' attracted students from the best families in the province throughout this period. The curriculum included courses in religion, ethics, and foreign languages. Young Pena was noted for being an excellent student, and his potential caught the attention of his teachers and his family.⁴²

Upon graduation from 'colegio,' Afonso Pena was sent off to São Paulo to complete his education. By this time, the law school in São Paulo, created in 1827, had achieved an excellent reputation and was attracting many of the best students in the country. Francisco Rodrigues Alves, Joaquim Nabuco, Ruy Barbosa, Castro Alves, Crispim Jacques de Bias Fortes, and Afonso Pena were all members of the Class of 1866 at the São Paulo Law Faculty. This school was paramount in producing the nation's political leaders who were involved in the transition

⁴¹José Murilo de Carvalho, Elite and State Building in Imperial Brazil (Stanford, 1975), p. 63.

⁴²Doc. 8.13, Dec. 12, 1862, Caixa 14R, A.P.A.P. Afonso Pena's Boletim do Trimestre for that term was an extremely good report. He was noted for his exemplary conduct, and his grades in French and English were excellent.

from Empire to Republic.⁴³ Afonso Pena was a law student during a turbulent period in Brazil. The political, economic, and social consequences of the Paraguayan War, 1864-70, had a profound effect on the students of his generation. Afonso Pena was no exception, and he often wrote to and received letters from his family about the worsening political situation.⁴⁴ At the Law Faculty, Afonso Pena, at first, concentrated more on academics, primarily juridical studies, than politics. However, the fall of the Liberals and the appointment of the Conservative Itaborai cabinet in 1868 ended his seeming disinterest in politics. He would henceforth openly advocate the cause of the Liberal Party.⁴⁵

Afonso Pena founded a student newspaper Imprensa Academica with his 'paulista' classmate, Rodrigues Alves. The newspaper concerned itself with politics and literature. Pena served as co-editor and wrote a column on politics and literature.⁴⁶ Young Pena's reading interests included many European

⁴³José Murilo de Carvalho, Elite and State Building in Imperial Brazil. From 1871 to 1889, 49.2 percent of the Imperial ministers came from the São Paulo Law Faculty. The Olinda-Recife school accounted for 34.92 percent, Table 7, p. 90. For the same time period, 72 percent of these ministers studied law, Table 10, p. 97.

⁴⁴See, for example, Antonio Pena to Afonso Pena, Doc. 1. 2.1339, Oct. 10, 1868, Caixa 14J, A.P.A.P. His uncle Antonio sent letters that were extremely critical of the political change that brought the Conservatives back to power.

⁴⁵Horacio Boeno, A Ordem, July 14, 1892. The author of the article was the manager of the Ouro Preto newspaper who knew Afonso Pena from his student days. Lata 2, A.P.A.P.Jr.

⁴⁶Unfortunately, it is difficult to evaluate Pena's journalistic writings. A fire in the Archive of the Law

authors. His notebooks show that he was inclined to look to foreign solutions for the problems confronting Brazil. He often wrote in French and sought to extract information from European cultural, political, and economic literature and adapt these ideas to the Brazilian scene. In this regard, he was no different from most Brazilian intellectuals of his day. His writings reflect the very strong European influence upon the educated elite of Brazil.⁴⁷

French culture had a particularly marked effect on Pena's thinking. His favorite French writer seems to have been Victor Hugo. The young law student composed a poem in which he eulogized the French author. The poem was read at a political meeting of the Faculty and expresses Pena's emotions and ideas at the time. One of the verses created somewhat of a sensation:

E do alto do rochedo
 Que afronta as furias do mar
 O genio da liberdade
 Faz os tronos vacilar!
 Debalde as ondas se agitam
 Os feros ventos se irritam
 De balde os raios crepita
 Nem Deus o pode curvar.⁴⁸

Faculty of the University of São Paulo destroyed a collection of these newspapers. One copy of the Imprensa Academica exists in the Biblioteca Nacional. A newspaper article by Afonso Pena from his student years was published in the Digesto Economico (December, 1947) and refers to his ideas concerning law and immigration. It is interesting to note that these early ideas were put into practice later when he held political office.

⁴⁷"Anotações sobre varios assuntos," Docs. 8.3.13-16, Caixa 14R, A.P.A.P. Also João Cruz Costa, Esbozo de una historia de las ideas en el Brasil (México, 1957), pp. 48-50.

⁴⁸Ubaldo Soares, "A Juventude Poética de Afonso Pena," Doc. 5.1.43, May 16, 1946, Caixa 14N. A.P.A.P.

Pena also served as President of the Ateneu Paulistano political and literary society. Both students and faculty members recognized his academic ability. Pena was a student with varied interests. Juridical studies was the area in which he truly excelled. In Brazilian society the study of law and the ability to clearly define an argument were valued. Afonso Pena sharpened his oratorical skills at the law faculty. The necessary law degree from a superior law faculty and the capability to debate public issues aided a politician's career. Political discourse in the elective bodies, when brilliant, was respected and recognized. Pena competed for and won awards for his dissertations and discourses. In a contest in which both students had to respond to a particularly difficult juridical problem, Afonso Pena wrote a dissertation that was judged to be more to the point and correct than fellow student, Ruy Barbosa. In another essay on international law, Pena won praise for the argument that force used to delay justice was tyrannical whereas force employed to serve the law was a necessary complement of its realization.⁴⁹

After receiving his bachelor's degree in law in November, 1870, Afonso Pena continued his studies and obtained the title of Doctor of Laws at the São Paulo Faculty. He was in line for

⁴⁹Paulo Barbosa de Campos Filho, "Dimensões do Estudante Afonso Pena," in Correio Paulistano, March 12, 1947, Doc. 5.1. 228, Caixa 140, A.P.A.P. Eight dissertations concerning juridical subjects survived the fire at the Archive of the Faculty of Law. The dissertations are early proof of his ability to interpret law and his clear and well-reasoned thinking.

a faculty chair but decided to return home to Minas Gerais in 1871 and open a law practice. This was the first step toward a political career. Afonso Pena did not return to the university environment until after his term as President of Minas Gerais. During his years as a legislator, he sought to promote education whenever possible. The establishment of a law school in his home state was a goal that he strived to bring to fruition. This ambition was later realized when a law faculty was created in Belo Horizonte in the 1890s.

CHAPTER II

POLITICIAN OF THE EMPIRE

I. The Empire in the Wake of the
Paraguayan War

The principal dividing point in the political history of the Second Empire was the fall of the Liberal ministry in 1868. This political event and the effects of the Paraguayan War weakened the monarchy. By the early 1870s, Brazil was experiencing a number of problems--political, social, and religious--which disturbed the tranquility of the Second Empire. The first of these was slavery and the growing pressure to abolish it. The widespread appeals to completely eliminate slavery in Brazil became more fervent as the decade wore on. The Queiroz Law passed in 1850 to outlaw the slave trade had not silenced the opponents of the nefarious system. Brazilian and foreign critics pressed for a total end of slavery.

In 1866, French abolitionists asked the Emperor to completely free the slaves. Pedro II wanted gradual emancipation but feared disrupting the economy in the midst of the Paraguayan War. The termination of slavery in the United States after the American Civil War, 1861-1865, and the Spanish Moret Law, which retroactively emancipated all children in Cuba born of slave mothers after 1868 and all slaves who reached sixty-five years of age, influenced abolitionists in Brazil. The

Conservatives, who were in power from 1868 to 1878, could not ignore the growing discontent and agitation. In an effort to defuse the mounting criticism, the Conservative government, under the leadership of José Maria da Silva Paranhos, the Viscount of Rio Branco,* passed a law in Parliament which provided for the gradual abolition of slavery. The Law of the Free Womb of 1871 declared all children thereafter born of slaves to be free. The change was an evolutionary one and did not put an immediate and total end to the moribund institution. In the following years, the struggle over the slave issue continued. Emancipation of the remaining adult slaves became part of the general call for change in Brazil. The Liberal and Conservative spokesmen confronted one another in heated exchanges throughout most of the remaining years of the Empire over this divisive problem.

Republicanism was the second major issue that upset the Brazilian political scene. During the political crisis of 1868, Emperor Pedro II arbitrarily replaced the Liberal ministry of Zacharias de Góes e Vasconcelos with the Conservative ministry of Joaquim José Rodrigues Torres, the Viscount of Itaboraí. Pedro's use of the 'poder moderador' reawakened republican sentiment in Brazil. In 1869, the newly formed Republican Club of Rio de Janeiro published a manifesto that called for a federal republic. The Republicans considered the monarchy to be an anachronism. Republicanism was not a new

*José Maria da Silva Paranhos, the Viscount of Rio Branco (1819-1880) was a Conservative statesman whose career is associated with the Second Empire. The Viscount of Rio Branco headed the longest lived Conservative ministry from early 1871 to mid-1875.

concept in Brazil, but now its appeal spread to the more progressive cities especially among the emerging intellectual, professional, and business groups. The growing class of urban business and professional men increasingly turned away from the monarchy, but they were small in number. Some of these commercial agents, bankers, merchants, doctors, lawyers, teachers, government bureaucrats, exporters, and military officers worked to promote the idea of a republic. Republican leaders, men like Antônio da Silva Jardim, Quintino Bocaiúva, Lafayette Rodrigues Pereira, Aristides Lobo, Salvador de Mendonça, Rangel Pestana, Manuel Ferraz de Campos Sales, and Américo Braziliense were talented, but they failed to attract a large following. Despite this lack of mass support, the concept of a republic slowly continued to gain momentum in Brazil during the 1870s. The Republican manifesto issued in 1870 had partially consolidated the Republicans' objectives and was signed by various groups and individuals in different parts of the country. Several of the more prominent signers, however, soon reverted to their previous political position in support of the monarchy. The mainstreams of Brazilian politics continued to be the Liberal and Conservative parties until the fall of the Empire in 1889.

The third major issue that disturbed the tranquility of the Empire was the struggle between Church and State that erupted in the early 1870s. Nascent ultramontanism among the clergy challenged the regalist doctrines of the state. Pedro II was an uncompromising regalist, and the ecclesiastical hierarchy acquiesced to his wishes throughout the early years of his reign.

The cause of the dispute can be traced to the encyclical of Pope Pius IX which denounced the Masonic Order in 1864. The fraternal Masons of Brazil had little in common with the fervently anti-clerical Masons of Europe. The Emperor never sanctioned the publication of the encyclical. Pedro was well aware that members of the Brazilian political elite were Masons.

The problem began when a priest in Rio de Janeiro gave a speech in the Rio de Janeiro Masonic lodge in 1872. After, he received a warning from his bishop to sever his Masonic relationships or be suspended from the Church. The priest refused, thereby defying the Church. Bishop Vital Maria Gonçalves de Oliveira of Pernambuco, a believer in ultramontane doctrines, took up the challenge and ordered the religious brotherhoods to expel their Masonic members. When the brotherhoods refused the bishop suspended the religious functions of the Brotherhood of the Santíssimo Sacramento. Matters worsened when the Emperor intervened in 1873 after an appeal from the Brotherhood. The Emperor ordered the bishop to remove the interdict, but Bishop Vital defied Pedro's command. The government instituted legal action, and Bishop Vital stood trial in 1874 and was convicted. A similar case involved Bishop Antonio de Macedo Costa of Pará. Eventually, the Vatican and the Emperor came to an agreement. An amnesty was granted in 1875, and the interdicts against the Masons were lifted. In this overt challenge to the State, the Church lost the battle, but the Emperor lost the war. Many in the Church hierarchy would never again

support the regalist Pedro II. A vital pillar of the Empire had been weakened.¹

Brazilian thought had long been submerged in Roman Catholic and traditional European philosophy. New ideas emanating from Europe began to circulate among the nation's educated elite at the close of the 1860s. Ideas encouraging progress and modernization caught the imagination of open-minded Brazilian intellectuals. Auguste Comte, the French philosopher, was a writer whose work attracted those in Brazil who were convinced that his plan for the scientific organization of society would modernize the nation. The urban middle groups were interested and flexible enough to accept this innovative foreign philosophy. Herbert Spencer also had a sympathetic following among intellectual circles. His idea about the inevitability of progress particularly appealed to Brazilians who believed in their nation's future.

Throughout the 1800s, France shaped Brazil's cultural and intellectual life. For many educated Brazilians, French became a second language. Three French missions, the first in 1816 and the last in 1840, had left a lasting impression on the psyche of the Brazilian intelligentsia. The writings of Victor Hugo, Honoré de Balzac, Émile Zola, and other French literary figures served as models and were avidly read and discussed in Brazil. Parisian dress, available in Rio de Janeiro on Ouvidor Street, influenced the Brazilian styles.

¹E. Bradford Burns, A History of Brazil (New York, 1970) pp. 158-60. See also, George C. S. Boehrer, Da Monarquia à República, 1870-1889 (Rio de Janeiro, 1954).

Great Britain held sway in ideas of commerce, banking, and politics. The British economic system drew praise in Brazil for its order and efficiency. The Brazilian, in general, regarded anything foreign as superior. In many ways this blind copying of European thought, customs, and fashion deprecated Brazilian culture. A few voices, for example, the literary critic, Sílvio Romero, and the historian, João Capistrano de Abreu, protested this slavish imitation of foreign cultures. However, in the 1870s their compatriots, for the most part, did not heed their advice to look inward at the local scene for ideas and inspiration. One notable exception was Brazil's gifted novelist, Joaquim Maria Machado de Assis, who used Rio de Janeiro as the setting for his novels of urban society.²

Afonso Pena was Brazilian-born but European in thought. Pena clearly believed in the value of European ideas and favored French and British writers. His early notebooks reveal that he diligently studied the ideas of European authors. Pena found the philosophy of Augustus Comte to be particularly appealing because of its offer of a structured, well-ordered society with a great emphasis on material progress. Nevertheless, after a complete study of Comte, Pena rejected these ideas for Brazil. This philosophy, known as Positivism in Brazil, conflicted with Pena's religious values. Pena was opposed to positivist thought because of its goal of republicanism, its doctrinal discussions about the religion of mankind,

²João Cruz Costa, Esbozo de una historia de las ideas en el Brasil. Cruz Costa provides an excellent account of the philosophies, ideas, and men who shaped Brazilian intellectual history.

and the separation of Church and State.

Pena was a firm believer in the value of Christianity and the work of the Roman Catholic Church. He had learned his religious lessons very well and remained true to his faith in the teachings of the Church. Pena's political career in the Liberal Party must be viewed in this context. While other young political elites of his generation opted for such philosophies as republicanism, Positivism, and realism, Afonso Pena to his death remained convinced of the importance of Christian traditionalism for Brazilian society. He never deviated from his moral principles and belief in political order, and stability. During the transition from Empire to Republic Pena worked for the continuation of these political and religious traditions best represented in Emperor Pedro II and the Catholic Church. Radical political philosophy or change would never appeal to a man like Afonso Pena.³

II. Afonso Pena's Early Political Career in the 'Mineiro' Liberal Party

Afonso Pena was not involved in republican circles in the early 1870s. Pena, at this time, was in Santa Bárbara where he had set up a successful law practice in 1871. He had quickly

³Pena's notebooks contain numerous references to and comments on the men and ideas that influenced his early intellectual formation. See, for his ideas on Comte, notebook "Memoranda," Lata 15, A.P.A.P.Jr.; also, "Anotações sobre varios assuntos," Docs. 8.3.13-16, Caixa 14R, A.P.A.P. Practically all references concern European politicians, philosophers, poets, and writers. Only later in the 1890s, during the 'Mineiro' Constitutional Convention, did American political ideas elicit his comments and support.

earned a solid reputation for his expertise as a lawyer, and his clientele sought his services in other 'comarcas.'⁴ In 1872, Pena was about to start his political career by running for a 'município' office. Santa Bárbara was the obvious place to seek his first political offices because he could count on family support. His first elected post was in the municipal 'câmara' where he served as a councilman. Pena was only twenty-four years old, unusually young to run for political office, but his nomination indicated that he had already gained the confidence of his family, which included the political chief in his 'município.' Afonso Pena's uncle, Manuel Moreira Pena, the council president, was a member of the 'Mineiro' Liberal Party.

Pena's response to the Republican movement and the anti-monarchical tract issued in 1870 was to reaffirm his own commitment to the Liberal Party. In a lengthy letter to a friend, he explained his refusal to join the Republican cause. He wrote that the reasons were his moral principles and conceptions of the duties of a citizen. Pena condemned the double standard in political as opposed to private life. Brazilian politicians often supported an idea publicly but refused to heed their own advice if it went counter to their real interests. Pena claimed that he would be a Republican if it was possible to achieve this ideal. Since there were not

⁴Nelson de Senna, "O Centenário do Conselheiro Afonso Pena," Doc. 5.1.220, Feb. 12, 1947, Caixa 140, A.P.A.P.

enough politically educated people to realize this form of government, Pena reasoned it was best to uphold the monarchy. He considered his mission and that of the Liberal Party to prepare the people for self-government. The first objective to be accomplished was to give new life to the 'municípios.' Pena valued the 'município' as a democratic institution because it acted as a counterbalance against central government and legislatures. In this early political statement, it is evident that Pena's thinking was pragmatic. He realized that the greatest possibility for reform was to seek change from within the existing political system.⁵

By mid-1873 Pena was chosen to run for state assemblyman in the provincial 'Câmara dos Deputados.' He represented the Liberals in the Third Electoral District in the Center zone in Minas Gerais. In the campaign circular that was sent to the voters in his electoral district in 1873, Pena asked for support in the coming election for a seat in the provincial assembly. He stated that the mission of the Liberal Party was to reorganize Brazilian political institutions and make them more democratic. Pena wanted to revise the system of 'município' representation. In this well-written petition, Pena claimed he would promote the Liberal Party's policies

⁵Afonso Pena to Francisco Correa de Miranda, Sept. 12, 1872, Lata 2, A.P.A.P.Jr. Miranda was a friend and Liberal Party member from Conceição do Serra who became a Republican. Excerpts from the letter may also be found in "Pensamento e ação de um mineiro," Folha de Minas, Nov. 30, 1947. The article has no author listed.

with pugnacity and frankness because he had no past ties. During his political career, Pena, true to his word, worked for 'município' reform. The circular was signed by the local Liberal Party notables whose endorsement was tantamount to election because they were the dominant political force in the electoral district.⁶ He was successful in this first bid for provincial office.

Pena's choice to champion the principles of an established party reflected the prevailing spirit of political moderation among the majority of the Brazilian office holders. The long reign of Pedro II had instilled a mood of caution into Brazilian politics. The fear of radical political and social change pervaded the thinking of the numerically small upper echelons of society. Even the Republican Manifesto of 1870 was not a revolutionary document. In essence, the document was not radically different from the efforts of discontented Liberal leaders who resynthesized old ideas in their Manifesto of 1869. The intellectual and political climate reflected the legalistic training offered at the leading law schools in São Paulo and Recife. These schools stressed a rigid and essentially European interpretation of the laws of the land. French legal concepts appealed to the nation's leaders and jurists.

The Liberal Party in Minas Gerais during this period selected its candidates for both provincial and national

⁶Doc. 5.2.47, Aug. 7, 1873, Caixa 140, A.P.A.P.

office by means of an electoral commission. Among the prominent members of the Liberal Party of the province were Martinho de Campos, Afonso Celso de Assis Figueiredo, José Lima Rodrigues Duarte, and Francisco Lobo. The support of these politicians was crucial since their approval was necessary for a candidate to be allowed to run for higher office. The first step was to gain the backing of the local colonel who controlled the elections of the 'municípios.' To move up the political ladder it then became essential to win the favor of a leading politician who would champion his protégé's interests in the party's upper echelons.

Afonso Pena was fortunate in obtaining the patronage of Martinho de Campos and Afonso Celso de Assis Figueiredo in his bid for a seat in the Minas Gerais provincial assembly.⁷ However, Pena disliked this requirement for the selection of candidates. He criticized the arbitrary choices made by Liberal Party leaders in private exchanges with 'mineiro' politicians in whom he exhibited trust and confidence. Pena considered this method of choosing candidates for political office to be an impediment to needed electoral reform.⁸

⁷Afonso Pena to Afonso Celso de Assis Figueiredo, Doc. 1.1.4 and Afonso Pena to Martinho de Campos, Doc. 1.1.6, March 19, 1876, Caixa 14, A.P.A.P.

⁸Afonso Pena to Inácio Antonio de Assis Martins, Doc. 1.1.2, July 21, 1875, Caixa 14, A.P.A.P.; also, Afonso Pena to Candido de Oliveira, Doc. 1.1.5, March 3, 1876, Caixa 14, A.P.A.P.

Just prior to his selection to fill a vacancy for a seat as a federal deputy in 1878, Afonso Pena thought that his political career was in danger. Pena had asked for clarification of his status for renomination as a provincial deputy. The letter indicates that Pena was unaware of his designation for the office of federal deputy by the Liberal Party electoral commission.⁹ Evidently, he was unjustifiably concerned about his criticisms of the Liberal Party's nomination process. Shortly thereafter, an election circular announcing his candidacy was issued and signed by the party hierarchy.¹⁰

Pena was chosen to represent the Third Electoral District to replace Dr. Gama Cerqueira in the National Assembly. Among the supporters signing the letter were Martinho de Campos, Francisco Lobo, José Rodrigues Lima Duarte, and Afonso Celso de Assis Figueiredo. Afonso Pena's uncertainty as to where he stood in the minds of the Liberal Party leaders from Minas Gerais before this election in 1878 is an example of the closed and hierarchical nature of the party structure and the arbitrary selection process for candidates. The support of the leading members of the party was essential for nomination. It was not uncommon for young politicians to have their careers snuffed out because of bad relations with the senior members of the provincial Liberal Party organization.

⁹Afonso Pena to Candido de Oliveira (Federal Deputy-Minas Gerais), Doc. 1.1.26, June 6, 1878, Caixa 14, A.P.A.P.

¹⁰Circular letter, Doc. 5.2.49, s/d Caixa 140, A.P.A.P.

Even by the end of the Empire, after he achieved political prominence in the legislature, Afonso Pena still had to abide by the decision of his party's electoral commission concerning his candidacy for a seat in the National Assembly.¹¹ By the late 1880s, Pena was a close associate of Afonso Celso de Assis Figueiredo, the last ministerial leader of the Empire. He expressed anxiety over the failure of the Liberal Party electoral commission to endorse his election circular in 1889. Obviously angered, Pena was assured that the delayed endorsement was an oversight. A politician's dependence on his party's backing is clearly evident in this incident.

Pena viewed public office as a service to the nation and considered it morally vexing to have to tolerate this arbitrary system for a candidate's designation. Although this type of nomination process continued during the Republic, Pena refused to compromise his principles and accept a position in the 'Mineiro' Republican Party hierarchy. He never wanted to become this type of political boss. After the fall of the Empire in 1889, the Liberal and Conservative parties disappeared. However, some of the politicians associated with these imperial parties continued their political careers during the Republic. This was especially true in Minas Gerais where the 'Mineiro' Republican Party, the PRM, dominated state politics throughout the Republican period. The Partido

¹¹Afonso Pena to Antonio Alves da Silva, Doc. 1.1.51, Aug. 29, 1889, Caixa 14, A.P.A.P. This letter is further evidence of the power of the electoral commissions.

Republicano Mineiro continued the practice of selecting candidates for office by means of an electoral commission. Cesário Alvim, the leading politician in the state from late 1889 to early 1892, angered many prominent 'mineiros' because of his dictatorial preferences of candidates. Alvim stacked the electoral commission, by then referred to as the executive committee, with politicians who accepted his choices without question. When the PRM institutionalized this process early in 1898 at the beginning of Governor Francisco Silviano de Almeida Brandão's term, 1898-1902, Pena, true to his beliefs, did not become a member of the party's executive committee. He had the authority to join this group that controlled the party's nomination process, but refused the honor.

Pena represented the Third Electoral District in Minas Gerais as a state deputy from 1874 to 1878. In the 'mineiro' assembly his interests were varied. He spent part of his time in attempting to obtain needed public services for his home district.¹² As a provincial office holder, Pena was obligated to work for the local colonel to obtain a share of the pork barrel legislation. Pena sought to avoid the more unscrupulous aspects of these political deals. His concern for financial affairs and his speeches championing the idea of fiscal responsibility caught the attention of the Liberal Party leaders and earned him their respect and future support. One of

¹²Annaes da Assemblêa Provincial de Minas Gerais, 21st Legislature, Sessão de 1876 (Ouro Preto, 1876), pp. 334, 468.

Pena's legislative accomplishments was to require the Conservative government in power to provide information relating to fiscal affairs such as loans, budgets, and general expenses.¹³ Pena offered a 'requerimento' that obligated the provincial government to furnish financial data to assembly members. The measure was adopted after Pena's brilliant explanation of the necessity for all legislators to be reasonably informed concerning financial matters if they were to vote correctly. The young representative gained a reputation as a monetary watchdog and was quick to point out mistakes and inconsistencies whenever the opportunity arose.

Pena became thoroughly versed in 'mineiro' financial matters as he argued for balanced budgets, cutting wasteful expenses, controlling the contraction of provincial loans and the interest rate offered in the region's financial contracts. His growing confidence in economic questions reflected his astuteness in his personal business affairs. It also is evidence of Pena's deep-rooted moral belief that public office was a trust which should not be corrupted. Afonso Pena often criticized the manner in which loans were contracted and the percentage of interest guaranteed by the provincial government. The responsibility of an elected official to protect the public interest was one of the moral precepts that Afonso Pena continued to promote and defend after he obtained higher office during the Republic.

¹³Ibid., pp. 267-69.

By 1876, the 'mineiro' Liberal Party leaders made Pena a junior spokesman in the state legislature. Pena won the respect of his colleagues and the support of the leading provincial party politicians for his future quests for a higher public office with his brilliant speeches on numerous issues. He impressed the party leaders with the intelligence, eloquence, and loyalty that he exhibited in defending the Liberal Party from attack by Conservative Party members. Pena's service to the party paved the way for his selection as a candidate for federal deputy in the National Assembly in 1878.¹⁴

In a heated debate during his final term in the Minas Gerais provincial legislature, Pena rose to the defense of the Liberal Party and ridiculed the Conservatives. He expertly dissected the Conservative provincial government for irregularities in budget matters. Speaking for Martinho de Campos, he also claimed that the Liberal Party could not accept the responsibility for the consequences that Pedro II's 'moderating power' had brought to Brazil in the past ten years.¹⁵

III. Afonso Pena's Entry into National Politics

In 1878, after ten years of unbroken Conservative rule, Pedro brought the Liberals, under the Viscount of Sinimbu, back to power. The abolitionist campaign had aroused the

¹⁴See, for example, Annaes da Assembléa Provincial de Minas Gerais, 21st Legislature, Sessão de 1877 (Ouro Preto, 1877), pp. 129-32.

¹⁵Annaes de Assembléa Provincial, 22nd Legislature, Sessão de 1879 (Ouro Preto, 1880), pp. 327-33.

nation. Joaquim Nabuco, a Liberal deputy in the National Assembly from Pernambuco, eloquently supported the cause of emancipation. He ridiculed the Rio Branco Law in speeches in the Chamber of Deputies. Several highly articulate black leaders, José Carlos do Patrocínio, a journalist, André Rebouças, an organizer of abolitionist clubs, and Luís Gonzaga de Pinto Gama, a distinguished lawyer and ex-slave, contributed to the leadership of the abolitionist campaign. The mulatto poets, Castro Alves and Gonçalves Dias, added their pens to the abolitionist cause. The slavery question forced itself to the forefront of politics.

The Catholic clergy, still angry and resentful over the question of their sovereignty, could no longer be counted on to defend the monarchy. The idea of a Republic began to win greater acceptance among young military officers. Some of these officers had been deeply influenced by the teaching of Benjamin Constant de Magalhães, a popular professor of mathematics at the military academy. Benjamin Constant energetically advocated republican doctrines and expanded upon these ideas to the young cadets in his classes. His students, mostly sons of the emerging middle class, saw a republic as their hope for a better future in Brazil. However, it would be a mistake to think that all members of the military academy or armed forces supported the idea of a republic at this time. Even the sugar barons of the Northeast could no longer be relied on to give unconditional backing to the monarchy. After 1871, many planters in the Northeast found it cheaper to pay wages than keep slaves.

The Emperor realized it was time for a change in order to silence the rising criticism of the government. Dom Pedro II's use of the 'moderating power' was a recognition of the need to resolve the developing political impasse. The Emperor rotated his ministries at his discretion to maintain the equilibrium and harmony of the nation by means of the 'moderating power,' granted to the executive branch in the Constitution of 1824. Pedro II also relied on a consensus of national opinion whenever he alternated the Conservative and Liberal parties in power. During his reign, Pedro used the 'poder moderador' eleven times. With the exception of the Period of Conciliation, 1853-1857, when a nonpartisan government was in power, the two imperial parties formed the national government at the Emperor's invitation. The Liberal Party formed the government sixteen times and the Conservatives twelve times. A change of parties did not signify a new policy. In the final analysis both parties were rooted in the soil and represented the landed oligarchy.

The weaknesses of the Brazilian parliamentary system were many. Limited representation, reliance on the Emperor, and ritualized political behavior were among the major problems. However, the political system was workable and did provide Brazil with stability. The implantation of a political continuity, a willingness to accept electoral change, and an attitude of legislative responsibility contrasted the Brazilian governments with that of the violence-prone Spanish-speaking republics. The imperial parties also prepared their younger

men for political office. By 1878, the Liberal Party leaders had judged Afonso Pena ready to assume a position of national responsibility. Pena's selection was the reward for his previous accomplishments and service to the party. The Liberal ministry formed in 1878 received a mandate from the Emperor to make reforms. Afonso Pena took this command seriously as a federal deputy and junior member of the party.

Afonso Pena's first speeches in the National Assembly indicate that the Liberal Party leadership in Congress was failing to initiate vitally needed reforms. The questions that Pena first brought up in the 'Câmara dos Deputados' dealt with the call for change. Pena believed that the Liberals had a commitment to the people that required action. He argued that one of the priorities should be legislation for easier voting qualifications, and criticized the party hierarchy for sidestepping the issue.¹⁶ Throughout 1879, Pena continued to speak in favor of the idea of a direct vote. In a fiery speech on July 3, 1879, Pena claimed that unless the Liberal party acted on the issue of electoral reform, the people would lose faith in the party. He stated that the electoral lists were too small and eliminated many qualified voters.¹⁷ During the debates prior to the passage of the Saraiva Law of 1881, Afonso

¹⁶ Annaes do Parlamento Brasileiro - Câmara dos Deputados, Sessão de 1878 (Rio, 1879), Tomo III, pp. 208-15.
He was supported by fellow Mineiro Liberal, Felício dos Santos Pires.

¹⁷ Ibid., Sessão 28 Jan. 1879, Tomo II, p. 232, Sessão 5 March, 1879, Tomo III, pp. 208-15, and Sessão 3 July 1879, Tomo III, pp. 19-26.

Pena and Ruy Barbosa defended the controversial bill which provided for direct elections. Property qualifications for voting were not removed by the law but were lowered. Pena also supported the call for judicial reform. In the 'Câmara' debates, he argued that the Liberals made promises to the people to reform the judiciary system. Pena cited the poor state of the magistrate which he claimed reduced people's respect for the law.¹⁸

His attacks on the generally negative performance of the Liberal Party included a sharp critique of the nation's economic policies as well. In a debate with Afonso Celso de Assis Figueiredo, now the Liberal Finance Minister, Pena cited the need to balance the budget without unjustified new taxes. Furthermore the young deputy argued that the lack of agricultural laborers and the failure to make capital available to help landowners were the principle causes for agrarian problems. According to Pena, a stimulation of immigration was required if the central government was to overcome the alarming shortage of farm workers. Pena was a critic of his own party's inability to take action to alleviate the nation's pressing economic problems.¹⁹

¹⁸Ibid., Sessão 7 Aug. 1879, Tomo IV, p. 13.

¹⁹Discurso sobre a lei de orçamento, Sessão 6 Mai 1879, Camara dos Deputados (Rio, 1879). Throughout the first years he spent in the National Assembly, Pena was major speaker on many issues. His logic and eloquence were widely applauded. This speech was published as a pamphlet. Also, Annaes do Parlamento Brasileiro - Câmara dos Deputados, Sessão de 9 September 1879, Tomo V, pp. 68-76. The debate concerned a budget

From 1850 to 1878, Brazil's economic growth had slowly progressed. Much of the economic development that took place involved the agrarian resources of the country. Steps were taken to better exploit the agricultural wealth of Brazil. These efforts included the modernization of the nation's banking and transportation systems. In the 1870s, Visconde de Mauá, the financial figure who directed this upsurge in economic activity, came increasingly under attack. Unfortunately Mauá had over-extended himself and his economic empire collapsed during the financial crisis of 1875. Mauá's ties to the foreign banks and the reported favors and privileges given to him by Emperor Pedro II were sources of criticism for those opposed to his plans. Pedro II, a friend of Mauá, had eagerly encouraged the nation's economic growth and supported the Brazilian industrialist's activities. Because of Pedro's supposed involvement with Mauá, the government's role in the nation's economy was called into question in Congress.

Throughout 1879 Pena spoke in the 'Câmara dos Deputados' for those Liberals who protested the growing role of the state in promoting economic development. In June, 1879, Pena criticized a government project before the 'Câmara' that would have given protectionist privileges for the production of sulfuric acid in Brazil. Backing Martinho de Campos in the debates, Pena stated that the price of sulfuric expense for a mission to China. Pena argued that the replacement of slave labor with Chinese workers would be a new form of slavery. Therefore, he reasoned that European immigrants who would work as free laborers would be more desirable especially if they brought their families and settled.

acid would rise because of this proposed artificial stimulation of national industry.²⁰ His attacks were also aimed at the way of meeting the rising federal expenses. Pena was opposed to the attempts to increase national taxation. In a debate over the proposed budget for 1879, Pena explained that the tobacco industry would be hurt by higher taxation on the leaf. He stated the ultimate results of raising the tobacco tax would be a decrease in national income because the industry could ill afford this additional expense. Pena was equally critical of a proposed tax on imported wine.²¹

Pena's economic ideas during this phase of his legislative career really reflected his concern for protecting the constitutional rights of the provinces. The struggle between the centralizing tendencies of the national government and the federal concepts of the divergent regions was revived during these legislative sessions.²² Nascent national industrial interests, military officers who believed in Positivism, and progressive-minded intellectuals wanted the government to actively stimulate economic modernization. They were opposed by most Liberals who backed a laissez-faire approach that

²⁰Annaes do Parlamento Brasileiro, Sessão de 10 June 1879, Tomo II, pp. 72-73.

²¹Discurso sobre a lei do orçamento, 1879, pp. 26-28.

²²Annaes do Parlamento Brasileiro - Câmara dos Deputados, Sessão de 1880 (Rio, 1880), Tomo III, pp. 478-81. In this debate, Pena defended the rights of Minas Gerais to apply a gold tax. He cited the actions of the central government as a violation of the guarantees of the Acto Adicional of 1834.

discouraged the state's participation. Only later, in the 1880s, when Pena was selected for ministerial positions of power, did he begin to support the idea of governmental intervention to encourage national economic growth. Pena began to support increased federal aid to stimulate immigration, calls for higher tariffs for the protection of national industry, and the involvement of the national government to guarantee the foreign investment capital needed to modernize Brazil. Afonso Pena's economic philosophy underwent a transformation that was only completed during the first decade of the Republic.

In late 1881, Afonso Pena was selected for his first ministerial post, as the Minister of War, in the Martinho de Campos cabinet. In the 1880s, the military, particularly the army, became more involved in Brazilian internal politics because of the officers' growing sense of frustration. The death of Duque de Caxias in 1880 led to increased political activity among the officers. Caxias, whose loyalty to Pedro II was unquestionable, had, as supreme commander of the army, kept the military in check. The military was unhappy over a number of issues. Reduced budgets which threatened the size of the military became an issue after 1879. Regulations limiting the officers' right to criticize superiors or discuss military matters in the press caused unrest. The use of the army to capture runaway slaves embittered the officers. The majority of the officers came from the middle class and resented defending the landed aristocracy over the slavery issue. The

military believed their honor was offended by the civilian politicians.²³

Pena, aware of the increased political consciousness of the military, defended the view that the army was entitled to freedom of speech and could present their opinions to the nation. He supported the call for military reform which included a general reorganization and a method of recruitment based on a lottery system. As Minister of War in 1882, Pena worked to increase the budgetary allotment for a study of military reform. Pena won friends in military circles because of his positions in defense of the armed forces.²⁴ Later, as President of the Republic, Pena helped reorganize the military and reform the army's recruitment system.

During the 1880s, Pena's involvement in three Liberal cabinets on the ministerial level often led him to defend the government's position on controversial issues. His diligence and hard work won him the respect of his colleagues. Pena often made appearances in the 'Câmara dos Deputados' for the purpose of speaking for the Liberal government in debates on important questions. In 1885, in the absence of the Minister of Agriculture, he made an appearance in the 'Câmara' to ask

²³June Hahner, Officers and Civilians in Brazil, 1889-1898 (Ithaca, 1966), Chapter I.

²⁴Annaes do Parlamento Brasileiro - Câmara dos Deputados, Sessão de 1882, Vol. II (Rio, 1882), pp. 331-36. Minister Pena was sharply criticized by the Conservative representative Escragnoille Tauney concerning the military budget and privileges. Pena defended the military budget and need for well-trained and equipped forces. See also, Vol. I, pp. 72-85.

for more funds to promote immigration. Minister of Justice Pena reported that the budget of 1885 only permitted the national government to permit free transportation within the Empire. In order to further the nation's progress, Pena argued it was vital to pay the travel expenses of immigrants to Brazil.

Afonso Pena took a special interest in the field of law. His last cabinet position, Minister of Justice in 1884 and 1885, gave him the opportunity to put his ideas into practice. During his time in office, Pena worked for a general reorganization of the police system. The police were notoriously underpaid and often had to divide their time between police work and outside jobs. Pena tried to modernize the force by attracting a superior caliber of agents and paying a higher salary.²⁵ He was also interested in prison reform. A lack of funds had prevented the provinces from bettering the conditions of their prisons. In his ministerial report, Pena called for a uniform national prison system with security and hygienic conditions guaranteed to those incarcerated.²⁶ Pena's goal was to rehabilitate the prisoner by work and professional education.²⁷ On prison matters, his ideas were too controversial for the time. The recommendations were not acted upon.

²⁵Ibid., Sessão Extraordinaria de 15 May 1885, Vol. III, p. 115.

²⁶Relatório do Ministério da Justiça Afonso Pena, 1885 (Rio de Janeiro, 1885), pp. 2, 3 and 147, 148.

²⁷Ibid., p. 165.

In 1885, Afonso Pena had the disagreeable task of enforcing the laws pertaining to runaway slaves. Pena faced a moral dilemma because as Minister of Justice he was responsible for bringing offenders, those who helped slaves escape, to trial. In a legislative session in 1885, Pena lamented the position that he was put in concerning these cases. However, he insisted that his obligation was to see to it that the nation's laws were obeyed. Pena claimed that newspaper stories inflamed public opinion, and that the state prosecuted only in cases where there was evidence of a crime. He finalized his argument with the dictum that without laws a nation cannot exist.²⁸

IV. Minas Gerais and the Slave Question

During the 1880s, slavery continued to be a burning issue in Brazil. Those in favor of abolition attacked the monarchy despite Pedro II's known opposition to slavery. The abolitionists criticized the Emperor because of the gradualism of the manumission law. By 1883, only 18,900 slaves were liberated by the emancipation fund set up as a result of the Rio-Branco law.²⁹ The basic argument of the abolitionists' campaign was the immorality of slave ownership. Politicians crossed party lines over this question. Joaquim Nabuco, a founder of the "Sociedade Brasileira contra a Escravidão" in

²⁸Annaes do Parlamento Brasileiro Câmara dos Deputados, Sessão de 1885, Vol. I, 1 June 1885, pp. 182, 212-15.

²⁹Relatório do Ministério da Agricultura Afonso Pena, 1884 (Rio de Janeiro, 1884), p. 183. Pena cited the said failure of the law.

1879, challenged his own Liberal Minister José Antonio Saraiva over the party's failure to promote legislation to end slavery completely.

The Liberals in Minas Gerais, the province with the most slaves, were faced with a moral dilemma. The slave population of the mining 'municípios' had declined from 1873 to 1884; however, the opposite was true of the coffee 'municípios.'³⁰ Therefore, 'mineiro' politicians moved cautiously on the question because the provinces' economic well-being appeared menaced by abolition without indemnification.

In Minas Gerais the abolition of slavery remained a thorny issue throughout the 1880s. The coffee planters in the southern part of the province depended on slave labor. They were not capable of obtaining and holding the immigrant wage labor that the 'paulista' planters were attracting in increasing numbers. Furthermore, despite the notable drop in the percentage of slaves used in the mines, there were still close to 100,000 slaves used in the mining operations in central Minas Gerais. Added to the estimated 86,635 slaves in the coffee 'municípios,' this represented a great investment of capital to many 'mineiros,'³¹

³⁰Robert Conrad, The Destruction of Brazilian Slavery, 1850-1888 (Berkeley, 1972), p. 293. Table 12 in the appendix shows a gain of 10,000 slaves in the coffee areas and a loss of 50,000 for the mining region. Santa Bárbara had a 60% decline in slaves used in mining activities.

³¹Ibid., p. 293 and Table 3, p. 285; Minas Gerais in 1884 had a slave population of 301,352 which was the highest in the nation. See also, Michael Hall, "The Origins of Mass Immigration in Brazil, 1871-1914" (Ph.D. dissertation, Columbia University, 1969); see Chapter III, pp. 81-115 for details about immigration into São Paulo during the 1880s.

Afonso Pena's position on slavery was complex. There is no evidence in his archive that he was a slaveowner. No mention is made of the use of slave labor in his mining and textile business correspondence with his brother Domingos and brother-in-law Feliciano Pena. Complaints from wage earners, however, are recorded in the gold-mining operation reports sent to Afonso Pena.³² Members of Afonso Pena's family did own slaves. His parents had been slave holders.³³ Feliciano, a noted 'mineiro' Conservative, did own slaves.

Throughout his life Pena took an anti-slavery position. As a student, he had written an article criticizing slavery as being against the principles of justice and a violation of divine and human laws.³⁴ Pena saw the abolition issue in broad terms and was worried about the effect on the agricultural production of the nation. Therefore, as Minister of Agriculture in the Rodolpho Dantas cabinet in 1884, he proposed facilitating the entry of immigrants into Brazil and providing free transportation and aid to recently arrived immigrants.³⁵ He feared economic and social upheaval if total

³²Domingos Pena to Afonso Pena, Docs. 1.2.830-852, Nov. 11, 1883 to June 3, 1906, Caixa 14G, A.P.A.P.

³³Doc. 8.6.4, Sept. 9, 1859, Caixa 14R, A.P.A.P. This concerns a sale of slaves involving his father and mother.

³⁴"Imprensa Academica," Aug. 29, 1871. Doc. 5.1.254, Caixa 140, A.P.A.P.

³⁵Relatório do Ministerio da Agricultura, pp. 213-14. Pena's interest in encouraging immigration began during his student years. These ideas are included in his early writings. They are markedly similar to the plans adopted by São Paulo to foster immigration in the 1880s. See also, Ministerio da Agricultura, letters and documents, Lata 15, A.P.A.P., Jr.

abolition of slavery came to pass without compensation to the slaveowners. Pena stressed the urgent need to expand the Rio Branco law in his circular for reelection as a federal deputy in 1884. Emancipation was necessary, but the nation's economic well-being was of paramount importance. Property rights had to be taken into account, and the consequences of social upheaval caused by abolition had to be planned for and minimized.³⁶

The slavery question split the Liberals during the 1880s. Liberal cabinets received the brunt of the criticism during these troubled years for their handling of the issue. Afonso Pena was a member of the legislative commission that was created to draft a new law concerning the emancipation of slaves. His contribution to the report drafted by the commission was limited due to ill health at the time.³⁷ The 'relatório' led to the passage of a law in 1885 which caused disunity in the Liberal party, particularly in the 'mineiro' Liberal delegation. The Saraiva-Cotegips Law liberated all slaves who reached the age of sixty-five. Approximately 120,000 slaves were freed by the passage of this law in 1885. Pena joined with other 'mineiro' federal deputies in voting against the law because it failed to provide for emancipation with indemnization.

³⁶Doc. 8.8.20, Sept. 5, 1884, Caixa 14R, A.P.A.P.

³⁷Annaes do Parlamento Brasileiro Câmara dos Deputados, Sessão de 4 August 1884, Projecto 48A (Rio de Janeiro, 1884). Ruy Barbosa played the major role in drafting the commission's report.

V. The End of the Empire

The Liberals fell from power in 1886. The results of the legislative elections of that year put the party in a minority position. Liberal politicians complained about the alleged dishonesty of the voting results. Although Afonso Pena had been reelected to the National Assembly, he joined in a protest against corrupt elections.³⁸ The Conservatives now back in power sought to silence their Liberal critics in the Chamber of Deputies by reforming that body's governing rules. The Conservative leadership's aim was to limit discussion and publishing privileges in the 'Câmara' debates. Pena spoke out in favor of the rights of the minority party and argued against this attempt to alter the by-laws of the Chamber.³⁹ The 'Câmara's' governing rules were not altered.

In Minas Gerais, during the mid-1880s, the Republicans, though few in number, began to weigh decisively in the political battles between Liberals and Conservatives in the province. The Republicans generally backed the candidate in favor of abolition. For example, in 1886 the Republicans supported the Liberal candidate, Dr. Manoel Joaquim de Lemos, against the Conservatives, Feliciano de Pena and Diogo Vasconcelos, primarily because both men were anti-abolitionists.

Pena's loyalty to his principles and the Liberal party remained unchanged despite his realization of the growing

³⁸Doc. 8.8.35, July 14, 1886, Caixa 14R, A.P.A.P. Pena was among the Liberals who signed a letter of protest in the Jornal do Comércio.

³⁹Annaes do Parlamento Brasileiro - Câmara dos Deputados, Sessão de 1886, Vol. III (Rio de Janeiro, 1886), pp. 33-35.

support for the Republican cause. His position contrasted with that of other 'mineiro' politicians. Many liberals made preparations for their continuation in politics should the Republic come. Pena remained steadfast in his allegiance to the Emperor and the Liberal Party. However, Pena realized that the Emperor could no longer guide the affairs of government as he had in the past. Pena believed that only the Liberal Party could now lead the nation and prevent a military revolt.⁴⁰ Therefore, he continued to take part in key Liberal Party councils and represent his party in the legislative debates.

By 1888 the total end of slavery could no longer be postponed. The Golden Law, passed by the Congress in 1888, soon led to the end of the Empire. The law liberated the remaining three-quarters of a million slaves. The final vestiges of slavery at last were eliminated within Brazil. There were no provisions in the law for the indemnification of the owners for their slaves, although the government created a new agricultural bank to provide credit to landowners suffering from the effects of emancipation. Afonso Pena considered the Golden Law an act imposed by the public authorities by the force of circumstances. Pena voted for the bill although he was worried about the consequences for the

⁴⁰Afonso Pena to Antonio Gonçalves Chaves, May 26, 1887, Doc. 5.1.132, Caixa 14N, A.P.A.P. Antonio Gonçalves Chaves had served in the position of President of the province of Minas Gerais during the mid-1880s while the Liberals were in power.

nation.⁴¹ He favored governmental action to stimulate the economy in order to keep agricultural activities from declining, and prevent potential disturbances by ex-slaves who had left the land in Minas Gerais and other provinces. Pena's last Empire election circular in 1889 called for financing of credit by the federal government to landowners, increased railroad development, and further steps to aid immigration.⁴²

Throughout the last years of the Empire, Pena continued to defend the role played by the Liberal Party. He wanted to prevent the growth of the Republican Party and keep the major parties in their leadership positions.⁴³ Pena still believed that a series of reforms to meet the new needs of the nation could save the Empire. His unbroken defense of the throne reflected his fear of the instability that a Republic might bring to the nation.⁴⁴ However, the fall of the Empire was just a matter of time.

By 1889, Afonso Pena hoped for some political agreement with the Republican Party. Pena appeared more willing to accept the participation of the Republicans in the political affairs of the nation. In the senatorial elections

⁴¹Afonso Pena to José Antonio Saraiva, Doc. 2, Jan. 1, 1889, Pasta 24, "Coleção Conselheiro Saraiva," Instituto Histórico Geográfico Brasileiro (hereafter I.H.G.B.).

⁴²Doc. 8.8.27, July 1, 1889, Caixa 14R, A.P.A.P. The election circular also cited his support for more provincial autonomy.

⁴³Annaes do Parlamento Brasileiro, Câmara dos Deputados, Sessão de 1888 (Rio de Janeiro, 1888), pp. 47-50.

⁴⁴Ibid., pp. 110 and 298-306.

scheduled for 1890 in Minas Gerais, Pena suggested a coalition of Liberals and Republicans. He reasoned that it would attract new voters to the Liberal and Republican Parties.⁴⁵

The formation of the Visconde de Ouro Preto Ministry in June 1889 put the Liberals in control of the government in the closing months of the monarchy. Pena was a close associate and trusted advisor of the Viscount of Ouro Preto, Afonso Celso de Assis Figueiredo. One of the first acts of the Liberal ministry was to set up a commission to reformulate the civil code for the country. Afonso Pena was among the distinguished persons named members of the commission. He was put in charge of the work relating to the right of succession in a family and the legal rights of the inheritors. Emperor Pedro II took part in the deliberations of the commission. Pena missed the early meetings of the group due to his poor health. However, he made a major contribution during the eighth session on October 11, 1889, when he argued for the right of a person to freely dispose of property that was the fruit of one's labors. He believed, however, that safeguards were necessary to protect the rights of descendants of the family.⁴⁶ Unfortunately, the work on the civil code was cut short by the fall of the Empire in November, 1889.

⁴⁵Afonso Pena to Bernardo Monteiro, Doc. 1.1.50, March 3, 1889, Caixa 14, A.P.A.P. Bernardo Monteiro was a member of the Republican Party.

⁴⁶José Gomes B. Camara, Subsídios para a História do Direito Pátrio (Rio de Janeiro, 1966), Tomo III, pp. 169-70. See also, J. C., Projecto do Código Civil Brasileiro em 1889 (Porto, 1906). The identity of J.C. is unknown, but he apparently took part in its sessions. One possibility is José da Silva Costa, a member of the commission.

The military overthrow of the monarchy in 1889 was not followed by a popular uprising. There were no great mass demonstrations of support for the Republic. Many important Conservative and Liberal politicians no longer played leading roles in the affairs of the nation. However, there were other politicians destined to occupy powerful political positions in the first decades of the Republic. These men were in large measure responsible for transferring the political values and traditions of the fallen Empire to the new Republican order.

Afonso Pena's reaction to the Republic was one of resigned acceptance. At first, he sent a letter to Afonso Celso indicating his loyalty and friendship in face of the recent events. He realized, however, that resistance was futile and decided upon an immediate withdrawal from political life. His intention was to return to Santa Bárbara for a much needed rest and tend to his personal affairs.⁴⁷ Pena was not destined to remain inactive for a long period. He was recalled to take an active role in 'mineiro' politics as the turbulent political events of the first years of the Republic threatened to lead to civil war and federal intervention. Pena's return signaled the re-emergence of the traditional political leaders who now swore allegiance to the Republic.

⁴⁷~~Afonso Pena to Afonso Celso do Assis Figueiredo,~~
Doc. 45, Nov. 17, 1889, Lata 426, "Coleção Ouro Preto,"
I.H.G.B.

Afonso Pena fulfilled Pedro II's evaluation of his potential. The exiled Emperor believed that Pena would have a long political career because of his extraordinary disposition for work and his high moral standards.⁴⁸ As Pedro predicted, the Republic did offer Pena greater opportunities in new positions of political power. Pena reemerged on the regional level in Minas Gerais in the 1890s. Several years later, once again, he was back in the highest circles in the federal government.

⁴⁸Instituto Histórico e Geográfico Brasileiro, Conference with Augusto Tavares de Lira, Revista do Instituto, Vol. 174, 1939, p. 906. See also, Américo Jacobina Lacombe, Ruy Barbosa - Mocidade e Exílio: Cartas anotadas e prologadas, 2nd ed. (São Paulo, 1940).

CHAPTER III

THE REPUBLIC IN MINAS GERAIS

I. Subregional Conflict in Minas Gerais

A provisional Republican government was established in Minas Gerais after the overthrow of the Brazilian monarchy in November, 1889. From its inception, this government experienced serious political problems because of the regional discord which divided the state's Republican Party. In Minas Gerais, José Cesário de Faria Alvim, an ex-Liberal and eleventh-hour convert to republicanism, was appointed as head of the provisional government by Deodoro da Fonseca.* Cesário Alvim, a friend and confidant of Deodoro, could not unify the 'mineiro' Republican political factions. In fact, the historic Republicans tried to prevent Alvim from assuming office after the proclamation of the Republic. Antonio Olinto dos Santos Pires, an historic, actually held the Provisional Presidency from November 17 to 24, 1889. Alvim was out of the state capital, Ouro Preto, and news of the establishment of a Republic did not immediately reach him. In Rio de Janeiro, the federal capital, a group of historic Republicans,

* Marshal Deodoro da Fonseca (1827-92) was the popular leader of the Army who dethroned the Emperor and set up a republic by decree on November 16, 1889. Deodoro became the Republic's provisional president.

notably Aristides da Silveira Lobo and Aristides de Araujo Maia, attempted to influence Deodoro against Cesário Alvim. This political maneuver failed, and Alvim officially took office on November 25, after his return to the state capital.¹ The 'mineiro historicos' distrusted Alvim because of his ties to the politicians of the fallen Empire. Alvim was known to favor former Liberals, often recent adherents to the Republic, from the Center zone of Minas Gerais based in Ouro Preto. In Minas, the 'historicos,' to a large measure, were younger ambitious politicians from the South and 'Mata' zones.

The Republicans did not organize a statewide party in Minas Gerais during the Empire until mid-1888. On June 4, 1888, the formal organization of the Republican Party finally took place in Ouro Preto. Among the notables present at this historic meeting were João Pinheiro da Silva, Antonio Olinto dos Santos Pires, Francisco Martins de Andrade, Domingos José da Rocha, Leonidas Damásio and Francisco Ferreira Alves. João Pinheiro, a Republican who commanded statewide respect, became party secretary and provided the 'historicos' with needed leadership.² On November 15th, 1888, João Pinheiro arranged for the first Republican congress which was attended by representatives from forty-seven 'municípios' in Minas Gerais. Those present at these two Republican meetings in 1888 comprised

¹Antonio Olinto dos Santos Pires, "A Proclamação da República em Minas Gerais," R.A.M.P., Vol. 21 (1927), pp. 149-82.

²Antonio Olinto dos Santos Pires, "A Ideia Republicana em Minas Gerais," R.A.M.P., Vol. 21 (1927). This article by a prominent Republican is a good history of the Republican Party's early development.

for the most part, the politicians referred to as the 'mineiro historicos.'

After the fall of the Empire, the historic Republicans were not destined to play the leading political roles in Minas Gerais. During the first turbulent years of the Republic in Minas, late 1889 to mid-1892, Cesário Alvim excluded most of the 'historicos' from bureaucratic positions and the 'mineiro' delegations to the federal and state constitutional conventions. Alvim, with João Pinheiro's help, took over the 'Mineiro' Republican Party. This political development contrasted to what transpired in São Paulo and Rio Grande do Sul where the historic Republicans had a greater influence over the course of events in these states.

The political disagreements in Minas Gerais mirrored, in part, similar controversies between 'historicos' and recent adherents that took place on the national level within Provisional President Deodora da Fonseca's government. A number of federal cabinet members with deeper ties to the republican movement than other ministers left the provisional government. Quintino Bocaiúva, Benjamin Constant, and Demétrio Ribeiro eventually resigned their cabinet posts. One series of bitter debates in Deodoro's cabinet concerning economic policy, political appointments, and personal conflicts led to the replacement of Aristides Lobo. Deodoro's choice for Aristides Lobo's successor was Cesário Alvim, who took over the position of Minister of the Interior on February 10, 1890. Alvim's involvement in federal affairs did not reduce his political

influence in Minas Gerais. However, there was a growing opposition in the 'Mata' and South zones to Alvim's domination of state affairs. Throughout 1890 and 1891, the struggle to control the state by the conflicting subregional interests continued unabated. In Minas, the provisional presidency constantly changed hands. After Alvim left office to become Minister of Interior, there were a total of thirteen different heads of government in Minas Gerais prior to the selection of Afonso Pena as President in July, 1892. Most of these 'mineiro' provisional presidents held office for less than ninety days often more than once.³

The political conflict in Minas Gerais was more sectional than ideological. The representatives of the prosperous agricultural subregions, the 'Mata' and the South, were discontented because the real axis of political power still remained with the Center zone forces based in Ouro Preto. Juiz de Fora, a commercial center in the 'Mata,' was the focal point of opposition to the continued control of Minas Gerais by the politicians from the economically lagging mining area.

³ J. P. Xavier da Veiga, "Relação do Governo de Minas Gerais," in R.A.M.P., Anno I (January-March, 1896), pp. 19-20. The article contains complete lists of 'mineiros' in the Provincial Assemblies, the Câmara dos Deputados, and other important political positions during the Empire and early Republican periods. See also, Wirth, Minas Gerais in the Brazilian Confederation, Appendix B, pp. 248-60, for a list of 'mineiro' politicians holding major federal and state offices from 1889 to 1937; also, Francisco de Assis Andrade, "Relação dos Deputados Estaduais de 1899 a 1937 e dos Senadores Estaduais de 1895 a 1930," in R.A.M.P., Anno XXVII (Dec., 1976). See pp. 11-60 for state deputies and senators, and pp. 125-73 for lists of federal deputies from 1891 to 1975.

The representatives of these two prosperous sub-regions were determined to end the Center's domination of the state. The Alvim coalition naturally wanted to maintain the political status quo. The principal political disputes, at first, developed over the composition of the delegations to the federal and state constitutional conventions and the choice of a more suitable capital.⁴

In early 1890, a major political controversy arose concerning the selection of a slate of candidates to represent Minas Gerais in the preparation of the federal constitution. A group of historic Republicans were deliberately left off the official list of the 'Mineiro' Republican Party. In contrast, this 'chapa' supported by Alvim included a number of ex-monarchists. The political opposition in Juiz de Fora cried out against Alvim's manipulation of the candidates and the lack of a democratic choice.⁵ To counter the 'Alvimistas,' Fernando Lobo, an 'historico' and one of the 'Mata's' principal Republican leaders, issued a call for a meeting in Juiz de Fora. Sixty-five regional representatives of the 'Mineiro' Republican Party agreed to meet in the 'Mata' capital on

⁴Afonso Arinos de Melo Franco, Um Estadista da República, pp. 233-35.

⁵See, for example, articles in O Pharol, July 1, 2, and 5, 1890. This newspaper published in Juiz de Fora was an outlet for the opinions of those opposed to the Alvim group.

August 15, 1890.⁶ The official list dictated by Alvim was the main issue at the convention. Sharp debates took place between the pro- and anti-Alvim delegates. In the crucial final voting, the majority of delegates backed the choices made by the Republican Party Executive Committee in Ouro Preto. The 'Alvimistas' outmaneuvered their political opponents at the meeting. Nevertheless, those delegates opposed to Alvim remained determined to continue their political struggle.

In another political development, an opposition electoral slate calling itself the 'Partido Católico' was organized in Minas Gerais.⁷ The 'Partido Católico' represented a number of ignored subregional republican political chieftains and ex-monarchists. Catholic parties were also established in other states. The Minas Catholic Party was formed as an electoral tactic to force Alvim to recognize the 'católicos' subregional political influence. The divergent members of the new party took this drastic action to protest the denial of their subregions' political and economic interests and to counter Alvim's high-handed maneuvers. Alvim eliminated this political threat by co-opting leaders of the Catholic Party into his coalition. Silviano Brandão, the future state leader from the South zone, and Sabino Barroso, a

⁶Helio Lobo, Um Varão da Republica; Fernando Lobo (São Paulo, 1937), pp. 16-49. This biography, although one-sided at times, is a vivid account of the life of an important political figure of the period, also Afonso Arinos de Melo Franco, Um Estadista da República, pp. 215-18.

⁷O Pharol, August 17 and, especially, Sept. 9, 1890. The members included Carlos Peixoto, Francisco Silviano Brandão, João Penido, Americo Werneck, Bernardo Monteiro, Henrique Salles, Diogo Vasconcelos, and Sabino Barroso.

politically powerful northern Conservative, concluded a deal with the 'Alvimistas' to have seven 'católicos' appear on the official list to the State Constitutional Assembly.⁸

At this juncture, Afonso Pena, who was at home in Santa Bárbara aloof from these early Republican controversies, began to take a more active political role. The 'conselheiro's' advice was increasingly being sought by the state's conflicting subregional forces.⁹ Pena was on the verge of reentering the political arena and within two years was to be elected to the state's highest office. Despite his loyalty to the monarchy through its final days, Pena was also surprisingly acceptable to the anti-Alvim politicians in Juiz de Fora. The 'historicos' were apparently willing to work with the ex-monarchist. He was also asked to have his name included on the list of the 'Partido Católico' but refused the offer, preferring the role of a conciliator of the competing subregional factions.¹⁰ Pena thereby earned statewide support later as governor when matters seemed about to take a violent turn in Minas Gerais. In early 1892, dissident

⁸Wirth, Minas Gerais in the Brazilian Confederation, pp. 100-1, 125. See also, O Pharol, Sept. 9, 1890 for the Directorio do Partido Católico do Estado de Minas Gerais.

⁹See, for example, Afonso Pena to João Pinheiro da Silva, Doc. 1.1.65, Dec. 1890, Caixa 14, A.P.A.P., and Afonso Pena to Crispim Bias Fortes, Vice Gov. of Minas Gerais, Doc. 1.1.55, Dec. 20, 1890, Caixa 14, A.P.A.P., and Afonso Pena to Bernardo Monteiro, Doc. 1.1.56, Dec. 20, 1890, Caixa 14, A.P.A.P.

¹⁰Afonso Pena to Diogo Vasconcelos, Doc. 1.1.57, Dec. 27, 1890, Caixa 14, A.P.A.P.

politicians in the South and 'Mata' zones threatened to set up an independent state.

II. Pena and the 'Mineiro' Constitutional Convention

Afonso Pena played the major part in the creation of his state's constitution in 1891. The Minas Gerais constitution was primarily the product of Pena's ideas. He proved himself capable of working with the conflicting zonal political factions during the 'Mineiro' Constitutional Convention. Pena had earlier indicated a willingness to serve, if elected, in the 'Constituinte Mineiro.' He was worried about the unstable federal and 'mineiro' political situations. Furthermore, Ruy Barbosa's inflationist economic policies that led to the financial crisis of the mid-1890s caused Pena grave concern.¹¹

A troubled Pena decided to run for and was easily elected senator in the state's first republican legislative congress on January 25, 1891. This body of twenty-four senators and forty-eight deputies drew up the 'Mineiro' constitution. The participants promulgated themselves into a two-house legislature, Senate and Assembly, on June 15, 1891. These first 'Mineiro' Republican legislators held office from 1891 to 1895. Pena's commanding role in the formulation of the Minas Gerais constitution that remained in effect for many years has drawn justifiable praise and recognition.¹²

¹¹Afonso Pena to José Antonio Saraiva, Doc. 4, Jan. 1, 1891, Lata 275, Pasta 24 "Coleção Conselheiro Saraiva," I.H.G.B.

¹²Francisco de Assis Barbosa, Uma Revisão na Política

Afonso Pena was nominated to head the preparatory commission which drafted the Constitutional Assembly's guiding project. This prestigious commission determined the work to be accomplished by the Constitutional Assembly. In this decisive election, the convention delegates showed respect and confidence in the 'conselheiro' by giving him the most votes. Pena became the President of the preparatory commission. In this key position, he shaped the crucial project of the proposed constitution.

The similarities between the commission's report and the final document approved by the Constitutional Assembly clearly reveals that Pena's guiding outline was expanded upon and became the Constitution. During the actual work of the convention he helped draft and clarify the wording of the complex articles in the Constitution. The report issued by the Pena commission emphasized the need for a strong state government but with a balance of power between the executive, legislative, and judicial branches. In addition, the project called for fiscal independence for the 'municípios,' direct elections, and emphasized the need for a new capital and a strong judiciary.¹³

Brasileira (Rio de Janeiro, 1960), p. 119. The constitutional framework that survived throughout the Republican period without serious modifications was primarily a product of Pena's Liberal thought. During the 1920s, the validity of the constitution's democratic principles was questioned by those who sought a more centralized and authoritarian system based on Ibero-Italian concepts.

¹³Annaes do Congresso Constituinte do Estado de Minas Gerais, 1891 (Ouro Preto, 1896), pp. 53-58.

Pena was challenged on a number of issues after the commission revealed its project. However, his authority and past experience as an imperial minister made it difficult for any adversary to entirely eliminate his involvement in the final draft of any crucial article.

One of Afonso Pena's key proposals involved the 'município.' He wanted the local governments, the heart of the state's internal political organization, to have more control over their fiscal resources.¹⁴ Pena led the successful struggle to give the local governments greater financial independence based on a fixed guaranteed income from taxes. Thereby, Pena fulfilled his promise to work for 'município' reform that he made as a young Liberal politician. In another series of debates with David Campista and Francisco Sales, Pena took note of the young delegates' concerns but insisted that the 'Constituinte' address itself to the report and guidelines proposed by the commission.¹⁵ The formation of the legislative branch was at issue. Pena argued that Minas Gerais required a two-house legislature because a bicameral system was fundamentally more democratic. In these debates he cited the example of the United States legislature as a model to study. The majority of delegates accepted his viewpoint.¹⁶ Afonso Pena looked to foreign nations for Brazilian solutions;

¹⁴Ibid., pp. 129, 268, 363-67, 383.

¹⁵Ibid., pp. 126, 190.

¹⁶Ibid., pp. 130, 215.

he was against any proposal that would not be applicable to the situation existing in Minas Gerais.¹⁷

In discussions on the judicial system that was established in Minas Gerais, Pena's knowledge, influence, and authority were the deciding factors. In judicial matters, his experience as Minister of Justice and expertise in legal matters were well known. At the 'Constituyente,' Pena argued for an independent judiciary. He spoke against the duality of the federal court organization which separated civil and criminal law. In addition, he worked to create a state Supreme Tribunal of Justice to oversee the other courts. To guard against corruption of the legal system, Pena fought for a sufficient allotment of funds for judicial salaries.¹⁸

Pena's shaping of his state's constitution signified that Minas Gerais was to be governed by the precepts of the defunct Liberal Party. The 'Mineiro' Constitution was the first state document of this type put together after the proclamation of the Republic. The Liberal political mechanisms written into the Constitution satisfied the former monarchists. A study of the 'mineiro' constitution reveals that the traditionalist-minded ex-imperial politicians were capable of creating a document that reflected their ideas and values.¹⁹

¹⁷Ibid., pp. 137-38. Pena spoke against Olintho Magalhaes' idea of creating a legislature based on the Swiss canton system. His basic argument was that it would weaken the authority of the state government.

¹⁸Ibid., pp. 55-58, 265, 319, 320.

¹⁹Antonio Gontijo de Carvalho, Uma Conspiração Contra

The most divisive problem that faced the members of the Constitutional Convention was the call for a new capital. This issue was difficult to resolve because of the subregional rivalries. The strongest arguments for a change came from representatives of the economically prosperous 'Mata' and South. Both zones had benefited greatly from the increased value of the coffee crop and from other agricultural, industrial, and ranching pursuits. Political representatives of these regional economic interests sought a transference of the state's capital away from Ouro Preto. However, despite the shift in the economic axis to the 'Mata' and South, these zones could not displace the vested political groups based in the Ouro Preto. Furthermore, within these subregions different cities competed to be selected as the site for the new capital.

During the Empire, the transfer of the capital had been proposed in the assembly. After heated debates, this change was rejected by the provincial government in 1868. The Ouro Preto populace had the political power to nullify the call for a more suitable capital. They were able to convince the members of the Assembly that Ouro Preto only needed better transportation and communication facilities. The Assembly's refusal to sanction the capital's transference led to the shelving of

A Inteligencia: Vida e Obra de David Campista (Rio de Janeiro, s.d.), pp. 29-35. Gontijo de Carvalho sees the imprint of the old monarchists on the document and the continued control by the traditional political leaders guaranteed by the actions of the Constitutional Assembly.

this issue.²⁰

The idea remained dormant until the advent of the Republic. Shortly thereafter, on November 18, 1889, the municipal council representing São João del Rei asked to be considered as the site for the state capital. The Provisional Governor Cesário Alvim did not respond favorably to this request. He had already decided to answer the appeals of the municipal 'câmara' of Ouro Preto to make modernization improvements in that city. These plans to benefit Ouro Preto were sharply criticized by politicians throughout the state.

This complex political and economic controversy threatened to retard the proceedings of the 'Constituinte Mineira.' Plans were submitted to study various sites throughout the turbulent first years of the Republic. None of the acting governors who served from 1889 to 1891 was able to resolve the dispute. Both João Pinheiro and Bias Fortes, an ex-Liberal, who represented a strong political faction from the Center and 'Mata,' failed to solve the volatile issue when they served as provisional governors. Another acting governor, Augusto de Lima, tried to end the impasse. However, he was forced by the Ouro Preto politicians to annul a decree in November, 1890 which proposed the study of Belo Horizonte as a site. The 'câmara' of Ouro Preto had sent a commission to Rio de Janeiro to protest the decree.

²⁰Abílio Barreto, Resumo Histórico de Belo Horizonte (1701-1947) (Belo Horizonte, 1950), pp. 48-51. This work is a compilation of several works on Belo Horizonte by the author. Also, Afonso Arinos de Melo Franco, Um Estadista da República, pp. 258-61.

The Pena commission, in its preliminary report for the 'Constituyente,' proposed to move the capital to the area of Rio das Velhas.²¹ Afonso Pena realized that this issue would finally have to be settled. Essentially, Pena thought that a state capital should act as its financial and intellectual center. Pena cited the flight of promising youths to Rio de Janeiro, and labeled those supporting the continuation of Ouro Preto as the capital to be a retrograde force.²² During the eleventh session of the convention, Pena spoke in favor of the Rio das Velhas site. Pena considered the move to be in the state's best interests, although he claimed the area selected was not his own personal choice. Apparently, Pena believed Rio das Velhas to be the most supportable alternative.²³ Despite his advice, the delegates at the 'Constituyente' who wanted to move the capital could not come to any agreement. The majority favored a transference but could not decide where it should be located.²⁴

Although the Constitutional Assembly continued its deliberations, Pena increasingly worried that the seemingly

²¹Annaes do Congresso Constituyente, p. 58.

²²Afonso Pena to Bernardo Mascarenhas, Doc. 5.1.130, April 22, 1892, Caixa 14N, A.P.A.P. Bernardo Mascarenhas was a textile manufacturer with investments in Juiz de Fora. See also, Folha de Minas, Nov. 11, 1947 for excerpts from this letter.

²³Annaes do Congresso Constituyente, p. 190.

²⁴See, for example, *ibid.*, p. 190, for a speech by Idlefonso Alvim who accused those opposed to Rio das Velhas of being promoters of their home cities for the personal benefits that were to be derived.

insoluble controversy was delaying other important proceedings. The unstable political situation in the state at the time caused Pena to seek a delay until other issues were resolved. In an effort to expedite the work of drafting the constitution, he proposed that a professional study be made in order to determine the proper location of a new capital.²⁵ The weary combatants agreed to accept this compromise. Pena had no intention of putting the question off indefinitely. Shortly thereafter, when he became the state's governor, Pena was instrumental in the setting up of a commission to study various sites and beginning work on the new capital.

III. Pena's Role as a State Senator

The approval of the final draft of the 'mineiro' constitution took place on June 15, 1891. An atmosphere of political conciliation was evident at the 'Constituyente.' On that same day, Cesário Alvim was elected the state's first governor by the delegates of the Constitutional Assembly. Afonso Pena was also confirmed as a state senator. Pena participated in the working sessions of this legislative body through the remainder of 1891 and into 1892. He served primarily on the permanent commissions on finance and judicial matters but also took part in the deliberations of other commissions. The first 'Mineiro' Congress enacted the necessary legislation called for by the Constitution. As a leading member of the Senate, Pena exerted a major influence on the

²⁵Annaes do Congresso Constituyente, pp. 445-48.

legislation passed by this body.

Pena's concern for fiscal credibility and financial stability caused him to argue against any reforms in the state's tax laws without a detailed study. In a similar vein, he cited the unwarranted granting of loan guarantees that began to adversely affect the financial affairs of the state government.²⁶ Pena was instrumental in drafting a report for the senate financial commission that curtailed the executive branch's control of state credit. The report called for a limitation of the governor's right to grant credit guarantees. He wanted the approval of the legislature in cases without proven need and for a period of time beyond the financial year in question.²⁷

Although the affairs of Minas Gerais were Pena's immediate preoccupation, he was equally worried about the nation's financial plight. His concern for economic order and stability extended to the federal scene. Pena was bothered by the loose federal monetary policies that Ruy Barbosa, the first Minister of Finance of the Republic, had initiated during the early years of the Republic. In response to a letter requesting his advice from the present Minister of Finance Rodrigues Alves, Pena counseled his old friend that policies arresting the fall of the exchange rate would improve the nation's political and economic situation. Senator Pena was

²⁶Annaes do Senado Mineiro, Primeira Legislativa 1891 (Ouro Preto, 1894), p. 800.

²⁷Ibid., p. 870.

severely critical of 'pseudo-Republicans' who were promoting a wave of speculation to further their own ambitions and whose policies led to instability and disorder.²⁸ Rodrigues Alves was evidently in agreement with Pena's evaluation because he supported Pena's conclusion that the inflationary speculation, easy credit, and excess expansion of the money in circulation were causing the steady decline of the exchange rate. Cognizant of Pena's sound fiscal ideas, Rodrigues Alves thanked him for his counsel and praised his accomplishments in Minas Gerais.²⁹ The two former 'conselheiros' would later work together in the Prudente Morais administration to seek solutions to the 'Encilamento,' a serious economic crisis of the mid-1890s.

State Senator Afonso Pena was involved in other vital regional issues. He was particularly concerned with the policies of the Leopoldina Railroad, which was a privately owned line controlled by British capital. There were numerous complaints about the railroad's operations in the coffee-producing zones. The railroad provided poor service which caused a backlog in transporting coffee to the port of Rio de Janeiro. Furthermore, newly established coffee 'fazendeiros' in lands recently cleared for cultivation requested the construction of railroad spurs to aid their transportation requirements.

²⁸Afonso Pena to Francisco Rodrigues Alves, Doc. 1.1. 512, Dec. 12, 1891, Caixa 14A, A.P.A.P.

²⁹Francisco Rodrigues Alves to Afonso Pena, Doc. 1.2. 156, Dec. 18, 1891, Caixa 14b, A.P.A.P.

The Leopoldina's intransigence on this transport problem led Pena to present a senate bill which called for penalties if the company failed to honor its contracts. In addition, he argued that the state should have the primary role in the development, administration, and fiscalization of railroads.³⁰

As a senator, Pena carried on his struggle for 'município' legislation. In the 'Mineiro' Senate, Afonso Pena played the primary role in enacting the rules regulating the 'municípios.' Pena sought to aid the Senate efforts to obtain needed information on 'município' reform. He sponsored a bill, 'requerimento do organização municipal,' for the purpose of gathering 'município' data on revenues and expenses.³¹ To increase 'município' prerogatives, Pena also successfully pressed for an increase of local autonomy by means of independent financial resources. In these discussions, Pena cited his struggle for local autonomy which began under the 'bandeira do Partido Liberal' and now continued during the Republic. The majority of the Senate supported Pena's idea of setting aside some 'município' land for public use. As an example of this practice, Pena explained the uses of public lands in the United States. His major success was the passage of a bill to grant the district revenue-raising prerogatives and tax rights. The object of the law was to make the locality less dependent on the financial resources of the state and more capable of meeting

³⁰Annaes do Senado Mineiro, Requerimento: Estrada do Ferro Leopoldina, Aug. 1, 1891, pp. 198-202.

³¹Annaes do Senado Mineiro, 1891 and 1892, pp. 108-13.

'município' fiscal needs.³²

Afonso Pena was also the guiding force in the setting up of the state's judicial system. Pena was a proponent of an independent judiciary during the senate debates. He stressed the need for high standards in the examinations of potential candidates for judgeships. In addition, Pena acted as a legal watchdog to help keep senate legislation in line with the state constitution. Often during the arguments, Pena's judicial opinion was paramount concerning the legality of a proposed law.³³

IV. Minas Gerais and Federal Politics

During 1890 the political instability of the federal government became more apparent. Deodoro found it increasingly difficult to act within a democratic framework. As his troubles mounted, Deodoro began to rely more heavily on trusted friends. Baron Lucena, a former monarchist with a long record of administrative, economic, and political experience, was the real leader of the provisional government. Lucena selected former imperial politicians as his ministers. These cabinet members were not part of the republican movement that led to the fall of the Empire. Only Minister of the Interior João Barbalho could claim republican ties dating from the

³²Annaes do Senado Mineiro, 1891 and 1892, pp. 109, 119, 239-45, 291, 292.

³³Ibid., pp. 492, 495, 503, 523-25, 650. Pena's judicial ideas clearly reflect North European and North American influences.

earlier period. Deodoro's popularity suffered, but he still appeared to have enough prestige and backing, particularly in military circles, to be elected President of Brazil in the upcoming elections scheduled for February, 1891.

Despite the military pressure to elect the Marshal as President, opposition to Deodoro began to crystalize around the names of Prudente José de Moraes Barros and Floriano Peixoto. Prudente was a leading spokesman for the Republicans from São Paulo. The 'paulista' Republicans hoped to prevent Deodoro from being selected as the first legally elected President of Brazil. São Paulo wanted a civilian president who would be responsive to the coffee interests. Floriano Peixoto was an enigmatic figure who began to receive the backing of the more radical elements of the military and certain discontented 'historicos.' Those in favor of Prudente or Floriano were unhappy with Deodoro's leadership and the direction the republican government was taking. Deodoro was an inept administrator, had little knowledge of the give-and-take in politics, and experienced repeated difficulties with the Republican Party leaders and the National Congress.

Despite this political opposition, Deodoro was elected President of the Republic by the federal 'Constituyente' in February, 1891, primarily because the assemblymen were afraid to offend his loyal military following. The Constitutional Assembly promulgated itself into the first republican Congress. This two-house legislature continued to bitterly oppose Deodoro's plans throughout 1891. Deodoro was deeply hurt by the

harsh criticism of his congressional opponents. Certain of his support among the army officers and prodded by Lucena, Deodoro dissolved Congress and proclaimed a state of siege on November 3rd, 1891. The consequences of this arbitrary action caused turmoil for both the national and state governments. The state governors, with the exception of Lauro Sodre of Pará, defended Deodoro.

Deodoro's political maneuver further divided the opposing regional factions in Minas Gerais. Cesário Alvim's approval of the President's dissolution of the federal Congress began a chain of events that led to his resignation as governor. Afonso Pena's reaction to the coup of November 3rd was to give up his state senate seat in protest against the illegality of the act.³⁴ By temporarily removing himself from political office, Pena remained true to his belief in legally constituted government. Pena's political protest earned him the respect of Alvim's opponents, although he did not join in their plans to remove Alvim. By resigning, Afonso Pena unintentionally became, shortly thereafter, the most acceptable statewide choice to replace Cesário Alvim as President.

A study of the party affiliations of the first 'mineiro' legislature reveals that less than 50 percent of the Senate and Assembly could be classified as historic Republicans.

³⁴Afonso Pena to Joaquim Gonçalves, Doc. 1.1.69, May 21, 1892, Caixa 14, A.P.A.P. The letter was an explanation of his actions six months earlier and cited the unconstitutionality of the 'golpe' as the prime reason for his resignation.

Liberal and Conservative Republicans, adherents to the Republic after 1889, and Liberal Constitutionalist constituted the majority.³⁵ Despite the various political classifications, the rival regional factions can be divided into two principal groupings during these events. In general, the 'Alvimistas' backed Deodoro's actions including the coup. They favored a strong central government, and tried to modernize the old capital in an effort to prevent its transference. This coalition made Ouro Preto its headquarters and controlled the government during these years. Their rivals for power, by no means united, wanted to move the capital to a more neutral area, argued for a more Federalist interpretation of the constitution, and sought to replace Alvim and his followers as the state's leaders. The struggle between proponents of the centralized system versus the federalist approach was being enacted once again on the regional level in Minas Gerais.

In November, 1891, Vice President Floriano Peixoto staged a coup that soon brought the embittered Deodoro Fonseca's resignation as President. This political change was favorably received by Alvim's opponents. The new president, Floriano, began to replace the state presidents, often with interim military governors. Cesário Alvim's loyalty to Deodoro made his position untenable and invited intervention by the federal government. The national government was now

³⁵David V. Fleischer, O Recrutamento Político em Minas, 1890-1918 (Belo Horizonte, 1971), p. 47. See appendix, diagram 1, for party affiliations of the first four legislatures.

in the hands of the more radical members in the military who were anxious to restore the nation to the path of a guided republicanism. A federal intervention did not immediately take place in Minas Gerais because the Floriano government had more pressing problems elsewhere. Furthermore, Governor Alvim realized his hopeless position and resigned in February, 1892. Afonso Pena, who soon was chosen to replace Alvim, initiated a period of conciliation in the politically troubled state. Pena welcomed the change in the nation's leadership and sent Floriano his congratulations.³⁶

The early 1890s was a period of political instability in Brazil. In Rio Grande do Sul, a civil war, pitting the forces of Júlio de Castilhos, the Positivist Republican governor, and his Liberal and monarchist opponents who backed Gaspar da Silveira Martins and his successors, was about to begin in earnest in 1893. Moreover, within the military a split occurred. Naval officers, resentful of Floriano as President and the prestige and political power of the army, began to conspire against the federal government. Admirals Custódio de Melo and Luís Felipe Saldanha da Gama were about to commence a revolt to bring down Floriano's government. In 1893 the Naval Revolt caused serious political problems for Floriano in the federal capital and the southern states of Santa Catarina and Paraná.

³⁶Afonso Pena to Floriano Peixoto, Doc. 1.1.574, Nov. 23, 1892, Caixa 14a, A.P.A.P.

Minas Gerais shared in the nation's political turmoil. Throughout 1891 and early 1892, the state seemed on the verge of suffering through its own civil war. The secession of the South and 'Mata' subregions was a definite possibility. The two most important centers of dissidence were Juiz de Fora and Campanha. Political tensions had increased in Minas Gerais during Alvim's last months in office. The unwillingness of the Ouro Preto politicians to accept the symbolic and needed change of location for the capital had finally provoked the leaders in the South and 'Mata' zones into action. The world demand for coffee and the product's rising price buttressed the economic arguments of these subregions for a political realignment. By the end of 1891, the idea of the separation of the 'Mata' and South from Minas Gerais appeared in the newspapers of the federal capital.³⁷

The movement for secession of the South and 'Mata' was by no means a unanimous undertaking. The principal leaders of the junta who proclaimed the state of Minas do Sul on January 31, 1892 were Martiniano Brandão, Francisco Bressane, Manoel de Oliveira Andrade, and José Luiz Pompey da Silva.³⁸ Other notable politicians from these zones refused to support

³⁷Gazeta de Noticias, Rio de Janeiro, Dec. 30, 1891. There were other reports of dissidence in the Triangulo zone which had close economic links with São Paulo.

³⁸Alfredo Valladão, Campanha da Princesa, Vol. II (Rio de Janeiro, 1940), pp. 347-76. This is the best general account of the Campanha affair and its consequences. See also, Alexandre de Alcencar, Fatos e Vultos de Vicosa (Belo Horizonte, 1959), pp. 92-109, for details of the Vicosa uprising in the 'Mata' zone in February, 1892.

the self-proclaimed new state.³⁹ The secessionists were counting on the support of Marshal Floriano who was a friend of Martiniano Brandão.

Cesário Alvim, in his explanation of why he resigned the governorship in the midst of crisis, was quoted as saying that he believed the federal government and São Paulo were behind the separatist's actions.⁴⁰ His immediate successor, Lt. Governor Gama Cerqueira, was not able to remedy the deteriorating political situation in Minas or retain the governorship as Alvim had hoped.

The selection of Afonso Pena to replace Alvim won widespread acceptance from the leading political chieftains throughout the state who expressed their backing through the municipal 'câmaras.'⁴¹ This statewide support given to the new governor helped create an atmosphere of political unity in Minas Gerais. Even the historic Republicans in the South of Minas accepted the change although they considered Pena to be the choice of the old party chieftains.⁴² Assured of his

³⁹Valladão, p. 361. Among those against were Silviano Brandão, Francisco Sales, Julio Bueno Brandão, Americo Luz, and Wenceslau Bras.

⁴⁰Jornal do Comércio, February 14, 1892. See also, Afonso de Melo Franco, Um Estadista da República, pp. 225-32, for an account of these events favorable to Cesário Alvim and his supporters.

⁴¹See, for examples, "Cartas de Câmara Municipal de Santo Antônio dos Patos and Paracatú to Afonso Pena," April 18, 1892, Lata 2, A.P.A.P., Jr. Pena received backing from 'municípios' in all the subregions of the state and was elected in May, 1892.

⁴²Gazeta Sul-Mineira, São Gonçalvo de Sapucaý, March 26, 1892, Lata 2, A.P.A.P., Jr. The paper was a weekly which represented Republican opinion in the South.

state's support, Governor Pena set about to resolve a number of pressing political problems. In his first months in office, Afonso Pena had to head off a threatened federal intervention, eliminate a dangerous insurgency already taking place in Campanha and Vicosá. He also commissioned a study in order to select a site for the new capital.

Although there may have been sympathy and one example of outright cooperation by a unit of the federal military forces, there was no widespread federal or 'mineiro' support of the self-proclaimed state. The rebellion in Campanha and Vicosá collapsed. Pena did not take any retaliatory measures against the 'mineiro' leaders of the insurgency. He preferred a conciliatory approach to stabilize the political situation in the 'Mata' and South. The Thirty-First Battalion, under the command of a Colonel Teles, was accused of involvement in the limited uprising, but complaints from Governor Pena forced a transference of the federal unit out of Minas.⁴³

Furthermore, Afonso Pena worked to counteract the negative newspaper reports that were being circulated throughout 1892 in the federal capital concerning Minas Gerais. In explaining his reasons for accepting the call to office once again, Pena let it be known that his goal was to maintain political peace in Minas Gerais in order to avoid the consequences of civil disorder in the state. The aim of the

⁴³Afonso Pena to Fernando Lobo, Minister of Justice, Doc. 1.1.675, Jan. 2, 1893, Caixa 14a, A.P.A.P., and Afonso Pena to Serzedelo Correa, Feb. 2, 1893, Lata 2, A.P.A.P., Jr.

administration was a harmonious relationship between the federal and state governments.⁴⁴ Through conciliatory gestures, Pena sought to reduce the threat of a federal intervention.

In 1893 the worsening political crisis on the national level involving officers of the armed forces substantially reduced the federal pressure in Minas Gerais. The federal government's military situation deteriorated after Floriano's naval opponents combined with the rebels in Rio Grande do Sul. Whatever Floriano's personal feelings were concerning a military intervention in Minas Gerais, this idea was not realistic at a time when the federal government needed the support of Minas Gerais. Furthermore, Afonso Pena was more interested in preserving order by backing the constitutionally elected Floriano Peixoto than he was in following the lead of the naval officers who had monarchist intentions. The proof of this was the "Manifesto Mineiro" published in the newspaper O Paiz which was severely critical of the Naval Revolt. The Manifesto had been issued in mid-December of 1893 when the possibility of a successful insurrection still existed. Pena analyzed the causes of the rebellion and the

⁴⁴Afonso Pena to José Carlos Rodrigues, Doc. I-3.3.86, Feb. 20, 1893, Seção de Manuscritos, Biblioteca Nacional (hereafter B.N.). Pena complained of unfavorable news published in the 'Jornal do Comércio.' He wrote in order to explain his motivations for accepting the Presidency. See also, Afonso Pena to Aristides Lobo, Nov. 20, 1892, Lata 2, A.P.A.P., Jr. Pena responded to the charges that his government was anti-Republican and "Sebastianista" in sentiment. Aristides Lobo was among those behind the idea of a federal intervention.

claims of its participants, but found no justification for their actions. His message was that the Republic was here to stay and had adapted itself well to the nation's needs.⁴⁵

Those who believed in the Republic praised Afonso Pena's public statement in support of the Floriano administration. Throughout Brazil, Pena was congratulated for his defense of the legally constituted national government.⁴⁶ Pena guaranteed the solidarity of a united Minas Gerais behind Floriano, offered to aid the federal government in the armed struggle if necessary, and stated that it was time to forget political differences.⁴⁷ However, Pena also believed that Floriano Peixoto would obtain better political results if he endorsed civilian candidates who were authentic Republicans for the upcoming presidential elections.⁴⁸

In 1894, Governor Pena worked to create a political consensus in Minas Gerais in order to show the nation that the 'mineiros' were firmly united and behind the federal government. This was consistent with the earlier advice that Pena gave to

⁴⁵Afonso Pena, "Manifesto Mineiro," published in O Paiz, Dec. 15, 1893, Doc. 5.126, Caixa 14N, A.P.A.P. Pena issued the Manifesto on Dec. 11, 1893.

⁴⁶See, for examples, Francisco Glicério to Afonso Pena, Dec. 21, 1893, Lata 2, A.P.A.P., Jr., Prudente Moraes to Afonso Pena, Dec. 17, 1893, Lata 2, A.P.A.P., Jr., Bias Fortes to Afonso Pena, Dec. 16, 1893, Lata 2, A.P.A.P., Jr.

⁴⁷Afonso Pena to Floriano Peixoto, Doc. 1.1.107, Dec. 15, 1893, Caixa 14, A.P.A.P.

⁴⁸Afonso Pena to Ubaldino do Amarel Fontoura, Doc. 1.1.194, Oct. 3, 1893, Caixa 14, A.P.A.P. Ubaldino do Amarel, a 'Paranense' historic Republican, played an important role during the federal Constitutional Assembly.

Aristides Lobo. According to Pena, a federally sponsored plan of conciliation to unify the opposing political factions was the best method to promote peace in the South of Brazil. Unfortunately, in 1894 Floriano was more anxious to reestablish the military authority of the central government. Nevertheless, Pena's proposal was acted upon later during the Prudente Morais administration.⁴⁹

Although Afonso Pena earlier had sincere doubts about republicanism, he clearly placed himself on the side of those who wanted to preserve the Republic. Pena was also adverse to having a military leader as President of Brazil but realized that only Floriano could confront the nation's vast array of problems.⁵⁰ His concern for Brazil placed him against the rebellious naval officers who made 'pronunciamentos.' Pena reasoned that the ultimate consequence of his failure to firmly support the Republic would be the loss of liberty.⁵¹ Had Pena chosen a different course, Brazil, very conceivably, could have suffered through a prolonged period of regional rebellions in the 1890s. Dismemberment of the Brazilian nation was a possible outcome of a protracted civil war. Minas Gerais' loyalty to Floriano at this juncture furthered the federal government's efforts to reestablish its authority. Afonso Pena's role in

⁴⁹Afonso Pena to Aristides Lobo, Doc. 1.1.85, July 17, 1893, Caixa 14, A.P.A.P.

⁵⁰Afonso Pena to Ubaldino do Amarel Fontoura, Doc. 1.1.76, June 5, 1893, Caixa 14, A.P.A.P.

⁵¹Afonso Pena to Otávio Otoni, Doc. 1.1.93, Aug. 9, 1893, Caixa 14, A.P.A.P.

preserving national and state unity in this time of crisis merits greater recognition.

V. Pena's Accomplishments as Governor of Minas Gerais

As Governor, Pena was deeply involved in state economic affairs. During this time his administration quickly moved to initiate vital undertakings that had a significant impact on the future of Minas Gerais. Afonso Pena's political and economic accomplishments enabled Minas to eventually resume its role as one of the leading states in Brazil. Politically, he successfully fostered the idea of compromise among the state's subregional factions. In Minas Gerais, Pena's policy of political conciliation continued throughout the early Republican period. By providing political stability, promoting harmony within the state, and preventing a federal intervention, Pena was able to embark upon an ambitious economic program. His achievements won him the respect and admiration of those who had opposed him at first.⁵² Afonso Pena was a man who believed in the political greatness and economic importance of his home state. Therefore, he diligently worked to accomplish the goals that he considered essential if Minas Gerais was to reassert itself as a leading member of the nation.

One of Governor Afonso Pena's thorniest tasks required the setting up of a commission to study a number of proposed

⁵²Estado de Minas, July 15, 1894. In an article, Antonio Olinto dos Santos Pires praised the achievements of Afonso Pena. Antonio Olinto was among those politicians who disapproved of Afonso Pena's rise to the Presidency of Minas Gerais because of his past ties to the monarchy.

sites for the new capital. This was his first step in order to commence the transference of the capital. Pena astutely selected a brilliant young engineer, Aarão de Carvalho Reis, from the state of Maranhão, to head the commission. Reis, who proved to be an excellent choice, could not be accused of subregional favoritism. Afonso Pena continued to promote Reis's career after his highly praised work in Belo Horizonte was completed.

Reis led a group of engineers who were given five sites to study in accordance with Law 1 passed on October 28th, 1891 to implement Article 13 of the state constitution. The five sites were Barbacena, Parauna, Juiz de Fora, Vareza do Marcal, and Belo Horizonte.⁵³ Upon completion of the study, Reis complained that a five-month period and a limited budget hampered a proper report, but he recommended Vareza do Marcal as the best overall site.⁵⁴ Barbacena had been eliminated for topographical reasons: high elevation and poor drainage for sewerage. Parauna lost its bid due to poor transportation and communication factors, and health conditions. Juiz de Fora was not recommended because it was too far removed from the state's center and was already a commercial and industrial area. Reis reiterated his own personal neutrality and cited the commission's

⁵³Relatório apresentado a Sr. Afonso Pena pela Comissão D'Étude das Localidades Indicadas para a Nova Capital pelo Engenheiro Civil Aarão Reis (Rio de Janeiro, 1893). Each engineer directed the work at one of the sites, and Reis coordinated the study. A separate relatório is included by the individual engineers for their respective assignments.

⁵⁴Ibid., pp. 75-76.

efforts to follow the list of criteria given the group in accordance with the instructions of December 9th, 1892.⁵⁵ Belo Horizonte, the second choice of the engineers, lost out only because Vazeza do Marcal had better immediate transportation.

The report delivered by Aarão Reis was a controversial document. Afonso Pena proved himself capable and determined in handling the Ouro Preto opposition to the study's conclusions. He arranged for a special session of the 'Mineiro' Congress to be held in Barbacena. Outside the state capital, the legislators discussed the issue in a less constrained atmosphere for almost a month before deciding finally by a close vote of thirty to twenty-eight for Belo Horizonte. The acrimonious debates were at times led by Domingos Vioti who backed Barbacena and José Pedro Drummond who championed Belo Horizonte. Belo Horizonte was actually rejected twice during the special session. However, by mid-December the weary representatives approved it as the new site for the capital after finally eliminating Barbacena.⁵⁶ The final draft of the 'projeto' was passed on December 17th, 1893. Included among the provisions was a stipulation that the construction of Belo Horizonte be accomplished in four years and that a commission in charge of the construction be named by the president of the state.

⁵⁵Ibid., pp. 14-15.

⁵⁶Annaes da Câmara dos Deputados, 1893 (Ouro Preto, 1894). Among those who voted for Belo Horizonte were Bias Fortes, Virgilio de Melo Franco, J. P. Xavier da Feiga, Antonio Carlos, Rebelo Horta, J. C. da Costa Sena, and Henrique Diniz.

Afonso Pena, pleased with the work accomplished by Aarão Reis, selected him to head the commission in charge of the planning and construction of Belo Horizonte.⁵⁷ Reis was successful with the projects he directed during the first phase of the construction. By early 1895, he informed Pena of the need for more material to commence the construction of the second phase of the project.⁵⁸ A couple of months later Reis began to complain of delays caused by the interference of Bias Fortes, the newly elected governor, and his Secretary of Agriculture Francisco Sá.⁵⁹ Reis resigned his commission shortly thereafter and presented a final report to his successor, Francisco de Paula Bicalho.⁶⁰ Apparently Reis was forced out due to the disagreements he had with Sá, who was backed by Bias Fortes.

⁵⁷Mensagem Dirigida pelo Presidente Afonso Pena ao Congresso Mineiro (Ouro Preto, 1894), p. 32. See also, Maria Efigenia Lage de Resende, "Afonso Pena e a Mudança da capital," Doc. 3.2.21. The author believes Pena's reason for backing Belo Horizonte was to avoid aggravating the state's growing zonal economic imbalance. The document in the form of a report was presented at an historical symposium held in Belo Horizonte in September, 1973; also Maria Efigenia Lage de Resende, "Uma interpretação sobre a fundação de Belo Horizonte," Revista Brasileira de Estudos Políticos, 39 (July, 1974), 129-61, for an expanded version of the previously cited document.

⁵⁸Aarão Reis to Afonso Pena, Doc. 1.2.1033, Jan. 6, 1895, Caixa 14I, A.P.A.P.

⁵⁹Aarão Reis to Afonso Pena, Doc. 1.2.1034, March 6, 1895, Caixa 14I, A.P.A.P. Francisco Sá was appointed Minister of Agriculture, Commerce and Public Works replacing David Campista.

⁶⁰Comissão Constructora da Nova Capital: Exposição apresentada pelo Engenheiro Civil Aarão Reis (Rio de Janeiro, 1895). The report details the progress and problems concerning the two phases of the construction.

Afonso Pena was responsible for the transference of the capital away from Ouro Preto. However, Pena still maintained good relations with the city's leaders because of his "porkbarrel" plans to improve the transportation and communication network to Ouro Preto. To appease the Ouro Preto politicians, Pena promoted a project to connect the old capital by a railroad spur to the Central do Brasil line. A second aspect of the plan called for a line to be built that would link Santa Bárbara to Ouro Preto. The approval of the trunkline had originally taken place in May of 1890. At that time, Pena sent his congratulations to the chief engineer of the proposed construction.⁶¹

As President of Minas Gerais, he pushed for the line's completion. The concession made by Baron Lucena to the Public Works Company of Minas Gerais expired without work having begun because of problems in financing the railroad. At first, Pena asked the help of the federal government for the railroad to become a reality.⁶² By October of 1893, Pena became convinced that he would have to arrange state financing for this and other projected railroad development schemes.⁶³ Governor Pena

⁶¹Afonso Pena to Francisco de Paula Bicalho, Doc. 1.1.53, May 28, 1890, Caixa 14, A.P.A.P.

⁶²Afonso Pena to Floriano Peixoto, Doc. 1.1.71, May 24, 1893, Caixa 14, A.P.A.P.

⁶³Afonso Pena to Joaquim do Marinho, Visconde de Guai, Doc. 1.1.565, Oct. 21, 1893, Caixa 14a, A.P.A.P. The Visconde de Guai was Pena's representative in Europe who was charged with arranging the financing for a number of needed development projects including railroads. He proved to be a capable and resourceful representative of the 'Mineiro' President. The Pena archives contain the apparently complete correspondence between the two men concerning plans and negotiations for foreign investment to finance the state's proposed projects during these years.

successfully initiated the state's attempts to finance its own transportation development. A financial group in Paris was willing to lend Minas Gerais two million pounds in sterling. Pena was pleased because the proposed loan showed confidence in the state's credit.⁶⁴ After delaying because he did not want to commit the future administration to new loan guarantees, Pena authorized the Visconde de Guai, his agent in Europe, to work out the necessary details. Pena believed that the terms of the loan compared favorably to other similar arrangements and that the opportunity should not be lost.⁶⁵

In the early 1890s, Afonso Pena began to increasingly support federal involvement in economic affairs relating to the state's interest. This was a shift away from the earlier economic position that he advocated as a Liberal politician. During the 1870s, Pena wanted to limit the government's involvement in the economic activities of the nation and provinces. By the 1880s, Pena began to change his position on this issue due to ministerial responsibilities. For example, as Minister of Agriculture, Pena favored a policy of federally financed immigration. Now in the Republican era, Pena recognized that the federal government would have to expand its economic role in order to develop public transportation and communication, encourage immigration,

⁶⁴Afonso Pena to Visconde de Guai, Doc. 1.1.180, Sept. 1, 1894, Caixa 14, A.P.A.P.

⁶⁵Afonso Pena to Visconde de Guai, Doc. 1.1.188, Sept. 29, 1894, Caixa 14, A.P.A.P. The 1890s, essentially beginning in 1892, was a period of railroad expansion in Minas Gerais. The guiding direction for this development came from Pena's success in encouraging foreign investment.

and fight for legislation to regulate and protect the state's financial interests. Pena realized that the tenets of economic liberalism were no longer appropriate or applicable. Other Liberal politicians of the Empire period experienced a similar philosophical transformation in their economic thinking. Brazilian modernization and the laissez-faire concepts of the past era were not a workable combination. The first years of Republican government were the golden years of liberal economic thought in Brazil. Ruy Barbosa's financial program had led to the euphoric growth of the Brazilian business community. However, by 1892 the need for a more realistic approach to the nation's economic problems became alarmingly evident. The 1890s proved to be the dawn of ideas of economic nationalism in Brazil.

The ruinous effects of the loose federal monetary policies became more apparent as national chartered companies became unable to raise the necessary capital to fulfill their obligations. To finance internal improvements, Brazil turned to European financial groups, primarily English, for the investment capital. The drastic fall of the exchange rate continued. This added to the lack of confidence in the international banking circles. The solution required the participation of the government, on both the federal and state levels, to guarantee the loans in order to satisfy potential investors.

Afonso Pena had an impressive blueprint for railroad construction throughout Minas Gerais. During his administration, Pena advocated direct intervention by the state to promote railway expansion. His plans required the state to raise

capital, guarantee the credit and interest for loans, and generally take a more vigilant role in the regulation of the railroad's fiscal activities.⁶⁶ As Governor, Pena gave primary importance to protecting the state's legal rights in the guarantee of interest required by the foreign investors. Moreover, Afonso Pena did not hesitate to suspend the guarantee if the company failed to fulfill its obligations. In loan arrangements, it was not possible to ignore the legitimate concerns of international banking houses, but Pena increasingly sought to safeguard the state's financial interests in these matters.⁶⁷

Related transportation problems involved the financially troubled 'Leopoldinha' Railroad Company. This railroad was the largest system in Minas Gerais. The fiscal policies of the British-owned line had drawn the ire of Pena when he was a senator in mid-1892. The principal source of revenue for the state came from the tax levied on the exportation of coffee. The spread of coffee to other areas created transportation difficulties which required the 'Leopoldinha' Railroad to initiate a program of expansion to bring the product more easily to market.⁶⁸ Furthermore, the company's failure to promptly turn over revenues

⁶⁶Mensagem dirigida pelo Presidente Afonso Pena ao Congresso Mineiro, 1894, pp. 23-25.

⁶⁷Afonso Pena to Banco Alemão, Doc. 1.1.143, April 20, 1894, Caixa 14, A.P.A.P. The loan to finance the 'Estrada de Ferro Oeste de Minas' had been arranged through the London N. M. Rothschild and Sons Bank in 1893. The failure to begin work on the line to Pitangui angered Pena, and he suspended the guaranteed interest payable to the company.

⁶⁸Mensagem dirigida pelo Presidente Afonso Pena ao Congresso Mineiro, 1893, p. 14.

already collected caused problems for Minas. Pena needed these funds to meet his budget commitments.⁶⁹ Governor Pena even contemplated rescinding the Leopoldina's contract.⁷⁰ The 'Estrada de Ferro Central' was also guilty of this practice and had to be reminded about delayed payments.⁷¹

The creation of a customhouse headquarters in Juiz de Fora was one of the solutions proposed by Pena to eliminate this revenue collection problem. His idea was to give Minas Gerais greater control over the remittance of taxes and a more direct involvement in the regulation of customhouse activities. The efforts to establish an 'alfandega' in Juiz de Fora underscored the rivalry of Minas Gerais, a land-locked state, with Rio de Janeiro the principal port of embarkation for 'mineiro' products. Moreover, Rio was the center for the collection of 'mineiro' coffee taxes which were remitted at a later date.

Afonso Pena realized that the establishment of a major customhouse in Juiz de Fora would please the political and economic interests in the 'Mata' and South subregions.

In a letter to Floriano Peixoto asking the President's backing for the project, Pena stated that the nation's capital should not possess too much economic power. Pena wrote that a

⁶⁹ See, for example, Afonso Pena to Carlos Figueiredo, Doc. 1.1.134, March 30, 1894, Caixa 14, A.P.A.P.

⁷⁰ Afonso Pena to Carlos Figueiredo, Doc. 1.1.138, April 14, 1894, Caixa 14, A.P.A.P.

⁷¹ Afonso Pena to Vespasiano Gonçalves de Albuquerque Silva, Diretor da E. F. Central, Doc. 1.1.163, July 13, 1893, Caixa 14, A.P.A.P.

positive decision on the customhouse issue would be a factor in favor of federalism.⁷² Floriano's supportive response and the later approval of the plan by Congress proved to be more of a psychological victory for Minas Gerais in its struggle to gain control over the complex factors relating to its economic development. Minas Gerais lacked a seaport and this deficiency continued to hamper the state's potential growth. In comparison, the 'paulista' coffee producers and the São Paulo state government had the expanding port of Santos to serve their needs.

The troublesome problem of another state taxing 'mineiro' agricultural produce, particularly coffee, was difficult to resolve. Afonso Pena cited the economic prejudice suffered in Minas Gerais due to the 4 percent tax on coffee and other products which passed through Rio de Janeiro. In his message to the 'mineiro' legislature, he stated that Rio de Janeiro tax on 'mineiro' products was a violation of Article 66 of the federal constitution.⁷³ Here again, Pena successfully sought help from the Floriano administration to relieve the adverse effects of internal tariffs which plagued other states in Brazil.

Governor Pena signed an agreement with the federal government on March 25, 1893, which guaranteed Minas Gerais a 7 percent

⁷²Afonso Pena to Floriano Peixoto, Doc. 1.1.182, July 5, 1893, Caixa 14, A.P.A.P.

⁷³Mensagem pelo Presidente Afonso Pena ao Congresso Mineiro, 1893, p. 10. See also, Relatório do Justino Ferreira Carneiro, Secretario do Estado dos Negocios das Finances ao Presidente do Estado, 1893 (Ouro Preto, 1893), pp. 19-22. The prejudice suffered by the 'mineiro' coffee interests was largely attributed to improper fiscalization and refusal by Rio de Janeiro to accept the shipping permits from Minas Gerais which amounted to a new tax.

tax on coffee. The federal customhouse was to supervise the tax collection, but this adjustment only partially resolved the internal tariff problem. Pena constantly criticized the method of payment remittance adopted by the railroads and the slipshod operation of the collection system by the line's employees. His awareness that the railroads were also against this costly type of service led Pena to support the regulations incorporated in Federal Decree 603 of February 3rd, 1894 which adjusted the manner of collecting the export taxes.⁷⁴ These regulations and the forthcoming federal law creating a customhouse in Juiz de Fora were part of a multi-faceted plan for economic growth and reduced dependence on Rio de Janeiro's port that Pena had in mind for Minas Gerais.

The idea to link Minas Gerais to the port of Victoria in Espírito Santo was another principal feature of Pena's overall plan to develop the state's economic potentialities and lessen the dependence on the railroad line to the federal capital. Afonso Pena considered the proposed E. F. da Vitoria to Minas to be a project that was in the vital interest of both states.⁷⁵ After he was authorized by the 'mineiro' legislature to negotiate with Dr. José Freire, Governor of Espírito Santo, Pena conducted a lengthy correspondence to conclude a 'convênio'

⁷⁴Mensagem . . . , 1893, pp. 8, 9.

⁷⁵Afonso Pena to Severiano de Resende, Doc. 1.1.102, Oct. 11, 1893, Caixa 14, A.P.A.P.

regulating economic and commercial affairs.⁷⁶ Throughout the exchanges, Pena emphasized the significance of the proposed railroad line.⁷⁷ In evaluating the successful drawing up and signing of the 'convênio,' Pena stated that it would lead to greater economic autonomy for Minas Gerais once the railroad to Victoria was completed.⁷⁸

Governor Pena's attempts to improve and extend railroad transportation often involved him in other efforts to protect 'mineiro' financial interests. By late 1892, Pena contended with the consequences of increased business failures. An excessive number of state concessions to private companies were issued from 1889 to 1891. By 1893, businesses encountered difficulties in raising finance capital. Undercapitalization brought on forced liquidations of many companies. The state's responsibility continued if a company failed to meet contractual obligations. In cases where the government gave a guaranty of interest, this legal obligation created additional long-term

⁷⁶Mensagem . . ., 1894, p. 22, Law 56 was passed on July 18, 1893. Minas Gerais and Espírito Santo were also involved in a territorial dispute. Land in the Eastern zone of Minas Gerais was claimed by its small neighbor. Pena linked the settlement of the border dispute with the railway line.

⁷⁷See, for example, Afonso Pena to José Freire, May 30, 1893, Caixa 14, A.P.A.P. Caixa 14 contains a number of letters of Afonso Pena to José Freire concerning the negotiations for the projected railroad link.

⁷⁸Afonso Pena to Francisco Sá, Doc. 1.1.690, Jan. 6, 1895, Caixa 14a, A.P.A.P. Unfortunately, the willingness on the part of Minas Gerais to complete the project was not matched by the opposing political factions in Espírito Santo. The failure to obtain state political unity and the resentment caused by the border dispute caused the 'capixabas' to renege on the agreement.

burdens for the 'mineiro' budget. In his annual report, David Campista, the Secretary of Agriculture, Commerce and Public Works of Minas Gerais, made note of this financial dilemma.⁷⁹ Campista also reported that concessions limiting the contractual time usually for twelve years with a guaranteed minimum interest of 5 percent were disadvantages to the state. His explanation was that railroads lacked a financial incentive for improving their stock and lines.⁸⁰

Afonso Pena's promotion of Minas Gerais' economic development strained the state's budgetary resources. Pena's solution to make up for the lack of government revenue was to borrow from foreign sources. In a letter to Floriano Peixoto, Pena wrote that in order to fulfill the state's financial obligations Minas Gerais was forced to rely on European capital.⁸¹ However, Pena sought to decrease this economic dependency after Law 24 was passed on July 24th, 1893. This law proved beneficial to the state's transportation growth because it put the 'mineiro' government's auxiliary financial resources behind railroad expansion. The state now had the authority to step in and expand its economic commitment. This law also required contractual

⁷⁹Relatório do Secretário de Estado dos Negócios da Agricultura, Comércio e Obras Públicas apresentado ao Presidente Afonso Pena, 1893 (Ouro Preto, 1893), pp. 84-86. Campista listed 20 lines with a total capital guaranteed of 127.432:259 \$185 milreis. There were 12 lines with 6% guaranteed interest, 7 lines with 7%, and 1 line with 4%. The total 'encargado de estado' was 8.445;917 \$134 milreis.

⁸⁰Ibid., p. 85.

⁸¹Afonso Pena to Floriano Peixoto, Doc. 1.1.124, Feb. 26, 1893, Caixa 14, A.P.A.P.

obligations for railroad construction to be supervised by the state. To guarantee the future economic prosperity of Minas Gerais, the state government now had to regulate the growth and operation of its transportation network.⁸²

By analyzing the 'convênios' and other financial agreements made during the years 1892 to 1894, Afonso Pena's efforts to protect his state's interests stand out. Francisco Sá, the minister who succeeded David Campista, reported a shift away from the granting of contracts to private companies with a high guaranteed interest rate to a system of limited concession and firmer control by the government.⁸³ Obviously, the dependence on foreign capital continued, but Pena did initiate steps to safeguard the state's economic welfare. In transportation matters, Governor Pena acted as a 'mineiro' economic nationalist. Later as President of Brazil he expanded these ideas in promoting the nation's economic interests.

Afonso Pena's attempt to promote immigration to Minas was another aspect of his plans to further the state's economic development. Minas Gerais did attract a certain percentage of immigrants coming to Brazil, but the numbers were not sufficient to meet the state's labor requirements. By the 1880s, there was a serious shortage of farm laborers in Minas. In

⁸²Afonso Pena to João da Mata Machado, Doc. 1.1.78, June 20, 1983, Caixa 14, A.P.A.P.

⁸³Relatório apresentado ao Presidente Bias Fortes pelo Secretario do Estado dos Negócios da Agricultura, Comércio e Obras Públicas, Dr. Francisco Sá, 1895 (Ouro Preto, 1896), p. 8.

1888, the national abolition of slavery led to the abandonment of many 'fazendas' by the freed workers. Emancipation accentuated the 'mineiro' need for agricultural laborers. Minas Gerais was still the most populous state in 1890, but it had a low population density per square mile. In the first years of the Republic, this alarming deficiency of available labor was noted throughout the state.⁸⁴

Several significant changes in the federal government's immigration policies were made in the first years of the Republic. The federally oriented Constitution of 1891 reduced the national government's ability to promote and increase settlement by means of a transference of unoccupied public lands to the states. This modification granting the states the right to utilize public lands effectively eliminated the federal government from the colonizing experiments. Although the federal government retained powers pertaining to immigration, the states also had prerogatives in this sphere; they now had the primary responsibility to encourage immigration.

In Minas Gerais, the provisional Republican government's attempts to increase the number of immigrants did not bring encouraging results.⁸⁵ Furthermore, the migration of

⁸⁴Norma de Goes Monteiro, Imigração e Colonização em Minas (Belo Horizonte, 1973), pp. 49-52. This thorough study is an excellent account of immigration and colonization in Minas Gerais during the period of the Republic.

⁸⁵Rodolfo Jacob, Minas Gerais No XX^o Séclo; Summário Geográfico, p. 30. Quadro 16 gives a total of 3,103 immigrants who were introduced officially in 1891. The figure was 6,113 for 1890 and only 73 for 1892.

farm workers to other regions, particularly São Paulo, due to that state's higher wage scale, compounded the 'mineiro' labor problem. Discontented immigrants in Minas Gerais were attracted by the salaries offered by the 'paulista fazendeiros.'

Governor Pena gave immigration and colonization top priority. His program to augment the labor supply in Minas Gerais included a project to actively promote the immigration of qualified Europeans. Governor Pena's administration played a direct role in informing prospective European immigrants about their economic prospects in Minas Gerais. His goal was to attract a more reliable labor force. Pena did not believe that Chinese immigration was the answer to the labor problem. On the issue of Oriental immigration, Pena's position, dating from his Empire legislative career, remained unchanged. As Minister of Agriculture, Pena spoke against the idea of bringing Chinese workers to Brazil as a source of cheap labor. He opposed the federal government's sending of a commission to China to study the feasibility of this proposal. European immigration was preferable to Pena in order to meet the state's labor requirements; Pena reasoned that these workers were more apt to bring their families and settle permanently if offered the right conditions.⁸⁶

Afonso Pena's immigration plans were aided by the enactment of Law 32 on July 18, 1892. Governor Pena pressed the 'Mineiro' Congress to pass this law shortly after he took

⁸⁶Mensagem pelo Presidente Afonso Pena ao Congresso Mineiro, 1893, pp. 21-22.

office. Law #32 authorized the state governor to promote the immigration of workers for the agricultural sector. It provided for passage on railroads, indemnization of costs for transportation and offered property to immigrants who were willing to work the land. To supervise these operations, Pena appointed a superintendent in charge of immigration. Later, by means of Decree #612 of March 1893, he assigned state agents to actively stimulate European immigration.⁸⁷

David Campista, the Minister of Agriculture, also played a large part in shaping the state's immigration policy. Pena and Campista wanted to involve the 'municípios' more directly in the immigration and colonization process. Guidelines for requesting and receiving immigrants were given to the municipal 'câmaras.' A circular was then sent to all 'municípios' in May, 1893 to aid the local governments with potential problems. Despite these efforts the total number of immigrant requests were small.⁸⁸ Campista also distributed a thorough questionnaire to the 'municípios' in order to determine the labor needs throughout the state. The results revealed that most landowners preferred European immigrants.⁸⁹

⁸⁷Introdução de Imigrantes no Estado de Minas Gerais (Ouro Preto, 1893), pp. 12-15.

⁸⁸Relatório do Inspector de Terras e Colonização, Dr. Francisco Sá, 1894 (Ouro Preto, 1894), pp. 62-66.

⁸⁹Relatório do Secretário de Estado dos Negócios da Agricultura, Comércio e Obras Públicas ao Presidente Afonso Pena, 1893 (Ouro Preto, 1894).

Pena used the authority granted by Law #32 to make an agreement with a European navigation company, Fioro Rubattino, Nacional de Marselha, to introduce European immigrants into the state. Unfortunately, the political unrest in the nation and a cholera epidemic decreased the number of new arrivals.⁹⁰ Immigration into Minas was also hampered by a disagreement between Campista and the company's agent, Jacomo N. de Vincenzie Filho, concerning payments for passage. These factors, for a time, nullified propaganda efforts made in Europe.⁹¹

Afonso Pena experienced only moderate success with his immigration policies. Immigration to Minas increased from 1893 to 1897. However, the total number of new arrivals was smaller in comparison to São Paulo, Rio de Janeiro and Rio Grande do Sul. Minas Gerais simply did not have the attractions that lured immigrants to these states.⁹² The higher salaries offered in São Paulo and Rio de Janeiro and 'mineiro' 'parceira' system contributed to the ever present labor shortage in Minas Gerais. Furthermore, other nations, particularly the United States and Argentina, attracted more immigrants because of their better climatic, living, and working conditions.

⁹⁰Mensagem do Presidente Afonso Pena ao Congresso Mineiro, 1894 (Ouro Preto, 1894), pp. 16-17.

⁹¹Relatório apresentado ao Presidente do Estado de Minas Gerais pelo Secretário da Agricultura, Comércio e Obras Públicas, Dr. David M. Campista, 1894 (Ouro Preto, 1894), pp. 5 and 61.

⁹²Rodolpho Jacob, p. 30. The 'mineiro' figures for 1893-95 averaged 5,000. In 1896, the number was 22,496, and in 1897 the total was 15,578. After 1897 there was a sharp decline which largely reflected worsening economic conditions on the coffee plantations.

European immigrants made the United States their primary choice because of the easier opportunity to own land. Although Governor Pena was disappointed by the results of his immigration program, he continued to pursue this objective.

Later, during his term as President of the nation, Pena would renew his attempts to increase immigration to Brazil. Pena remained convinced about the importance of state incentives to encourage immigration to Brazil.

VI. The Legal and Democratic Transition of Government

Throughout his term, Governor Pena demonstrated a deep concern for law, justice, and constitutionally guaranteed government. In one of his first actions, Pena sanctioned Law #30 on July 16th, 1892, which reorganized the police apparatus of the state along traditional lines. This law represented a victory for the conservative elements in 'mineiro' society who were disturbed by the state's growing political strife and reports of disorder. To buttress the judiciary, Pena worked to give more authority to the 'Tribunal da Relação.' Pena realized that independent courts and qualified courtroom personnel were essential for a strong judicial system. Earlier, as Minister of Justice, Pena reported the need to build new prisons. Now, as Governor of Minas Gerais, Pena attempted to modernize the 'mineiro' prison system. On the issue of prisoner rehabilitation, Pena was in favor of more work programs.⁹³

⁹³Mensagem do Presidento Afonso Pena ao Congresso Mineiro, 1894, pp. 7-9.

Pena's concern for justice and the rights of individuals guaranteed by the laws of the land made Minas Gerais a haven for political refugees from other states seeking to escape persecution. In 1893, he protested to Minister of Justice Fernando Lobo about arrests made by secret police agents at railroad stations. In early 1894, Pena contacted Floriano Peixoto about the mistreatment of political prisoners. He wrote that despite the gravity of the nation's political situation, the federal government had to defend the rights written into the constitution.⁹⁴ The violation of the rights of 'habeas corpus' of a former colleague's son, considered by Pena to be unjustly held, attracted his personal attention.⁹⁵ Pena also criticized other states for overstepping their constitutionally granted authority regarding law enforcement. Concern over this type of illegal arrest led Pena to protest the detainment of a 'mineiro' justice official by the police authorities in Rio de Janeiro.⁹⁶

During his last year in office, Pena worked for an orderly transition of government on the federal and state levels. To Pena, constitutional government guaranteed

⁹⁴Afonso Pena to Floriano Peixoto, Doc. 1.1.111, Jan. 19, 1894, Caixa 14, A.P.A.P.

⁹⁵Afonso Pena to Fernando Lobo, Doc. 1.1.103, Nov. 23, 1893, Caixa 14, A.P.A.P., also Afonso Pena to Fernando Lobo, Doc. 1.1.104, Dec. 2, 1893, Caixa 14, A.P.A.P. The case involved the son of Conselheiro Alves de Araujo who was accused of aiding in the escape of a prisoner.

⁹⁶Afonso Pena to José Thomaz de Porciuncula, Doc. 68, Sept. 20, 1894, Lata 485, Coleção Porciuncula, I.H.G.B.

political stability. In 1894, Afonso Pena continued to resist efforts by friends to nominate him for the position of President of Brazil because he feared the candidacy of an ex-monarchist would lead to political disorder.⁹⁷ Nevertheless, Pena wanted the federal government to lift the state of siege and hold the presidential elections. In communications with the Floriano administration, he stressed the necessity to act in accordance with legitimacy. Pena argued for scheduling the upcoming elections in March with the state of siege lifted twenty to thirty days prior to the date.⁹⁸

In January, 1894, Pena made a direct appeal to Floriano not to postpone the scheduled election.⁹⁹ Floriano's militant Republican supporters hoped to continue the Marshal in office. Apparently, Pena believed that Prudente de Morais was the best possible choice to succeed Floriano and restore civilian rule to the nation. He sent the other state governors a message backing Prudente.¹⁰⁰ Sure of his political course, Pena remained steadfast in his commitment to a legal transition to civilian rule on the national level.

⁹⁷ Afonso Pena to Conselheiro Moura, Doc. 1.1.115, Jan. 24, 1894, Caixa 14, A.P.A.P. Pena's candidacy was a distinct possibility and his archive contains letters of encouragement and promised support from diverse sources.

⁹⁸ Afonso Pena to Fernando Lobo, Doc. 1.1.680, Jan. 8, 1894, Caixa 14a, A.P.A.P.

⁹⁹ Afonso Pena to Floriano Peixoto, Doc. 1.1.112, Jan. 23, 1894, Caixa 14, A.P.A.P.

¹⁰⁰ Afonso Pena to the Presidents of state governments. Tel. Doc. 1.1.121, Feb. 23, 1894, Caixa 14, A.P.A.P. The states not included were Rio Grande do Sul, Paraná, and Santa Catarina.

On the state level where he exercised greater control as governor, Pena sought to avoid political factionalism. His aim was to hold an election that would bring about a peaceful change acceptable to all parties. Pena's problem was complicated by João Pinheiro's resignation and withdrawal from politics. João Pinheiro continued to be a respected politician in Minas with strong ties to the historic as well as adherent Republicans. Apparently João Pinheiro became disillusioned and withdrew from the 'mineiro' political scene. Upon reading João Pinheiro's letter, published in the newspaper O Paiz, Pena wrote to him expressing his surprise and to persuade him to reevaluate his decision. Pena was basically in agreement with João Pinheiro's criticism of the 'mineiro' political situation. However, he argued that despite personal deceptions, João Pinheiro's duty was to continue to serve the country and state.¹⁰¹ Despite Pena's advice, João Pinheiro held to his decision and temporarily retired from political life.

The struggle over Afonso Pena's succession involved two loose 'mineiro' political groupings. The political debate in Minas essentially became a pro-Floriano or anti-Floriano controversy. Cesário Alvim supported Francisco Bernardino, and mounted a campaign in the Ouro Preto press which was anti-Floriano in tone. Afonso Pena also was a target for attack by the 'Alvimistas' based in Ouro Preto. The leading candidate

¹⁰¹Afonso Pena to João Pinheiro, Doc. 1.1.109, Jan. 17, 1894, Caixa 14, A.P.A.P.

for governor was Crispim Jacques Bias Fortes who headed his own political faction. Bias Fortes, a former Liberal Party colleague of Pena, held a number of major posts in Minas Gerais during the early years of the Republic. He was a late comer to the Republican ranks. After backing Alvim until 1892, Bias Fortes became more independent and built up his own strong political base in Barbacena in the Center zone.

Pena was in a position to swing the election to either of the two candidates but resisted this option. Instead, he diligently promoted more open and democratic elections in Minas Gerais. In the election for governor in 1894, Bias Fortes won by a reasonable margin in a contest that was noted for its honesty.¹⁰² The election was unusual in 'mineiro' republican history in that there was no official candidate for governor.

Pena, forever conscious of continuity and stability, left his successor a valuable set of notes which he hoped would better prepare the new governor for the state's highest office. Pena emphasized the importance of a constitutional transition of power, especially during a period of perturbation and revolution.¹⁰³ At the end of his term, Pena wrote

¹⁰²Estevam de Oliveira, Notas e Epistolas (Juiz de Fora, 1911), pp. xiv-xv. This work is essentially a collection of letters about the Civilist Campaign of 1910 but also has a valuable and thorough introductory chapter on early political events in Minas Gerais. Estevam de Oliveira was involved in the political events of the 1890s.

¹⁰³See Doc. 8.17, 1894, Caixa 14R, A.P.A.P., for the actual notes and Doc. 2.74, 1894, Caixa 14L, A.P.A.P., for a rough draft of the points that he wanted to stress in his message concerning the transition of government to Bias Fortes.

to Conselheiro Saraiva praising the positive effects resulting from Floriano Peixoto's establishing the authority of the federal government, suppressing of political disorder, and providing for an orderly transference to a civilian regime.¹⁰⁴ Justly, he deserved equal praise for his own accomplishments along these lines in Minas Gerais. Although the 'mineiro' subregional political forces continued to struggle for control of Minas Gerais, the fear of federal intervention and rebellion in the state had subsided.

¹⁰⁴Afonso Pena to Conselheiro Saraiva, Doc. 7, Jan. 1, 1895, Pasta 24, Lata 275, Coleção Conselheiro Saraiva, I.H.G.B.

CHAPTER IV

THE YEARS IN-BETWEEN

I. Director of the Minas Gerais Law Faculty

Afonso Pena returned to Santa Bárbara for a short rest after completing his term as governor in September, 1894. Because of his commitment to the state's recently created law school, he did not remain at home for long. The law faculty was founded in Ouro Preto on May 11, 1892. Among the notables present at this historic gathering were Pena, Gonçalves Chaves, Rebelo Horta, Francisco Veiga, Camilo de Brito and Virgílio and Afonso Arinos de Melo Franco. Pena actively participated in the initial meetings of the school's program organization and funding commissions despite being elected governor several weeks later. In November, 1892, the founders of the institution chose Afonso Pena as the first Director of the Minas Gerais Law Faculty. Pena selected Francisco Veiga as his vice-director and Afonso Arinos as the school's principal secretary.

Despite the critical political and economic problems that Governor Pena confronted in his first months of office, he found time to coordinate the work to be accomplished prior to the opening of the law school. In December, 1892, Pena supervised the organization of courses and selection of professors chosen to instruct the classes. The list of teachers

was impressive and included many of the state's leading political figures. Augusto de Lima, Sabino Barroso, Gonçalves Chaves, Afonso Arinos de Melo Franco, Silviano Brandão, João Pinheiro da Silva, Raimundo Correa, and Afonso Pena were among those designated to instruct at the faculty that officially opened for classes on February 1, 1893.

The law school was spiritedly supported by the state and local governments. Afonso Pena arranged for an annual subsidy of seventy 'contos,' a large sum for the period, to finance the faculty's activities. The municipal 'câmaras' also contributed to help the school meet its expenses.¹

During the Empire, an increasing number of jurists, attorneys, and other persons concerned with the law considered juridical studies to be antiquated by the inclusion in the curriculum of courses on ecclesiastical and natural rights. In 1851 and 1855 a series of royal decrees aimed at revitalizing and reorganizing the study of law failed to remove the underlying anachronisms in the teaching of juridical subjects. The São Paulo and Recife faculties continued to emphasize courses in church and natural law. In 1881 Ruy Barbosa spoke out against these unjustifiable requisites to obtain a law degree. He criticized the needless ecclesiastical and natural law course requirements. Ruy wanted constitutional and civil law, the history of juridical rights, and sociological themes

¹Afonso Arinos de Melo Franco, Um Estadista da República, pp. 235-41.

added to the prescribed curriculum.²

Afonso Pena was in agreement with his former classmate, Ruy Barbosa, concerning the need to modernize the law curriculum. As Director of the Law Faculty, Pena pressed for changes in the traditional structure and content of courses. He was instrumental in revamping the curriculum pertaining to juridical instruction. The courses at the 'mineiro' faculty stressed constitutional and civil law. Governor Pena's previous experience as Minister of Justice and a member of the Imperial commission formed to revise the civil code enabled him to act as the guiding force at the school. In December, 1896, Pena was reelected director, but his acceptance of Prudente de Moraes' offer of a federal post prevented him from maintaining an active role at the faculty.³ Nevertheless, the attention that Pena and his colleagues gave to the school in its initial years resulted in the establishment of a fine and needed center of learning in the state's capital. The Minas Gerais faculty was transferred from Ouro Preto to Belo Horizonte after the founding of the new capital.

The Republicans in Minas Gerais gave higher education top priority in the 1890s. The 'mineiros' wanted to legitimize

² Ruy Barbosa, Reforma do Ensino Secundário e Superior (Rio de Janeiro, 1942), pp. 103-5. José Gomes B. Camara, Subsídios para a História do Direito Pátrio, Tomo I-IV. These volumes are an excellent account of the development of Brazilian law and the nation's legal system.

³ Augusto de Lima, Memória Histórica da Faculdade de Faculdade Livre de Direito de Estado de Minas Gerais, 1895-1896 (Ouro Preto, 1897), pp. 10-12.

the new regime with an aura of academic culture. The law school became a symbol of the state's quest to establish its own intellectual autonomy. After the founding of the Minas Gerais Law Faculty, the number of graduates from the São Paulo and Recife schools decreased. The 'mineiros' stayed at home to be trained as judges, lawyers and politicians. To be sure, the educational system remained geared to the needs of the state's political system. Access to higher education continued to be through the secondary schools which catered to the privileged minority. Despite these shortcomings the law faculty and other superior educational institutions, created at a later date, gave 'mineiros' greater regional pride.

II. Prudente de Moraes and the Presidency of the Bank of the Republic of Brazil

Prudente de Moraes was the first of three successive 'paulista' Republican presidents. During the Empire, São Paulo had increased its political influence because of the growing importance of the state's coffee exports. Coffee and the superior political organization of the 'paulista' Republicans made São Paulo the leading state in Brazil. As the first civilian president, 1894-1898, Prudente continued Floriano's policy of pacification of forces hostile to the federal government. One of Prudente's major accomplishments was to secure constitutional and civilian republicanism, thereby eliminating the possibility of a return to power by the 'florianistas.' As President, he successfully weathered a serious political crisis resulting from a personal conflict

with Francisco Glicério, a fellow 'paulista.' In the early 1890s, Glicério formed the 'Partido Republicano Federal' which included a large number of federal senators and deputies. The 'PRF' was essentially a loose grouping that represented various state Republican parties. Glicério resented Prudente's decision to mold a congressional majority loyal to his authority and program. At the time, Glicério was the speaker of the house.

Prudente's problems were complicated by the outbreak of a peasant rebellion in the Northeast. He had to contend with early setbacks during the Canudos affair. Antônio Conselheiro, a religious mystic, and his peasant followers took part in an armed rebellion in the backland town of Canudos, Bahia. The long and bloody struggle to suppress the Canudos settlement involved the federal army. The initial victories of the 'sertanejos' over the federal units sent to quell the rebellion caused political agitation in the federal capital in 1896 and 1897.

Prudente also worked to bring the civil war in Rio Grande do Sul to a close. In March, 1895, Prudente offered Afonso Pena the post of Minister Plenipotentiary to Montevideo. Prudente wanted to strengthen his political base by involving Pena in his administration. Pena refused the position, preferring to remain in Minas Gerais with his family and continue with the organization of the state's law faculty.⁴ However, Pena maintained good relations with Prudente and supported his peace endeavors in Rio Grande do Sul. For example, he counseled Júlio de Castilhos to back the federal government's

⁴Carlos de Carvalho to Afonso Pena, March 29, 1895, Pasta 37, Lata 601 and Afonso Pena to Carlos de Carvalho, April 3, 1895, Pasta 45, Lata 601, 'Coleção Prudente de Moraes,' I.H.G.B.

efforts to return Brazil to normalcy in order to enable the nation to resolve other pressing problems.⁵ Afonso Pena was also able to place a number of 'mineiro' office seekers in federal jobs because of the political influence he had with Prudente and members of his government.⁶

In September, 1895, Pena decided to accept Prudente's offer to head the Bank of the Republic of Brazil. The worsening economic situation and the repeated appeals from his old friend, Rodrigues Alves, Minister of Finance, finally prompted him to join Prudente's administration. Pena held the post of Bank President from September, 1895 into 1898. In this post, he took part in high level meetings designed to reformulate the nation's financial policies and helped make decisions to resolve the problems resulting from the earlier speculative economic expansion. Pena's expertise in monetary affairs was put to use in aiding the 'Banco da República' regain the confidence of those who criticized the institution's financial capabilities. One of Pena's first acts was to bring Aarão Reis, who had ably served on the Belo Horizonte construction project, to the Bank as its director and his chief assistant.

Afonso Pena's willingness to head the 'Banco da República' and his support of Prudente on political and economic matters is evidence of the increasing cooperation between the two leading states of the nation. The preponderance of the

⁵Afonso Pena to Júlio de Castilhos, August 29, 1895, Lata 328, 'Coleção I.H.G.B.,' I.H.G.B.

⁶See, for example, Afonso Pena to Prudente de Moraes, Doc. 1.1.536, June 4, 1895, Caixa 14a, A.P.A.P.

coffee interests in São Paulo and Minas Gerais presented a basis for a potential alliance. During Pena's term as governor, his political neutrality and sponsorship of projects favorable to the South and 'Mata' made him acceptable to these thriving economic zones in Minas Gerais. However, Pena did not accept the bank post in order to represent these soon to be politically dominant subregions. Pena's prime reason for joining the Prudente de Moraes government was his determination to work for Minister Rodrigues Alves' financial program which called for a reestablishment of credibility in the administration of the nation's monetary policies, import duties to be paid in gold, and economies in government spending.⁷

The key problem at the Bank involved the unmanageable burden of bonds that were issued in the early 1890s. The 'bonos' were inconvertible paper guaranties, without gold backing, that were emitted to support notes issued when the bank was empowered to print paper money. By the end of 1895, the Bank of the Republic was holding 'bonos' to the value of eight thousand 'contos.' The Bank's inability to honor the obligations incurred by these certificates, and the subsequent talk of a suspension of payments, had shaken the credibility of the institution and contributed to the declining exchange rate.⁸ Afonso Pena's sense of purpose and organizational abilities enabled him to rectify the Bank's fiscal

⁷João Pandia Calógeras, La Politique Monétaire du Brésil (Rio de Janeiro, 1910), p. 300.

⁸Victor Vianna, O Banco do Brasil (Rio de Janeiro, 1926), pp. 665-72.

policies and gave vitally needed direction to this fundamental Brazilian institution.

In the early 1890s Pena spoke out in opposition to aspects of Ruy Barbosa's economic program. His harsh criticisms of federal monetary policies centered on the rampant speculation and emission of bonds and currency without a sound financial foundation. Because he was a believer in a stable currency, Pena strived to maintain his state's fiscal integrity as Governor of Minas Gerais. Now, as President of the Bank of the Republic, he worked with Rodrigues Alves and his successor, Bernardino de Campos, to liquidate the 'bonos.' The initial steps led to an accord signed by the National Treasury and the Bank that was designed to undo the harmful effects of the Decree of December 17, 1892 which sanctioned the Bank's emission of 'bonos' and the Decree of September 23, 1893 which merged the Bank of the Republic and the Bank of Brazil.⁹ These two decrees were an outgrowth of the law of January 17, 1890 which authorized various banks to issue currency and engage in a variety of credit activities. Ruy Barbosa had formulated and sponsored this law which divided the nation into three

⁹The information included in these paragraphs examining Afonso Pena's role as the Bank's president in reestablishing the nation's financial credibility was culled from the records of the 'Banco da República' for the period 1895-1898. They are to be found in the Arquivo do Banco do Brasil. Pena chose to retain his position when Manuel Victorino, the acting President, selected Bernardino de Campos to replace Rodrigues Alves in 1896. Rodrigues Alves believed the authority for currency emissions belonged in the hands of the federal government and urged Pena to defend this idea when he resigned as Minister of Finance. Pena shared Alves' viewpoint on the issue. See, Rodrigues Alves to Afonso Pena, Doc. 1.2.20, Sept. 20, 1896, Caixa 14b, A.P.A.P.

regions, each with a bank empowered to emit paper money. Subsequently, Ruy's plan was modified and the policy of decentralization was abandoned for a single 'Banco da República.'

The granting of the right of emission to semi-autonomous regional banks resulted in the circulation of inflated currency and consequently led to the declining exchange rate. From 1888 to 1891, the amount of money in circulation more than doubled. The sum of inconvertible money increased from 192,000 'contos' in 1889 to 712,000 by 1894. This delegation of authority to the Bank was eliminated by Law #427 of December 9th, 1896. The law required the substitution of the Bank's bonds by Treasury certificates and gave the Treasury the sole right of emitting official currency. Furthermore, it stipulated that a plan for the withdrawal of the paper currency from circulation be drawn up and implemented. This amortization of the Bank of the Republic's debt to the Treasury, due to the latter's aid in assuming the burden of the bonds, represented a significant step in relieving the financial obligations of the Bank and putting the institution in sounder fiscal order.

In 1897 and 1898, as President of the Bank of the Republic, Afonso Pena worked with a special banking commission of five members that had been set up by the federal government to revise the statutes of the institution in order to put them in accord with the recently passed reform Law #427. This committee also had to select and verify the value of bank properties that were to be transferred to the federal government in order to diminish the debt owed to the Treasury.

The commission, headed by Pena, devised a plan by which some properties were acquired by the national government and payments without interest by the Bank were spread out over twenty years. The agreement reflected Pena's commitment to restoring the Bank's standing in the world financial community.

These well-advised banking reforms and policies did not have an immediate effect on the nation's complex economic situation. Brazil's still unsettled political climate caused in part by the effects of the Canudos affair in 1896 and 1897 and the troubling signs of a deepening economic recession led to the fall of the exchange rate to new lows in 1897.¹⁰ At first, the continued downward trend of the exchange rate from 1894 to 1897 was partly compensated by receiving coffee payments in foreign currencies which maintained and even for a time raised the income of coffee production. However, the coffee planters' economic difficulties mounted due to the rise in their production and the fall of the coffee market prices after 1895. The growers continued to expand plantings in the fertile 'terra roxa' soil in the states of São Paulo, Minas Gerais, and Rio de Janeiro. The 'fazendeiros' situation became critical as the nineteenth century drew to a close. Overproduction of coffee in Brazil and the limited growth of the bean's marketability abroad soon led to a national economic crisis. Approximately three quarters of coffee sales were concentrated in the United States, Great Britain, and

¹⁰J. P. Calógeras, La Politique Monétaire du Brésil, p. 319. The tables for the monthly exchange rate quotations from 1894 to 1897 may be found on pp. 279, 301, 313, and 322, also.

Germany. The failure of world demand to keep up with Brazilian coffee production growth resulted in an alarming financial situation for the nation's planters. Furthermore, the conditions imposed by European bankers to grant Brazil a funding loan caused additional concern for the coffee producers.

The funding loan was made in 1898. Afonso Pena's competent handling of the Bank's affairs created a favorable impression in European financial and investment circles and certainly aided Campos Sales when the future president arrived in Europe to negotiate a loan to rescue Brazil from financial disaster.¹¹ The economic crisis, the 'encilamento,' reached its peak in 1898. To head off an economic collapse, President-elect Campos Sales visited European bankers and governments to arrange for an understanding with Brazil's creditors and to negotiate new loans. Campos Sales obtained a funding loan of ten million pounds from the Rothschild banking house of London which saved the government of Prudente de Moraes from bankruptcy.¹²

Afonso Pena supported the loan arrangement made with the Rothschilds. However, he realized that the funding loan was only a temporary stop-gap measure. Prior to resigning his position as President of the Bank of the Republic in 1898, Pena sent Prudente a letter containing recommendations concerning additional fiscal reforms that were more fundamental and

¹¹David Campista to Afonso Pena, Doc. 1.2.242, April 29, 1898, Caixa 140, A.P.A.P. Campista wrote from Paris about favorable newspaper articles concerning the 'Relatório' of the Bank of the Republic.

¹²E. Bradford Burns, A History of Brazil, p. 223.

far-reaching in scope. Pena urged Prudente to prepare a message to Congress dealing with Brazil's financial situation. Essentially, he wanted Congress to pass new legislation that would strengthen the nation's monetary system. His solution for currency stability was the creation of an agency to supervise and control the exchange rate. Although Pena was vague about the details pertaining to the operation of this financial institution, it is clear that he already had the seeds of the future 'Caixa de Conversão' in mind. The letter also stressed the need to act quickly and effectively to stabilize the nation's currency and to resolve the current budget crisis of 1898.¹³ Afonso Pena's valuable contribution to improve the nation's financial picture aided his successors. In the next administration much of the fiscal program that he advocated as head of the Bank of the Republic was adopted by Campos Sales and his Finance Minister Joaquim Murтинho.

III. Tariff Reform and the Minas Gerais Industrial Commission of 1899

Afonso Pena consistently supported tariff reform in the 1890s. The complaints of the Brazilian industrialists, those with capital investments primarily in the developing textile, food, chemical, lumber and metallurgic sectors, grew particularly strident. In the 1890s, demands for higher tariffs increased in the nascent industrial areas of São Paulo, Rio de

¹³Afonso Pena to Prudente de Moraes, Pasta 71, 1898, Lata 594, 'Coleção Prudente de Moraes,' I.H.G.B.

Janeiro and Minas Gerais. Economic nationalists, often led by Serzedelo Correa recognized the need for protectionist policies that took into consideration the realities of the existing industrial conditions in Brazil. These individuals wanted to aid the growth of industry that processed Brazilian raw materials and produced semi-manufactured goods.¹⁴

In Minas Gerais, the mining and textile interests of the Center and South zones joined in the call for tariff revisions. Afonso Pena advised President Prudente de Morais to encourage Congress to pass the higher tariff of 1896 which principally raised the import duties on textiles and foodstuffs. As head of the Bank of Brazil, Pena increasingly became a proponent of protection and government-supported investment to help the industrial sector. Here again, his old laissez-faire ideology of free trade and governmental non-intervention required modification. In the ensuing years, Pena continued to back protectionist measures to aid industrial growth, especially the processing of mineral resources.

In the 1890s, the tariff debates pitted the agricultural exporting interests, particularly the coffee 'fazendeiros,' exchange brokers, shippers, commercial agents based in the ports, and the foreign producers of goods entering Brazil, against the native manufacturers and the early proponents of

¹⁴Nícia Vilela Luz, A Luta Pela Industrialização do Brasil (São Paulo, 1975), pp. 79-84.

economic nationalism. The emerging Brazilian industrialists supported the steeper tariff laws of 1890 and 1896 which were more beneficial to their own and the nation's interests. However, Brazilians wanting national industrialization on a large scale were not totally satisfied with these changes. Tariff reform continued to be a controversial issue.

Afonso Pena left the Bank of the Republic in 1898, but he had no intention of remaining inactive for long after his return to Minas Gerais. After a brief rest, he moved to Belo Horizonte and became involved in municipal affairs. As a 'vereador,' Pena participated briefly in the deliberations of the municipal council of the newly established capital.

In 1899, Pena was elected President of the Minas Gerais Industrial Commission that was created to promote the state's extractive industry.¹⁵ Members of the 'mineiro' delegation to the federal assembly had urged Pena to head this commission.¹⁶ Pena's first-hand knowledge of the complicated problems facing 'mineiro' industrialists made him an excellent choice for the position. During these years, the Pena family found the successful operation of their gold mine in Minas to be increasingly uncertain. The family's willingness to sell the Santa Quitéria mine reflected the general lack of investment capital available

¹⁵Roberto C. Simonsen, A Evolução Industrial do Brasil (São Paulo, 1939), p. 25. According to Professor Simonsen, only 3% of capital involved in industry was invested in the metallurgic sector.

¹⁶See, for example, João P. Calógeras to Afonso Pena, Doc. 1.2.229, July 7, 1899, Caixa 14D, A.P.A.P.

to national mine owners. Furthermore, the family's ownership of the Santo Domingos cloth factory also gave Pena an insider's viewpoint of the difficulties confronting the textile sector. During the month of August, 1899, Afonso Pena worked closely with other commission members to draft recommendations that were to be presented to the national and state governments.¹⁷ The Industrial Commission's report called for measures that included a tariff revision to aid the introduction of modern machinery, freight rates more beneficial to the mining zone and construction of more railway lines in Minas Gerais. Pena recognized the need to attract international capital in order to develop the 'mineiro' extractive industry. Not surprisingly, his report was not adverse to foreign ownership and capital inversion as a means to stimulate the region's mining activities.

Pena was a businessman and his position on foreign investment realistically reflected his desire to both encourage and to protect the growth of national industry. The work of the Industrial Commission has not received the attention given to a later 'Congresso Agricola' headed by João Pinheiro in 1903 during the Francisco Sales administration, 1902-1906.

¹⁷See, for example, Carlos G. da Costa Wigg to Afonso Pena, Docs. 1.2.1335-36, Aug. 7 and 19, 1899, Caixa 14J, A.P.A.P.

¹⁸Memorial presented by Afonso Pena, Presidente da Comissão Industrial to Silviano Brandão, Doc. 1.1.530, Caixa 14A, A.P.A.P. A duplicate copy was made and sent to Campos Sales, Doc. 1.1.530A, A.P.A.P. See also, João Luis Alves, President of the Chamber of Deputies in Minas Gerais, to Afonso Pena, Doc. 1.236, Aug. 21, 1899, Caixa 14b, A.P.A.P. Alves asked Pena's comments on a legislative project to aid mining activities.

Nevertheless, the recommendations listed in the Commission's report were a far-sighted blueprint of what was needed to re-stimulate the state's extractive industry. Many of these proposals were acted upon after the Revolution of 1930.

In 1899, the tariff question once again became a national issue. Legislation for increased tariff protection was introduced in the Brazilian Congress. Afonso Pena closely followed the Senate debates over the tariff law in 1899 because he considered the proposed changes crucial for the introduction and development of electro-metallurgy in Brazil. He was extremely interested in the importation of electro-metallurgy equipment to modernize the refining and smelting processes in use at the time. Therefore, Pena urged the 'mineiro' congressional delegation to fight against the inclusion of import restrictions on mining equipment not available in Brazil. He did, however, favor higher tariffs for textile goods and other products that were made abroad.¹⁹

During the Old Republic, a vision of industrialization captivated those in Brazil who were awed by the economic transformation that had made Great Britain, France, Germany, and the United States world powers. Diverse groupings in Brazilian society, industrialists, bankers, urban professionals, intellectuals, and politicians who supported ideas of economic nationalism, wanted Brazil to follow the same economic course. Unfortunately, the agricultural producers, particularly the

¹⁹ Joaquim Gonçalves Ramos to Afonso Pena, Doc. 1.2.1031, Nov. 11, 1899, Caixa 14I, A.P.A.P.

coffee interests, dominated the politics of the Old Republic and therefore determined the nation's economic policies. Furthermore, most of the Presidents of the Republic failed to develop more rational and fully conceptualized plans to bring about industrialization. Therefore Brazil was prevented from achieving the economic growth of the more industrialized nations until a later period. Afonso Pena was an exception in this regard because he realized that Brazil's future necessitated increased industrialization. Pena's ties to the Center zone of Minas and his own personal business affairs--mining, textile, and foreign investments--gave him a different economic outlook from the other early Republican presidents. Pena's limited obligation to the nation's agrarian interests, particularly the coffee producers, allowed for a more farsighted outlook. In the last decade of his life, Pena combined ideas of protection of national industry, growth of transportation and communication, and a stabilized currency with calls for more foreign investment and imported technology. His plans for the nation's economic development proved to be a realistic assessment of the nation's economic potential.

IV. Political Developments in Minas Gerais (1894-1902)

Afonso Pena's term as governor of Minas Gerais led to a reconciliation of the state's divergent subregional political forces after 1894. The opposing subregional political power bases in the state managed to co-exist and refrain from violent confrontation. Most of the major politicians from the 'Mata'

and South zones eventually rose to high state positions. The transfer of the state capital to Belo Horizonte in the Center zone effectively ended the reign of the Ouro Preto politicians. When Pena turned the state presidency to Bias Fortes, Minas Gerais was once again a stable political region.

Crispim Bias Fortes, 1894-1898, was acceptable to the old Center politicians despite his solid political ties to the 'Mata.' The former Liberal held prominent positions in the 'mineiro' provisional government. Although his candidacy for governor was opposed by the 'alvimistas,' Bias Fortes adhered to Pena's policy of political co-existence on the state level. After 1894, the bitter political polarization that existed in Minas Gerais primarily involved the local family clans. The struggles and rivalries for political power took place on the 'município' level.²⁰

In the 'municípios' the contending family clans fought for political power. Political parties really were loose and heterogeneous groupings, despite certain shared political viewpoints.²¹ In the early 1890s, 'município' rivalries were overshadowed by the subregional friction and the threat of federal intervention. After 1894, on the regional level in Minas, the 'Partido Republicano Constitucional' (P.R.C.) represented the

²⁰ Orlando M. de Carvalho, "Partidos Políticos em Minas Gerais," in Segundo Seminário de Estudos Mineiros (Belo Horizonte, 1956), pp. 23-41.

²¹ Silvio Gabriel Diniz, "Grupos Políticos em Minas Gerais," in Revista Brasileira de Estudos Políticos 22 (Belo Horizonte, 1967), p. 227.

states' political leaders and interests. The P.R.C. did not have a political ideology and served mainly to unite the Minas congressional caucus. The P.R.C. was really dominated by personalities and had no clear-cut programs. The party reflected the power of the various leading politicians of the state. The foundation of this political power in Minas was based on 'município' domination by the local colonel.²² This focal point of political power, however, changed in the administration of the next 'mineiro' governor, Silviano Brandão.

Silviano Brandão did not obtain the governorship of Minas Gerais in 1898 without difficulty. He was aided in his quest for the state's highest office by the powerful Bueno Brandão political grouping. By the mid-1860s, the Bueno Brandão family clan began to dominate politics in the 'município' of Ouro Fino. Francisco Bueno de Paiva was the family's leader during the late Empire. Originally a 'sulista' Republican, Silviano proved to be a cautious backer of Cesário Alvim in the first years of the Republic. Brandão broke with Alvim after the latter failed to support his bid to succeed Afonso Pena in 1894. The triumph of Silviano Brandão in 1898 signalled the victory of the younger generation of Republican politicians from the South and 'Mata' over the older Center zone representatives, principally ex-monarchists, who retained power after the Empire ended. The opposition to Silviano Brandão's candidacy was primarily composed of ex-Liberal 'anti-

²²Waldemar Ladosky, "Evolução das Instituições Políticas em Minas Gerais," in R.B.E.P. (Belo Horizonte, 1962), pp. 85-110.

'florianistas' and some 'históricos' in the P.R.C. who sought a more open political process. Henrique Diniz, Secretary of the Interior for Bias Fortes, was a member of the group against Silviano Brandão. Henrique Diniz was a nephew of Afonso Pena and a representative of the Center's interests. The 'sulista' and 'Mata' politicians could no longer be denied their just due. Based primarily on coffee production, the economic superiority of the South and 'Mata' regions was well established. The election of Silviano Brandão at last gave these zones the political control of the state.

The P.R.C. split into rival factions as the election for state governor in 1898 approached. Afonso Pena visited the 'silvianistas' in order to work out a political compromise whereby both sides would be represented at the nominating convention by delegations selected by the 'municípios.'²³ In a meeting with Brandão's representative, Francisco Bressane, the two leaders agreed that the P.R.C. delegates who had backed Silviano at a party convention in September, 1897 would join with delegates who bolted the convention and formed a rival organization called the 'Partido Republicano Mineiro' (P.R.M.). This meeting was scheduled for December, 1897.

As Secretary of the Interior under Afonso Pena, Silviano Brandão had worked hard at mounting a machine of municipal directorates. With the help of Francisco Bressane, who was an anti-Alvimist political leader with organizational talent,

²³Afonso Arinos de Melo Franco, Um Estadista da República, pp. 281-83.

Silviano Brandão was able to assure himself of the support of a larger number of municipal organizations thereby guaranteeing a victory in the election scheduled for March, 1898. The opposition's candidate was Feliciano Pena, who appeared more reluctant than willing to take on the task. Interestingly, the election of Silviano Brandão came at a time when over 50 percent of the state legislature were classified as latecomers to Republicanism.²⁴

In December, 1897, at the decisive political meeting held in Belo Horizonte, the 'Partido Republicano Mineiro' was restructured. Afonso Pena was involved in the Bank of Brazil's affairs and did not attend the historic gathering. Feliciano Pena and Henrique Diniz represented the family. They were members of the dissident group of the P.R.C. who walked out of the earlier meeting called to nominate Silviano Brandão.²⁵ A fusion Executive Committee was formed by the political factions in attendance which embraced a wider spectrum of political and economic interests than its predecessor, the P.R.C. One of the results of this convention was the re-establishment of the system whereby the governor of the state, aided now by the P.R.M. Executive Committee, gained commanding control of the process by which candidates were to be selected. The Executive Committee of the P.R.M., which was commonly referred

²⁴David V. Fleischer, O Recrutamento Político em Minas, 1890-1918, p. 47.

²⁵Levindo Coelho, "Depoimento de um Velho Político Mineiro," in R.B.E.P. 2 (Belo Horizonte, 1959), pp. 116-31. Levindo Coelho was present at this historic gathering.

to as the 'Tarasca,' became the key group that chose who would run for elected office and win. Members of the 'Tarasca' met to decide on a list of names to be presented to the governor of the state. These suggested candidates were generally accepted by the governor, and the designated list of choices was published in the Diario de Minas, the party newspaper. This system in effect increased the political power of the governor whose real power increased at the expense of the 'município.'²⁶

The formation of the P.R.M., which henceforth would be subject to strict hierarchial control, enabled the 'mineiros' to have a greater voice in national events. The politicians of the coffee-producing South and 'Mata' zones were able to represent their state on the federal level without fear of internal 'mineiro' political divisions. Silviano Brandão was backed by a group of astute and ambitious politicians that included Francisco Bressane, the party secretary, Carlos Vaz de Melo, Bernardo Monteiro, Julio Bueno Brandão, and Wenceslau Brás. Francisco Sales, allied to the Ribeiro-Oliveira-Pena family grouping, supported Silviano Brandão for purposes of his own. Bias Fortes, whose own local base was assured, had ties to the older generation but acquiesced to the recent

²⁶John Wirth, "Minas e a Nação: Um Estudo de Poder e Dependência Regional, 1889-1937," in História Geral da Civilização Brasileira, Tomo III, O Brasil Republicano, Vol. I (São Paulo, 1975), pp. 77, 78. Wirth presents a vivid picture of the effectiveness of the P.R.M. dominated by its Executive Committee. Afonso Arinos de Melo Franco is also helpful on the organization of the P.R.M. See, Um Estadista da República, p. 398. Afonso Pena preferred the role of statesman to political boss and was never a member of the P.R.M. Executive Committee. It is one reason that his influence has been underestimated during the first years of the P.R.M.'s existence.

developments. Bias Fortes and Sales became members of the 'Tarasca' in August, 1898 at the P.R.M. convention.

Regionalism, as opposed to ideology, united the historic Republicans and post-1889 adherents behind Silviano Brandão. The over-production of coffee which began to cause a decline in the export product's prices after 1895 had begun to reach crisis proportions. The coffee-producing zones controlled politics during these years. The mining subregion was relegated to a secondary position, but its representatives were not excluded by the dominant South and 'Mata' during Silviano Brandão's term of office. A serious split was avoided by the incumbents who followed the established political customs. Advice was sought, requests were honored, and respect was shown to the older politicians.²⁷ Even Cesário Alvim was not forgotten, and he was named Mayor of the Federal district in December, 1898. Despite Silviano Brandão's victory, the politicians of the mining zone and those with less solid connections to the 'Mata' and 'Sulista' Republicans remained active and influential. The notable exceptions were José Teles de Menezes and Francisco Mendes Pimental whose political careers came to an end after the P.R.M. convention in August, 1898 which closed

²⁷Francisco Silviano Brandão to Afonso Pena, Doc. 1.2. 205, Dec. 26, 1899, Caixa 14c, A.P.A.P. Brandão ran into difficulties concerning a proposed property tax and asked for Pena's advice on the issue. Also, João Ribeiro de Oliveira Souza to Afonso Pena, Doc. 1.2.1221, Nov. 5, 1899, A.P.A.P. João Ribeiro was appointed Director of the Banco de Crédito Real de Minas Gerais and thanked Pena for helping him obtain the post. Pena's connection with João Ribeiro extended to private business affairs.

party ranks. Both men had offended the members of the newly created, all-powerful Executive Committee of the P.R.M.

Afonso Pena's political prospects were limited as the presidential election of 1902 for the successor to Campos Sales approached. Silviano had appointed Pena a senator in 1900, but it appeared that any further political aspirations for higher federal office would not be fulfilled. Silviano Brandão and his political allies had agreed to support the candidacy of Rodrigues Alves which meant a 'paulista' would again head the nation. In return for the acceptance of Rodrigues Alves, Silviano Brandão was selected for the Vice Presidency. In Minas Gerais, Bernardo Monteiro, a key member of the incumbent faction, was slated to become the state's next governor.

Silviano Brandão's death altered the political situation in the state and led to deep divisions.²⁸ Francisco Sales was an adversary of Bernardo Monteiro. With Silviano gone, Sales openly contested the candidacy of Monteiro, the Mayor of Belo Horizonte, for the state's highest office. The untimely passing of their chief temporarily left the 'viuvinhas,' the name of Silviano Brandão's faction after his death, without leadership. A schism developed in the P.R.M. since the 'viuvinhas' could no longer dictate their choice. Some of

²⁸Afonso Pena, "Lembranças, 1901-1902," Doc. 2.7.5, Caixa 14L, A.P.A.P. The following paragraphs are based on Pena's notes on the political struggle that took place in Minas Gerais after the death of Silviano Brandão. The document of 18 pages is Pena's version of the events and is evidence of the split along subregional lines that developed in the state. Other corroborating accounts are also included.

the supporters of the old 'Partido Republicano Constitucional' regrouped in opposition to Bernardo Monteiro. Even the remnants of the faction that supported Cesário Alvim played a role in the bitter struggle.²⁹ Bias Fortes appeared opposed to both of the principal contenders thereby increasing the confusion and bickering.

Afonso Pena, the most acceptable compromise candidate for the 'mineiro' presidency, considered the situation to be very grave for the state since it threatened to take Minas Gerais back to the troubles of the early 1890s. Deeply concerned, he saw the state's position jeopardized by the political turmoil. The creation of the P.R.M. in 1898 had given Minas Gerais a greater voice in national affairs. Furthermore, for Afonso Pena, the dispute represented a crisis of conscience because his true aspirations lay elsewhere. Pena's goal was to obtain the Presidency of the nation, but he realized that a divided Minas Gerais hindered his ambition.

The death of Governor Silviano Brandão in 1902 also opened the position of Vice President to another 'mineiro.' Afonso Pena was again the logical choice due to his long and distinguished record. His friendship with Rodrigues Alves, which dated back to their São Paulo law faculty days, was another factor in his favor. However, the real power existed in the position of governor of Minas Gerais whereas the post

²⁹Daniel de Carvalho, Francisco Sales, Um Político de Outros Tempos (Rio de Janeiro, 1963), pp. 55-56, and Aires da Mata Machado Filho, "A Vida e Política de Francisco Sales," in R.B.E.P. 18 (Belo Horizonte, 1965), p. 121.

of Vice President of the Republic was largely ceremonial. Pena decided to follow the advice given by his brother-in-law, Feliciano Pena. Afonso Pena agreed to accept the Vice Presidency.³⁰ Pena's action paved the way for Francisco Sales to become governor of Minas Gerais in 1902.

Francisco Sales came from Lavras in the South zone of Minas Gerais. A nineteenth-century alliance with the Andrade Botelho clan of Lavras had created a combination that dominated the area's political life.³¹ The Sales of Lavras later became aligned politically with the Ribeiro-Oliveira-Pena family grouping. Francisco Sales was related to Feliciano de Oliveira Pena. His early ties to the historic Republicans did not prevent him from earning the confidence of the state's older political leaders. Sales was one of the young politicians who opposed Afonso Pena on a number of issues during the 'Mineiro' Constitutional Convention. Nevertheless, he won Pena's respect and was chosen as President of the Minas Gerais 'Câmara dos Deputados' in 1894. Sales, an astute politician, chose to back Silviano Brandão in his bid for power in 1898. He shortly thereafter became a member of the 'Tarasca.' His opportunity to become the state's most powerful political

³⁰Ibid., pp. 11-17. The most plausible interpretation of Afonso Pena's acceptance of the Vice Presidency was that he expected Francisco Sales, a clan member, to support his future bid for the nation's highest office.

³¹Cid Rebelo Horta, Famílias Governamentais de Minas Gerais, pp. 73-74, and Waldemar de Almeida Barbosa, Dicionário Histórico Geográfico de Minas Gerais, pp. 264-66.

leader came after Silviano Brandão died. Sales won out in the struggle for the governorship with Bernardo Monteiro of the Silviano Brandão political faction. The backing of the Ribeiro-Oliveria-Pena clan, coupled with that of his own followers, the 'salistas,' proved to be the state's strongest political force. Sales became the President of Minas Gerais in 1902.³² Once in office, Francisco Sales consulted regularly with Afonso Pena throughout his administration.³³

Afonso Pena spent the years of 1902-1905 preparing for an opportunity to serve the nation as President of the Republic. The road to the nation's highest office would prove to be a path of obstacles. Although Pena was not a P.R.M. Executive Committee member, he had a clearly defined political bloc, the 'penistas,' under his control and could count on his own family members for many of the political necessities during these years. He also earned the loyalty and respect of other 'mineiro' politicians. Furthermore, the high esteem in which Afonso Pena was held on the national level is clearly evident in a favorable article published in early 1903 by the Jornal

³²Daniel de Carvalho, pp. 20-23. Carvalho's work is a favorable treatment. Sales, who is not without his detractors, was one of the state's leading political chieftains during the first two decades of the twentieth century.

³³See, for example, Francisco Sales to Afonso Pena, Doc. 1.2.1075, Aug. 19, 1902, Caixa 14I, A.P.A.P. Sales asked for Pena's approval of his choices for state government posts and requested guidance in how to deal with Bias Fortes' requests.

do Comércio.³⁴ There were detractors who questioned Pena's Republican credentials, but his competency was not challenged.

³⁴Jornal do Comércio, Feb. 18, 1903. Pena sent a note of thanks for the positive article about his career to José Carlos Rodriguez. See also, Afonso Pena to José Carlos Rodriguez, Doc. I-3.3.87, Feb. 21, 1903, Secção Manuscritos, B.N.

CHAPTER V

THE POLITICS OF THE PENA PRESIDENCY

I. The Coffee Crisis, 1895-1906

The politics of Brazil in the first decade of the twentieth century pivoted around the coffee crisis that began in the closing years of the nineteenth century. Higher coffee prices paid by importing nations during the period 1887 to 1895 reflected increased worldwide consumption and a stable growth in worldwide production. After 1895, market conditions changed due to a rapid rise in Brazilian production. The resulting overabundance of coffee led to a severe decline in prices which reached record low levels in the early years of the twentieth century.¹

Brazilian coffee exportation had steadily gained importance during the Empire. In the first decade of the Republic, coffee represented 64.5 percent of the nation's exports.² The price of coffee was determined in an open market free of the Brazilian government's intervention. Laissez-faire concepts permeated the federal government's economic policy. However, the export trade was dominated by foreign

¹Roberto Simonson, Aspectos da História Econômica do Café (Rio de Janeiro, 1938), p. 53.

²Afonso de Taunay, Pequena História do Café (Rio de Janeiro, 1945), pp. 8-9.

firms. Agents of these exporting houses based in the Brazilian ports gained control of the 'fazendeiro's' annual crop through sales arranged by the 'comisários.' The 'comisário' served as the link between the 'fazendeiro' and the export agent in the ports.

At first, the falling value of the Brazilian currency compensated for the decline in the price of coffee. The profitability of coffee cultivation was for a time maintained and even augmented, thereby siphoning off capital needed in other areas. However, after 1898, this favorable exchange rate situation was altered by the monetary policies of the Campos Sales government, 1898-1902, which were designed, in part, to create a stabilized currency. The Campos Sales-Joaquim Mur-tinho financial program increased the value of the 'milreis.' This caused a severe reduction in the coffee cultivators' profits.³

World market absorption had increased from 12 million to 16 million sacks of coffee from 1896 to 1902. Despite this growth in consumption, the failure to sell the entire Brazilian crop resulted in stockpiling.⁴ The coffee exporting

³Carlos Manuel Palaez, "Análise Económica do Programa Brasileiro de Sustentação do Café, 1906-1945: teoria, política e medicina," in Revista Brasileira de Economia, Vol. 25, 4 (Oct./Dec. 1971), p. 33. By 1902, the price fell to 4 \$200 milreis' per 10 kilos.

⁴Roberto Simonson, Aspectos da História Económica do Café, p. 61. See also, Thomas Holloway, The Brazilian Coffee Valorization of 1906 (Madison, 1975), p. 88, Appendix Table III. By 1902, the visible world supply reached 11,000 sacks at 60 kilograms per bag. This buffer stock was managed by European and American exporters. A lack of adequate Brazilian storage facilities and advantageous long-term credit prevented the Brazilian producers from controlling this stock.

houses in Santos and Rio de Janeiro, controlled by foreign interests, were the principal beneficiaries of this over-production. Their agents were able to buy up the 'fazendeiro's' surplus crop through the use of their superior credit facilities.⁵ Thereby, the price of coffee was determined in London and New York. By 1902 São Paulo, the largest producer of coffee in Brazil, passed a law aimed at reducing the mounting surplus. The 'paulistas' hoped to limit the growth of coffee production through a restrictive taxation system on new plantings for five years.

Joaquim Murтинho, 1848-1911, the Finance Minister in the Campos Sales cabinet, played the major role in formulating the administration's economic policies. Murтинho, from the state of Mato Grosso, believed that Brazil's wealth derived from agriculture. During the years 1898 to 1902, he halted further emissions of currency, increased taxes, and concentrated on the redemption of paper money. An opponent of inflationary policies, Murтинho considered Brazil's attempt to industrialize in the 1890s to be irrational and a foolish mispending of capital. As a proponent of free trade during a period of monetary inflation and economic depression, Murтинho imposed a policy of stringent fiscal austerity. He was largely

⁵Cid Silveira, Café: Um Drama na Economia Nacional (Rio de Janeiro, 1962), p. 11; also, Joaquim Franco de Lacerda in Documentos Parlamentares, Política Económica, Valorization do Café, Vol. 1 (Rio de Janeiro, 1915), pp. 34-35. During the session of June 14, 1899, Lacerda spoke of the manipulation by speculators who brought up the coffee crop and controlled prices for their own benefit. Also, Thomas Holloway, pp. 13, 14, 38-40.

responsible for the tariff of 1900 which bears his name. This tariff greatly increased the proportion of import taxes to be paid in gold.

Coffee over-production and Murtinho's economic program affected the coffee states. Minister Joaquim Murtinho's deflationary economic policies caused a restriction of credit which hurt most growers. Coffee planters in Minas Gerais and Rio de Janeiro, the other major producers, were also adversely affected by the over-production. In Minas, the inability to profitably dispose of the entire coffee crop severely prejudiced the 'Mata' subregion. This zone's lower grades of coffee were extremely difficult to sell. As the 'fazendeiro's' plight worsened, the coffee state politicians intensified their demands for help from the federal government.

In Minas, the coffee zone's economic primacy was not altered by the political changes that took place after Silviano Brandão's death. Francisco Sales, the 'mineiro' governor for the period 1902-1906, came from the South, but his political ties were diversified. Although Sales had a deeper relationship with the older centers of power, he was aware that coffee was the state's major source of revenue. Therefore, Governor Sales immediately explored a number of plans when the 'Mineiro' Congress authorized him to seek a solution to the problem of coffee over-production.

During the administration of President Rodrigues Alves, 1902-1906, the governors of the three leading coffee-producing states, Jorge Tibiriça, Francisco Sales, and Nilo Peçanha, met

in Taubaté, São Paulo, in 1906 to plan for assistance to the coffee growers. After much debate, the governors reached an historic agreement. The 'Convênio de Taubaté' of 1906 can be traced to the ideas of Alexandre Siciliano.⁶ He was an Italian immigrant who had married into the 'paulista' coffee aristocracy. Siciliano had made a fortune as an entrepreneur in commercial and industrial investments. At the time, he was director of the 'Companhia Mecânica e Importadora.' The conclusions of the Siciliano plan were fundamental for those who hoped to involve the federal government in a program to sustain the price of coffee. The basic feature of his plan was to control the coffee supply, thereby creating a greater scarcity through stockpiling. The valorization scheme was in reality Brazil's first attempt to regulate the coffee market. Although it soon became necessary to modify the original plan which favored the superior grades of coffee produced in São Paulo, the 'Convênio de Taubaté' of 1906 has been considered one of the cornerstones of the special political relationships that existed between São Paulo and Minas Gerais.

During the Republic, 'café com leite' was the expression often used to describe the 'paulista' and 'mineiro' marriage of interest. From the Taubaté agreement's inception, historians

⁶The Siciliano plan was one of a number of proposed solutions to the crisis. Afonso Pena's interest in the coffee problems and the ideas expressed in the suggested remedies can be seen in the long correspondence with Emílio Nusbaum which dates from 1899. The letters treat over-production, tariffs, and valorization plans. See, particularly, Docs. 2.1.1.0-2, Caixa 14K, A.P.A.P.

have thought of São Paulo as the dominant partner.⁷ The validity of this analysis is open to question during the Pena presidency. After 1906 the 'mineiros' controlled national affairs. Regionalism often outweighed other considerations, and cooperation between Minas Gerais and São Paulo occurred only when other alternatives were not available. The election of Afonso Pena as President put a 'mineiro' in charge of the Brazilian Republic for the first time. The 'paulistas'' political and economic control of the nation was reduced after the election of 1906. This political rise of Minas Gerais is overlooked by historians. As President, Afonso Pena paid close attention to the economic and political affairs of the nation and his home region. São Paulo and Minas Gerais had their own distinct regional priorities and outlook. Minas Gerais, especially the state's Center zone, naturally benefited during the Pena administration. Afonso Pena's correspondence with Governor João Pinheiro from 1905 to 1908, virtually never explored until now, proves conclusively that the President had his own plans for the nation's and Minas Gerais' economic development. The papers of Afonso Pena, which are heavily used in this chapter, support a new interpretation of the President's role from 1906 to 1909.

President Pena managed Brazilian political and economic affairs in these years. Under Pena's leadership, a new political

⁷For examples of this point of view see, José Maria Bello, A History of Modern Brazil, pp. 196-97; also, Edgard Carone, A República Velha: Instituições e Classes Sociais, pp. 39-41, 44.

force, the 'Jardim da Infância,' discussed below, gained control over the legislative process, particularly in the Chamber of Deputies. São Paulo, to be sure, received special consideration because of its economic importance. However, the 'paulista' influence had definite limits in the Pena era. President Pena aided São Paulo only when it suited his purposes. Often national and 'mineiro' interests conflicted with 'paulista' priorities. Prime examples of Pena's concern for Brazil's and Minas Gerais' needs are the revisions of the Taubaté agreement and the foreign loans to make the coffee valorization plan workable. São Paulo, as will be proved below, had less national influence than previously reported. This re-evaluation of São Paulo's role indicates that the state had less control of the nation's political and economic affairs than has been asserted elsewhere.⁸

II. São Paulo and the Presidential Succession of 1906

The first three civilian presidents of the Brazilian Republic were from São Paulo. The superior political organization of the São Paulo politicians, the 'Partido Republicano Paulista,' and the state's economic vitality enabled the

⁸Thomas Holloway, pp. 80-81. In his evaluation of the coffee valorization agreement, the author presents the generally accepted viewpoint of the primacy of the 'paulistas' and the foreign syndicate of bankers and merchants. The secondary roles of the federal government and other states are emphasized. The commanding lead of São Paulo in the first valorization plan is said to illustrate the state's virtual autonomy during these years.

'paulistas' to hold the presidency from 1894 to 1906. São Paulo's commanding role in federal politics persisted after Prudente de Morais' and Francisco Glicério's bitter political struggle to dominate the 'P.R.P.' and the 'Partido Republicano Federal' which lasted from 1894 to 1896. The 'paulista' political control of the nation also survived the financial program of the Campos Sales administration, 1898-1902, which adversely affected the coffee producers. However, the 'paulistas'' preeminence did not last long after President Rodrigues Alves, 1902-1906, criticized the 'Convênio de Taubaté.'

Rodrigues Alves was unwilling to support the Taubaté plan because of his liberal economic philosophy. Rodrigues Alves, himself a coffee planter, proved to be a sincere opponent of the valorization plan and fixed exchange rate.⁹ Rodrigues Alves failed in his endeavor to have Bernardino de Campos, a two-time governor of São Paulo, succeed him in 1906. São Paulo was unable to unite behind Rodrigues Alves' designated successor. Dissident political factions of the state's P.R.P. supported other potential presidential candidates, notably Campos Sales and Prudente de Morais. Both Prudente de Morais and Campos Sales wanted to be São Paulo's designated candidate. Of the two, Campos Sales' candidacy was more of a threat

⁹Francisco de Assis Barbosa, Retratos de Família (Rio de Janeiro, 1968), pp. 12, 23. Rodrigues Alves, Jr., in interview with the author, claimed that his father believed that once a surtax on coffee was created it would remain and forever go up. See also, Documentos Parlamentares, Política Econômica, Valorização do Café, 1895-1906, Vol. I, pp. 203-08. Rodrigues Alves, in a message to the Congress on May 3, 1906, cited the artificial nature of the 'convênio' and fixed exchange rate.

to Bernardino de Campos because José Gomes de Pinheiro Machado favored the idea. Pinheiro Machado, from Rio Grande do Sul, was anxious to further his own interests.

Early in 1904, Afonso Pena entered the upcoming presidential race as the official 'mineiro' candidate. Rodrigues Alves had made a trip to Minas Gerais in 1904 which was widely interpreted as an effort to promote the candidacy of his vice-president. Despite complaints about an official candidate, Pena expected the 'mineiros' to unite behind him. He also counted on the continued benevolent attitude of Rodrigues Alves.¹⁰ However, Pena's chances diminished considerably after Rodrigues Alves came out in favor of Bernardino de Campos. The political situation had apparently changed when Governor Jorge Tibiriça of São Paulo, 1904-1908, asked Rodrigues Alves to aid in the nomination of Bernardino de Campos.

To justify his position, Rodrigues Alves tried to place the blame for the opposition to a 'mineiro' president on Pinheiro Machado. Rodrigues Alves accused Pinheiro Machado of launching the Campos Sales candidacy, thereby complicating the situation in São Paulo. José Gomes de Pinheiro Machado, 1851-1915, was a federal senator from Rio Grande do Sul. He played the role of a kingmaker from the late 1890s until his assassination in 1915. Pinheiro was a dynamic 'gaúcho caudillo' who organized the new 'Partido Republicano Federal' in

¹⁰Crispim Bias Fortes to Afonso Pena, Doc. 1.2.449, March 2, 1905, Caixa 14E, E.P.A.P. Bias Fortes related a communication he had with Rodrigues Alves in which the President guaranteed continued backing for Afonso Pena.

1905. This party never became truly national, but did successfully represent regional political chieftains on the federal level. In Congress, Pinheiro's political followers were united in a group referred to as the 'coligação' or 'bloco.' In an egotistical manner, he acted to further the political and economic interests of his home state in the federal power structure. Governor Borges de Medeiros, the Rio Grande do Sul political boss after the death of Júlio Castilhos, supported Pinheiro's efforts to advance their state's interests.¹¹ The 'café com leite' arrangement angered the 'gaúchos.' Pinheiro Machado was Afonso Pena's principal political opponent from 1902 to 1909.

Afonso Pena was aware of Pinheiro Machado's opposition to his candidacy. However, Rodrigues Alves' support of Bernardino de Campos was a more serious problem. Pena wrote the President that the election of a political figure as controversial as Bernardino de Campos had dire consequences for the nation. Obviously angered by the turn of events, he warned the President against an official candidate and cited the assistance that Minas Gerais gave to the President in his own campaign.¹²

Within Minas Gerais, Afonso Pena also contended with an undeclared resistance to his nomination. Pena realized that

¹¹Joseph Love, Rio Grande do Sul and Brazilian Regionalism, 1882-1930. Love's regional study is the best account of the politics and economics of Brazil's most southern state during the Republic.

¹²Rodrigues Alves to Afonso Pena, Doc. 1.2.21, March 15, 1905, Caixa 14B; Afonso Pena to Rodrigues Alves, Doc. 1.1.514, March 21, 1905, Caixa 14A, A.P.A.P.

the crucial issue for a 'mineiro' candidate was the unity of the diverse political factions in the state. Rumors of an agreement with São Paulo to once again give a 'mineiro' the Vice Presidency began to circulate in the federal capital. Pena was also worried by the failure of Francisco Sales to openly challenge Rodrigues Alves' official candidate. In a letter to Pena, Governor Francisco Sales also attributed the problem to Pinheiro Machado. Sales claimed that Pinheiro's real motive was to forestall a 'mineiro' presidential nomination. Furthermore, he, too, considered Campos Sales to be Pinheiro Machado's preference.¹³ Feliciano Pena kept Afonso Pena thoroughly informed of the recent political developments in Minas Gerais. Feliciano wrote that João Pinheiro and Carlos Peixoto* had reservations about his brother-in-law's candidacy and were willing to settle for the Vice Presidency if it went to Francisco Sales. Moreover, he claimed that their efforts in behalf of Francisco Sales were favored by Rodrigues Alves.¹⁴

¹³Afonso Pena to Francisco Sales, Doc. 1.1.692, June 6, 1905, Caixa 14A; Francisco Sales to Afonso Pena, Doc. 1.2.1096, N/D, Caixa 14I, A.P.A.P.

¹⁴Feliciano Pena to Afonso Pena, Doc. 1.2.864, March 20, 1905, Caixa 14H, A.P.A.P. This version is verified by Elói de Souza in "Uma Reminiscência," in the Jornal do Comércio, Jan. 14, 1941. Elói de Souza was party to conversations that Rodrigues Alves had with representatives of Francisco Sales.

*Carlos Peixoto, from Leopoldinha in the 'Mata' zone, was the President of the Federal Chamber of Deputies. At first, he opposed Pena's candidacy but later became the President's chief ally in his efforts to reduce the political power and prestige of Pinheiro Machado.

By the end of May, 1905, Afonso Pena's quest for the presidency appeared all but over. However, Pena's prospects dramatically improved after an interview with Bernardino de Campos by the journalist Alcindo Guimarães was published in the newspaper O País in June, 1905. The 'paulista' presidential candidate came out against protectionist schemes such as the 'Convênio de Taubaté' and criticized any financial policy that tampered with the exchange rate. In the federal capital, those interests threatened by the economic program that Rodrigues Alves' candidate espoused immediately started an anti-Bernardino campaign.

In addition, Pinheiro Machado failed in his attempt to promote a Campos Sales candidacy. Campos Sales realized that he was being manipulated by Pinheiro Machado. The ex-President preferred Afonso Pena to fellow 'paulista' Bernardino de Campos.¹⁵ Throughout July, 1905, Afonso Pena's triumph became more certain. Rodrigues Alves guaranteed João Pinheiro that he would not create problems for his old friend.¹⁶ Ruy Barbosa, another potential candidate, recognized that he had only a slim chance of obtaining the presidential nomination. Ruy informed José Marcelino, the Governor of Bahia, that an accord with the 'mineiros' would be acceptable.¹⁷

¹⁵Feliciano Pena to Afonso Pena, Doc. 1.2.873, July 8, 1905, Caixa 14H, A.P.A.P.

¹⁶Feliciano Pena to Afonso Pena, Doc. 1.2.876, July 13, 1905, Caixa 14H, A.P.A.P. Feliciano reported on a conversation he had with João Pinheiro.

¹⁷Ruy Barbosa to José Marcelino, Doc. 1.3.9, July 23, 1905, Caixa 14K, A.P.A.P.

In Minas Gerais, Francisco Sales now deemed Afonso Pena a worthy man who, once in office, would promote the interests of the 'mineiros.'¹⁸ Sales finally took positive steps to officially launch Pena's candidacy after he had been advised that any delay would play into the hands of Pinheiro Machado.¹⁹ By mid-August, 1905, Bernardino de Campos withdrew his name from consideration, and the divided 'paulistas' gave their backing to Pena.²⁰ The future President of the Republic began to send out messages of appreciation to those who aided him in obtaining the nomination.

III. Pinheiro Machado and the 'Jardim da Infância'

In 1906, Afonso Pena realized his long-awaited ambition to become President of Brazil. Pena, contrary to his reputation as a politician who sought to avoid conflict, quickly began to assert himself once his election was assured. Pinheiro Machado was the major political obstacle blocking Pena's efforts to control the complex legislative system and to successfully promote his program. Pinheiro Machado's formidable power

¹⁸Francisco Sales to Carlos Peixoto, Doc. 1.3.55, Aug. 8, 1905, Caixa 14K, A.P.A.P.

¹⁹Afonso Pena to Francisco Sales, Doc. 1.1.694, July 27, 1905, Caixa 14A, A.P.A.P. See also, Afonso Pena, "Marcha das gestoões," Doc. 2.8.1, July 17, 1905 to Aug. 12, 1905, Caixa 14L, A.P.A.P. Pena took notes on the decisive events of this campaign. He emphasized the intricate negotiations to obtain the unity of the 'mineiros,' the need to tread softly regarding Rodrigues Alves, the Machiavelian dealings of Pinheiro Machado, and the crucial support of Ruy Barbosa, Rosa e Silva, and Campos Sales.

²⁰Francisco Sales to Afonso Pena, Doc. 1.1.201, Aug. 15, 1905, Caixa 14, A.P.A.P.

and influence hinged upon agreements with various state oligarchies united in a loose political grouping. Pinheiro commanded other politicians and authoritatively directed the 'bloco' which had a stranglehold over the legislative process. As President of the Senate, Pinheiro Machado was in the position to stop any legislation that he judged to be counter to his interests. The Rio Grande do Sul 'caudillo,' based in his residence, the 'Morro da Graça,' was able to effectively challenge the authority of the President.

Afonso Pena's distrust of Pinheiro Machado dated from the latter's endeavors in 1902 to reduce the Vice-Presidential functions in the Senate to a ceremonial role. The soon-to-be President was completely aware of Pinheiro's political machinations. Throughout 1905, Pinheiro Machado worked to increase the influence of the 'coligação.' In correspondence with Afonso Pena, Pinheiro presented his ideas concerning the type of economic program that he expected the President-elect to follow. He wrote Pena of the need to protect his state's jerked beef, 'charque,' industry and offered other suggestions that in effect would have given him the final say on most major issues. Pinheiro also wanted to aid Pena in making his cabinet selections.²¹ Apparently, he thought himself capable of manipulating the President from behind the scenes. At this time, Pinheiro did not comprehend that Afonso Pena had no intention

²¹See, for example, Pinheiro Machado to Afonso Pena, Doc. 1.2.641, April 9, 1905, Caixa 14F, A.P.A.P., and Pinheiro Machado to Afonso Pena, Doc. 1.1.646, Oct. 6, 1905, Caixa 14F, A.P.A.P.

of promoting any program other than one formulated by himself. Moreover, Pena fashioned a rival political force that would effectively bring his plans to fruition and eliminate the power of the 'coligação.'

Afonso Pena disclosed his proposed program and vision of the presidency to the nation at a political banquet in Minas Gerais in September, 1906. The affair was in honor of João Pinheiro, the new governor, who was chosen to succeed Francisco Sales in 1906. Pinheiro Machado, a guest speaker at the festivity, brazenly criticized those who were moderates in politics and lacked the passion to combat their adversaries. His remarks were obviously aimed at Afonso Pena. Clearly offended, Pena responded to the challenge and defiantly declared that he would continue to fulfill his duties in the 'mineiro' spirit of harmony and toleration. Pena stated that the President of the Republic had to place himself above parties in order to guide the nation. He emphasized that he could best serve the nation by obeying his conscience and patriotic sense of responsibility.²²

Throughout the following months, Afonso Pena worked to counter Pinheiro's strength in the Congress. The President molded a cohesive legislative force in the Chamber of Deputies.

²²Carvalho Brito, O Civilismo Em Minas (Rio de Janeiro, 1949), pp. 18-19. Carvalho Brito was present at the banquet. Also, Daniel de Carvalho, Capítulos de Memórias, pp. 74-75. See also, 'O programma político,' Doc. 3.12, Caixa 14M, A.P.A.P. Pena's proposed program was first made known at João Pinheiro's banquet. The carefully prepared 31-page document was obviously his answer to Pinheiro Machado but reflects long-thought-out basic ideas for national development.

Pena depended heavily on the assistance of João Pinheiro and Carlos Peixoto to achieve his goal.²³ Secondly, Pena selected his own assistants for cabinet positions. Instead of consulting the leading politicians in São Paulo, Rio Grande do Sul, Bahia, and his homestate, Pena made his choices based on the aptitude of the candidates for the posts in his administration. Pena's appointments revealed that his primary concern was his subordinate's ability to work for the implementation of the administration's program. His judgement of a candidate was based on competency and not on political connections. Pena wanted to surround himself with innovative young men of talent. His method of selecting assistants violated the established political practices of the time. Those selected by Pena formed the 'Jardim da Infância,' also known as the 'kindergarten,' during his administration, 1906-1909. President Pena's decision to name his own appointees led to disagreements with a number of leading Brazilian politicians.²⁴

²³Afonso Pena to João Pinheiro, Doc. 1.1.283, Sept. 9, 1906, Caixa 14, A.P.A.P. In a message of congratulations, Pena emphasized the unity of the 'mineiros' if the nation and Minas Gerais were to progress in the coming years.

²⁴See, for example, Pinheiro Machado to Afonso Pena, Doc. 1.2.652, Oct. 10, 1906, Caixa 14F, A.P.A.P. Pinheiro cited information he had pertaining to Pena's ministerial appointments and warned of opposition. He claimed São Paulo was annoyed at not being included in the new ministry. Pena's cabinet included Miguel Calmon, Augusto Tavares de Lira, and David Campista as Ministers of Transportation and Public Works, Justice, and Finance, respectively. Baron Rio Branco continued as Foreign Minister. Marshal Hermes da Fonseca was War Minister, and Alexandrino de Alencar became Navy Minister. Pena also appointed João Ribeiro de Oliveira e Souza as President of the Bank of Brazil and Aarão Reis as the head of the Central Railroad of Brazil.

The Bahian politicians were angered by the designation of Miguel Calmon as Minister of Transportation. The Bahians had picked Augusto de Freitas as their man to take part in the Pena administration. This is but one example of how Pena opted for a gifted young man and thereby alienated political leaders who had expected to select their representatives for federal positions. The proud Ruy Barbosa was particularly upset because he had not been previously advised about the appointment. Ruy expressed his displeasure in a letter in which he pointed out the crucial contribution made by Bahia to further the President's faltering election campaign.

Ruy stated that Afonso Pena owed his election to Bahia. Afonso Pena tried to placate Ruy and Bahian Governor José Marcelino to avoid further political repercussions. In his reply to Ruy, Pena cited the urgent need to improve the national distribution of agricultural products and to take advantage of industrial opportunities. In a convincing manner, Pena explained that Miguel Calmon had the competence to do the job of administering the proposed projects for railroad and port improvements.²⁵ This controversy finally ended after Ruy, with the backing of José Marcelino, relented and recommended that Miguel Calmon accept the position.²⁶

²⁵Ruy Barbosa to Afonso Pena, Oct. 6, 1906, Pasta Ruy Barbosa; Afonso Pena to Ruy Barbosa, Oct. 7, 1906, Pasta Afonso Pena; and Afonso Pena to José Marcelino, Oct. 7, 1906, Pasta Afonso Pena, A.H.C.R.B.

²⁶Ruy Barbosa to Miguel Calmon, Oct. 18, 1906, Pasta Miguel Calmon, A.H.C.R.B.

A more serious political problem resulted from Afonso Pena's preference for Carlos Peixoto to continue as President of the Chamber of Deputies. Pinheiro Machado opposed this move because he was already a bitter enemy of Peixoto. Pena's selection of James Darcy of Rio Grande do Sul as leader in the Chamber and Carlos Peixoto's assistant also angered Pinheiro. He justifiably considered his congressional authority directly challenged by these political maneuvers. The group of junior legislators who followed the lead of Carlos Peixoto were referred to as the 'Jardim da Infância' because of their youth and outspoken intention to aid in the renovation of the nation's political and economic framework.²⁷

Throughout the Pena presidency, legislative confrontations developed over the President's program. The protagonists usually were Pinheiro Machado and the 'coligação' representing the old oligarchies and Carlos Peixoto and the kindergarten allied to independent politicians desirous of change. Afonso Pena wholeheartedly approved of the 'Jardim's' intention to alter the Republic's political framework and to revitalize Brazil's economic structure.²⁸ Afonso Pena identified with the aspirations of the younger politicians. In the 1870s, Pena was also motivated by idealistic ambitions.

²⁷ Afonso Arinos de Melo Franco, Um Estadista da República, pp. 418-23.

²⁸ Daniel de Carvalho, Capítulos de Memórias, pp. 77-79. See also, Joaquim de Salles, Se não me fala a memória (Rio de Janeiro, 1960), p. 105.

In 1871, Pena had attained his first elective position at the age of twenty-five which was atypical for a 'mineiro' politician. The difficulties faced by the precocious members of kindergarten were also experienced by Pena at the start of his political career.

The President counted on João Pinheiro to maintain the unity of the 'mineiro' politicians and to moderate the actions of Carlos Peixoto. Pena had been extremely satisfied with João Pinheiro's election as Governor of Minas Gerais. João Pinheiro, with his roots in the historic Republicanism of Minas Gerais, was a leader who rose above the P.R.M.'s sub-regional political factionalism. The goals of Pena's program paralleled the policies outlined by Governor João Pinheiro for Minas Gerais.²⁹ During the years that followed, the two men worked closely to promote the essential legislation needed to strengthen the nation's monetary system. They were also in agreement concerning the need for an adequate transportation network in Minas Gerais and other regions of the country. In a discourse given at the banquet celebrating his taking of office, João Pinheiro had committed the state to support Pena's platform which he regarded urgent and vital for the

²⁹See, for example, Afonso Pena to João Pinheiro da Silva, Doc. 1.1.262, March 10th, 1906, Caixa 14, A.P.A.P. For João Pinheiro program, see "Manifesto programa do candidato do Partido Republicano Mineiro a Presidência do Estado ao Povo Mineiro," published in João Pinheiro, Documentação Sobre A Sua Vida, organized by Francisco de Assis Barbosa (Belo Horizonte, 1966), pp. 143-60.

development of the nation's economic activities.³⁰

Afonso Pena's determination to govern without interference soon brought him into open conflict with Pinheiro Machado. Throughout 1907, the President increasingly relied on the 'Jardim da Infância' to counter the Rio Grande do Sul senator's congressional influence. The leading members of the 'Jardim' in Congress and the Pena administration were Carlos Peixoto, David Campista, João Luis Alves, João Pandiá Calógeras, Gastão da Cunha and Estevão Lobo from Minas Gerais; James Darcy from Rio Grande do Sul; Miguel Calmon from Bahia; Alcindo Guanabara from Rio de Janeiro, and Elói de Sousa from Rio Grande do Norte. Carlos Peixoto, the President in the 'Câmara,' worked hard to offset Pinheiro Machado's strength in the Senate. Peixoto exhibited intolerance toward opponents and subordinates. He proved to be a formidable adversary of the leader of the 'coligação.' By the end of the first year of his presidency, Afonso Pena and his supporters in Congress were able to significantly reduce Pinheiro Machado's political influence. In this manner, the Pena administration proved capable of regulating the legislative process.

³⁰"Discurso no Palácio da Liberdade após a posse," Sept. 8, 1906, in João Pinheiro, Documentação Sobre A Sua Vida, pp. 161-64. See also, Pedro Rache, Homens de Minas (Rio de Janeiro, 1947), pp. 102-06. Rache states that João Pinheiro equated solidarity with the government and obeying political directives. João Pinheiro is quoted by Rache in a revealing political statement, "I am here with a large knife in hand to call to order those who rebel."

By late 1907, the administration forces had already isolated Pinheiro Machado and temporarily curbed his political influence. Other members of the 'bloco' received similar treatment. One example of the 'coligação's' decline was the bitter political dispute involving Nilo Peçanha and Alfredo Backer, Governor of Rio de Janeiro. Nilo Peçanha was associated with the 'bloco.' In late 1907, Vice President Peçanha asked for Pena's neutrality in the struggle for political control of Rio de Janeiro.³¹ Pena delayed in heeding Nilo's request, thereby favoring the Backer group. It was only after Nilo Peçanha threatened to resign that Pena took a more even-handed position in this controversy.³² The conflict was eventually resolved in 1908, but Pena never regained the confidence of his Vice President. Backer, appreciative of the fair and equal treatment shown him, continued to offer support for the Campista candidacy.³³

In 1908, Pinheiro Machado sought to shift the political balance of power back in his favor by weakening the strength

³¹Nilo Peçanha to Afonso Pena, Doc. 1.2.791, Oct. 10, 1907, Caixa 14G, A.P.A.P. See also, Antonio Azevedo to Ruy Barbosa, Sept. 4, 1907, Pasta Antonio Azevedo, A.H.C.R.B. Azevedo accused Carlos Peixoto of plotting with Backer against the 'bloco' and doubted if the 'coligação' could maintain its influence. He saw Afonso Pena as being in the middle without a clear position which aided Backer. Pinheiro Machado tried to counter the administration's strength in Minas Gerais by agreements with Sabino Barroso, the powerful northern politician, and Astolfo Dutra.

³²Aarão Reis to Afonso Pena, Doc. 1.2.1039, Feb. 2, 1908, Caixa 14F, A.P.A.P.

³³Alfredo Backer to Afonso Pena, Doc. 1.2.101, Jan. 1, 1909, Caixa 14C, A.P.A.P.

of Carlos Peixoto in the lower chamber. A protracted political struggle for control of the Brazilian Congress began in earnest between these two bitter political adversaries. Afonso Pena eventually was required to mediate the battle that unfolded over efforts to reform the rules that governed the 'Câmara.' Pinheiro Machado's immediate goal was to regain his political influence by reducing the authority of Carlos Peixoto. The President of the 'Câmara' was vulnerable because his political opponents as well as his associates and followers were weary of his demeaning treatment. Peixoto had deservedly earned the enmity of many of his colleagues. Even within Minas Gerais, Pinheiro Machado was not without supporters among the 'mineiro' politicians who disliked Peixoto. Feliciano Pena did not trust Carlos Peixoto's motives and urged Afonso Pena to avoid any action that would completely annihilate the 'bloco.' He proposed that Carlos Peixoto resign his position in order to resolve the dispute.³⁴ President Pena was reluctant to go that far, but he did ask João Pinheiro to use his good offices to have Carlos Peixoto moderate his stand.³⁵

Carlos Peixoto, who was increasingly unhappy with Pena's neutrality in this controversy and with the President's position in other recent political events, immediately offered to resign.³⁶ Peixoto was angered by Afonso Pena's attempts to

³⁴Feliciano Pena to Afonso Pena, Doc. 1.2.898, Feb. 25, 1908, Caixa 14H, A.P.A.P.

³⁵Afonso Pena to João Pinheiro, Doc. 1.1.376, Feb. 29, 1908, Caixa 14, A.P.A.P.

³⁶Carlos Peixoto to Afonso Pena, Doc. 1.2.818, Feb. 29, 1908, Caixa 14G, A.P.A.P.

moderate the Peçanha-Backer power struggle. The President of the 'Câmara' was an open supporter of Backer's attempt to maintain control of the state of Rio de Janeiro. In February, 1908, Afonso Pena instructed Augusto Tavares de Lira to counsel Peixoto not to quit and instead to seek a compromise solution with Pinheiro Machado.

Afonso Pena's desire to resolve the 'Jardim da Infância'-'bloco' confrontation hinged on several complex factors. In the first place, Pena did not want to completely humiliate either faction because he knew that his chosen successor's candidacy necessitated widespread political support. Furthermore, the President was anxious to prevent either Carlos Peixoto or Pinheiro Machado from appearing victorious in this conflict. He did not want either politician to be in a position to challenge his authority.³⁷ In a final effort to settle the dispute, Pena asked Ruy Barbosa to act as a "go-between." As a presidential intermediary, Ruy helped to work out a political accord acceptable to Pinheiro Machado and the President.³⁸ Pena was obviously pleased with the resolution of this

³⁷Afonso Pena to Augusto Tavares de Lira, Doc. 1.2. 818B, Feb. 29, 1908, Caixa 14G; see also, Doc. 1.1.555, Feb. 28, 1908, Caixa 14A, A.P.A.P.

³⁸Afonso Pena to Feliciano Pena, Doc. 1.1.582, March 2, 1908, Caixa 14A, A.P.A.P. Also, Afonso Pena, 'Questão da Presidencia da Câmara,' Doc. 2.3.1, Caixa 14L, A.P.A.P. This document contains annotations about letters received from Feliciano Pena and João Pinheiro during the controversy. It is evidence of Pena's involvement in the dispute as a conciliator of the opposing factions.

³⁹Ruy Barbosa to Afonso Pena, Feb. 27, 1908, Pasta Afonso Pena, A.H.C.R.B. See also, Ruy Barbosa to Afonso Pena, Doc. 1.2.132-34, Feb. 27, 1908 to March 6, 1908, Caixa 14C, A.P.A.P.

political crisis which put off the question of altering the house rules. He wrote João Pinheiro that their plans were furthered by their respective roles in mediating the conflict.⁴⁰

Peixoto, clearly displeased, resigned his position but later had second thoughts because this move played into the hands of Pinheiro Machado. He returned to the post of President of the 'Câmara' only to quit again in May, 1909 after the uproar over his comments about military candidates. Although his role in the crisis alienated Carlos Peixoto, Pena managed to enter into a working relationship with Pinheiro Machado. Carlos Peixoto, a reluctant ally of the President, apparently had become too great a political liability. Afonso Pena needed Pinheiro Machado's support for his candidate in the next presidential election.

IV. The Revision of the 'Convênio de Taubaté'

Afonso Pena did not participate in the deliberations that led to the first 'Convênio de Taubaté.' Nevertheless, his role in the agreement's reformulation and in later obtaining the necessary legislation and financing to make the convention workable was paramount. Shortly after the formal signing of the plan on February 26, 1906, the competing interest groups and leading politicians in favor of and against the historic accord began to petition the President-designate to uphold

⁴⁰Afonso Pena to João Pinheiro, Doc. 1.1.379, March 10, 1908, Caixa 14, A.P.A.P. Also, Afonso Pena to João Pinheiro, Doc. 1.1.712 s/c, Caixa 14A, A.P.A.P.

their position.⁴¹ Jorge Tibiriça was the principal defender of the 'paulista' coffee growers who saw their salvation in the tri-state plan. The governor of São Paulo was in constant contact with Afonso Pena throughout late 1905 and 1906 in order to gain the federal government's backing for the 'convênio' and for the loan that his state was negotiating in Europe.⁴²

The correspondence between Pena and Tibiriça clearly indicates that the 'paulista' governor was eager to please the

⁴¹Nilo Peçanha to Afonso Pena, Doc. 1.2.784, March 3, 1906, Caixa 14G, A.P.A.P. Peçanha stated that the delegates to the conference of Taubaté would make any rectifications in the plan that Pena thought necessary. Most accounts of the coffee crisis and 'convênio' gloss over or give scant emphasis to Afonso Pena's role in reformulating the agreement and making the loan arrangements which made the accord a reality. Pena insisted that any pact be in harmony with federal law and not jeopardize financing for other economic projects that he considered vital. See also, Pinheiro Machado to Afonso Pena, Doc. 1.2.649, April 22, 1906, A.P.A.P. The letter contained a request for Pena to meet with Arnolfo Azevedo and Galeão Carvalhão who were Tibiriça's representatives. They hoped to gain his support and wanted to assure Pena that no matter of importance would be presented to Congress without the future President's previous knowledge. Also, Afonso Pena to Maria Pena, Doc. 1.1.590, May 1906. Pena speaks of a meeting with Tibiriça and other 'paulistas' concerning the 'convênio' during which the governor sought his approval and criticized Rodrigues Alves' attitude. The get-together took place just prior to Pena's trip to the Northeast and Amazon.

⁴²Jorge Tibiriça to Afonso Pena, Doc. 1.2.1282, March 6, 1906, Caixa 14J, A.P.A.P.; also, Jorge Tibiriça to Afonso Pena, Doc. 1.2.1285, Dec. 12, 1906, Caixa 14J, A.P.A.P. See also, Rodrigo Soares Junior, Jorge Tibiriça e sua época, vol. 2 (São Paulo, 1958), pp. 521-64. The author, in discussing Tibiriça's part in making the 'convênio' and 'caixa' realities, basically ignores Pena's contribution. Soares refers to Tibiriça and other figures throughout this volume and cites letters in the Tibiriça archive without footnotes to back his arguments. Furthermore, the analysis lacks references to correspondence between the President-elect and Tibiriça.

'mineiro' president. Despite São Paulo's exclusion from the Pena cabinet, Tibiriça supported the President's ministerial selections including the crucial appointment of David Campista. Furthermore, he assured Pena that São Paulo would maintain good relations with his administration. Pena responded that he welcomed all cooperation. However, at this time he stopped short of offering Tibiriça the federal government's financial assistance to secure foreign loans negotiated by São Paulo. The issue of a federal guarantee for capital borrowed by São Paulo to bolster its coffee stockpiling arrangement was not easily resolved because of Pena's insistence that all loans had to meet all the requirements of the recent federal law passed in December of 1905. The President was authorized by this law to grant federal guarantees for loans. Obviously, the 'paulistas' were well aware that the President's approval of any loan arrangement was indispensable.⁴³

There was vehement opposition to the coffee valorization plan from many quarters. Rodrigues Alves' Minister of Finance had earlier warned that the scheme was detrimental to the financial well-being of the nation. Leopoldo de Bulhões Jardim advised Pena on numerous occasions of the valorization project's detrimental effect on the exchange rate. He cited the

⁴³Jorge Tibiriça to Afonso Pena, Doc. 1.2.1283, Oct. 17, 1906, Caixa 14J, A.P.A.P.; also, Jorge Tibiriça to Afonso Pena, Doc. 1.2.1284, Nov. 17, 1906, Caixa 14J, A.P.A.P. This letter emphasizes Tibiriça's willingness to cooperate with Pena. See also, Afonso Pena to Jorge Tibiriça, Doc. 1.1.293, and 1.1.301, Jan. 17, March 21, 1907. This letter stresses Pena's legalistic position concerning the loan approval needed by São Paulo from the federal government.

antagonism in Congress to the proposed controversial financial program to bolster coffee prices.⁴⁴ The former President, Rodrigues Alves, continued to criticize the 'Convênio de Taubaté.' Alves stated that the plan was incapable of resolving the fundamental problem of coffee over-production. While in Europe, he wrote to Pena about the apprehension prevalent in European banking circles regarding the orientation of the new administration's financial program.⁴⁵

In Rio de Janeiro and Minas Gerais, the coffee growers criticized the Taubaté plan. The bumper coffee crop predicted for 1906 materialized and added to the troubles of these planters. Various commercial groups representing these state's coffee interests began to petition Pena about the adverse financial position that they faced due to the increasing inability to market coffee inferior to type 7. The 'convênio' did not protect coffee below the grade of 7. The complaints revealed a crisis atmosphere because as much as two thirds of the coffee from Rio de Janeiro and Minas Gerais fell into the unmarketable category.⁴⁶ The Bahian Commercial Association

⁴⁴See, for example, Bulhões Jardim to Afonso Pena, Doc. 1.2.556, March 5, 1906, Caixa 14E, A.P.A.P.; also, Bulhões Jardim to Afonso Pena, Doc. 1.2.558, March 13, 1906, Caixa 14E A.P.A.P.

⁴⁵Rodrigues Alves to Afonso Pena, Doc. 1.2.34, April 26, 1906, Caixa 14b, A.P.A.P.; also, Rodrigues Alves to Afonso Pena, Doc. 1.2.26, Sept. 19, 1906, Caixa 14b, A.P.A.P.

⁴⁶"Representação da Diretoria do Centro do Comércio do Café do Rio de Janeiro," Doc. 2.11, Jan. 1, 1907, Caixa 14K, A.P.A.P.; also, "Representação da Maia Araiyo and Cia," Doc. 2.1.13, March 8, 1907, Caixa 14K, A.P.A.P. The Centro do Comércio do Café in Rio de Janeiro sent a number of memorials in 1907. See also, Nilo Peçanha's explanation of why he signed the

also faulted the agreement which they claimed favored one crop, coffee, and only the product's better grades grown primarily in São Paulo.⁴⁷

The 'paulista' coffee interests that stood to benefit from the plan urged Pena to seek a quick passage of congressional legislation to legalize the agreement. The São Paulo planters and commercial groups also wanted his approval for loans necessary to make the 'convênio' a reality.⁴⁸ Yet, even among the 'paulistas,' there was some criticism by industrialists and those liberals who considered the Taubatê agreement to be severely prejudicial to the nation's and São Paulo's economic future.⁴⁹ However, despite this internal opposition, São Paulo remained the state most committed to the coffee alliance.

The reluctance of the other coffee states to completely back the terms of the convention forced the 'paulistas' to take part in a meeting in Belo Horizonte to rework the plan. On July 6th, 1906, a second document was signed by the tri-state 'convênio' and his misgivings after he later realized the agreement was prejudicial to 'fluminense' coffee interests who could not compete with São Paulo. 'Col. Nilo Peçanha,' Lata 45, Pasta 1, 54, s/d, Arquivo do Museu Histórico (hereafter A.M.H.).

⁴⁷ "Representação do Associação Comercial da Bahia. Contra a Approvação do Convênio de Taubatê" (Bahia, 1906), I.H.G.B.

⁴⁸ See, for example, "Representação do Francisco Marcos Ingles, Presidente da Associação Comercial de Santos," Doc. 2. 14, Jan. 1, 1906, Caixa 14K, A.P.A.P.

⁴⁹ Joaquim Franco de Lacerda, Conde de Frates, "Analyse do Convênio de Taubatê," 'Col. Nilo Peçanha,' Lata 45, Pasta 1, 38, April 18, 1906, A.M.H. Joaquim Lacerda wrote other memorials critical of the coffee plan; see Caixa 14K, A.P.A.P.

participants. The Belo Horizonte document contained two significant alterations. The revised 'convênio' reduced the price of a 60-kilogram sack of type 7 coffee from the original fifty-five to sixty-five francs in gold or convertible currency. The new price agreed upon was thirty-two to thirty-six francs for a 60-kilogram bag. Afonso Pena and João Pinheiro were the proponents of this change in price. The 'paulistas' consented to the lower price structure which reduced the value of the state's superior qualities of coffee. Secondly, the provision for a coffee surtax to be collected by the signees in support of a loan was changed. The three-franc tax in gold was originally supposed to be applied by the tri-state partners at the same time. Now, each state could determine when to begin the imposition of the three-franc tax. Here again, Afonso Pena and João Pinheiro were behind this key alteration. It should be noted that João Pinheiro waited until mid-1907 before he authorized the imposition of the surtax. In essence, São Paulo now was forced to support the 'Taubaté' plan by itself.⁵⁰ São Paulo collected the gold tax and began to hold coffee sacks off the market. Nevertheless, São Paulo remained dependent on the federal government's approval of any loan guaranty despite its own economic potentialities.

Opposition to the 'Convênio de Taubaté' intensified in the Brazilian Congress during the debates over the controversial

⁵⁰ See, João Pinheiro to Afonso Pena, Docs. 1.2.1151-56, March-July, 1906, Caixa 14I, and Afonso Pena to João Pinheiro, Docs. 1.1.297 and 1.1.344, s/d, Caixa 14, A.P.A.P.

plan. In mid-1906, David Campista, then a federal deputy, served as the President-elect's representative in the parliamentary sessions concerning the coffee valorization program. Campista won the respect of his opponents with his eloquent defense of the tri-state plan during the heated congressional debates. Barbosa Lima, a deputy from the federal district, was Campista's principal adversary. He spoke for those liberals who opposed the government's intervention in economic matters. Barbosa Lima criticized the Taubaté plan because the federal government was required to take part in the agreement in support of the economic interests of the coffee states. During the session of July 21, 1906 Campista successfully challenged the adoption of amendments proposed by Barbosa Lima that would have severely hampered the accord.⁵¹ Nevertheless, because of the vehement parliamentary resistance, the valorization plan had to be divided into two separate bills to insure the Taubaté convention's passage. The vote on the 'Caixa de Conversão' legislation, which dealt with the exchange-rate issue, was postponed until the administration mustered enough support in Congress. The bill authorizing the establishment of the Bank of Exchange was eventually passed and signed into law by President Pena in December, 1906.

⁵¹Documentos Parlamentares: Política Económica, Valorização do Café, Vol. I, pp. 313-44.

V. The Foreign Loan Arrangements,
1906-1909

Afonso Pena not only had to take into consideration the arguments of the competing regional commercial groups and politicians within Brazil, but also had to respond to the pressures exerted by the traditional creditors of Brazil based in London. The Rothschild banking house was against the coffee accord and the proposed 'Caixa de Conversão.' This powerful financial institution threatened to disrupt Brazil's normal channels of credit in Europe.⁵² Judging from his correspondence, Pena was firmly committed to his entire financial program and resisted Rothschild pressure to drop the 'caixa' plan. By mid-1907, the President decided to act in response to continued Rothschild criticism. In a letter to Rodrigues Alves he expressed his desire to reduce Brazil's dependence on the banking houses of England.⁵³ During the following years, Pena astutely promoted a more diversified program of foreign investment in Brazil. German, French, and American banking houses were successfully encouraged to commit funds and supply credit for Brazil's economic development. This analysis of the foreign loans made by the Pena administration, based on documents in the Afonso Pena archive from 1907 to 1909, shows that the President found other banking and investment groups anxious to lend money to Brazil. There was significant

⁵²Feliciano Pena to Afonso Pena, Doc. 1.2.879, April 15, 1906, Caixa 14H, A.P.A.P.

⁵³Afonso Pena to Rodrigues Alves, Doc. 1.1.339, July 23, 1907, Caixa 14, A.P.A.P.

investment capital available to Brazil provided that federal guarantees were given. A number of financial agreements, discussed below, were made with foreign firms in these years for transportation and communication development. In addition, the Rothschild bankers stopped their criticism because of this increased investment competition from other financial institutions. The Rothschilds agreed to help finance the major funding loan of December, 1908.

Afonso Pena's foreign loan policy was not tied to São Paulo's need for financial assistance during these years. Despite the commitment of Pena and his Finance Minister to aid the coffee growers, the President had reservations from 1906 until late 1908 concerning São Paulo's request for a major consolidation loan guaranteed by the federal government. The 'paulistas' desperately wanted federal approval to satisfy European bankers. Throughout 1907, Jorge Tibiriça and Albuquerque Lins were in constant contact with Afonso Pena and David Campista to obtain federal backing for a third foreign emergency loan that São Paulo was negotiating in Europe.⁵⁴ Afonso Pena sympathized with the 'paulista' need for more substantial financing; however, he refused to sanction any economic arrangement that jeopardized the nation's financial

⁵⁴See, for example, Jorge Tibiriça to Afonso Pena, Doc. 1.2.1292, March 1, 1907, and Doc. 1.2.1294, Aug. 15, 1907, Caixa 14J, A.P.A.P. The first loan for several million British pounds sterling took place in August, 1906. It was a stopgap measure and the 'paulistas' were forced to negotiate a second loan in December, 1906 of 3 million pounds to remain financially solvent.

credit. Pena was willing to help but only with proper authorization. Earlier he did allow the President of the Bank of Brazil, João Ribeiro, to lend São Paulo 6 million 'milreis.' However, this came after the three states reached a compromise on the coffee surtax. These funds were used to purchase lower grades of coffee which aided Rio and Minas more than São Paulo. In fact, the Afonso Pena archive reveals, for the first time, that the President suggested that the 'paulista' governor approach the 'Casa' Theodor Wille, the largest foreign exporter of Brazilian coffee, for a loan. Tibiriça took Pena's advice and did arrange for a loan with the German exporting house.⁵⁵ The 'paulistas' were forced to get by with these interim loan arrangements from 1906 through December, 1908.

In 1908, Afonso Pena kept on putting off the 'paulista' appeals for federal assistance by means of a loan guarantee. After the election of Albuquerque Lins to succeed Jorge Tibiriça, the President welcomed São Paulo's offer of continued cooperation and expressed his happiness over the transition of power in São Paulo. As Governor-elect, Albuquerque Lins had assured Afonso Pena that his state still fully supported the President's program.⁵⁶ Yet, until late 1908, Pena

⁵⁵See, for example, Afonso Pena to David Campista, Doc. 1.1.432, Sept. 15, 1908; Afonso Pena to David Campista, Doc. 1.1.438, Oct. 22, 1908; Afonso Pena to Custodio Coelho, Doc. 1.1.425, Sept. 9, 1908; and Afonso Pena to Jorge Tibiriça, Doc. 1.1.302, July 3, 1907, Caixa 14, A.P.A.P.

⁵⁶Afonso Pena to Albuquerque Lins, Doc. 1.1.354, Sept. 28, 1907, Caixa 14, A.P.A.P.

refused to favor São Paulo's request for federal participation to secure the pending consolidation loan of fifteen million pounds. At that juncture, Afonso Pena reversed his position and agreed to heed the 'paulista' plea. It must be remembered that João Pinheiro had died in October, 1908, and Pena, more than before, needed São Paulo's aid to advance a 'mineiro' candidate for President. In return for Pena's approval of the consolidation loan, Jorge Tibiriça and Albuquerque Lins promised to take active roles in support of the Campista candidacy. However, Pena was not willing to allow the representatives of São Paulo to jeopardize the customs revenues collected by the federal government. The 'paulistas' and European banks wanted to commit these funds as security for a loan. President Pena believed that the risk of losing the government's major revenue source was too great. He insisted that coffee was an appropriate collateral.⁵⁷ Based on letters found in the Afonso Pena archive, the conclusion of this previously unknown political deal is discussed in the final section of this chapter.

⁵⁷Rio Branco to David Campista, Doc. 1.3.39, Oct. 10, 1908, Caixa 14K, A.P.A.P.; also, Afonso Pena to Rio Branco, Oct. 28, 1908, Pasta 3, Maco 81, Parte III, 34, Arq. Particular do Barão do Rio Branco in Arquivo Histórico do Itamarity (hereafter A.H.I.). The consolidation loan of 15 million pounds that resolved São Paulo's long financial crisis was made by a consortium of British, American and French banking houses. It was finally concluded in December, 1908.

VI. The Presidential Succession
Question of 1910

Afonso Pena's inability to bring about the election of his chosen successor had serious consequences for the Brazilian Republic. The President worked for the continuation of his economic program by seeking to arrange the election of another 'mineiro' for the nation's highest office. Early in his administration, Afonso Pena began his preparation for this political maneuver. Pena attempted to orchestrate the nomination process by forming a political coalition which included Rio de Janeiro, São Paulo, Minas Gerais, and a group of northern states. Until now, historians and Brazilian politicians have incorrectly considered Governor João Pinheiro as Pena's designated candidate. However, new evidence reveals that David Campista was the President's first choice.

In March, 1907, Pena wrote his son that he discussed David Campista's candidacy with Albuquerque Lins and was confident that São Paulo would help. He listed Pernambuco, Bahia, Ceará, Maranhão, and Rio de Janeiro as states that supported his efforts.⁵⁸ The President hoped to remain behind the scenes and have Governor João Pinheiro launch the Campista candidacy. Unfortunately, the untimely death of João Pinheiro in October, 1908 forced Pena to alter his plans and take a more open and active role in advancing his nominee's candidacy. This account of Pena's true intentions in the presidential

⁵⁸Afonso Pena to Afonso Pena, Jr., Doc. 1.1.631, March 17, 1907, Caixa 14A, A.P.A.P.

succession question of 1910 changes the previously held assumption that Campista was his second choice.⁵⁹ Furthermore, the idea that the Campista candidacy began spontaneously appears without foundation.⁶⁰

Governor João Pinheiro's incapacitating illness in September, 1908 unsettled the 'mineiro' political picture. The President's apprehension increased as João Pinheiro's condition worsened. Pena soon realized that the governor could not remain in office. He was justifiably concerned whether João Pinheiro's permanent replacement would continue to uphold the administration's economic program and support its political maneuvers.⁶¹ Julio Bueno Brandão, Pinheiro's constitutional substitute, was a relative of Silviano Brandão. The Lieutenant Governor temporarily took over the state's highest office. In a letter, he assured Pena that Minas Gerais was still solidly behind the President.⁶² Unconvinced, Afonso

⁵⁹Augusto Tavares de Lira, Diario do Congresso Nacional dos Estados Unidos do Brazil, Ann. XXV, June 20, 1914, in Lata 14, A.P.A.P., Jr. Tavares de Lira claims that Afonso Pena had a João Pinheiro candidacy in mind and switched to Campista after the 'mineiro' governor died. This version is the one most generally accepted by historians. See also, Antonio Azevedo to Ruy Barbosa, Oct. 13 and Nov. 19, 1907, Pasta Antonio Azevedo, A.H.C.R.B. The 'bloco' considered João Pinheiro the undeclared presidential choice of Afonso Pena. Azevedo accused João Pinheiro and Carlos Peixoto of trying to destroy the 'coligação' to attain this end.

⁶⁰Carvalho Brito, O Civilismo em Minas (Rio de Janeiro, 1949), p. 17. Carvalho Brito thought the conservative economic interests, especially those of São Paulo who were happy with the Pena program, advanced the idea of Campista's candidacy.

⁶¹Afonso Pena to Afonso Pena, Jr., Doc. 1.1.654, Sept. 28, 1908, Caixa 14A, A.P.A.P.

⁶²Julio Bueno Brandão to Afonso Pena, Doc. 1.1.213, Nov. 6, 1908, Caixa 14C, A.P.A.P. Brandão was from the South of Minas Gerais and a 'viuvinha.'

Pena attempted to have Carvalho Brito, a Center zone politician and the Secretary of the Interior in Minas Gerais, succeed João Pinheiro in the special election scheduled for this purpose.⁶³ Bias Fortes and Francisco Sales were contacted to enlist their backing for Carvalho Brito.⁶⁴ However, in spite of Pena's efforts in his behalf, Carvalho Brito decided against his own candidacy and turned down the President's request.⁶⁵

Wenceslau Brás, from the South of Minas Gerais, became the only serious contender to fill the vacancy left by João Pinheiro. Pena was initially opposed to Brás because of his uncertainty as to whether he would cooperate with the administration and follow its lead. Pena reluctantly accepted Brás only after learning that other leading 'mineiro' politicians were firmly behind his candidacy.⁶⁶ After a meeting

⁶³Afonso Pena, "Notas Confidencias," Nov. 9, 1908, Lata 14, A.P.A.P., Jr. This notebook dating from Sept. 19, 1908 to May 10, 1909 contains Pena's comments concerning conversations, letters, and telegrams received or sent relating to the upcoming presidential election and other political affairs.

⁶⁴Afonso Pena, "Notas Confidencias," Nov. 11, 1908, Lata 14, A.P.A.P., Jr., and Afonso Pena to Bias Fortes, Doc. 1.1.449, Nov. 12, 1908, Caixa 14, A.P.A.P.

⁶⁵Carvalho Brito, O Civilismo em Minas, pp. 22-23. Carvalho Brito relates that Afonso Pena, Jr. visited him to obtain his acceptance of the idea, but that he refused the offer. Carvalho Brito was from Pedro Leopoldo in the mining zone.

⁶⁶Afonso Pena, "Notas Confidencias," Nov. 14, 1908. In a conversation with Carlos Peixoto, the controversial politician cited Julio Bueno Brandão's and his own support for Brás. Peixoto told Pena that he had no reason to oppose Brás. See also, Feliciano Pena to Afonso Pena, Doc. 1.2.924, s/d, A.P.A.P. Feliciano advised Afonso to accept Brás, claiming he best represented the unity of the 'mineiros.'

held between the President and Brás in November, 1908, Afonso Pena evidently felt that the Itajuba politician was now the logical person to fill the position. Pena expected Brás to work for the Campista candidacy and to unify the 'mineiro' legislators in support of his program.⁶⁷ Unfortunately for Afonso Pena, the election of Wenceslau Brás as President of Minas Gerais led to increased subregional political strife in the state. Crispim Bias Fortes was angered because he advised Afonso Pena to legally delay any election that would not result in Carvalho Brito's selection.⁶⁸ The politics of Minas Gerais would soon revert to the zonal controversies of the pre-Afonso Pena governorship period. Subregional political considerations once again began to outweigh the efforts to maintain 'mineiro' unity.

In the weeks that followed, it first appeared as if the plans for the Campista nomination would proceed according to schedule. Pena was still guaranteed the cooperation of São Paulo. Jorge Tibiriça hoped for the Pena administration's quick clearance of the impending consolidation loan. Tibiriça's and Albuquerque Lins' acceptance of Campista was primarily motivated by their need to obtain Pena's endorsement of the consolidation loan. They also favored the continuation of the Pena government's financial policies. The 'paulistas'

⁶⁷Afonso Pena, "Notas Confidencias," Nov. 15, 1908. Synopsis of a conversation with Wenceslau Brás.

⁶⁸Crispim Bias Fortes to Afonso Pena, Docs. 1.2.468-69, Nov. 9, 10, 1908, Caixa 14E, A.P.A.P.

were too divided to present their own presidential candidate. Tibiriça and Albuquerque Lins rejected the candidacies of fellow 'paulistas,' Rodrigues Alves and Campos Sales. Moreover, Pena saw an interrelationship between his approval of a loan to aid São Paulo and 'paulista' backing for Campista. If Pena's notes are accurate, then regional political considerations and international credit arrangements were intertwined. The formal approval of the loan which São Paulo desperately needed had yet to come.⁶⁹

Ruy Barbosa's open hostility to the Campista nomination was the beginning of political confrontation which resulted in the withdrawal of the Finance Minister's candidacy. The egotistical Bahian, who recently returned from The Hague after a brilliant diplomatic performance, had his own presidential aspirations. Apparently peeved at not being consulted about the succession, Ruy wrote a famous letter to the President in which he recalled the circumstances of the Pena election and their struggle against Rodrigues Alves' official candidate. He reminded Pena that a nominee should be selected by the people, public opinion or political parties. His criticism of Campista was harsh. He labeled the Finance Minister as a young man of promising talent without the experience and wisdom to lead the nation.⁷⁰ Efforts by Pena to placate

⁶⁹Afonso Pena, "Notas Confidencias," Nov. 16, 1908 and Dec. 2, 1908.

⁷⁰Ruy Barbosa to Afonso Pena, Dec. 16, 1908, Pasta Afonso Pena, A.H.C.R.B. See also, Afonso Pena, "Notas Confidencias," Dec. 20, 1908. Pinheiro Machado told the President of his error in not informing Ruy and offered to mediate their differences.

Ruy failed to change the Bahian's position.⁷¹

In Congress, Coelho Lisboa and Severino Viera voiced opposition to Campista's candidacy in debates on December 15th and 16th, 1908. By January, 1909, the Campista candidacy began to lose its initial favorable acceptance by key backers. Wenceslau Brás informed Pena of the sudden reluctance of São Paulo to aid in the election of David Campista.⁷² Albuquerque Lins now was reported as uncertain about the Campista candidacy, and Francisco Glicério and Alfredo Ellis were definitely considered opposed to the Finance Minister. Interestingly, the São Paulo 15 million pound loan was a reality by this time!

Pinheiro Machado, who earlier suggested Borges Medeiros as the Vice Presidential candidate in an effort to further Rio Grande do Sul's interests, met with Pena to work out a solution to the developing crisis. The President refused to heed Pinheiro's warning about a Hermes da Fonseca or Rio Branco candidacy. Pena stubbornly insisted that Campista had sufficient commitments to secure the nomination. Pinheiro Machado discussed the support and qualifications of the various candidates with Pena. He cast doubt on the commitments that

⁷¹Afonso Pena to Ruy Barbosa, Dec. 16 and 31, 1908, Pasta Afonso Pena, A.H.C.R.B., and Ruy Barbosa to José Marcelino, Jan. 6, 1909, Pasta José Marcelino, A.H.C.R.B. See also, Maria Mercedes Lopes, Ruy Barbosa e José Marcelino (Rio de Janeiro, 1950), pp. 82-83, 91. Ruy claimed in his letter to José Marcelino that São Paulo was now against the Campista candidacy.

⁷²Wenceslau Brás to Afonso Pena, Doc. 1.2.526, Jan. 28, 1909, Caixa 14E, A.P.A.P.

Pena insisted were certain.⁷³

Hermes da Fonseca, the Minister of War, was not an active proponent of his own candidacy. The War Minister, however, was the favorite of the militarists who saw his candidacy as an opportunity to legally regain power. These military figures hoped for a return to the glory days of Floriano Peixoto. They were aided in their quest to promote Hermes da Fonseca's nomination by politicians who were antagonistic to the government's political and economic plans. At first, Hermes resisted the entreaties of those who sought to advance his name.⁷⁴ Hermes claimed that he was only interested in the army and hoped to complete the reforms that were planned. Nevertheless, the group advocating his candidacy persisted despite his initial repudication of their labors in his behalf.

Within Minas Gerais there was resistance to the idea of David Campista as the future President of Brazil. Influential regional leaders lobbied against Pena's candidate. Bias Fortes rejected the choice of Campista. In an interview published in April, 1909 in the newspaper O País, the crafty politician from Barbacena created a sensation by openly opposing the

⁷³Afonso Pena, "Notas Confidencias," Dec. 20, 1908. Pena rejected Borges Medeiros citing his positivist ideas and his own adversity to sectarianism, also, Jan. 30, 31, 1909.

⁷⁴Jacques Ouriques, O Marechal Hermes da Fonseca: Estudo Político (Rio de Janeiro, 1910), pp. 38-39. The author, an old companion of Hermes, states that as early as October, 1908 the War Minister was approached on the issue but refused the appeal because he did not want to get involved in political affairs.

Finance Minister for the Presidency.⁷⁵ Julio Bueno Brandão, who was a key member of the 'Viuvinha' political faction, also voiced hostility to the selection of Campista.⁷⁶ The antagonism shown by these regional chieftains, whose authority among the 'mineiro' congressional bloc was substantial, finished Campista's chances.

Wenceslau Brás' attitude revealed an unwillingness to risk the permanent division of the 'mineiro' delegation to Congress. Throughout this period, Pena was in contact with the Governor of Minas Gerais to have him do more to advance Campista's nomination. Despite professing his own support and positive actions throughout the campaign, Brás showed little enthusiasm.⁷⁷ Pena's growing disappointment in the 'mineiro' governor stemmed from his awareness that the crucial political backing promised by Brás lacked validity. Brás' own political ambitions undoubtedly played a significant part in determining his loyalties. The decision by Brás to run for the Vice Presidency on the Hermes da Fonseca ticket shortly after Pena's death was the cause of a bitter political campaign in Minas Gerais. During the presidential

⁷⁵Crispim Bias Fortes to Afonso Pena, April 14, 1909, Lata 14, A.P.A.P., Jr. In the "Notas Confidenciais" there are copies of the Fortes-Pena interchange on this issue. They date from April 5 to April 22, 1909.

⁷⁶Feliciano Pena to Afonso Pena, Doc. 1.2.914, April 18, 1909, Caixa 14H, A.P.A.P.

⁷⁷The correspondence on this issue between Afonso Pena and Wenceslau Brás may be found in Lata 14, A.P.A.P., Jr. The documents date from January 16 to May 14, 1909.

election of 1910 those opposed to Brás openly wrote and spoke of his treacherous conduct throughout the Campista candidacy.⁷⁸

By May of 1909, the proponents of Hermes da Fonseca's candidacy received an unexpected boost for their campaign when Carlos Peixoto attacked the idea of a military leader for President. The incident apparently provoked the hesitating War Minister to resign his post.⁷⁹ Hermes offered his resignation and stated his opposition to Campista, but he still denied that he was interested in running for President. Hermes criticized the idea that a military figure should be barred from the Presidency. However, Hermes retracted his letter of resignation after a meeting with the President. Afonso Pena had assured him that he would not rule out a military figure from holding the nation's highest office.⁸⁰ In spite of Hermes' apparent indecision, he was soon pushed into a

⁷⁸Feliciano Pena to Afonso Pena, Doc. 1.2.916, May 5, 1909, Caixa 14H, A.P.A.P. See also, Henrique Diniz to Afonso Pena, Telegram, April 15, 1909, A.P.A.P., Jr. Diniz claimed that Brás was frankly hostile to a Campista nomination in an interview given in Barbacena. For the 1910 campaign, see press clippings collected by Afonso Pena, Jr. in Lata 15, A.P.A.P., Jr. and Estevem de Oliveira, Notas e Epistolas.

⁷⁹Hermes da Fonseca to Afonso Pena, Doc. 1.2.446, May 15, 1909, Caixa 14E. A.P.A.P.

⁸⁰Edmundo Viega, Secretary to President Afonso Pena, to Afonso Pena, Jr., Doc. 1.3.67, Caixa 14K, A.P.A.P. The son-in-law of the President attended the meeting during which Hermes changed his mind about quitting. See also, Hermes da Fonseca Filho, Marechal Hermes, Dados Para Uma Biografia (Rio de Janeiro, 1961), pp. 102-04. Fonseca Filho defends the actions of his father at the meeting and denies that the War Minister was discourteous to the President.

final break with Pena. Pinheiro Machado brought matters to a head by calling a meeting of a number of key regional leaders to determine which presidential candidate to sponsor. A split arose when São Paulo, Bahia, and Rio de Janeiro endorsed Ruy Barbosa. Other politicians supporting the 'bloco' leader opted to campaign for Hermes.

Campista withdrew from the race and cited the division of the 'mineiro' congressional bloc as the principal reason.⁸¹ Shortly thereafter, he submitted his resignation as Finance Minister. Carlos Peixoto also quit as President of the Chamber at this time. The 'Jardim da Infância' ceased to exist and with its extinction, Afonso Pena's disillusionment grew.

⁸¹David Campista to Wenceslau Brás, May 18, 1909, Lata 14, A.P.A.P., Jr.

CHAPTER VI

AFONSO PENA: THE PRESIDENT'S PROGRAM FOR
BRAZILIAN ECONOMIC DEVELOPMENT

Afonso Pena was the first President of the Republic whose proposed program exhibited plans for the entire nation. The 'mineiro' President intended to promote economic development throughout Brazil during his term in office. His announced program called for increased industrialization, modernization of the armed forces, monetary stability, renewed immigration, improvements in the transportation and communication sectors, and tariffs reflecting the needs of all interests. Pena relied on the 'Jardim da Infância,' a group of gifted young lieutenants known for their intellectualism and dynamism to carry out his economic plans. Furthermore, Pena worked closely with leaders of the armed forces to accomplish his goal of military modernization. Hermes da Fonseca and Alexander de Alencar, in their respective ministries of the Army and Navy, supported the President's efforts to revitalize the armed services. The Pena administration's economic accomplishments were numerous.

I. The Trip to the North and the
First Presidential Message

Afonso Pena set the direction for his term in office during his historic trip to the Northeast and Amazon regions.

The journey, made primarily by ship, lasted from May through August in 1906. During the voyage the President-designate hoped to obtain an understanding of the developmental requirements of the Northeast and the economic potential of the Amazon region.¹ The trip, the first by a President of the Republic to these northern areas, had been organized by the 'maranhansae,' Aarão Reis. It included stops in various state capitals and ports of the Northeast and calls along the Amazon River system. Pena's willingness to visit areas that were out of the mainstream of Brazilian economic development demonstrated his genuine concern for all parts of the nation.

By the close of the nineteenth century, the Amazon region was a source of new wealth for Brazil. The great expectations of the Amazon Valley finally bore fruit with the rise of rubber cultivation and production. The economic potential of the whole region, particularly the cities of Belém and Manaus, seemed unlimited. Pena's visit to the Amazon region, then in the midst of the profitable boom, symbolized the importance of the rubber economy. The Acre territory had been gained through diplomacy in 1903 by Baron Rio Branco. This federal territory appeared to have vast rubber resources and potential plantations. Pena's intention was to promote the development of this recently acquired area.

¹Afonso Pena to Dr. Constantino Nery, Gov. of Amazonas, April 18, 1906. The letter concerning Afonso Pena's upcoming trip can be found in No Amazonas: A Viagem do Presidente Afonso Pena (Manaus, 1906), p. 20. The book has no author listed.

The economic decline of the Northeast had continued in the first decades of the Republic. Sugar production, the backbone of this region's economy, was stagnant because of low export prices. The northeastern 'sertão' particularly in Ceará and Paraíba, gave birth to social and religious movements that disturbed the orthodox Catholic Church and the forces of law and order. The peasant revolt of Antônio Maciel, the 'conselheiro,' had been ruthlessly suppressed during the administration of Prudente de Moraes. Nevertheless, the backwardness, poverty, and recurrent droughts in the region continued to create political and social problems for the nation. President-elect Pena hoped to find some solutions for the ills of the Northeast.

During the early part of the voyage Pena committed his administration to improve railroad and port facilities in the Northeast. Pena's stopover in Recife was particularly arduous due to the antiquated docks that required modernization. Large ships were unable to dock at Recife. The President-elect, taking note of the situation, promised the federal government's assistance to help build better facilities.² Other similar pledges were made along the way that would be acted upon later by Miguel Calmon, the minister in charge of transportation and public works. Pena received petitions, memorials, and other requests to improve port facilities in Paraíba do Norte, Sergipe,

²Álvaro da Silveira, Viagem pelo Brasil: Notas e impressões colhida na viagem do Dr. Afonso Pena, 12 maio a 24 agosto 1906 (Belo Horizonte, 1906), pp. 81, 103. Álvaro Silveira was part of the official committee during the trip. He was a 'mineiro' who served as Director of the State Printing Office from 1904 to 1907.

and Maranhão. Various commercial associations and societies proposed the development of industry, construction of railroad lines, and asked for tariff modifications throughout the President-elect's voyage.³

Along the way, the President-elect met with the leading state and local politicians. Politics could not be avoided during the stopovers. Pena's efforts in late 1906 to forge a coalition that could successfully oppose Pinheiro Machado's 'bloco' had been furthered by contact with dissident political groupings in states such as Maranhão.⁴ However, the principal objective of the journey remained unaltered. Pena's goal was to obtain a first-hand experience and understanding of the economic necessities of the areas he chose to visit.⁵

Afonso Pena took special care to learn what he could about the Amazonas region and the Acre federal territory. In Manaus, the commercial association of the Amazonas region presented Pena with a memorial calling for help in creating a new steamship line and a better system of communications that

³See, Docs. 1.2.1364-67, May 6-29, 1906, Caixa 14J. A.P.A.P.

⁴A 'Pacotilha,' Carta Aberta ao Dr. Afonso Pena: Um Trecho da História Política do Maranhão (1890-1906). This pamphlet was written by politicians opposed to Pres. Bendecito Leite who was the major political force in the state and a friend of Rosa e Silva, a federal senator and political boss from Pernambuco.

⁵See, Afonso Pena to Maria Pena, Docs. 1.1.587-610, May 15-July 26, 1906, Caixa 14A, A.P.A.P. Pena's almost daily letters to his wife included his impressions, visions, some political gossip, and family news. In the correspondence, the President-elect stressed the importance of assisting these regions if Brazil was to develop its economic potential.

included telegraph lines. The document contained a protest against the higher tax rate for rubber charged by fiscal authorities in Amazonas than in Acre. The freight rates of the Lloyd Brasileiro line were another source of criticism.⁶ Once in office, Pena worked to extend federal commitments to foster the development of the region's ports and responded to the complaints of the commercial association regarding unequal taxation and tariffs.

Afonso Pena was deeply influenced by his trip to northern Brazil. This can be clearly seen in the message that Pena prepared for the nation after he officially became President of Brazil on November 15th, 1906. His first presidential address is a document worthy of a complete analysis because it served as the guideline for his administration's economic program.⁷ From 1906 to 1909, Pena worked to achieve the plans outlined in this speech by means of presidential decree, congressional legislation, and the promotion of foreign investment. The message emphasized his ideas for encouraging Brazilian industrial development. The President committed his administration to augment the nation's industrial output. Pena hoped to increase textile production and the processing of mineral resources. In spite of these ambitious industrialization

⁶"Memorial da Associação Commercial do Amazonas, Manaus, apresentado ao Dr. Afonso Pena," in No Amazonas: A Viagem do Presidente Afonso Pena, pp. 77-84.

⁷"Discurso de Posse a Presidencia da República," Doc. 2. 9.1a, Nov. 15, 1906, Caixa 14L. A.P.A.P. The document hereafter discussed and cited is seven pages and served as Pena's guideline for Brazilian development.

plans, he could not realistically ignore the Brazilian agricultural interests. The coffee and rubber producers provided the badly needed foreign exchange and exercised considerable political power. Therefore, his economic blueprint also called for aid to the agricultural sector, particularly the coffee 'fazendeiros' of the more prosperous southern states.

The opening remarks of the speech treated the question of the exchange rate. Pena explained that the falling value of the Brazilian currency adversely affected the producers of the nation's principal agricultural exportations. Despite the increased sale of agricultural products, essentially coffee and rubber, the nation's export earnings had declined because of the reduced value of the Brazilian 'milreis.' After the years of relative monetary stability due to the Campos Sales-Murtinho financial program, foreign speculation once again threatened the nation's currency. Pena's solution to the problem was governmental intervention because he believed that the exchange rate was weakened by outside currency speculation. Therefore, he proposed firm measures to hold the 'milreis' at an acceptable level. Pena looked to the 'Caixa de Conversão' to act as the regulating agency to protect the nation's legal tender. His plans called for putting Brazil on the gold standard, halting the depreciated paper money issues, and stabilizing gold credits and payments for Brazilian coffee. Pena also sought to create an economic climate that would enhance confidence for extensive foreign investment. Pena was in favor of expanding foreign investment in Brazil to intensify his

plans for developing the nation's industrial potential and improving its transportation and communications systems.

The President's proposed tariff policy was moderately protectionist since he was against the idea of artificially aiding national industry.⁸ Pena stated his opposition to the Treasury living off the revenues of the 'Alfandega.' He also wanted to eliminate regional trade barriers. For this reason, Pena wanted to follow the example of Mexico and reduce interstate tariffs. The problem of interstate tariffs was particularly difficult to resolve because of regional economic rivalries. Pena's opposition to this type of tariff crystallized during his term as governor. At that time, he fought against Rio de Janeiro's tax on 'mineiro' coffee exports. Another example of this national dilemma was Rio Grande do Sul's complaint against internal tariffs that financially hurt its jerked beef industry. The 'gaúcho's' shipments of 'charque' by rail to the main Brazilian urban centers suffered in comparison to the jerked beef imported from Argentina and Uruguay. These nations shipped by sea transport and avoided the deleterious Brazilian interstate tariffs.

In his message, Pena spoke of advancing industrialization by means of better production methods, introducing modern equipment, and creating a proficient labor force. President Pena saw no conflict between capital and labor. His ideas on the relationship of employer and employee did not reflect a socialist influence. His proposed labor program seemed

⁸Ibid., p. 3.

progressive but was actually vague concerning the growing and increasingly important urban working class. Afonso Pena approached the Brazilian labor problem as a businessman. He wanted to attract more European immigrants to Brazil in order to raise the productivity level of the agricultural and industrial sectors of the Brazilian economy. By increased immigration, he expected to augment the number of skilled laborers needed to spur the industrial development of the nation. Pena was not particularly concerned with labor unions. However, he accepted labor unions organizing, holding conventions, and publishing their own press during his administration.

The President also committed his administration to reforming the army and navy. The struggle that ensued over the passage of the lottery recruitment system, the 'sorteio militar,' was but one aspect of the military reorganization program. The draft law quickly caused a public clamor after it was introduced in the federal 'Câmara' one month prior to his taking of office. Pena also sought to strengthen the military through equipment updating and the introduction of technological know-how. These goals reflected his thorough knowledge of the requirements for a modern military.⁹ Pena had served as Minister of War during the last decade of the Empire. His selection of Hermes da Fonseca was motivated by his awareness that the success of these military reforms required capable and popular leadership. The President's plans for the poorly equipped navy

⁹Ibid., pp. 3-5.

primarily involved the purchase of a number of newly constructed vessels. Pena and his Navy Minister had been on opposing sides during the Naval Revolt of the 1890s, but here, too, he realized that Alencar commanded the respect of the elitist-oriented navy. Both appointments indicate that the President placed national interest above personal preference.¹⁰

II. The 'Caixa de Conversão'

Of all the issues that Pena confronted, it was the exchange rate, the financial rock on which foreign trade rested, that he had to attend. The Bank of Exchange was the institution that the President created to resolve the nation's exchange rate plight. Afonso Pena envisioned the 'Caixa de Conversão' as the fiscal agency to guarantee Brazil's monetary stability. Therefore foremost among his priorities was his aim to establish this regulatory institution in order to eliminate speculation on Brazilian currency. Contrary to previously published accounts, the 'caixa' was Pena's brainchild. Minister of Finance David Campista primarily carried out the President's plans for the Exchange Bank. Pena looked to the Argentine 'caixa' experience for the basic information to formulate his ideas on how to firm up the exchange rate. His archive documents the President's long interest in the 'caixa' idea.¹¹

¹⁰Hermes da Fonseca Filho, Marechal Hermes: Dados para uma biografia (Rio de Janeiro, 1961), p. 70. The author claims Luis Mendes da Moraes was Pena's real choice for the position and that Hermes da Fonseca was selected due to his prestige and acceptance in military circles.

¹¹Afonso Pena to Joaquim Francisco de Assis Brasil, Minister to Argentina, Doc. 1.1.531, Jan. 3, 1906, Caixa 14A,

There was vehement opposition to the adoption of a program similar to the Argentine financial plan from the former and outgoing Ministers of Finance. José Leopoldo Bulhões Jardim wrote Pena that the Argentine scheme was not applicable to Brazil and should be abandoned along with the 'Convênio de Taubaté.' Joaquim Murtinho also stated that he considered Pena's financial proposals to be an alteration of the policies followed by the previous administrations. Murtinho eventually broke with Pinheiro Machado over the issue. Pinheiro Machado had agreed to support the 'caixa' legislation.¹² Moreover, as we have seen, former President Rodrigues Alves wrote Pena citing the concern in European financial circles about the effects of the project.¹³ Although it was never proposed or intended,

A.P.A.P. Also, Joaquim Francisco de Assis Brasil to Afonso Pena, Doc. 1.2.2.8, Apr. 14, 1906, Caixa 14C, A.P.A.P. See also, Lata 20, A.P.A.P., Jr. Pena apparently cut out articles of special interest and saved them. These 'recortes' include articles relating to the Argentine financial situation dating from the late 1890s. For an example of an account that credits Campista for the 'caixa' plan, see Antônio Gontijo de Carvalho, 'Uma Conspiração contra a intelligensia: Vida e Obra de David Campista.'

¹²Bulhões Jardim to Afonso Pena, Doc. 1.2.557, March 6, 1906, A.P.A.P. and Bulhões Jardim to Afonso Pena, Doc. 1.2.554, 555, Feb. 27 and March 1, 1906, Caixa 14E, A.P.A.P. See also, Joaquim Murtinho to Ruy Barbosa, June 27, 1909, Pasta Joaquim Murtinho, A.H.C.R.B. See also, David Campista to Afonso Pena, Doc. 1.2.247, May 5, 1906, Caixa 14D, A.P.A.P., for evidence that Pinheiro Machado tried at first to cooperate with Afonso Pena. Campista revealed that Pinheiro Machado would support the President's plans for the 'convênio' and 'caixa.' Political events, however, soon led to a bitter struggle between Pinheiro and Carlos Peixoto that caused the 'caudillo's' temporary demise.

¹³Rodrigues Alves to Afonso Pena, Doc. 1.2.26, Sept. 9, 1906, Caixa 14B, A.P.A.P. See also, Francisco Regis de Oliveira to Afonso Pena, Doc. 1.2.738, Nov. 10, 1906, Caixa 14F, A.P.A.P., and Afonso Pena to Francisco Regis de Oliveira, Doc. 1.2.738B, Dec. 7, 1906, Caixa 14B, A.P.A.P.

there was apprehension in Europe that the 'caixa' would mainly function as a bank of emission based on gold deposited and would function solely in accordance with the valorization plan for coffee. This misunderstanding of the Exchange Bank's purpose created a cloud of suspicion. Pena was fully aware of the Rothschild point of view that any program that led to the government's control of the exchange rate would be a disaster.¹⁴ Fortunately, Joaquim Nabuco was able to clarify the Pena administration's position. Nabuco assured the Rothschild banking house that the 'caixa' was not solely tied to the Taubat  agreement. Despite this and other opposition within Brazil from the influential Jornal do Com rcio and politicians aligned against the Exchange Bank, Pena pushed ahead and drafted the necessary legislation to enact his plan.

David Campista was put in charge of obtaining congressional approval for the legislation to make the 'caixa' a reality. As explained above, the Exchange Bank bill was at first postponed because of congressional opposition in mid-1906. However, once Pena officially became President, he was able to forge a majority in favor of the Exchange Bank. The brilliant Minister of Finance successfully led the fight for the necessary yet controversial legislation in the Brazilian Congress. In the heated congressional debates, Campista defended Pena's plan which he claimed would end the oscillations of the Brazilian currency, reduce the amount of devalued paper money in

¹⁴Manuel Buarque de Macedo to Afonso Pena, Doc. 1.2. 618/618A, Sept. 22, 1906, Caixa 14F, A.P.A.P. See Pena's remarks about the need to calm the Rothschilds, who were since 1855 the appointed fiscal agent for the Brazilian government's loans.

circulation, and restore investor confidence in Brazil.¹⁵ The 'caixa' was criticized for a variety of reasons by the federal deputies. Alcindo Guanabara expressed concern that the 'caixa' was not really capable of controlling the value of the money in circulation.¹⁶ Paulo Ramos, an outspoken opponent of the Exchange Bank, attacked the idea that the Argentine system was adaptable in Brazil.¹⁷ Even Serzedello Correa, who supported the legislation, worried that industry would not receive enough protection and that agriculture would only be aided artificially.¹⁸ The most vehement debates once again involved Campista and Barbosa Lima. Barbosa Lima ridiculed the wisdom of creating another type of paper money in the form of gold notes.¹⁹

Despite this formidable resistance to the 'caixa,' the measure was finally adopted by the Brazilian Congress in December, 1906. Significantly, throughout the debates Pinheiro Machado backed the passage of the federal legislation which made the 'caixa' a reality. Pena also looked for support outside of Congress for the new financial institution prior to

¹⁵David Campista, speech Aug. 20, 1906, in Documentos Parlamentares: Caixa de Conversão (1906) (Paris, 1914), Vol. I, pp. 100-01. See also, David Campista to Afonso Pena, Docs. 1. 2.249-54, Sept. 25, 1906 to Oct. 23, 1906, Caixa 14D, A.P.A.P. The communications from Campista discuss the lining up of support for the proposed project. They are evidence of Pena's guiding leadership behind the scenes.

¹⁶Alcindo Guanabara, speech Aug. 28, 1906, *ibid.*, pp. 184, 211.

¹⁷Paulo Ramos, speech Aug. 15, 1906, *ibid.*, pp. 82, 99.

¹⁸Serzedello Correa, speech Aug. 15, 1906, *ibid.*, pp. 72-79.

¹⁹Barbosa Lima, speech Aug. 25, 1906, *ibid.*, pp. 155, 156, 183.

the legislation's adoption. Afonso Pena had offered the post of director of the 'caixa' to Campos Sales in an attempt to involve the ex-President in his financial program and influence legislative opinion. Although Sales rejected Pena's offer, he approved of the 'caixa' and helped line up support for the plan.²⁰

On December 6th, 1906, Afonso Pena officially signed the 'caixa' into law. Within a short time, the Exchange Bank was in operation. The Bank's role in stabilizing the rate of exchange in the following years is documented. The value of the exchange was fixed at about 15 pence per 'milreis.' The notes issued by the 'caixa' were backed by gold deposits stored by the new agency. The limit of emissions was fixed at 320,000 'contos' which corresponded to a maximum deposit of 20 million pounds sterling. Other articles listed the currencies that could constitute the backing for the emission fund, sanctioned the establishment of an agency of the 'caixa' in London, and provided for credits to make the law's execution an immediate reality.²¹

Historians have, for the most, discussed the 'Caixa de Conversão' in relation to the Taubaté agreement.²² Primarily

²⁰David Campista to Afonso Pena, Doc. 1.2.247, May 5, 1906, Caixa 14D, A.P.A.P. Campista reported on a meeting with Pinheiro Machado during which the leader of the 'bloco' agreed to back the 'convênio' and 'caixa.' See also, Pinheiro Machado to Afonso Pena, Doc. 1.2.652, Oct. 18, 1906, Caixa 14F, A.P.A.P. for Pinheiro's viewpoint of the legislative debates. For Pena's successful attempt to enlist the aid of Campos Sales, see Afonso Pena to Campos Sales, Doc. 1.1.705, Nov. 30, 1906, Caixa 14A, A.P.A.P.

²¹J. P. Calógeras, La Politique Monétaire du Brésil, pp. 458-65.

²²For an example of this point of view, see José Maria Bello, A History of Modern Brazil, 1889-1964, p. 201.

for this reason, the state of São Paulo is considered to be the beneficiary of the agency's initial success. The creation of the Exchange Bank is thought of as an example of 'paulista' supremacy during this period by historians who believe the 'caixa' principally aided the São Paulo coffee producers.²³

While it is true that Afonso Pena could not ignore the plight of Brazil's leading foreign exchange earner, he above all sought to ameliorate the nation's financial situation and thereby create a climate that would encourage the inversion of investment capital to stimulate Brazilian economic development.²⁴ The 'caixa,' the cornerstone of the government's overall economic program, should be remembered for the notable investment it brought to Brazil for vital projects during the Pena administration.

The real significance of 'caixa' can be seen in the stabilization of the 'milreis' which encouraged foreign investment. The positive results of the government's exchange policy enabled João Ribeiro, the President of the Bank of Brazil, to issue favorable reports concerning the exchange rate throughout 1907-1908. Ribeiro also cited the large entry of foreign capital to finance transportation and communication development and the modernization of Rio de Janeiro. He wrote Pena that the

²³Rodrigo Soares Júnior, Jorge Tibiriça e sua época, Vol. I, pp.

²⁴Afonso Pena to David Campista, Doc. 1.1.491, March 3, 1909, Caixa 14, A.P.A.P. This letter, written several months before he died, contains Pena's evaluation of what he considered to be the 'caixa's' primary function.

steady influx of foreign capital for numerous developmental projects was an indication that European investors considered Brazil's economic prospects to be excellent.²⁵ A balanced picture of the 'caixa's' initial results should definitely include a broader analysis of the agency's stimulation of foreign investment during the years 1906 to 1907 and afterwards.

The period of prosperity that marked the opening years of the Pena presidency contributed to help the conversion fund to function better than its proponents had anticipated.²⁶ Pena and Campista were extremely pleased with the 'caixa' because the agency's success enabled the administration to pursue other aspects of its economic program. After 1909, certain necessary modifications of the conversion system were made. These adjustments reflected the ever-changing world economic situation. In Brazil, inflationary pressures increased in the years 1908-1910.²⁷ The Treasury's unconvertible money also attracted a better rate of exchange than the conversion fund's legal-reserve bills. The approach of World War I, which interrupted international trade, decreased the volume

²⁵João Ribeiro to Afonso Pena, Docs. 1.2.1233-39, 40, 44, Apr. 4, 1907 to March 8, 1908, Caixa 14J, A.P.A.P.; João Ribeiro to Afonso Pena, Doc. 1.2.1268, Apr. 17, 1909, Caixa 14J, A.P.A.P.

²⁶J. P. Calógeras, La Politique Monétaire du Brésil, pp. 466-75. See also, Harry Bernstein, Modern and Contemporary Latin America, p. 303. Bernstein states that the conversion system brought Brazil more closely into the international channels of world trade and firmly attached the nation to the gold standard.

²⁷Nícia Vilela Luz, A Luta pela Industrialização do Brasil (São Paulo, 1975), p. 138.

of Brazil's exports and cut off European investment. This led to the conversion fund's inability to function as its proponents had originally envisioned.

III. The Tariff Question of 1906 and Industrial Development

Throughout the early Republic, Afonso Pena wanted increased protectionism to encourage national industrial development. As noted earlier, Pena sided with those in favor of higher tariffs. As President of the Bank of Brazil in 1896, Pena backed the efforts to revise the Brazilian tariff system. His firm support of more protection for Brazilian industry was well known because he had fought for the progressively steeper tariffs passed in 1900 and 1905. Pena likened the protective tariff question in Brazil to the situation existing in the United States in the early nineteenth century. His writings reveal that he compared the existing stage of Brazilian development with what transpired earlier in other more advanced nations.²⁸ This well-versed understanding of the world economic order can be seen in a letter to his Finance Minister, David Campista. Pena's idea was not only to seek a tariff system that would offer proper protection for Brazilian industries, but also to avoid artificially fostered economic development.²⁹

²⁸Afonso Pena, Anotações Históricas e Jurídicas, Doc. 8.33, s/d, Caixa 14R, A.P.A.P.

²⁹Afonso Pena to David Campista, Doc. 1.1.335, June 18, 1907, Caixa 14, A.P.A.P.

In the first decades of the Republic, the agricultural sector voiced the strongest criticism of tariffs that were more protectionist oriented. The emerging urban elements soon joined this opposition to further tariff revisions. Although most Brazilian industry was of an artisan nature, increased protectionism was associated with the constant elevation of the cost of living. Higher prices created discontent in the expanding urban centers. By the early 1900s, the hostility of the middle-class urban groups intensified because city dwellers attributed new price rises to the protective tariff of 1900. After 1904, attempts to upwardly revise the tariff increasingly met with vehement resistance. Influential newspapers such as the Jornal do Comércio and O País, printed scathing attacks against additional protectionist measures. These liberal oriented papers considered the tariff of 1900 to be the major cause for inflated prices. In Rio de Janeiro, the commercial capitalism interests, the importing and exporting agents, brokers and commercial houses were also in the forefront of the opposition to any change that would adversely affect their business.³⁰

The protectionist movement of the Pena presidency had its origins in the famous 'Congresso Agrícola, Industrial e Commercial' held in Belo Horizonte in 1903. At this Congress, led by João Pinheiro, the delegates called for still higher tariffs to permit national industries to compete against international competition. The Congress's proposed elevation of the

³⁰Nícia Vilela Luz, A Luta Pela Industrialização do Brasil, pp. 138-41. Chapter IV is an excellent analysis of the trends of protectionism during the Republic.

existing federal tariff received backing from 'paulista' industrialists and shopowners who supported the demand for more protectionism. Throughout the administration of Rodrigues Alves, the debate over a more comprehensive protective tariff intermittently flared up in the 'Câmara.' João Luis Alves, a 'mineiro' federal deputy and member of the 'Jardim da Infância,' led the drive in the 'Câmara dos Deputados' to obtain greater protection for national manufacturing interests. Despite the gains made by the pro-protectionist forces in 1905, the controversy over the tariff revisions carried over into the administration of Afonso Pena.

Afonso Pena had raised the hopes for additional tariff reforms in his first presidential message. At the time, Serzedello Correa's response to Pena's speech was extremely favorable. In a memorial sent to Pena, the President of the 'Centro Industrial do Brasil' exhibited enthusiasm for what he interpreted as the President's call for changes in the tariff law. Correa, a leading proponent of national industrialization, cited the positive fiscal effects of increased tariffs collected in the 'Alfandega' and passed on to the Treasury. Furthermore, he argued that the precarious financial stability of certain industries created after the issuance of Decree 497A of 1890 was primarily due to the lack of needed protective tariffs. Correa offered Brazilian ceramic production as an example of an industry that could thrive if the federal government sheltered its growth. His conclusion was that national production, particularly that of light industries, would benefit if the capital

for industrial development was more readily available and tariffs were raised.³¹

Although President Pena sympathized with this and other recommendations for federal aid in the form of steeper tariffs to promote the growth of manufacturing, he set definite limits concerning proposals for protection because of his desire to encourage foreign investment and his own business experiences. During his administration, Pena was forced to moderate his stand on this controversial issue. An example of Pena's revised protectionist philosophy can be seen in his reply to Aarão Reis' request for a more favorable tariff to protect the national match industry based in Rio de Janeiro. Reis, at the time head of the 'Central do Brasil,' had a financial interest in the Cia. Serra do Mar, a 'match factory in Rio.' He claimed that European competition was much too strong. Therefore, he argued that national industry needed further help in the form of an upwardly revised federal tariff.³² Pena responded that he was against any tariff modification that would result in higher prices. The President realized that the real issue was the inefficiency of the Brazilian match production.³³

³¹Serzedello Correa to Afonso Pena, Memorial by the President of the 'Centro Industrial do Brasil,' Doc. 1.2.1382, s/d, Caixa 14J, A.P.A.P. The document is eight pages and is a call for federal action to aid the industrial development of Brazil.

³²Aarão Reis to Afonso Pena, Doc. 1.2.1043, Dec. 3, 1908, Caixa 14I, A.P.A.P.

³³Afonso Pena to Aarão Reis, Doc. 1.1.489, Feb. 7, 1909, Caixa 14, A.P.A.P.

Pena judged each demand for tariff modification by the proposal's merits. Mining was one industry where Pena backed federal action in an effort to promote technological progress and national economic development. His ideas about the needs of the mining industry derived from his first-hand knowledge of the problems facing the mining sector. He wanted to expand the national processing of mineral production. As President, he supported the call for the importation of electro-metallurgical equipment.³⁴ Pena also offered encouragement to João Pandia Calógeras when the young 'mineiro' visited Europe to study advanced technological methods of extracting iron ore and converting the mineral into finished iron products and steel in Brazil.³⁵

In 1907, the protectionist debates reached a climax when Pena reacted unfavorably to the proposed changes in the tariff. Pena was responding to João Luis Alves' project that was discussed by the Congress during the years 1904-1907. The President was unwilling to support the continued upward revision of the existing import duties on certain products, particularly foodstuffs. He believed that the modifications

³⁴ Joaquim Candido do Costa Sena, Director da Escola de Minas de Ouro Preto, to Afonso Pena, Doc. 1.2.1133, July 25, 1907, Caixa 14I, A.P.A.P. Pena's annotations call for a quick solution to enable the mining industry to make use of the improved technology that was available.

³⁵ João P. Calógeras to Afonso Pena, Docs. 1.2.231, 232, Sept. 1, 1906 and April 4, 1907, Caixa 14D, A.P.A.P. See, Afonso Pena's annotations on these letters. Pena was an early advocate of the need to develop the mining and processing of iron ore in Brazil.

desired by the proponents of a still higher tariff would cause prices to rise and would artificially encourage industrial growth.³⁶ The President was seeking a more moderate policy that would realistically encourage national industrial growth.

Although Pena sympathized with the demands of the Brazilian industrialists, he was also aware of the negative reaction in European and American financial circles to the tariff revisions passed in 1905. Pena cited the tariff victory which he supported in 1905 that raised the gold tax on imports by 50% on certain foodstuffs and materials similar to national products. Other items were protected by an increase of 35%. He stated that any new tariff revision would lead to an unfavorable reaction and subsequent loss of investment capital.³⁷ Apparently Pena did not want to disrupt the positive investment climate and thereby jeopardize the entry of needed capital into Brazil. Pena linked the tariff question to his efforts to spur Brazilian economic development through a steady inversion of foreign capital. His failure to satisfy the ardent nationalists on the tariff issue was a result of his greater concern for encouraging foreign investment.

³⁶Afonso Pena, Documentos Parlamentares: Mensagens Presidencias, 1907, p. 607.

³⁷Feliciano Pena to Afonso Pena, Doc. 1.2.901, s/d, Caixa 14H, A.P.A.P.; see the President's comments written on the letter.

IV. The Improvement of Brazilian Transportation and Communication Facilities

The Pena administration pursued the work started by the Rodrigues Alves government in order to continue the modernization of the Brazilian transportation and communication networks. To a large extent, Pena relied on international investment and imported technological skills to accomplish these goals. Foreign companies often were given construction projects during these years. However, the national government played a commanding role in the drawing up of the investment agreements. Pena stressed the federal role in the fulfillment of the contractual obligations by the companies. His principal assistant in these matters was Miguel Calmon, the Minister of Transportation and Public Works. Calmon diligently worked to further the expansion of the Brazilian transportation and communication systems.

Afonso Pena issued a presidential decree in early 1907 to help achieve these goals. The principal features of decree #6.368 of February 14, 1907 were designed to enable the federal government to oversee and regulate the administration of contracts dealing with port improvements. The federal government was authorized to control credit operations and create a special 'caixa' for ports to fiscalize these operations. All funds from port property rentals and a special two percent tax in gold above the value of imports were to be deposited in the 'caixa.' This agency was permitted to issue 'titulos' in gold. The National Treasury was also responsible for the

overall fiscalization of the port works. Special records were to be kept for the monies needed in these projects.³⁸ The power for decree #6.368 derived from law #1.746 of October 13, 1869, which authorized the government to negotiate contracts for port construction.

Many of the decrees pertaining to port studies and improvements involved contracts with foreign companies.³⁹ Agreements for port works in the states of Amazonas, Para, and Rio Grande do Sul were primarily made with foreign firms. One contract involved Percival Farquhar who was authorized to improve the port facilities of Belem, Para, by decree #5.978. Some Brazilian engineering firms were also commissioned to prepare studies and participate in harbor modernization plans. Law #1.616 of December 30th, 1906 provided for the funds for these works. Pena's commitment to the Northeast's development was reflected in the number of ports in the region selected for modifications. The two ports receiving the largest allocations for 1907 were Rio de Janeiro and Recife. Rio Grande do Sul obtained several budgetary allotments for different works. Law #1837 of December 31, 1907 and Law #2035 of December 22, 1908 provided for the budgetary outlays for those years⁴⁰

³⁸Dr. José Barbosa Gonçalves, Portos do Brasil: Leis, decretos, e actos officiaes (1901-1911), Suplemento ao Relatório do Ministério da Viacão e Obras Públicas (Rio de Janeiro, 1912), p. 22.

³⁹Alfredo Lisboa, Portos do Brasil: Ministério da Viacão e Obras Públicas, Inspectoria Federal de Portos, Rios e Canaes (Rio de Janeiro, 1906), pp. 103-05.

⁴⁰Barbosa Gonçalves, Portos do Brasil: Leis, decretos, e actos officiaes (1901-1911), pp. 21, 31-32.

A total of fourteen states were involved in decrees to better port facilities. Some decrees pertaining to river port improvements in Amazonas and Matto Grosso were part of the overall program. One of the first projects that was decreed authorized construction to begin in the harbor of Salvador, Bahia. In order to begin work, the company was required to deposit a gold guaranty in London.⁴¹ Recife benefited from a study that had been commissioned in December, 1906. The report led to decree 7.003 of July 2nd, 1908, which called for extensive improvements in the port city. A Brazilian firm was originally given the contract, but in January, 1909 the construction was turned over to a French company after the national company failed to fulfill its obligations.⁴²

Pena's economic program also called for special attention to be given to railroad development throughout Brazil. The President's plans for industrialization necessitated a more efficient distribution of Brazilian products. Railroad construction received a high priority during the Pena years. The commitment to railroad expansion involved an enlarged role for the federal government.⁴³ The railroad development plans

⁴¹Miguel Calmon to José Marcelino, Jan. 31, 1907, Pasta Miguel Calmon, A.H.C.R.B.

⁴²Barbosa Gonçalves, Portos do Brasil, pp. 206, 211-27.

⁴³Álvaro Pena, Lembretes sobre questões económicas, Doc. 8.5.8, s/d, Caixa 14R, A.P.A.P. The President's son played a significant role in his administration as an unofficial member of his 'kitchen' cabinet. Álvaro took part in negotiations, often as his father's personal representative. He was particularly involved in the railroad expansion plans in Minas Gerais and had numerous contacts with João Pinheiro throughout 1907-1908.

of Minas Gerais received special attention. João Pinheiro, President of Minas Gerais, was in frequent contact with the federal administration concerning questions relating to plans for railroad construction, consolidation of existing lines, and the need for investment capital. Pena often advised João Pinheiro on how to resolve certain pressing railroad problems.⁴⁴

Minas Gerais naturally benefited from this excellent working relationship between Pena and João Pinheiro. In his presidential message of 1908, João Pinheiro spoke of the progress made in expanding and consolidating the existing railways and creating new lines. Significantly, he attributed the success of these endeavors to cooperation with the federal government.⁴⁵

Throughout his administration Afonso Pena called for the growth of inter-regional trade.⁴⁶ Pena believed that the deleterious tariffs and freight rates within Brazil were the major reasons for the price increases of foodstuffs and other necessities of life. Therefore he worked to remove these barriers which were ruinous to national trade. The President, as

⁴⁴See, for example, João Pinheiro to Afonso Pena, Docs. 1.2.1161-85, April 17-Dec. 27, 1907, Caixa 14I, A.P.A.P. The letters pertain to all aspects of railroad questions in Minas Gerais. Also, Afonso Pena to João Pinheiro, Docs. 1.1.331, 341-44, June 6, Aug. 10, 1906, Caixa 14, A.P.A.P. These letters concern Pena's ideas for railroad expansion in Minas Gerais.

⁴⁵João Pinheiro, Mensagem dirigida pelo Presidente do Estado de Minas Gerais ao Congresso Mineiro, 1908 (Belo Horizonte, 1908), pp. 16-21.

⁴⁶See, for example, Afonso Pena, speech at inauguration of first completed stage of the Sococabana railroad, Doc. 5.2. 74, April 3, 1909, Caixa 140, A.P.A.P.

we have seen in the analysis of his first presidential message, wanted to reduce state duties that hampered commerce. The problem of excessive interstate taxes and high railroad rates required resolution. There were many complaints from commercial associations, producers of agricultural products and other interested parties concerning interstate tariffs on goods that often passed through a number of states.⁴⁷ Whenever possible, Pena tried to encourage the elimination or reduction of these debilitating interstate taxes. Unfortunately, the internal tariff problem was too complex for an immediate solution. Regional self-interest often stymied Pena's attempts to promote inter-regional cooperation. He was more successful in his efforts to alleviate the negative effects of high railroad freight rates. The President instructed Aarão Reis, the director of the 'Estrada de Ferro Central,' to work for the lowering of freight rates that would aid industry and agriculture. By 1909,

⁴⁸See, for example, Memorial, Associação Commercial de Pernambuco, Doc. 1.2.1379, Nov. 14, 1907, Caixa 14J, A.P.A.P. The Association claimed interstate taxes were harming the commerce of the region and were unconstitutional. Also, Afonso Pena to Aarão Reis, Doc. 1.1.387, April 8, 1908, Caixa 14, A.P.A.P. Pena alerted Reis to the negative effects of high railroad tariffs combined with interstate taxes on Brazilian commercial operations. Also, Borges de Medeiros to Afonso Pena, Doc. 1.2.684, April 9, 1907, Caixa 14F, A.P.A.P. Medeiros called for an end to interstate taxes on Rio Grande do Sul products which he claimed made foreign imports, specifically charque, cheaper than comparable national produce. See also, Memorials: Centro Industrial do Xarque and Associação Commercial de Pelotas, Docs. 1.2.1372-73, Aug. 17, 1906, Caixa 14J, A.P.A.P. for appeals to protect the charque industry with stiffer protective tariffs. Both interest groups complained of the price competition with foreign competition and the impact of interstate taxes. Also, João Pinheiro to Afonso Pena, Doc. 1.2.1172, Aug. 3, 1907, Caixa 14I, A.P.A.P. Pinheiro cited the disadvantageous railroad tariffs of the 'E. F. Central' on 'mineiro' products.

Pena cited a 15% drop in railroad tariff rates for the 'E.F. Central' and reductions for other systems that he hoped would point the way for similar actions by the state governments.⁴⁸

Afonso Pena recognized the need to expand and unify the Brazilian system of railroads. His thrust for railroad development did significantly increase the total mileage of the nation's various systems, but the lines essentially remained independent entities. However, Pena did encourage the federal takeover of certain lines that were bankrupt or incapable of maintaining services. During these years work on existing railroad lines in São Paulo, Rio de Janeiro, Rio Grande do Sul, and Espírito Santo were being completed. The Central Railroad pushed further toward the São Francisco river. Railroad construction in the Northeast intensified. By building railroads, Pena hoped to end the economic isolation of many parts of the nation. Nevertheless, despite the added railroad mileage, the lack of adequate transportation and communications hampered Brazilian business and industrial activity.⁴⁹

The nation's communications problems also received Pena's personal attention. Important advances were made in advancing the communications in and to Brazil. Pena relied on foreign

⁴⁸Afonso Pena to Aarão Reis, Doc. 1.1.381, March 13, 1908, Caixa 14, A.P.A.P. See also, Documentos Parlamentares: Mensagens Presidenciaes, 1908, p. 669. Also, Afonso Pena to Aarão Reis, Docs. 1.1.382, 387, A.P.A.P. concerning the President's continued intention to reduce onerous tariff rates.

⁴⁹Afonso Pena, Documentos Parlamentares: Mensagens Presidenciaes, 1909, pp. 670-74. The figures for growth in railroad kilometers for 1907-1908 show a marked increase in kilometers. See also, Papeis Oficiais: Estradas de Ferro,

capital to begin these improvements. The Western Telegraph Company was contracted to lay offshore underwater cables. The postal service served by train was expanded to provide more regular service to areas that were previously difficult to contact. National and foreign business interests welcomed these advances in communication development.

V. Renewed Efforts to Promote Immigration to Brazil

Afonso Pena showed a commitment to encourage immigration to Brazil throughout his career as a public official. As President of Brazil, he was in a position to promote the type of immigration policy that would accelerate the nation's economic progress. Pena was particularly interested in the introduction of immigrants of European origin into Brazil. His aim was to bring in immigrants who would become attached to the soil through the ownership of land. Pena believed the financial sacrifices made to attract the European immigrants would pay off if the federal and state governments worked together toward this end.⁵⁰ This renewed effort by the federal government reversed the attitude of benign neglect that marked the immigration policies of the previous two civilian administrations.

Docs. 2.2.1-31, Caixa 14L, A.P.A.P. for a thorough record of many of the railroad projects promoted by his administration. For communication improvements see, Papeis Officiais: Western Telegraph Company, Docs. 2.6.1-18, Caixa 14L, A.P.A.P. Also see, Le Brésil: Courrier de l'Amérique du Sud, Jan. 24, 1909, Doc. 4.4, A.P.A.P.

⁵⁰Afonso Pena, Documentos Parlamentares: Mensagens Presidenciais, 1891-1910, p. 572. The goals are from his speech of Nov. 15, 1906.

The economic recession resulting from the financial crisis of the mid-1890s had caused a decline of immigration into Brazil after 1897. The Campos Sales government did not help the situation when it drastically reduced the budget for the 'Inspeccoria de Terras e Colonizaco.' By 1899, the inflow of immigrants had decreased to a little more than 54,000 a year compared to more than 167,000 in 1895.⁵¹ Most of the immigrants in 1899 went to So Paulo. During the first years of the twentieth century, the entry of immigrants into Brazil continued to average less than 50,000 per year.⁵² The year 1902 was an exception when nearly 85,000 people arrived.

Prior to 1906, the promotion of immigration in the coffee-producing states reflected the 'fazendeiros' need to constantly attract agricultural workers. The immigration policies of the coffee states were primarily designed to foster the introduction of farm laborers for the coffee plantations. The difficulty in keeping the labor force stable and on the 'fazenda' led the coffee growers to constantly seek new immigrants.⁵³ So Paulo had a decided advantage in attracting immigrants due to the state's more attractive wage rates.

Minas Gerais was less fortunate in resolving its agricultural labor shortage. The 'latifundio' factor in Minas

⁵¹ Henrique Doria de Vasconcelos, "Oscilaes do Movimento Imigratrio no Brasil," in Revista de Imigrao e Colonizaco, Ano I, 2, 1940, p. 214.

⁵² Ibid., p. 214. See also, Dicionrio Histrico Geogrfico do Brasil, Vol. I (Wiesbaden, 1972), pp. 295-96.

⁵³ J. Fernando Carneiro, Imigrao e Colonizaco no Brasil (Rio de Janeiro, 1950), pp. 29-30.

Gerais worked against European immigration since many potential settlers were more interested in obtaining their own land. Other immigrants preferred the guaranteed wages of São Paulo to the 'mineiro' sharecropping system.

The cornerstone of the Pena administration's immigration program was the issuance of decree 6.455 of April 19th, 1907.⁵⁴ The decree committed the federal government once again to aid in the introduction of immigrants into the country. One of Pena's goals was to populate the national territory by tying the immigrant to the soil. His plans called for the cooperation of the states, private individuals, and transportation companies to bring these policies to fruition. Homesteaders and their families were encouraged to settle in nuclear colonies that were promoted by the federal and state governments. Private groups and transportation companies, particularly railroads, were also involved in efforts to set up embryo colonies. Pena stressed the establishment of colonies along the railroad lines which would facilitate transportation of agricultural produce.⁵⁵

Pena realized that the previously tested procedure of financing maritime transportation and giving aid to meet

⁵⁴ Norma de Goes Monteiro, Imigração e Colonização em Minas, pp. 120-22. The author gives a thorough analysis of the effects of the decree.

⁵⁵ Documentos Parlamentares: Mensagens Presidenciais, 1908, p. 623. See also, Afonso Pena to João Pinheiro, Doc. 1. 1.300, Feb. 25, 1907, Caixa 14, A.P.A.P. Pena cited the agreement worked out with the Cia. Leopoldinha which would commit the company to contribute more to the colonization program.

initial expenses drew a greater number of immigrants. The offering of lots in officially established and regulated 'nucleos' was a further inducement. The success of these methods in encouraging immigration had been proven in São Paulo and Rio Grande do Sul. In order to create a more favorable climate in Europe, the Pena administration began to make use of a propaganda service abroad. The opening of offices in various European cities was an integral part of this program.

During the Prudente Morais years federal authority was abrogated when the federal administration transferred to the states the responsibility of introducing and settling immigrants within their borders. In 1907, under Pena's leadership, the federal government reclaimed its prerogatives in this sphere and took part in the different aspects of attracting prospective immigrants to Brazil. One of the key articles of decree 6.455 was article 93 which linked the entry of immigrants to the formation of nuclear colonies.⁵⁶ Pena primarily sought to encourage the arrival of families into Brazil, and was against contracts with companies that brought transient types of immigrants.⁵⁷ Pena was interested in promoting land colonization by family units. He believed whole households would be more inclined to come to Brazil and permanently settle there if they were offered their own property.

⁵⁶Norma de Goes Monteiro, p. 124.

⁵⁷Afonso Pena to Vitorino de Paula Ramos, Doc. 1.1. 371, Jan. 29, 1908, Caixa 14, A.P.A.P.

The Pena administration's intensified immigration activity resulted in an increase in the total number of people entering Brazil. The reestablishment of the 'Serviço de Imigração e Colonização' and the creation of the 'Departamento Nacional de Povoamento' were major reasons for the additional inflow. The federal budget allotted 10.203:504 \$275 'milreis' in 1908 and 15.840:546 \$107 'milreis' in 1909 to finance these services.⁵⁸ The number of immigrants arriving in Brazil grew considerably from 1907 to 1913. The average for the years 1907 to 1910 rose to 80,000 immigrants.⁵⁹ From 1911 to 1913, particularly good years, over 160,000 new arrivals came each year, with Portugal, Italy, and Spain supplying the largest contingents of Europeans coming to Brazil in those years.⁶⁰

By 1910, the federal government had aided in the establishment of fifteen nuclear colonies that were primarily populated by families of European extraction. The majority of the colonies were set up in Paraná, Minas Gerais, São Paulo, and Rio de Janeiro.⁶¹ Unfortunately, the advent of the First World War negated the efforts of the Pena administration to

⁵⁸Vasconcelos, "Oscilações do Movimento Imigratório no Brasil," p. 214.

⁵⁹Dicionário Histórico Geográfico e Ethnográfico, pp. 295-96.

⁶⁰Ibid., pp. 295-96.

⁶¹Dicionário Histórico Geográfico e Ethnográfico, pp. 296-99. See also, Anuário Estatístico do Brasil, I (1908-12) (Rio de Janeiro, 1916), pp. 172-81.

bring immigrants into Brazil. The influx rate fell drastically after 1913 due to the outbreak of hostilities in Europe.

VI. The Rubber Crisis

Pena's historic trip to the Amazonas region, discussed above, was designed to familiarize Pena with the developmental requirements of this potentially rich area. During the voyage Pena gave special attention to the Acre territory which had a significant rubber-producing capacity. As President of Brazil, Pena followed through with concrete plans for this federally administered territory. He encouraged Antonio Manuel Bueno de Andrade, the regional head of the federal works commission, with advice and positive responses to particular needs that were more easily obtainable through presidential intervention.⁶² Unfortunately for the future development of the Acre territory and other northern rubber-producing areas, events unfolding on the world rubber market negated much of the Pena administration's attempts to stimulate commercial activity through improved transportation and storage facilities. A diversified economic growth in this part of Brazil remained more of a vision than a reality.

⁶²Antonio Manuel Bueno de Andrade to Afonso Pena, Docs. 1.2.46-56, April 12, 1907 to April 15, 1909, Caixa 146, A.P.A.P. The correspondence continued into 1909. Also, Antonio Manuel Bueno de Andrade, Exposição das necessidades mais urgente da região, Doc. 2.5.6, s/d, Caixa 14L, A.P.A.P. For other memorials, manuscripts, and documents relating to the Acre territory consult Docs. 2.5.1-5, 1907-1909, Caixa 14L, A.P.A.P. See also, Afonso Pena to Antonio Constantino Neri, President of Amazonas, Doc. 1.1.305, March 16, 1907, Caixa 14, A.P.A.P. Pena presented Dr. Bueno de Andrade and cited the need for federal and state cooperation to develop the commerce of the Amazonas region.

Although Brazil was the world's leading producer of rubber in the nineteenth century, the dominant position of the nation began to decline shortly after the turn of the century. The establishment of rubber plantations in Asia would eventually cause total ruin for the Brazilian industry. Brazilian production methods were less organized and scientific. The rubber gatherers, 'seringueiros,' at best, could harvest rubber from a maximum of a couple of hundred trees scattered over a wide area. Their Asian counterparts were able to attend to as many as five hundred trees. Furthermore, the exploited 'seringueiros' were in short supply due to all the dangers that existed in the Amazon region. At first, the Indians of the Amazonian region served as the rubber gatherers. Later, large groups of Northeasterners, particularly from Ceará, were driven by the recurring droughts to the Amazon in hopes of sharing in the wealth of the rubber boom.

By 1905, the percentage of Brazilian rubber in terms of total world production had fallen to approximately 45 percent.⁶³ The Brazilian production rose by over 80 percent in total kilograms between 1891 and 1906, but increased competition from Asian sources resulted in a price decrease that was severely felt by Brazilian rubber merchants.⁶⁴ Prior to

⁶³Paul Le Cointe, Exploitation et Culture des Arbes à Caoutchouc en Amazonie (Paris, 1906), p. 32.

⁶⁴Miguel Calmon du Pin e Almeida, Factos Económicos (Rio de Janeiro, 1913), p. 419. The value of rubber exports in English pounds fell from 18,926,061 to 11,784,637 from 1905 to 1906.

Pena's taking office, the rubber barons tried to influence the Brazilian Congress to pass special legislation to protect their interests. One project presented by Passos de Miranda Filho called for governmental control of the rubber market, creation of depots to store and classify the product, and federal aid in the floating of a loan at low interest rates to control speculation on prices.⁶⁵ This plan was similar in intent to the valorization agreement to sustain the price of coffee. Another project included a proposal by the future Minister of Transportation, Miguel Calmon, for direct federal assistance to obtain loans. However, the Congress, more concerned with coffee and the 'caixa' at this time, failed to take action.

By late 1907, the rubber barons began to complain bitterly that their credit situation was growing desperate. Afonso Pena received petitions for help in securing government-guaranteed loans to prevent increasing bankruptcies. The rubber merchants also wanted federal intervention to prevent the decline of the commodity's value.⁶⁶ José Amando Mendes, the representative of the Para rubber interests, met with Afonso Pena to explain the consequences of the dire economic position that the producers found themselves in. The predicament of the Brazilian rubber producers and their political

⁶⁵Documentos Parlamentares: Política, Económica Defesa da Borracha 1906-1914 (Rio de Janeiro, 1915), pp. 6-7.

⁶⁶Augusto Montenegro, Governor of Para, to Afonso Pena, Telegram, Nov. 9, 1907, in J. A. Mendes, A Crise Amazonica e a Borracha (Porto, Para, 1908), pp. 11-12.

supporters reflected an apparent unwillingness or inability to grasp the ultimate consequences of the ever-increasing Asian cultivation. By 1907, the world market price for rubber fell from 5 \$800 per kilo in 1906 to 3 \$800 per kilo.

President Pena at first responded favorably to the plight of the rubber interests. He instructed João Ribeiro, head of the Bank of Brazil, to study the feasibility of a loan guarantee. João Ribeiro had the President's complete confidence in matters relating to banking affairs. After analyzing the rubber producers' economic situation, Ribeiro refused to recommend a federal loan guarantee. Although he sympathized with their plight, Ribeiro believed that federal law and the Bank's statutes did not permit the institution to cooperate with producers in their attempts to obtain loans. He advised Pena that the Bank could not authorize the granting of loan guarantees.

Pena then wrote the Governor of Para, Augusto Montenegro, explaining the legal constraints involved. It should be noted that Pena's response to Augusto Montenegro in 1907 was similar to the answer given to Jorge Tibiriça, Governor of São Paulo, who also wanted federal guarantees for the state's loan arrangements to bolster the coffee agreement. However, Pena did agree to reexamine the rubber producer's problems and help create a more stabilized price situation.⁶⁷ In 1908, after evaluating the price trends of the rubber

⁶⁷ Afonso Pena to Augusto Montenegro, Doc. 1.1.359, Nov. 1907, Caixa 14, A.P.A.P.

market, Pena concurred with Montenegro's earlier report that the abnormal price situation required governmental action. João Ribeiro, after following the market situation very closely throughout 1907, had advised the President that the price fluctuations in Para were due, in large measure, to manipulation by foreign trusts. He cited the actions of the American Rubber Trust as the cause for the recent price rise. Ribeiro referred to the abnormal market situation caused by price manipulation.⁶⁸ Ribeiro's conclusion gave credence to Dr. Montenegro's claim that despite lower Brazilian production levels the stocks in New York and Liverpool were the same as the previous year. Montenegro thought the producers were being ruined by the exporters.

In the first decade of the 1900s, the early indications that the Brazilian dominance of the rubber market was deteriorating brought forth protests from the affected producers and the political interests of the Amazon region. However, unlike coffee, which remained essentially a Brazilian monopoly, the nation's rubber production continued to fall in terms of the percentage of total world output. Rubber exportation, which was Brazil's second largest foreign exchange earner next to coffee in the first decades of the Republic, was destined to decline and finally collapse. The bankruptcies and demise of the rubber-producing industry meant that

⁶⁸João Ribeiro to Afonso Pena, Doc. 1.2.1237, Nov. 20, 1907, Caixa 14J, A.P.A.P. See also, João Ribeiro to Edmundo Veiga, Doc. 1.3.61, Caixa 14K, A.P.A.P. Edmundo Veiga, the President's son-in-law, served as his secretary during his term in office.

the Amazon region would have to wait until the 1960s for renewed attempts to develop and link this area to the rest of Brazil. Pena's plans for the Amazon region remained, for the most part, on paper. He could do little to control an economic situation beyond the scope of his authority. Pena's one minor success in the northern region involved the Acre territory. The territory benefitted by having its administrative and judicial system reorganized. Conditions were set up for land grants to rubber producers. The fiscalization apparatus in Acre was also strengthened.⁶⁹

VII. Reorganization and Modernization of the Military

Prior to becoming President, Afonso Pena made a number of inspections of Brazilian military installations. During these visits, he received a poor impression of the general state of the nation's armed forces. The President's past experience as Minister of War during the last decade of the Empire enabled him to analyze the needs and true condition of the Brazilian military forces. Afonso Pena's selection of Hermes da Fonseca as War Minister reflected his awareness that popular and capable leadership was necessary to revitalize and modernize the army. Basically, Hermes da Fonseca was the most realistic choice for this position. In his letter offering the ministerial post to Hermes, Pena indicated his concern for choosing a military figure who could accomplish

⁶⁹Miguel Calmon, Factos Económicos, pp. 423-24.

the necessary reforms without antagonizing the military officers.⁷⁰ Unquestionably, Hermes da Fonseca's popularity in the army was very high and his acceptance of the position was well received. In accepting the post, Hermes da Fonseca agreed to support the President's modernization plans.⁷¹

President Pena outlined his program for the armed forces in his message to the nation in May, 1907. The most controversial aspect of his plan involved the draft lottery. Pena believed that the proposed 'Lei do Sorteio' would enable the army to meet its manpower problem, solve the need for a reserve force, and in general follow the lead of the more advanced nations. Proposals to construct modern military facilities and to update the technology and equipment of the army were also included in Pena's blueprint for a general army reorganization.⁷² Once in office, Hermes da Fonseca championed Pena's call for an advanced system of conscription. The Marshal claimed that the existing law which regulated

⁷⁰Afonso Pena to Hermes da Fonseca, Oct. 7, 1906 in Hermes da Fonseca Filho, Marechal Hermes: Dados Para Uma Biografia, p. 69. The letter offered the post of War Minister to Hermes and was highly complimentary.

⁷¹Hermes da Fonseca, Commander of the 4th Military District, to Afonso Pena, Doc. 1.2.441, Oct. 12, 1906, A.P.A.P.

⁷²Afonso Pena, Documentos Parlamentares: Mensagens Presidenciais, 1907, pp. 585-86. Pena's Decree #6.465 of April 29, 1907 set up new regulations for the 'Colegio Militar' and created the 'Escola de Estado Major' and 'Escola de Artilheria e Engenharia.'

recruitment was totally inadequate and inefficient.⁷³

Throughout 1907, the public clamor that developed over the draft lottery project intensified. In Congress, the opposition to the proposed law was, in part, led by Barbosa Lima, a federal deputy and former military figure. Barbosa Lima criticized the draft law because he believed that the burden of service would fall on the less privileged social classes. Various newspapers, especially the Gazeta de Notícias, reflecting the view of Ruy Barbosa, and the Correio da Manhã and O Século controlled by Bricio Filho, were also against the 'Lei do Sorteio' legislation. These newspapers stressed the undemocratic features of the law. The anarchist-led labor organizations also totally opposed the draft lottery. Despite these pressures against the passage of the draft law, Afonso Pena remained determined to obtain the bill's approval by Congress. The President kept abreast of the parliamentary debates and encouraged the bill's supporters to press for the passage of the law.⁷⁴ In early 1908, the draft law was at last approved by the federal legislature.

⁷³Hermes da Fonseca, Relatório apresentado ao Presidente da República Afonso Pena pelo Marechal Hermes Rodrigues da Fonseca, Maio 1907 (Rio de Janeiro, 1907), p. 4. See also, Hermes da Fonseca, 'Sobre O Exercito,' Doc. 2.11.18, April 15, 1907, Caixa 14L, A.P.A.P. The document is in part an analysis of the administration's military service law.

⁷⁴Afonso Pena to Rodolfo Paixão, Doc. 1.1.333, June 6, 1907, Caixa 14, A.P.A.P. Also, Rodolfo Paixão to Afonso Pena, Docs. 1.2.760-764, June 8 to Oct. 29, 1907. Paixão, a federal deputy, was a key backer of the draft law.

The enactment of the lottery system embodied in 'lei 1.860' of January 4th, 1908 did not end the conflict over the draft law. Pena now faced the possibility of a general strike by those opposed to the law. Violent incidents took place after the passage of the draft bill which created political difficulties for the President.⁷⁵ The situation became critical after military figures supporting the government's position took reprisals against the Gazeta de Notícias and its manager, Salvador Santos. A raid which inflicted damage was made on the newspaper's offices, and several persons were injured. The President was forced to personally intervene in order to prevent further incidents. Pena was pleased with Hermes da Fonseca's efforts to calm the volatile young officers' ranks.⁷⁶ The President considered the campaign against conscription to be the result of misunderstandings in the public's mind of the law's intent. He claimed that the public's misapprehension was in large measure due to inflamed newspaper reports on the issue.⁷⁷

Despite their united stand on the draft law, Pena and his War Minister soon came into conflict. In 1908, an early

⁷⁵Feliciano Pena to Afonso Pena, Doc. 1.2.897, Feb. 22, 1908, Caixa 14H, A.P.A.P. Also, Afonso Pena to Afonso Pena, Jr., Doc. 1.1.644, Feb. 25, 1908, Caixa 14A, A.P.A.P.

⁷⁶Alfredo Pinto to Afonso Pena, Doc. 1.2.1016, Jan. 9, 1908, Caixa 14H, A.P.A.P. In an annotation, Pena claims he spoke to Hermes da Fonseca who assured him that this type of incident would not happen again.

⁷⁷Afonso Pena to Hermes da Fonseca, Doc. 1.1.374, Feb. 21, 1908, Caixa 14, A.P.A.P. Also, Hermes da Fonseca to Afonso Pena, Doc. 1.2.44, Feb. 23, 1908, Caixa 14E, A.P.A.P.

indication of problems to come with Hermes da Fonseca developed over the delay in passing a law designed to benefit career military officers. The bill known as the 'Lei da Bravura' was a retroactive reward to military officers with a record of service to the nation during the federal campaigns to suppress rebellion after the establishment of the Republic. The proposed law was actively supported by those officers who considered themselves ignored and underpaid. Although Pena personally backed the bill, he was unable to overcome opposition to the legislation in the federal Congress. In his explanation to Hermes, who was frustrated by the congressional delay, Pena cited complaints by legislators pertaining to the intent and working of the law. He claimed that this concern might lead to the rejection of the legislation.

A second issue that separated Pena and his Minister of War later that year was the proposed cut in the military budget for 1909. The officers were deeply angered because they wanted to complete the 'Lei de Reorganização' project. The revised budget for 1909 affected the army's modernization plans and limited military spending. This move to reduce previously budgeted expenses for the army added to Hermes da Fonseca's displeasure. Pena wrote Hermes that the 'Lei de Reorganização' plan would not be abandoned and urged the War Minister to work for the army's acceptance of the budget cuts. However, Pena did indicate that budget requirements might temporarily jeopardize part of the army's

modernization plan.⁷⁸ Despite the President's attempts to calm Marshal Fonseca, his relationship with his War Minister continued to deteriorate in the latter part of 1908. At the time, Hermes da Fonseca appeared ready to resign. Marshal Hermes remained unhappy about the administration's failure to go through with all of the reorganization plans for the military. Once again, he wrote Pena concerning his opposition to the reduction in the budget allocation for the army.⁷⁹ Hermes offered Pena his resignation in protest and claimed that he was bitterly disappointed over the failure to grant the army a larger share of the budget of 1909.

Due to financial problems and pressing budgetary compromises that were unalterable, the legislature had decided to cut the army's budget request for 1909 by one third. Pena was able to smooth over the delicate situation only after a conciliatory meeting with his War Minister. As a result of this encounter, Hermes was persuaded to withdraw his letter of resignation.

Despite Hermes da Fonseca's willingness to remain in the Pena administration, groups of civilians and military officers began to compromise his position by promoting his name for the upcoming presidential election of 1910. These individuals considered Marshal Fonseca to be the ideal candidate

⁷⁸Afonso Pena to Hermes da Fonseca, Doc. 1.1.426, Sept. 8, 1908, Caixa 14, A.P.A.P.

⁷⁹Hermes da Fonseca to Afonso Pena, Doc. 1.2.445, Nov. 15, 1908, Caixa 14E, A.P.A.P.

to bring the military back into power. Not surprisingly, Hermes da Fonseca's prestige increased because of his role as War Minister during the Pena administration. Marshal Fonseca also made a visit to Germany where he was extremely well received. This trip further increased his prestige among the army officers. Nevertheless, it was President Pena who guided the administration's military reforms in the spirit of the nation's interest. Ironically, Pena's choice of Hermes da Fonseca as War Minister proved to be his own ultimate political undoing. However, the Marshal did earnestly help him to restructure and modernize the army.

Afonso Pena also attempted to renew Brazil's naval capabilities. The naval program was tied to Pena's overall aim of improving Brazil's maritime potential. Pena's primary goal was to expand the military and civilian transport sectors. Admiral Alencar accepted the Naval Ministry post and indicated his willingness to work to upgrade the status of a navy badly in need of a total restoration.⁸⁰ The Brazilian navy's deteriorated state was similar to the condition of the 'Lloyd Brasileiro' maritime company. This vital transportation company was in poor financial shape, and the administration was studying ways of remedying the situation.⁸¹

⁸⁰Alexandrino Faria de Alencar to Afonso Pena, Doc. 1. 2.8, Oct. 12, 1906, Caixa 14B, A.P.A.P.

⁸¹Afonso Pena to Miguel Calmon, Doc. 1.1.329, May 15, 1907, Caixa 14, A.P.A.P. Pena personally went over the company's 'relatório' and criticized the errors that he found in the report. Also, João Calógeras to Afonso Pena, Doc. 1.2.230, Nov. 29, 1905, Caixa 14D, A.P.A.P. Calógeras gave Pena a full report on Brazilian shipping. He cited the need to create new lines and the precarious financial situation of 'Lloyd.'

As in the case of the navy, the 'Lloyd Brasileiro' line required investment capital to modernize its organizational structure and equipment. The Pena administration had difficulty in obtaining foreign funds for its naval development plans. This financial problem reflected the nation's dependence on investment capital from European and American groups.⁸² A British firm was contracted to build a number of naval warships after the Pena government finally found funds for the project.

Afonso Pena found support for his plans to reform the navy even in circles that were non-militaristic. Ruy Barbosa also wanted to strengthen Brazil's naval defense. Ruy considered the purchase of newer warships a necessity but cautioned the President not to place the entire order with one particular English firm.⁸³ The expense of the naval program concerned all interested parties. Any major governmental expenses weakened the confidence in the Brazilian currency. By

⁸² Rothschild Bankers in London to David Campista, Doc. 1.2.1072, Feb. 11, 1908, Caixa 14I, A.P.A.P. The telegram was a rejection of a new loan request for 'Lloyd Brasileiro.' See also, Afonso Pena to David Campista, Doc. 1.2.1072A, Feb. 12, 1908. Pena was afraid of the ultimate effects on the government's financial credibility if the 'Lloyd Brasileiro' maritime company could not obtain a loan. See also, João Ribeiro to Afonso Pena, Doc. 1.2.1245, March 3, 1908, Caixa 14J, A.P.A.P. Ribeiro wrote of 'Lloyd's' need for a 16,000 pound credit toward the purchase of three ships and the existing debt of the maritime company to the Bank of Brazil. For details of the European loan to 'Lloyd' in 1906 to finance its debts payments, consult José do Nascimento Brito, Economia e Financas do Brasil (Rio de Janeiro, 1945), p. 112.

⁸³ Ruy Barbosa to Afonso Pena, May 7, 1908, Pasta Afonso Pena, A.H.C.R.B.

late 1908, the cost of naval construction was causing anxieties in European financial institutions. In response to unfavorable press reports published in European papers, Pena instructed David Campista to quiet rumors by writing to the Rothschilds in London and setting the record straight.⁸⁴

European uncertainty pertaining to Brazil's capability to meet its financial obligations persisted.⁸⁵ The investment potential that Brazil represented to the international money markets had its limit. The Pena administration's reliance on foreign resources necessitated prudent economic development policies that could secure finance capital. For this reason, the naval reforms and modernization had to remain limited in scope. 'Lloyd Brasileiro' had similar difficulties in attracting needed funds. Nevertheless, Pena continued to push for freight price reductions despite the shaky financial condition of the company because he believed cheap transport was vital to Brazil.⁸⁶

VIII. A Paternalistic Labor Program

To a large extent, President Pena's approach to labor questions was paternalistic. However, the Pena administration's labor program did have certain progressive aspects.

⁸⁴ Afonso Pena to David Campista, Doc. 1.1.418, Aug. 3, 1908, Caixa 14, A.P.A.P.

⁸⁵ Gabriel de Piza, Encargado da Legação do Brasil em Paris, Doc. 1.2.22, Oct. 30, 1908, Caixa 14H, A.P.A.P.

⁸⁶ Afonso Pena to Miguel Calmon, Doc. 1.1.456, Nov. 24, 1908, Caixa 14, A.P.A.P.

Afonso Pena responded to labor's demands as a businessman. His attitude toward labor was not unusual for a Brazilian with his background and experience in both politics and business. Even as President of Brazil, he took a deep interest in the family's business affairs.

After the death of his brother, Domingos, the major responsibilities for the family's business concerns rested with the President's son, Afonso Pena, Jr. Afonso Pena had named his son as the director of the family's holdings. Yet the President constantly offered his son advice. The Pena archive contains many letters that show his involvement in matters relating to the family's financial activities from 1906 to 1909.⁸⁷ As a 'mineiro' businessman, the President was primarily interested in profitable returns on his investments. He also wanted a stable and efficient work force to aid in the production process. This businessman's attitude was evident in his first presidential speech. Pena spoke of the desirability of a harmonious relationship between capital and labor and the need to avoid class conflict.⁸⁸

⁸⁷ See, Afonso Pena to Afonso Pena, Jr., Docs. 1.1.625-668, Jan. 6, 1907 to May 21, 1909. In these letters concerning family business affairs there is little information about labor problems. Working conditions and wages are not mentioned. Pena was primarily concerned with profits and safeguarding family investments. He was always asking for reports about the family-owned businesses and the negotiations to sell certain properties.

⁸⁸ Afonso Pena, Documentos Parlamentares: Mensagens Presidenciais, 1908, p. 571. See also, Dom Joaquim de Albuquerque Cavalcanti to Afonso Pena, Doc. 1.2.288, July 6, 1908, Caixa 14D, A.P.A.P. According to annotations on the letter, Pena agreed to meet with a worker's commission from the 'E.F. Central' and attended to their problems at the request of

In Brazil, a large part of the urban industrial work force was of foreign origin. This was particularly true of the two major industrial centers, São Paulo and Rio de Janeiro. The industrial workers suffered the consequences of a continual rise in the cost of living and low salaries. There were widespread abuses of child labor, particularly in the textile industry, and deplorable work and health conditions. Furthermore, there was a complete lack of social legislation to protect the working class.⁸⁹

During the first decades of the Republic, different types of labor organizations were formed. Many of these workers' groups were led by socialists or anarchists of foreign origin. In Rio de Janeiro, the 'Centro das Classes Operárias,' from 1902 to 1904, the 'Federação das Associações,' founded in 1903, and the national 'Confederação Operária Brasileira,' first phase 1906-1912, defended the revindications of the working class. These diverse labor organizations were defended by the newspapers of the Brazilian and Italian socialists and anarchists. Journals such as 'A Lanterna,' an anarchist organ, and 'Avanti,' socialist oriented, often appeared for a limited number of issues. Unfortunately, the majority of the socialist and anarchist writers spent much of their time and energy in denouncing each other's shortcomings.⁹⁰

⁸⁹Edgard Carone, A República Velha: Instituições e Classes Sociais, pp. 191-92.

⁹⁰John W. F. Dulles, Anarchists and Communists in Brazil, 1900-1935, pp. 13-15.

Beginning in 1906, a strike wave began in Brazil which subsided only after 1908 due to the economic slowdown. The workers of São Paulo and Rio de Janeiro showed great strength at various times. The use of police violence was the usual answer to the workers' strikes. As the Rodrigues Alves presidential term came to an end, the Brazilian and foreign businessmen and industrialists began to petition members of the federal Congress for legislation to expel labor agitators. The immigrant labor organizer became the target for those who sought to stamp out the concept of unionism in Brazil.

The Pena administration inherited the labor problems of the previous government. In January 1907, the executive branch of the federal government promulgated two decrees that Congress had enacted in order to deal with organized labor. Presidential decree 1637 required 'sindicatos' to register up-to-date statutes and lists of officers. The officers had to be native Brazilians or naturalized citizens with residence in Brazil for five years. This decree recognized 'sindicatos' that acted to create harmony between owners and workers to be the workers' legal representative. The 'sindicatos' could own property, set up funds to assist workers, and were subject to court judgements. To a large measure, this decree legalized unions and made it possible for the workers' representatives to operate within the confines of the law. The decree was, in fact, a step forward

for the labor movement in Brazil.⁹¹

The 'Adolfo Gordo' law, decree 1641, was more repressive in intent. This decree called for the expulsion of foreigners who endangered Brazilian security or the public peace. However, the decree exempted those immigrants married to Brazilians, having native children, or with continuous residence for two years in Brazil. The workers' press and labor organizations vigorously protested this discriminatory decree promulgated by the Pena administration. From 1907 to 1909, 181 expulsions were reported.⁹²

Pena's attitude toward labor reflected his own sense of social and legal justice. The President judged labor revindications on the merits of the individual case. For example, in 1908 Pena responded favorably to a report sent by the lawyer of the railroad workers of the Great Western. The President sympathized with the salary demands of the striking employees. He instructed Miguel Calmon to work on a solution favoring the workers' salary demands because he considered their revindications just. Familiarity with the Great Western labor problems dated from his earlier trip to the Northeast.⁹³

⁹¹Ibid., pp. 20-23.

⁹²Anuário Estatístico do Brasil, Ano V, 1939-1940, p. 1428.

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Afonso Pena to Miguel Calmon, Doc. 1.1.484, Jan. 18, 1909, Caixa 14, A.P.A.P. See also, Augusto Cesar de Oliveira, Director do Centro Protetor dos Operários, to Afonso Pena, Doc. 2.2.6, June 6, 1906, Caixa 14L, A.P.A.P. The document is a 'relatório' concerning the workers' complaints against the Great Western line.

Legalistically minded, President Pena did not sanction the use of the nation's magisterial powers against the worker or political activist. He was careful to follow the law and support the judicial process in cases concerning expulsion of foreigners generally accused of labor agitation. An example of Pena's attitude was the case that involved three anarchists accused of labor agitation in São Paulo. Washington Luis wrote to Pena asking for immediate expulsion. In his response, the President claimed that the Ministry of Justice was the proper judge of the case. Pena advised caution on all expulsions until the question of legality was resolved.⁹⁴

In his last presidential message in 1909, Pena presented a more progressive viewpoint regarding labor's needs and issued a call for reform that was not heeded until the Vargas era. Pena referred to the more developed nations who protected their workers through legislation and offered them greater social justice and better living conditions. He cited the need for legislation concerning accident-on-the-job insurance, and sickness benefits and health conditions. In essence, Pena was calling for a modernization of the Brazilian social laws.⁹⁵

⁹⁴See, for example, Washington Luis Pereira de Souza to Afonso Pena, Docs. 1.2.1277 and 1.2.1277b, May 7, 1907, Caixa 14J, A.P.A.P.

⁹⁵Afonso Pena, Documentos Parlamentares: Mensagens Presidenciales, 1909, pp. 653, 654.

IX. The National Exposition

The National Exposition of 1908 was one of the highlights of the Pena administration. Pena officially sanctioned the Exposition by issuing decree 6.545 of July 4, 1907. According to the decree, the primary goals of the Exposition were to commemorate the one hundred year anniversary of the opening of Brazilian ports and to begin a thorough investigation of the nation's economic situation. The nation also needed an outlet to exhibit its heroes and accomplishments to the world. The Brazilians were proud of the noteworthy successes of Santos Dumont in the field of aviation, and Ruy Barbosa and Barão de Rio Branco in international affairs. In the first decade of the twentieth century, Hermes da Fonseca's excellent reception in Germany also had raised the Brazilians' self-esteem.

The National Exposition was reasonably well planned and successfully executed. The exhibits drew international acclaim. The thoroughly conducted research concerning the nation's economic and social conditions can be seen in the exhibition's commemorative book.⁹⁶

X. The Death of Afonso Pena

By early 1909, Afonso Pena's health began to deteriorate seriously. The President's son, Álvaro Pena, had recently died and his passing caused the family great sorrow.

⁹⁶Boletim Comemorativo da Exposição Nacional de 1908, Directoria Geral de Estatística (Rio de Janeiro, 1908).

Afonso Pena continued to grieve noticeably for months after Alvaro's death. His correspondence reveals that he was spiritually overwhelmed by his son's terminal illness. Alvaro was particularly dear to his parents and had ably served his father as an unofficial member of his 'kitchen' cabinet. Pena never fully recovered from this trauma.

The President was demoralized also by the turn of political events. The candidacy of his chosen successor, David Campista, had collapsed. Politicians whom he depended upon had openly and secretly undermined his plans for Campista's election in 1910. Ruy Barbosa, more than anyone, was accused of causing the 'moral traumatism' that supposedly led to Afonso Pena's death.⁹⁷ In May, Afonso Pena contracted the flu. Despite all medical efforts to save his life, Afonso Pena died on June 14, 1909.

⁹⁷ José Maria Bello, A History of Brazil, pp. 205-07. See also, Ruy Barbosa to David Campista, A.H.C.R.B. Ruy wrote with the intention of clearing his name. His role in the Campista affair was attributed to be a major cause of Pena's supposed 'moral traumatism.' Campista responded that Pena's illness was aggravated by his political problems. Also, João Mangabeira, Ruy, o estadista da República (Rio de Janeiro, 1943), p. 122. In an article entitled "Conselho disatendido" that is quoted by the author, Ruy admitted his error in not meeting with Afonso Pena during the presidential succession crisis. David Campista was named Minister to Norway and Denmark in January, 1910 by Nilo Peçanha. He died in Copenhagen on October 12th, 1911.

CONCLUSION

Afonso Pena's death in mid-1909 led to his replacement by the Vice President. Nilo Peçanha, a member of the 'coligação,' took over the nation's highest office until after the presidential elections of 1910. Pinheiro Machado was now the major political leader within Brazil. He was primarily responsible for Hermes da Fonseca's election. General Fonseca was an inept president. Afonso Pena's passing was a turning point in the history of the Republic. Although politics seemed to continue as usual, in essence a major change was beginning to take place. The presidents who held office after 1910 did not have the same high idealism and sense of purpose to serve the nation as shown by Pena and his predecessors. In this sense, the history of the Republican period can be divided into two phases.

The first decades of the Republic, 1889 to 1909, were full of promise, hope, and experimentation. This early optimism gave way to increasing doubt concerning the capability of the republican form of government to resolve Brazil's fundamental political and economic problems. The Brazilian political leaders of the first twenty years of the Republic were men trained in the imperial concept of public service.

After 1910, a new generation of politicians more anxious to feather their own nests and promote their particular interests became the nation's leaders. From 1910 to 1930, the

presidents of Brazil were no longer selected on the basis of their personal qualities and devotion to the public welfare.¹ Shortly after the election of 1910, João Calógeras wrote of the younger generation's disappointment at the turn of events that led to the unfulfillment of their aspirations for the nation.² To the historian Pedro Calmon, Afonso Pena best represented the spirit of national renewal to a generation that wanted to convert theory into reality.³

The failure to continue the work initiated by the Pena administration resulted in delaying the economic modernization of Brazil. A number of the projects that Pena envisioned did not serve as guidelines for the future Republican administrations. For example, Pena's intention of promoting the nation's metallurgical industry was not earnestly acted upon until the 1930s. Instead, the following two decades of the Republic, 1910 to 1930, were a culmination of the political and economic shortcomings of the preceding twenty-year period. Only after the Revolution of 1930 that brought an end to the Republic did the nation begin to embark upon the course of economic development that Pena had outlined in his presidential messages.

¹João Pandia Calógeras, A History of Brazil (Chapel Hill, 1939), pp. 309-10.

²João Calógeras, La politique monétaire du Brésil, p. 468.

³Pedro Calmon, "O Presidente Afonso Pena e os mocós," in A Tarde, Salvador, Dec. 2, 1947, Doc. 5.1.223, Caixa 140, A.P.A.P.

Afonso Pena undoubtedly played a crucial role in his nation's and region's political and economic development. During most of his political career Pena was deeply involved in the key issues of the day. However, the lack of a detailed work of Afonso Pena's life had caused a number of historical misinterpretations and oversights concerning the events of these years. One purpose of this study was to examine Pena's participation in the significant political and economic events of his lifetime in order to add to the historical record of the late Empire and early Republic. From 1878, when Pena first entered the national scene, until his death in 1909, it would be difficult to name a Brazilian who held more distinguished and varied national and state positions.

No 'mineiro' had Pena's impact on the political and economic events of the nation and Minas Gerais. Most of the principal 'mineiro' Liberal and Conservative Party politicians saw their careers end when the Empire fell. From the pre-1869 generation only Cesário Alvim, paramount from 1889 to 1892, and Crispim Bias Fortes, primarily a regional figure, held some of the same positions as Afonso Pena during the Republic. Of the men who gained prominence beginning in the first decade of the Republic, only Wenceslau Brás obtained a number of federal and state posts comparable to Pena. Silviano Brandão is remembered mostly for the 'politics of the governors' which re-established the P.R.M.'s Executive Committee rule. João Pinheiro is a romantic and idealistic figure, but like Silviano Brandão, his career was cut short by a premature death.

Francisco Sales held key political positions but is principally known as a party boss.

Afonso Pena's career spanned the transition from Empire to Republic. In many respects he symbolizes the transference of the imperial political system into the republican period. During the imperial phase of his career, Afonso Pena became an influential and respected member of the 'mineiro' political and economic elite. In the Republican era this relatively small group of men continued to dominate the state of Minas Gerais and often played primary roles in national affairs. The 'Mineiro' Constitution of 1891, basically a product of Pena's thinking, reflects his efforts to instill the values and traditions of the Empire into the Republic.

However, In 1892 Pena realized that certain political and economic changes were necessary if the Republic was to become more of a democracy. As governor, Pena tried to loosen the P.R.M.'s grip on the selection of candidates for office. He sought to modify this undemocratic aspect of the state's political system. Interestingly, Pena's aversion to the concept of executive committee rule became more pronounced during the Republic. True to his principles, Pena was never willing to become a member of the powerful P.R.M. Executive Committee.

Pena sought to promote more open elections on the 'município' level. His efforts on behalf of the 'município' points to his aim of increasing democratic participation in this fundamental political unit in Minas Gerais. Unfortunately, despite Pena's endeavors during the 'Mineiro' Constitutional

Convention and his work as governor, the 'município' reforms that he fought for failed to alter the commanding position of the rural boss in local politics. Furthermore, the P.R.M. Executive Committee, restructured by Silviano Brandão in 1898, continued to control politics on the state level throughout the Republic.

In Brazil the shift from Empire to Republic encompassed a gradual turning away from laissez-faire ideology. From 1892 to 1909, Afonso Pena increasingly encouraged governmental intervention in the economic affairs of the states and nation. Afonso Pena is a prime example of this evolving attitude concerning the proper role of the government in economic matters. He is representative of those who began to see the need to safeguard the financial interests of the nation and state and to promote their economic development. In the first decades of his political career, 1872 to 1889, Pena's positions had often reflected a classic laissez-faire approach regarding economic affairs. However, during his term as governor of Minas Gerais, Pena turned away from this increasingly outdated economic viewpoint. From 1892 to 1894, he advanced the idea of direct governmental intervention to hasten the state's development and protect the public interest. Several illustrations of Governor Pena's moves to expand the state's role are his efforts to spur railroad construction, his attempts to encourage immigration to Minas, and his involvement in the selection and construction of the 'mineiro' capital. Thereafter,

in the offices he held, Pena was an advocate of direct governmental participation in Brazil's efforts to industrialize and modernize its transportation and communications networks. He also became a proponent of a broader federal involvement in regulating the nation's financial affairs.

Therefore, it is not surprising that Pena upheld the essential features of the 'Convênio de Taubaté' in 1906. Pena also exercised a decisive role in the coffee plan's reformulation when he became President-designate. During his administration, Pena did not just follow the economic lead of the 'paulistas.' He had his own reason to aid Sao Paulo gain the necessary legislation and funding to make the coffee agreement a reality. Finance Minister David Campista ably defended the 'convênio' in order to obtain the agreement's congressional approval and later worked on the plan's financial arrangements. However, he was always acting on Pena's instructions. In a political system in which the President's prerogatives were so manifest, it is difficult to imagine the passing of the Taubaté bill and the approval of the legislation to complement the act without the chief executive's sanction. Brazilians often view the federal government's role in the Taubaté agreement and the Bank of Exchange to be a turning point in their nation's economic history. A precedent was set for the federal government to more actively intervene in and direct Brazil's economic affairs. As President of Brazil, Afonso Pena promoted this increased federal participation in all aspects of the nation's economic life.⁴

⁴João P. Calógeras, *A History of Brazil*, p. 309.

In the early 1890s, Afonso Pena disapproved of the economic programs of Ruy Barbosa and Baron Lucena because they weakened the nation's currency and caused an investment boom without a sound financial base. During the economic crisis of the mid-1890s, Pena joined with other national politicians, as President of the Bank of Brazil, 1895 to 1898, to begin to resolve the problems caused by these policies. He was particularly concerned with the fall of the exchange rate and with reestablishing the Bank of Brazil's credibility. Later as a 'conselheiro,' Pena lent his moral support to the Campos Sales administration's financial policies. As Vice President, he backed Rodrigues Alves' continuation of his predecessor's economic program.

Nevertheless, after Pena became President in 1906, he embarked on a new economic course which modified some of the financial policies of the previous administrations. By 1906, Pena considered certain economic adjustments necessary. One example of this change in financial policy was Pena's adaptation to Brazil's exchange rate problem, an Argentine solution. In mid-1906, congressional opposition to the Taubaté agreement and the 'caixa' forced Pena and the proponents of these plans to separate the Exchange Bank bill from the 'convênio' legislation. This was done in order to insure the coffee compacts congressional approval. The Taubaté legislation was approved after heated debates in the summer of 1906. Rodrigues Alves and former Finance Ministers Bulhões Jardim and

Joaquim Murтинho were among those influential Brazilians vehemently against the Taubaté plan and the 'caixa.' Brazil's principal foreign creditor, the Rothschild banking house, let it be known that it was against the Exchange Bank plan. Despite this criticism from many quarters, Pena persisted and forged a congressional majority to enact the 'caixa' legislation in late 1906. The Exchange Bank's successful operation has been discussed in chapter six.

Yet, even though the Exchange Bank was clearly Pena's plan, he has received, until now, very little recognition for his role in its creation and for the stabilization of the value of the 'milreis' during his administration. Historians have often considered the 'paulistas' to be the guiding force for the federal government's intervention to safeguard the deteriorating Brazilian currency. This study has revealed that Pena was not manipulated by São Paulo. Afonso Pena based his financial plans on his previous experiences while serving as a leading figure in the nation's economic affairs. São Paulo was pleased to follow Pena's lead on the 'caixa' and other economic issues.

After 1906, the drop in Brazilian coffee production, predicted by the planters, decreased total world output. Beginning in 1907, the gradual reduction of the visible world supply of the produce added a principal reason for maintaining the value of Brazilian coffee exports. In the following years the coffee producers were less threatened with economic disaster. However, coffee did not surpass its 1895 price until 1917.

Prices did moderately increase starting in 1910, but averaged about 5 \$000 milreis per 10 kilos from 1907 to 1918. Therefore the 'caixa' which kept the exchange rate steady and fairly high throughout this period cannot be equated with any major improvement in the fortunes of the coffee producers if such factors as the coffee surtax and inflation are taken into account. The rise in wholesale prices from 1910 to 1912 principally benefited the foreign trading houses and apparently resulted from successful manipulations of the sale of the stocks that were controlled by Herman Sielcken and his associates.⁵

The real significance of the Bank is its contribution in improving Brazil's financial climate. Obviously the 'caixa' encouraged investor confidence which led to more funds for Brazilian economic development. Foreign investment throughout the Pena period enabled the administration to expand the nation's transportation and communication networks. In analyzing the international monetary arrangements made during the Pena presidency and the years up to World War I, it is evident that the 'caixa' stimulated this foreign investment. The fixed value of the Brazilian currency also helped to foster Brazilian industrial production.

Despite foreign pressure and criticism, the 'caixa' at first functioned extremely well. The Rothschild bankers' refusal to cooperate with Pena's overall economic program only

⁵Holloway, The Brazilian Coffee Valorization of 1906, p. 73 and Appendix IV, p. 83. Herman Sielcken was the principal active partner in Crossman and Sielcken which by 1906 was one of the two largest coffee wholesaling firms in the United States.

caused a temporary break with this traditional capital-lending institution. When German, French, and American loans and investments became more available to Brazil, the Rothschild banking house relented and resumed their normal financing activities. Pena's diversification of Brazil's foreign capital sources was an early victory for the proponents of economic nationalism. In fact, Pena offered Brazil more options in the competitive international investment market.⁶

The limited capital available from national sources made foreign investment a necessity. Realistically, Pena had to rely on international banking houses to finance his plans for economic development. Any criticism of the Pena administration's willingness to allow the entry of European and American capital would be unjust unless one could point to a viable alternative at that time. Furthermore, today there is an increasing tendency for most capital-deficient nations to seek international financing for their economic growth.

There are other examples in this dissertation of Pena's farsightedness. Afonso Pena was a man who spent most of his adult life helping his nation and state because of his deep-rooted belief in the necessity of public service. Pena's successes far outweighed his failures. He deserves greater recognition for his contributions to Brazil and to Minas Gerais.

⁶Edgard Carone, A República Velha: Instituições e Classes Sociais, pp. 42-43. Pena's administration gave the basis for the government's economic intervention after 1930.

EPILOGUE

Afonso Pena's death in mid-1909 left Nilo Peçanha to finish his term as President of Brazil from 1909 to 1910. Peçanha was representative of the new generation of Brazilian politicians who had a less traditional type of education with only a superficial preparation in law. He did not possess Afonso Pena's interest in culture. President Pena was a man who, as shown above, had a thorough educational background which included a complete preparation in law. Pena also had a good understanding of the nation's cultural needs. Among Pena's last accomplishments as President was his work to aid the Instituto Histórico Geográfico Brasileiro with needed federal financing. He was also primarily responsible for making the recently opened presidential palace on Catete Street in the Flamingo section of the city a home worthy of housing the nation's leaders for more than half a century.

Nilo Peçanha lacked Pena's prestige and was not fully supported by the government of his own state, Rio de Janeiro. He was, however, an able political maneuverer who had a close relationship with Pinheiro Machado. His selection as the running mate of Afonso Pena was an olive branch to the historic Republicans and an effort to balance the ticket. Nilo's cabinet reflected his conciliatory nature. The Baron of Rio Branco and Admiral Alexandrino Alencar remained the heads

of the Foreign and Navy ministries. Francisco Sá replaced Miguel Calmon as Minister of Transportation and Public Works but continued the Pena administration's program of railroad building and other public works.

The greatest change took place when Leopoldo de Bulhões replaced David Campista in the Ministry of Finance. Formerly Finance Minister in the Rodrigues Alves administration, Minister Bulhões began to tear down the Pena-Campista financial policy. Essentially a liberal economist, Bulhões had no interest in maintaining the exchange-regulating apparatus. Bulhões' financial policies were a bitter disappointment to those who believed in the Pena administration's economic program and wanted to see those policies continued.

David Campista, Pena's choice as his successor, was appointed as a special envoy to Norway and Denmark in January, 1910. Campista, a victim of political jealousies whose talent was recognized even by his greatest detractors, was effectively ostracized. Campista remained abroad in diplomatic posts until he became seriously ill and died in October, 1911. His premature death was lamented in Brazil.

Nilo's most serious political problem was a direct result of the presidential campaign of Hermes da Fonseca in 1910. Hermes' candidacy, started by enthusiastic young military officers, had become a question of military pride. Pinheiro Machado, whose own authority overrode that of the President, had imposed Marshal Fonseca's candidacy on those

politicians who looked to him as their leader. Peçanha's fortunes were tied for better or worse to the official candidate, a military figure.

Ruy Barbosa, whose own presidential ambition was no secret, vehemently opposed a military candidate for the presidency. Ruy became the opposition candidate in the 'Civilista' campaign of 1910. Ruy was admired as well as feared by other Brazilian politicians. His capability as a statesman was tainted by his handling of finances during the National Provisional Government in the early 1890s. However, his courageous stand during Floriano's administration when he undertook the defense of accused politicians inspired admiration. During the early 1900s Ruy was a political ally of Pinheiro Machado's faction in the Senate. Regarded as somewhat of a genius, Ruy was an old friend of Afonso Pena. He was appointed by the President as his representative to the Hague Peace Conference where his conspicuous triumph had deeply touched the pride of the Brazilian nation.

Ruy was principally supported by the government party of São Paulo, the 'PRP,' and Bahia during the 'Civilista' campaign. The 'paulistas' were as completely opposed to the incumbent President, Nilo Peçanha, as they were to the military candidacy of Hermes da Fonseca. São Paulo Governor Albuquerque Lins was nominated as Ruy's running mate for the vice presidency. Wenceslau Brás, Governor of Minas Gerais, was nominated for the vice presidency on Hermes' official ticket.

Within Minas Gerais the presidential campaign of 1910 became a hotly contested affair. The 'PRM' organized to fight the 'civilistas' in September, 1909. Francisco Bressane, who had already regained the 'PRM' secretariat, joined with Sabino Barroso, who replaced Carlos Peixoto as president in the Chamber of Deputies, to lead those 'mineiros' in support of Governor Wenceslau Brás. The 'cafe com leite' alliance between Brazil's two leading states, born out of common economic interests, seemed to be on the verge of dissolution because the 'PRP' and 'PRM' supported different candidates.

The vanquished Pena forces, led by Afonso Pena Júnior, joined the 'civilistas,' thereby causing a serious split among the 'mineiro' politicians. Wenceslau Brás became the target of the 'civilistas' because of his devious role in causing the collapse of the Campista candidacy. He was accused of political dishonesty in a particularly bitter press campaign. However, the 'mineiro' state machine, the 'PRM,' ultimately proved capable of handling the 'civilista' threat. Those politicians who backed Ruy's candidacy were isolated. The 'PRM' was able to deliver an overwhelming vote for the Fonseca-Brás ticket in the presidential election of 1910.

The election of the Fonseca-Brás presidential ticket was no great surprise. Sitting as an electoral board, the Federal Congress naturally recognized the candidates who polled the most votes. Pinheiro Machado directed the campaign of his candidates from his home on Morro da Graças. He made

sure that his lieutenants in Congress handled the vote tabulation in a manner beneficial to his interests.

For the remainder of President Peçanha's term, there was a continuation of popular agitation and no lessening of the 'civilista' virulence in Congress and in the press. The presidency of Hermes da Fonseca began in this atmosphere of distrust and general apprehension. Nevertheless, Pinheiro Machado proved capable of surmounting this hostility and further isolating his enemies when he created the Conservative Republican Party, 'PRC,' out of those interests that politically sided with him and supported Hermes' administration.

The presidency of Hermes da Fonseca, 1910-1914, was more noted for naval mutinies, the overthrow of state governments, and the growing reaction to Pinheiro Machado's political maneuvers. Hermes did not have the political and administrative experience to effectively govern the nation. Political intrigue in the states of Bahia Pernambuco occupied much of the President's time. The Hermes da Fonseca administration lacked a clear-cut economic program, which severely handicapped the federal government's ability to handle the financial crisis of 1913-14.

In August, 1914, shortly before the end of Hermes' presidential term ended, World War I erupted. A new stage was about to begin in Brazil's economic and social evolution. Vice President Wenceslau Brás was Hermes' successor. President Brás' administration, 1914-18, was overshadowed by the

economic impact of the war and Pinheiro Machado's decline and assassination. Brás, as his predecessor, did not have a distinguished or particularly fruitful presidency.

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The above cited newspaper sources were supplemented by a collection of clippings that may be found in the Afonso Pena and Afonso Pena Junior Archives.

GLOSSARY OF PORTUGUESE WORDS AND TERMS

alfândega	Brazilian customhouse
alferes	military rank corresponding to second lieutenant
alvará	royal order
alvimista	supporter of Cesário Alvim political faction
anais, annaes	annals, chronicles
arrôba	Portuguese measure of weight used in Brazil, 15 kilograms
assembléia	assembly, convention
bancada	legislative delegation
bandeira	flag, banner
biista	supporter of Bias Fortes political faction within the Mineiro Republican Party
bloco	Pinheiro Machado's political coalition (see coligação)
bono	bank certificate, bond
café com leite	expression used to describe the alliance between São Paulo and Minas Gerais in the Old Republic
caixa	box, bank
Caixa de Con- versão	Exchange Bank
câmara	chamber, city council
capixixaba	nickname applied to the people of Espírito Santo
católico	catholic, member of the Catholic Party in Minas Gerais
caudilho	military chief, leader of a political faction
centenário	centennial
chapa	slate of candidates

charque	jerked beef
colégio	secondary school
coligação	Pinheiro Machado's political coalition or alliance (see bloco)
comarca	judicial district presided over by a district judge
comissão executiva	the executive committee of a political party
comisário	agent of coffee exporter
conselheiro	counselor, advisor
Constituinte Mineira	Minas Gerais Constitutional Convention of 1891
conto	formerly one thousand 'milréis,' large unit of Brazilian currency
convênio	convention, agreement
Convênio de Taubaté	coffee agreement of 1906 involving São Paulo, Minas Gerais, and Rio de Janeiro
coronel	colonel, political boss in a rural area
coronelismo	a style of politics based on the power of the coronel
eleitores	electors, voters
encilamento	Brazilian financial crisis of the early 1890s
fazenda	a plantation, especially a coffee plantation or cattle ranch
fazendeiro	planter, rancher on a large scale
florianista	supporter of Floriano Peixoto
fluminense	a person from Rio de Janeiro
gaúcho	a person from Rio Grande do Sul
histórico	an early supporter of the Republic
Inconfidência Mineira	a plot in Minas Gerais in the late 1780s for reforms

Jardim da Infância	group of politicians during Afonso Pena's administration who acted as a renovating force
latifúndio	a large landed estate
Mata	subregion or zone in Eastern Minas Gerais
milréis	formerly Brazilian unit of money
mineiro	a person from Minas Gerais
ministério	ministry, cabinet
município	in Brazil, a division of local government, roughly equivalent to a county in the United States
núcleo	immigration colony
panelinha	a group of political cohorts
parceira	share cropping system in Minas Gerais
parentela	kinsfold, one's relatives collectively
parentesco	kinship, family connection
partido	party, faction
paulista	a person from São Paulo
penista	member of the Pena family political faction
poder moderador	power delegated to Brazilian emperor to regulate the nation's political process and change governments
projeto	project, plan
pronunciamento	manifesto, pronouncement
recorte	newspaper clipping
relatório	written report
requerimento	formal petition
salista	member of the Francisco Sales political faction
seringueiro	rubber gatherer
Serra do Espinhaço	low mountain range running, in part, through Minas Gerais

sertanejo	one who lives in the sertão, frontiersman, rustic
sertão	back country, interior of Brazilian Northerneast
silvianista	member of Silviano Brandão political faction
sindicato	labor union
Sul	subregion or zone in Southern Minas Gerais
sulista	one who has ties to the South zone in Minas Gerais
sorteio militar	draft lottery
tarasca	nickname given to Minas Gerais Republican Party Executive Committee
tecido	textile, cloth
terra roxa	a rich red soil especially valuable in growing coffee
título	note, policy, certificate
triângulo	subregion or zone in southwest Minas Gerais
vereador	councilman, alderman
vila	town, village
viuvinha	member of the Silviano Brandão political faction after his death