

An Economic and Demographic History of São Paulo, 1850-1950

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Government and Public Finance in the Empire, 1850-1889

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[-] Abstract and Keywords

The explosive growth of coffee, along with increasing sugar and cotton production, allowed the provincial government to establish a significant tax base. In turn this allowed it to create a viable provincial government which could begin providing basic infrastructural development for this province. This development would include everything from establishing a significant taxing bureaucracy and state judicial and legislative system, to providing the funds to develop the crucial infrastructure needed to export coffee. Taxes on agriculture were the key factors which allowed the state to develop roads and railroads, to begin providing potable water and public illumination for its cities and schools for its children, along with providing health and public safety for the province as whole.

Keywords: government, taxation, public lighting, public works, public health

The fazendeiros alone, no matter how wealthy, could not resolve the issues facing the Paulista coffee economy. Roads were poor, mule transport was slow and expensive, railroads were too costly for private investment alone, and the port of Santos was incapable of handling the growing volume of exports. Slave labor was increasingly viewed as doomed to extinction, and the planters could not afford the wages and transport costs to make Brazil attractive to European immigrants. The province was also being constantly struck by cholera plagues and virulent local outbreaks of yellow fever. Thus, the planters needed a state capable of resolving the issues of labor, transport, and health, as well as providing security through a provincial police force. It was thus in their interest to create as powerful a provincial government as possible under the empire, which was a highly centralized government, both politically and administratively.

The construction of a provincial government in São Paulo took several decades. In the highly centralized monarchy that Brazil inherited upon independence, there was little room for local government. But the crisis in imperial leadership that led to a long and complex regency period

allowed the provinces some modest autonomy in creating their own legislatures and their own tax systems. Unfortunately, there exist few studies on how these governments were established.¹ In this chapter we survey the evolution of the provincial government of São Paulo, with special emphasis on the development of a provincial tax system and its evolution over time.

(p.27) To finance the construction of roads, bridges, ports and public services, the provincial government initially had a limited range of taxes at its disposal and was constrained by the imperial government in what it could do. Thus, provincial officials under the empire constantly tried to expand local taxes and to convince the central government to support the special needs of the province, especially with the approaching emancipation of the slaves. The provincial government, with the aid of the central government, would initiate a major railroad era in the last quarter of the century. It would also create a limited public education system and embark on major road, bridge, and port construction. It began to promote alternatives to slave labor and to deal with serious public health issues. But the lack of local autonomy and resources limited the efforts of the local elite to resolve many of these issues under the empire. The tax base was limited not only by the modest local economy but also by the precarious nature of the provincial government and the limited fiscal instruments available to it.

In analyzing this theme in this and later chapters we rely on two sets of data: projected expenditure and income of annual budgets,² and the actual funds collected and spent during the given fiscal year.³ These totals are available for all years of the nineteenth and twentieth centuries. We also have detailed budget items of income and expenditure proposed annually by the legislature for all years, but we have the corresponding actual income and expenditure items for only a few select years under the empire and for the republic from 1900 to 1939. After 1939 we have itemized actual income for all years to 1950, but we do not have itemized expenditures made by the state treasury for 1940 to 1950.

For income and expenditure by major category during the empire we use occasional data provided in various annual reports of the presidents of the province of São Paulo.⁴ An important study by João Maurício Wanderley, Baron Cotegipe, provides a detailed analysis of actual income and expenditure for various provinces from 1876/1877 to 1885/1886.⁵ For the republican period, the contemporary study of Eugênio Lefevre, who for decades was the director general of the Secretariat of Agriculture, contains excellent information.⁶ Lefevre made detailed analyses of the public finances of the state of São Paulo in the period of the Old Republic from which we gathered information on the principal sources of income and expenditure for 1892 to 1929. This is supplemented with detailed studies from the state's treasury.⁷ For 1930 to 1950, along with the budget laws, we also use annual publications of the Secretariat of Finance and the treasury of the state of São Paulo,⁸ which we supplemented with aggregated actual income and expenditure in the *Anuário estatístico de São Paulo*.⁹

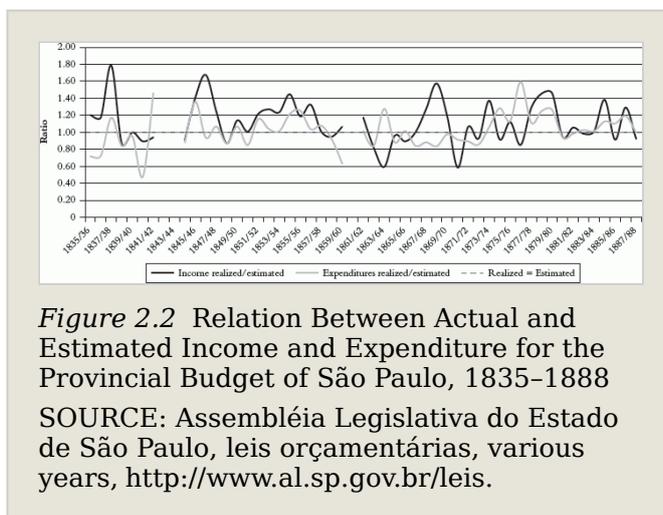
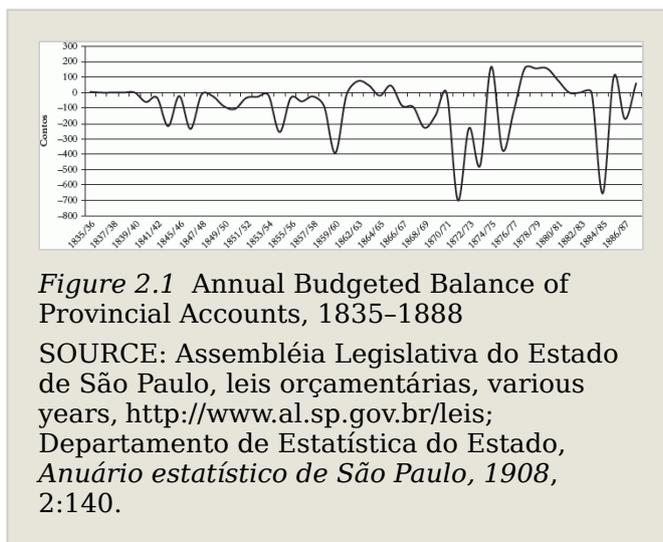
(p.28) In contrast to contemporary budgeting, the annual budgets proposed by the provincial legislature in the imperial period were most often unbalanced, with expenditure exceeding income. In only five of the fifty years for which we have information were the budgets balanced, in eleven of those years the legislature proposed that income would exceed expenditure, and in all the rest it projected expenditures to exceed income (Figure 2.1). Differences in actual income and expenditure throughout the year resulted in an unbalanced bottom line in most years. Although actual revenue usually exceeded the estimated revenue in the budget, it was also quite common for actual expenditures to exceed those proposed in the original budget. Thus, the final balance was often negative (see Figure 2.2).

The organization of provincial governments began in 1822 with the creation of a constitutional monarchy under Emperor Dom Pedro I. The territory of this new empire was divided into provinces but had an extremely centralized regime. In 1823 the position of province president was created, appointed by the emperor. Initially, the provincial government was administered by the president of the province and an elected council composed of six wealthy individuals.¹⁰ In the first Brazilian constitution, in 1824, the elected council expanded to twenty-three elected members, but its powers remained limited to consultation.¹¹ Although substantial changes in the system of provincial administration were made throughout the nineteenth century, the provincial executive was always appointed by the imperial government. Moreover, the president of the province was usually a nonresident

(p.29)

of the province and held the position for a very short time, on average just a little more than a year. This in many ways guaranteed that the local elite would have only modest influence on the presidents, since their tenures were so short and many served in several different provinces.¹² It has been argued that the provincial presidents were really political agents of the imperial government, rarely aware of the special needs and interests of their provinces and seeking to advance to higher posts in the imperial court in Rio de Janeiro. Named under the aegis of a particular political party, the prime aim of the presidents was to guarantee that their party would win the local elections for the imperial legislature.¹³

In 1831 Dom Pedro I abdicated in favor of his five-year-old son, Dom Pedro II. The resulting regency period was one of conflict over the question of the centralization or decentralization of political power, a constant theme until the end of the empire in 1889.¹⁴ Although the 1824 constitution was clearly absolutist and centralizing, the regency marked a period of relative decentralization.¹⁵ The Penal Code of November 1832 temporarily allowed for autonomous provincial judges,¹⁶ and then came the far more important decree called the Additional Act (Ato Adicional) of August 1834.¹⁷ The Additional Act temporarily suspended the emperor's moderating power during the regency, but more importantly it permanently established more autonomous governments for the provinces.¹⁸ It replaced the general councils with provincial assemblies that had responsibility for (p.30) establishing a budget for annual income and expenditure, including determining provincial and municipal expenditures and imposing taxes. But this taxing power was limited, and provinces were explicitly prohibited from taxing imports, which were the tax base of the central



government. In addition to the usual political conflicts, the fiscal divisions between empire and province were fertile ground for clashes between centralism and federalism, between the court and the provinces.¹⁹

The imperial fiscal structure was developed by the fiscal laws of 1832 and 1833. The Imperial Budget Law of August 24, 1832, separated and defined expenses, organized bookkeeping procedures, and decreed that the tax income of the imperial and provincial governments be held separately. It also established how the central government would support provincial governments in meeting their costs. The final legal piece establishing the provincial fiscal structure was law 99 of October 31, 1835, which clearly distinguished the central government and provincial spheres of influence over taxation and expenditures. These several acts supported the decentralization process under the regency and created relative autonomy for the budgets and finances of the provinces.²⁰

The administrative structure of public finance was defined by a law of 1831 that created the National Treasury Court (Tribunal do Tesouro Nacional). This institution was given ultimate direction and supervision of national income and expenditure, with the Treasury minister serving as its president.²¹ The General Treasury (the *Tesouraria Geral* of the Tribunal do Tesouro) under this court served as its operational agent. The law also established provincial treasuries, subordinate to the National Treasury Court, that collected taxes and carried out expenditures at the provincial level.²² The law also created an operational structure with the necessary employees to deal with the provincial finances.²³ Public revenues, which until then had been collected by the national treasury, now were divided into general revenue (central government collections) and provincial revenue. The provincial revenue consisted of all taxes not included in the general revenue.²⁴ Initially, the law stipulated that provincial revenues and expenditures would be fixed by the general councils, from budget proposals submitted by the presidents of the provinces. These budgets would then be approved by the imperial general assembly. When provincial revenues were not enough to cover expenses, the general councils could impose taxes if they did not create a “greater burden on the people.” But once provincial assemblies were created by the Additional Act of 1834, the local governments no longer had to send their budget for approval by the imperial court.²⁵

(p.31) The 1833/1834 imperial budget classified expenditures as belonging to either the central government or the provinces.²⁶ Provinces were responsible for the costs of local government, police, and maintenance of local public institutions like schools, hospitals, prisons, asylums, libraries, and parks. Education and public health were considered a local concern, as was urban street lighting. Roads, bridges, and other public infrastructure and maintenance of local churches and related buildings were under the purview of the provincial government.²⁷

A São Paulo provincial law of 1838 created its provincial treasury (the *Contadoria Provincial*), whose powers and duties included the collection, accounting, monitoring, storage, and distribution of provincial revenues.²⁸ But creation of an autonomous provincial system took time, and despite the imperial decision to segregate the imperial and provincial tax collections, this did not occur formally until 1848. Even then there was still some overlap of imperial and provincial fiscal administrations until mid-century.²⁹

The tithes (*dízimos*) that later became the export tax (*direitos de saída*) represented one of the most important taxes collected by the province of São Paulo. Tithes were due on all types of goods of Paulista production exported beyond the limits of the province. Sugar, cotton, coffee, rice, wheat, and tobacco were the main exports and “would be subject to the payment of tithes

only at the time of shipment.”³⁰ These tithes were charged mostly on agricultural goods that left the state.³¹ The law of 1835 established that tithes would be due on goods exported beyond the province, but goods exported out of the empire were initially exempt. An 1840 law called this tax on provincial exports the *direitos de saída*, although the tax also retained the name of tithes (*dízimos*). In 1855 the law was modified so that exports to foreign countries would pay the same tithes as those paid on exports to the ports of the empire.³²

Another important tax was that on animals entering the province. This tax had its origin in a colonial tax and custom house known as the Contribution of Guarapuava, created in 1809 to finance the construction of a road connecting São Paulo to the southern province of Rio Grande do Sul. The tax was supposed to be temporary but remained in existence throughout the first half of the nineteenth century. The most important of these animal import taxes until the mid-1850s was the one charged at the Registro de Passagem do Rio Negro (Rio Negro Registry), an internal, or dry port, customs house. This tax was on animals raised in the southern provinces and brought to the São Paulo market for sale.³³ In 1851, the Contribution of Guarapuava and Registro de Passagem do Rio Negro taxes were replaced **(p.32)** by a single tax.³⁴ In 1853 these two custom houses became part of the independent province of Paraná. After that, the customs post at Sorocaba, which remained within the province of São Paulo, became the key post to tax mules and other animals entering the province.³⁵

Next in importance were road taxes, or right-of-way charges, the so-called *barreiras* (barriers) taxes. By the 1840s there were some fifteen of these dry-port customs houses on all the major roads in and out of the province.³⁶ All goods moving along these roads were taxed to pay for expansion, renovation, and maintenance of roads and bridges.³⁷ Until the arrival of the railroads, *barreiras* taxes were a principal source of revenue for the province.³⁸ Unlike other taxes, these were earmarked for a specific end, that of maintaining and expanding the road system in the areas of influence of each of the barriers.³⁹

The barrier taxes and the animal import taxes remained important parts of provincial budgets until the arrival of the railroads. In response to this major change in the transport system, the provincial government in 1872 abolished the barrier taxes and created instead the transit tax (*imposto de transito*) on the movement of persons and goods by the railroads. This tax was paid by passengers and by the railroads for goods shipped. Imported farm machinery was exempt from the tax.⁴⁰

From the colonial period and through the empire several types of taxes based on slave ownership were imposed, from the purchase and sale of slaves to their movement across territories.⁴¹ Important to provincial revenues was the tax on the sale of slaves (called *meia sisa*, or half sales tax).⁴² An 1809 law established a 5 percent sales tax on ladino, or Brazilian-born, slaves. Purchases of newly imported African-born slaves were exempted from this tax on their first sale in America. The law stated that this tax would be collected by private individuals,⁴³ and it became part of the provincial revenue in the separation of imperial from provincial rents in the general budget law of 1831.⁴⁴ The law exempted from this tax slaves purchasing their own freedom.⁴⁵ Given that the tax was based on the declared sale price, the government established stringent provisions to prevent fraud. If the collector of the sales tax saw that the slaves sold were worth more than 25 percent above the declared price, the seller would be required to sell the slaves to the collector or pay the tax on the value stipulated by the tax collector.⁴⁶ Over the course of the century several new taxes were charged on slaves owned.⁴⁷ The two most important were the taxes on slaves employed in agricultural and nonagricultural activities,

which were created in 1884 to cover the costs of subsidizing European farm labor immigration. Then in 1881 the Special Registry of Slaves (*Matrícula Especial de Escravos*) was created to **(p. 33)** tax interprovincial trade of slaves.⁴⁸ The prohibitive character of this tax meant that it generated little revenue but virtually paralyzed the internal slave trade, which was the intent of the law.⁴⁹

There were other taxes charged on property that involved bequests, inheritance, and usufruct. The tax on bequests and inheritances (*décima de legados e heranças*) was created in 1809,⁵⁰ and it passed to São Paulo's treasury in 1835. The procrastination in doing inventories, however, apparently limited its potential.⁵¹ Again, slaves either purchasing their freedom or receiving bequests to enable them to purchase their freedom were not taxed.⁵² The urban building tax (*décima urbana*), created in 1808, charged 10 percent on net income on all occupied urban buildings.⁵³ It became a provincial tax in 1835, and then in 1842 it was given over to the município governments.⁵⁴ In 1881 the urban building and the urban convent taxes were combined into a building tax (*imposto predial*), with the building owner being charged 6 percent of the estimated annual rental value. For buildings belonging to convents and other mortmain corporations, the tax was 10 percent. Exempt were the buildings belonging to the central government, provinces, municipalities, and hospitals and other charities.⁵⁵

There were also a number of taxes imposed on consumption, trade, and economic activities in general. Of these, taxes on slaughtered cattle and consumption, both existing since the first provincial budget of 1835, brought in the most revenue. In the 1850s and 1860s these two taxes went at first to the municipalities but eventually were returned to the control of the province. The provincial income also included rents based on bureaucratic activities and others of a more general character. In 1877 there was added an important Additional Tax (*Imposto Adicional*), establishing that all objects that were not previously taxed by other means would pay 20 percent. An 1881 law made the Additional Tax permanent and specified that coffee exports be taxed at 10 percent.⁵⁶

Attempts at taxing personal income proved difficult to collect and had little impact. But taxes on business were more feasible. One of these, the so-called capitalist tax (*imposto sobre capitalistas*), created by the province in 1872, taxed each "capitalist" (moneylender) at one hundred mil réis. In the following year it was stipulated that individuals or companies that carried out a foreign exchange or a bank or brokerage operation be taxed.⁵⁷

There were also nontributary fees for using government services such as the Government Printing Office (*Tipografia Oficial*), using stamped paper, and so on, and even on income from work in prisons. Furthermore, for several years revenue was collected on outstanding debts, on fines paid, and on income from interest earned on imperial bonds purchased by the **(p.34)** provincial treasury or from interest earned from this account. In some years there were extraordinary dividends paid on the shares of the state-owned Ituana Railroad Company. Finally, in the 1880s the national government contributed funds for provincial security forces, replacing the failed personal taxes.

Thus, a tax base was being created in the nineteenth century for maintenance of the province of São Paulo. In general, this base was comprehensive, looking to tax economic activities, personal wealth, and the movement of goods, provided that such taxes did not conflict with the tax base of the empire itself. But, as the provincial presidents constantly complained, the limited government tax administration meant that it was confined to taxing easily controlled areas such as the movement of goods in ports and along roads. Attempts to create broader taxes led to high

levels of evasion, and direct taxes on salaries and income would not be enacted until the twentieth century. As noted by most of the presidents, this limited fiscal base did not provide adequate funds for provincial investments in security, health, and education. Although the expansion of coffee created a major source of tax revenues, the volatile nature of the coffee market affected the stability of government revenues. The real problem was not so much fluctuating receipts, but overspending beyond the estimated fixed costs of the government. It seems that the provincial government could not withstand pressures for spending that materialized during the fiscal year. In fact, the government budget was not balanced in most years. This was especially the case when railroad subventions and subsidies were involved or, in the 1880s, when European immigration was being subsidized.

Table 2.1 shows the province's estimated and actual expenditure and income and the final results.⁵⁸ In the planned budget, except for 1835/1836 to 1839/1840, when the legislature expected a surplus, it expected that expenditures would be greater than income. Actual funds spent and received shows the amount spent or taken in by the province and the resulting balance. In half the periods a modest surplus was produced. Surprisingly, in all the decades, taxes and rents taken in by the state always exceeded what the legislature expected. In contrast, the province spent more than it expected to in half the periods, including two consecutive periods after 1870. The conclusion from this analysis is that the legislature was unduly pessimistic about how high its income would be and unduly optimistic about how low expenditures would be.

The overspending can be explained by unusual developments. In the decade 1870/1871 to 1879/1880, for example, the province estimated a deficit of 1.3 million contos, but the actual expenditure was 2.3 million contos. **(p.35)**

Table 2.1 Explained Components of the Annual Fiscal Balance, Budgeted and Realized, Roughly by Decade, 1835/1836 - 1887/1888 (mil réis)

	1835/36 -1839/40	1840/41-1849/50	1850/51-1859/60	1861/62-1869/70	1870/71- 1879/1880	1880/81-1887/88
<i>Planned budget</i>						
(1) Budget estimated receipts	1,573,051,814	3,436,267,000	7,483,775,242	11,745,459,940	23,242,341,951	30,893,878,797
(2) Budget authorized expenditures	1,568,688,814	4,131,062,207	8,524,920,469	12,171,347,318	24,510,499,431	31,476,801,773
Anticipated balance = (1) – (2)	4,363,000	-694,795,207	-1,041,145,227	-425,887,378	-1,268,157,480	-582,922,976
<i>Actual funds spent and received</i>						
(3) Total income obtained	1,813,666,621	3,882,223,191	8,567,987,406	12,177,077,300	25,706,861,764	32,672,540,005
(4) Total expenses	1,383,797,045	4,149,043,677	8,415,000,250	11,639,496,521	27,976,447,571	33,101,572,145
Actual effective balance = (3) – (4)	429,869,576	-266,820,486	152,987,156	537,580,779	-2,269,585,807	-429,032,140
<i>Differences between budgeted and actual funds</i>						
Income = (1) – (3)	240,614,807	445,956,191	1,084,212,164	431,617,360	2,464,519,813	1,778,661,208
Expenditure = (2) – (4)	184,891,769	-17,981,470	109,920,219	531,850,797	-3,465,948,140	-1,624,770,372

SOURCE: Departamento de Estatística do Estado, *Anuário estatístico de São Paulo, 1908, 2:140*; Ministério da Agricultura, Indústria e Commercio, *Finanças, 144 -145*.

(p.36) In fact, the province had a surplus in four of the six years of this decade due largely to income coming in at much higher rates than expected. But in 1876/1877 not only was income below expectations, but expenditures were 1.5 million contos more than expected. The report of the president of the province for 1878 explained that this deficit was due to the interest paid on the provincial debt and by the guaranteed interest that was paid to investors in the Paulista railroad companies in that year.⁵⁹ The same situation was repeated with a certain frequency throughout the rest of the decade and for most of the next decade because of payment of the guaranteed interest to railroad investors and, at the end of the 1880s, because of the costs of subsidizing European immigration. Servicing provincial debt became an ever-increasing burden on its finances.

How taxes generated income for the state over the course of the century and how they were expended tell us a great deal about the role of the provincial government in the economy of São Paulo. However, detailed item-level information for annual accounts is scarce. So we used annual budget laws approved by the provincial government, which give the estimated income and expenditure information by year. As we have already noted, the actual provincial expenditure often exceeded what was budgeted by the province. This also occurred with income items, but we based our estimates on the average actual income of the previous three years.⁶⁰

Over the course of the nineteenth century the relative share of taxes and rents estimated in the annual budgets varied over time.⁶¹ The export tax (the *direitos de saída*) and the barrier tax dominated income for most of the century, along with the tax on animals, which was significant until mid-century. The export tax remained important in the second half of the century, but the other two lost their significance and were replaced by the railroad transit and inheritance taxes by the 1880s (see Figure 2.3 later in the chapter). The 10 percent tax on goods shipped outside the province represented a growing source of planned revenues, going from 20 percent to 40 percent from 1835 to 1865 and reaching 50 to 60 percent in the last years of the empire. The 1872 railroad transit tax represented more than 20 percent of estimated provincial income in the last years of the empire. In practice it replaced the barrier tax, whose potential income was dramatically reduced by the arrival of the railroads and the tax on animals, mostly mules used in transport until the arrival of the railroads. By 1885-1889 more than 70 percent of provincial estimated income was budgeted to come from just the export tax and the railroad transit tax.⁶² The tax on legacies, inheritances, and usufruct and the various forms of property taxes in the period was supposed to account for between 5 and 10 percent of the total budgeted income. The various forms **(p.37)** of taxation on the ownership, handling, buying, and selling of slaves were estimated to represent 5 percent of provincial revenues by 1885, but those revenues declined dramatically thereafter until emancipation eliminated them in 1888. Taken together, the taxes on auctions and fashion, vehicles, equestrian companies, and lotteries, liquor, and slaughtered meat remained around 10 percent until mid-century. They declined significantly in the budgeted items in the second half of the nineteenth century because of the end of the taxes levied on brandy and slaughtered cattle. Most of the budgets included an item for outstanding debt collection, usually estimated at below 3 percent of the total expected income. The Additional Tax generally increased its importance from its inception in 1877 and in the last quinquennium was estimated to produce 7 percent of state income (see Table A2.1).

Over time, the province also obtained income derived from the interest on securities it had purchased with surplus funds from previous years⁶³ and from the dividends on investments in railroads. These incomes were irregular and never represented a significant part of revenues except in the period 1841-1845, when they accounted for 4 percent of proposed income. One

suggestion was to use these funds to create a provincial bank, but no bank was ever established, and these funds were used to buy central government bonds. Because of legal considerations, the collection of outstanding debt never represented a significant percentage of revenue.⁶⁴

How accurate are these estimated figures for major sources of income? Did the relative importance of realized income differ from what the province budgeted for that category? This question can be answered for a few select years in which we have both actual receipts by category and the budget estimates of what the government expected to receive. Baron Cotegipe, president of the council of ministers, in 1886 carried out a detailed analysis of provinces' income and expenditures—both estimated and actual—for 1876/1877 to 1885/1886. In our analysis of these figures, we consider just the five years for which we have the approved estimated income budgeted by category and actual income received by category, which permits a comparison between the two.⁶⁵ For these five years the estimated and actual values are in reasonable agreement. Export, or exit, taxes represent about half the total collection, and the sums of estimated and actual amounts are very close; considered together, actual income from the railroad transit tax and barrier tax was 19 percent above the estimated amount. In contrast, inheritance taxes came in on average at 82 percent of the budgeted amount (see Table 2.2).

To get an idea of what the major expenses were in the province, we can again use the projected budgets for 1835-1889. Police, education, **(p.38)**

Table 2.2 Income and Expenditure, Budgeted and Actual, in Province of São Paulo, Selected Years, 1876/1877–1885/1886 (mil réis)

	1876/1877		1877/1878		1880/1881		1884/1885		1885/1886	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
<i>Income</i>										
Exit tax and tithes (direitos de saída; dizimos)	1,434,848	1,027,854	1,465,368	1,590,792	1,700,000	1,641,100	1,665,000	2,197,717	1,850,000	1,656,864
Transit and barrier taxes ^a	423,781	442,290	429,744	815,272	898,609	853,783	648,000	1,036,236	993,100	879,403
New tax on animals at Sorocaba	10,184	7,042	8,782	5,124	5,671	73,065	13,500	2,894	17,600	12,037
Port and embarkation fees in Santos	52,118	44,642	55,185	64,193	73,078	76,728	93,000	142,263	130,900	115,550
Meia sisa and other taxes on slaves	166,934	189,232	191,021	194,636	200,000	165,331	100,000	283,590	213,400	155,735
Inheritance taxes Tithe on usufruct	200,765	234,491	279,956	147,930	236,082 47,216	212,841 7,228	209,800 8,000	201,874 21,492	205,800 7,050	130,728 6,402
Urban property taxes	30,764	36,499	31,843	41,808	43,248	47,344	150,000	194,088	330,000	229,264

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	1876/1877		1877/1878		1880/1881		1884/1885		1885/1886	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
Tax on auction houses, etc.	3,692	6,942	6,363	7,487	12,328	5,276	14,100	14,450	15,660	21,570
Additional Tax				293,280	350,000	327,400	80,000	125,536	146,000	135,504
Tax on capitalists	7,485	9,289	11,321	10,143	12,000	7,750	15,600	6,572	17,700	5,200
Fees and stamp paper duty	10,153	9,598	9,666	12,728	20,000	31,617	49,000	40,081	12,000	15,956
New taxes on various products							14,500	12,044	15,200	22,646
Rents from provincial establishments, including penitentiary	21,653	14,773	19,104	13,949	13,611	8,454	9,000	11,661	10,800	10,847
(p.39) Eventual dividends from Ituana and fines		15,795		93,275		9,721	50,000	65,388	62,000	211,599
Income from indemnifications and fines	12,953		22,341		65,161		5,000	708	80,000	130,573

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	1876/1877		1877/1878		1880/1881		1884/1885		1885/1886	
	Budgeted	Actual								
Eventual income	6,025		5,059		5,365					
Collection of the active provincial debt	21,697	2,269	21,533	2,821	20,000	22,948	30,000	33,172	30,000	32,712
Aid from the central government for public safety	30,000	30,000	30,000	30,000	30,000	30,000	29,500	7,375	29,500	29,500
Total	2,433,052	2,070,716	2,587,286	3,323,438	3,732,369	3,520,586	3,184,000	4,397,141	4,166,710	3,802,090
<i>Percentage of actual total to budgeted total</i>		85%		128%		94%		138%		91%
<i>Expenditures</i>										
Provincial assembly	47,632	43,821	48,558	46,064	48,558	51,079	62,512	65,074	65,188	72,220
Secretariat of the government	51,249	47,459	49,849	46,208	49,849	51,659	54,904	54,446	52,504	64,044
Costs of taxation and collection of rents	250,985	239,071	245,474	247,006	264,294	324,742	400,522	428,219	344,321	355,058

Government and Public Finance in the Empire, 1850–1889

	1876/1877		1877/1878		1880/1881		1884/1885		1885/1886	
	Budgeted	Actual								
Public cult, church expenses	73,198	10,524	71,198	12,276	62,514	11,975	15,164	13,653	15,164	14,276
Public security forces	547,231	617,982	547,231	692,311	1,076,089	901,398	980,000	968,939	982,235	1,010,574
Public garden, theater in the capital, monument of Ipiranga	12,100	12,910	12,030	12,399	13,325	13,182	10,605	10,652	10,605	10,953
Hospitals, Santas Casas, leprosy and other asylums and hygiene	46,260	28,054	43,400	28,182	60,000	43,201	50,000	56,284	55,300	64,118
Penitentiary, local jails, etc.	146,486	80,477	135,886	80,282	114,753	90,550	94,825	106,335	93,565	120,526
(p.40) Public works	444,000	304,333	444,000	232,534	350,000	333,658	480,000	424,752	551,784	355,724

Government and Public Finance in the Empire, 1850–1889

	1876/1877		1877/1878		1880/1881		1884/1885		1885/1886	
	Budgeted	Actual								
Tax engineer (roads and railways) and Public Works Division	46,640		65,744		61,044		60,000		54,200	
Public lighting	143,720	149,026	143,000	149,081	169,000	164,270	193,000	176,014	194,200	189,926
State employees, police retirement fund	67,732	67,490	67,732	74,947	93,700	90,492	93,232	94,836	100,081	107,040
Public instruction	510,746	419,479	504,382	424,962	597,096	500,021	630,000	730,010	643,940	809,570
Subsidized immigration and agricultural colonies		1,200					52,680	372,842	213,610	332,529
Catechism of the Indians					1,000	92				
Restitutions, indemnifications, etc.							55,000	17,092	2,000	31,032
Miscellaneous	14,000	8,320	2,000	16	20,500	12,681	20,000	18,273	12,000	14,782

Government and Public Finance in the Empire, 1850–1889

	1876/1877		1877/1878		1880/1881		1884/1885		1885/1886	
	Budgeted	Actual								
<i>Subtotal (1)</i>	2,401,979	2,030,146	2,380,484	2,046,268	2,981,722	2,589,000	3,252,444	3,537,421	3,390,697	3,552,372
Subventions (navigation, etc.)	25,367		25,367		20,000		20,000		21,600	
Passive debt, immigration debt, interest paid and depreciation	100,000				130,000		102,000		123,000	
(p.41) Administration costs (publications, archive, printing office, etc.)	18,000		25,000		22,000		12,000		8,000	
Guarantee of railroad interest					500,000		440,000		400,000	
Companhia Cantareira de Esgotos									120,000	
Contracts and subventions		49,161		34,863		44,709		31,850		112,744

Government and Public Finance in the Empire, 1850–1889

	1876/1877		1877/1878		1880/1881		1884/1885		1885/1886	
	Budgeted	Actual								
Various interest payments and differences in exchange rates						669,777		351,772		407,658
<i>Subtotal (2)</i>	143,367	49,161	50,367	34,863	672,000	714,486	574,000	383,622	672,600	520,402
Total [(1) + (2)]	2,545,346	2,079,307	2,430,851	2,081,131	3,653,722	3,303,486	3,826,444	3,921,043	4,063,297	4,072,774
<i>Actual expenditure as percentage of budgeted expenditure</i>		82%		86%		90%		102%		100%
Granting of special credits		29,672		14,824		125,169		405,243		407,946
Expenditures of the legislature		1,967,034		605,322						
General total	2,545,346	4,076,014	2,430,851	2,701,278	3,653,722	3,428,656	3,826,444	4,326,287	4,063,297	4,480,721

SOURCE: Assembleia Legislativa do Estado de São Paulo, leis orçamentárias, various years, <http://www.al.sp.gov.br/leis/>; Coteipe, *Breve notícia do estado financeiro das províncias*.

(a) We put together the two distinct taxes because there was some confusion of which went to which in the budgets and final income.

(p.42) public works, and the maintenance of the tax collection structure were the principal categories. The government institutions (provincial assembly, secretariat of the government, and administrative costs) accounted for some 5 percent of expenditure budgeted. The cost of tax collection included a 7-10 percent charge paid to the private agents collecting these taxes (see Table 2.3).⁶⁶

Public security was one of the largest expenditures of the province, with costs exceeding 15 percent before 1870 and exceeding 25 percent in the last period. Prisons added between 2 and 8 percent to proposed public security expenses. Health and social assistance consisted of sporadic aid to hospitals, including the Leper Hospital, the Santas Casas de Misericórdia, insane asylums, and homes for the indigent, as well as support for campaigns against yellow fever and to promote public hygiene.⁶⁷ In 1850 there was an outbreak of yellow fever, and resources were allocated to combating the epidemic.⁶⁸ Despite the comprehensiveness of these items, they were usually around 2 percent of expenditures. Education, however, was a significant and growing expenditure. Consisting of old (e.g., public schools, the Normal School, and the School of Painting and Drawing) and new institutions (e.g., the Lyceum of Arts and Crafts), education represented approximately 10 percent of budgeted expenditure at the beginning of the period and approximately 20 percent in the 1880s.⁶⁹

Pensions for government employees show a clear upward trend, reaching just under 3 percent at the end of empire. The so-called Public Worship expenditures—for the maintenance of the Roman Catholic Church in the province—exceeded those for security in the first decade but dropped significantly thereafter, becoming almost negligible in the 1880s. In addition to these expenses, the province provided significant sums for the upkeep of church buildings. There were also other related items of public management budgeted by the province, such as hiring engineers to supervise public works and the railways and the cost of the bureau in charge of public works. These were relatively unimportant, but of increasing importance were provisions for street illumination, which reached 5 percent of expenditures by the 1870s. Expenditures for road and bridge construction varied and were highly correlated with the estimated income from the barrier tax. This meant that the greater the proportion of barrier tax in total revenue, the larger the share of public works investments in total budgeted expenditure.⁷⁰

Once the rail transit tax replaced the road tax, maintaining long-distance dirt roads and bridges connecting to the ports was no longer a priority of the province because they no longer served as the primary means of coffee **(p.43)** and human transportation. The priority now was funding railroads, and the expenditure on guaranteed interest payments to the railroads represented a significant and growing category of proposed expenditures from the 1870s, reaching over 10 percent in the five-year period 1881-1885 and dropping to just over half of that in 1886-1889. A new area of budgeted public investment was payment of guaranteed interest to the sewerage construction firm the Companhia Cantareira de Esgotos, which appeared at the end of the empire.⁷¹

The interest paid on the ongoing passive debt, which reflected the provincial debt service liabilities, remained modest until the mid-1860s, ranging between 3 and 7 percent. In the 1880s the expenditure forecasts were repeated annually and referred to 6 percent interest on the funded debt, interest on current accounts and letters, and the difference in foreign exchange that required payment in gold. In the budget approved in 1888 a high value appeared on the interest for bonds issued to consolidate the provincial debt and for immigration subsidies, which explains the significant increase in debt service in the total value of expenditures.

A major new expense in the 1880s was subsidization of foreign immigration. In February 1888 the province passed a law that authorized the president of the province to hire the Society for the Promotion of Immigration to recruit a hundred thousand immigrants from Europe, the Azores, and the Canary Islands. The government agreed to pay for the tickets of immigrants and their families. The law also provided for payment to aid immigrants who were not recruited. Those who were admitted through the program of the central government would be entitled to the difference between what was paid by the central government and what was paid by the province. The law also authorized the society to administer the special immigrant housing for arriving immigrants. According to the president of the province, none of the services provided by the government in 1888 inspired more interest in the province than the subsidization of immigration.⁷²

How effective was the provincial government in estimating these expenses? We use budgets from the same years in the 1870s and 1880s to determine the relationship between estimated expenditures and actual expenditures by type of budget item. If we adopt the same procedure we used with income—that is, summing five years of expenditures—we see that expenditures in government services, education, public safety, and public lighting were close to what was budgeted; on the other hand, health services and the cost of “workhouses, prisons and livelihoods of poor prisoners” were underbudgeted by about 20 percent below actual expenditures. In the **(p.44)**

Table 2.3 Percentage of Fixed Budget Expenditures by Type of Expenditure in the Province of São Paulo by Quinquennium, 1835–1889

	1835/1840	1841/1845	1846/1850	1851/1855	1856/1860	1861/1865	1866/1870	1871/1875	1876/1880	1881/1885	1886/1889
Government administration											
Provincial assembly	2.97	2.18	2.25	3.16	2.75	3.42	2.23	1.81	1.68	1.62	1.85
Secretariat of the government	1.62	1.46	1.18	1.01	1.82	2.00	2.20	1.75	1.75	1.36	1.40
Collection of taxes	6.47	7.43	8.57	8.72	8.79	9.19	7.86	8.45	8.82	9.44	7.96
Administrative costs (publications, archive tipografia, etc.)	0.76		0.45	0.68	0.15	0.08	0.01	0.73	0.75	0.25	0.05
Administration of justice	7.39	1.65									
Retired employees and retired police	0.58	1.00	0.76	0.78	1.14	1.98	2.13	2.35	2.66	2.45	2.61
Aid to municipal governments		0.13	0.76	0.69	0.50	0.37	0.23				

Government and Public Finance in the Empire, 1850–1889

	1835/1840	1841/1845	1846/1850	1851/1855	1856/1860	1861/1865	1866/1870	1871/1875	1876/1880	1881/1885	1886/1889
<i>Government expenses subtotal</i>	19.79	13.85	13.97	15.03	15.14	17.04	14.66	15.08	15.65	15.12	13.88
Public works, street lighting		0.26	1.76	1.68	1.92	2.43	2.24	5.04	5.28	4.91	3.96
Public works, roads, bridges, canals and custom houses	32.42	48.75	43.96	44.07	45.43	29.54	31.60	27.77	14.35	13.08	11.46
Inspectors (engineers) and repair of public works	0.00	0.10	0.85	1.22	0.86	1.03	0.99	1.82	2.01	1.45	1.33
Companhia Cantareira de Esgotos										1.52	2.99
Interest guarantees for railroads								1.07	5.79	10.65	6.14

Government and Public Finance in the Empire, 1850–1889

	1835/1840	1841/1845	1846/1850	1851/1855	1856/1860	1861/1865	1866/1870	1871/1875	1876/1880	1881/1885	1886/1889
Subventions for navigation and other activities						0.95	0.74	0.34	0.82	0.53	0.47
<i>Infrastructure subtotal</i>	32.42	49.11	46.56	46.97	48.21	33.95	35.57	36.03	28.25	32.13	26.35
Security (Força Policial, barrier police)	15.40	12.30	12.73	14.34	15.45	15.98	19.19	20.21	25.15	24.87	26.14
Casa de Correção, Penitenciaría, prisons and sustenance of poor prisoners	1.30		1.70	2.73	5.49	7.87	8.13	4.97	4.60	2.39	2.22
<i>Public safety subtotal</i>	16.70	12.30	14.43	17.06	20.93	23.85	27.32	25.19	29.75	27.26	28.36
(p.45) Church (Culto Público; Matrizes, Catedral, churches)	16.69	13.67	7.57	1.60	1.00	2.63	4.77	3.67	2.40	0.38	0.35

Government and Public Finance in the Empire, 1850–1889

	1835/1840	1841/1845	1846/1850	1851/1855	1856/1860	1861/1865	1866/1870	1871/1875	1876/1880	1881/1885	1886/1889
Catechism of Indians	0.70	0.83	0.49	0.41	0.18	0.14	0.03	0.00	0.01		0.06
<i>Church subtotal</i>	<i>17.39</i>	<i>14.51</i>	<i>8.06</i>	<i>2.01</i>	<i>1.18</i>	<i>2.77</i>	<i>4.79</i>	<i>3.67</i>	<i>2.41</i>	<i>0.38</i>	<i>0.41</i>
Public education	10.48	8.49	13.30	13.81	11.37	13.26	12.44	15.97	18.68	16.15	19.49
Hospitals, santas casas, leprosarium, orphanages, hygiene	0.33	0.39	1.05	0.57	1.14	0.91	1.78	2.83	1.73	1.33	1.67
<i>Education and health subtotal</i>	<i>10.81</i>	<i>8.88</i>	<i>14.35</i>	<i>14.38</i>	<i>12.51</i>	<i>14.18</i>	<i>14.22</i>	<i>18.80</i>	<i>20.42</i>	<i>17.48</i>	<i>21.16</i>
Passive debt; debt for immigration services, interest and debt payment	1.11	0.47	1.45	0.76	0.44	7.54	2.56	0.00	2.67	2.85	6.74
Miscellaneous	1.08	0.58	0.54	0.46	0.43	0.47	0.73	0.98	0.42	0.41	0.13

Government and Public Finance in the Empire, 1850–1889

	1835/1840	1841/1845	1846/1850	1851/1855	1856/1860	1861/1865	1866/1870	1871/1875	1876/1880	1881/1885	1886/1889
Repatriate d funds, indemnitie s, and previous years' accounts								0.03		0.72	0.02
<i>Public debt subtotal</i>	2.19	1.04	1.99	1.22	0.86	8.01	3.29	1.01	3.09	3.98	6.89
Immigrati on support for arriving colonos				1.63	0.69					3.38	2.72
Public garden, theater in capital, monument of Ipiranga	0.69	0.30	0.65	1.68	0.47	0.20	0.15	0.22	0.43	0.27	0.23
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Total expenditu re (mil réis)	2,089,733	1,563,508	2,761,076	3,494,542	4,463,188	5,128,181	6,865,752	12,270,986	8,629,919	7,889,741	18,715,646

SOURCE: Assembleia Legislativa do Estado de São Paulo, leis orçamentárias, 1835 -1889, <http://www.al.sp.gov.br/leis>.

(p.46) case of public works, the actual expenditures were on average 27 percent above the budgeted estimates. Also, the subsidy costs of European immigration were at least two and a half times greater than what the government expected them to be.⁷³

Finally, in Baron Cotegipe's figures on expenditure are items called "allocation of special credits" and "expenses at the disposition of the legislature," which were not defined in detail but accounted for some 10 percent of actual expenditures over this five-year period. These two categories, surprisingly, were not included in the estimated budget for 1876/1877. In this same year these undefined extraordinary expenditures reached 49 percent of total actual expenditures, which resulted in actual expenditures being 1.6 times as large as what had been budgeted for that year.⁷⁴ The increase in both estimated and actual expenditures in this five-year period, which resulted in increasing public debt, was due to the rising costs of the railroad subsidies and real expenditures for which no taxes or rents had been supplied (see Table 2.2).⁷⁵

In addition to detailed annual data on budgeted expenditures and the size of the provincial government workforce, we also have the excellent presentation made in 1884 by the provincial treasury accountant of São Paulo (Contador do Tesouro Provincial de São Paulo), which provides a more in-depth analysis of the fiscal organization of the state in terms of actual income and expenditure (see Tables 2.5 and 2.6 later in the chapter). In previous fiscal years (1880/1881 to 1882/1883), the major income came from the exit tax, which was 44 percent of the average effective tax collection, 25 percent came from the railroad transit tax, 6 percent from the 10 percent tax on benefits and inheritances, and 5 percent from the Additional Tax, which as we have noted was an extra 2 percent charge added to all other taxes. The barrier tax, which previously represented one of the most important taxes, lost its importance, being replaced by the transit tax, charged on all goods and people using the railways. The 1884/1885 budget's revenue was 13 percent lower than the average revenue of the previous three years because of the reduction of the revenue forecast for the railroad transit tax, which was explained in the report, and of the Additional Tax. There was also a fall in the *meia sisa* slave sales tax, which had been progressively declining in the previous years.

When examining in detail the estimated and actual expenditures for the fiscal year 1882/1883 the treasurer's report showed that the legislature both overestimated and underestimated collections on individual taxes. But despite these mistaken estimates all these changes seemed to balance each other out, and the difference between provincial estimated income and **(p.47)** actual income collected in that year was only 2 percent. Finally, it is worth noting that in this year coffee exports accounted for 97 percent of the export tax on agriculture (the *direito de saida*, or tithe).

The treasurer also found that actual expenditures in 1882/1883 were lower than expected from the estimates. The most important expenditures were for police (24 percent),⁷⁶ public education (15 percent), administration and collection of taxes (10 percent), and the interest for bonds (7 percent). Public works represented 15 percent of the total expenditures carried out by the province. Among the major expenditures, a difference between what was planned and what was spent occurred with the overspending on the administration and collection of taxes (+36 percent) and on interest payments (+53 percent).

We can get a picture of the structure of the public debt of the province from the detailed information provided by the treasurer for this same year. The public debt of the province was 6,573 contos, of which 1,200 contos was funded debt and the remaining floating debt. The funded debt was composed of 1,200 debt bonds, each 1,000 mil réis at 6 percent interest. The

floating debt (5,373 contos) was composed of several items, the most important being the interest paid by the national treasury to the railroad Companhia São Paulo e Rio de Janeiro, which on June 30, 1883, reached 4,304 contos.⁷⁷ This last item represented a liability of São Paulo to the national treasury that honored a bond given for the railroad company that guaranteed interest payments.⁷⁸ In 1883 the guaranteed interest paid by São Paulo to railroad investors amounted to 9,557 contos, or about three times the revenue of the province that year (see Table 2.4).

From 1850 to 1888, there was significant real growth in the province's budgeted revenues and expenditures, on the order of 3.7 percent per annum. But the periods 1850-1869 and 1870-1888 have major differences. The first period had an annual revenue growth rate of 3 percent and the second period 5 percent. Also, the ability to balance the budget was beginning to change toward the end of the imperial period. As the provincial president Rodrigues Alves declared in his annual report of 1888, the treasury could have balanced its budget were it not for immigration costs, which were now exceptional and could be met only with special bonds or credit operations.⁷⁹

Another important consideration is whether revenue kept up with the increase in population to find whether the provincial government was able to keep up with the expansion of its tax base over time. In our comparison we also include the changing price of coffee, the primary São Paulo export (see Figure 2.3). In the case of tax income per capita, there is clear evidence **(p.48)**

Table 2.4 Capital Guaranteed to the Railroads of the Province of São Paulo (contos)

Company	Capital guaranteed	Capital realized	Capital paid to November 30, 1883	Capital amortized as of June 30, 1883	Total state debt to railroads
Bragantina	1,400	1,400	229		229
Ituana	2,500	2,043	1,312		1,312
Mogyana (Mogiana)	5,500	4,777	430	165	265
Paulista	5,000	4,250	401	401	
Sorocabana	5,500	5,500	3,265		3,265
São Paulo e Rio de Janeiro	10,655	10,655	183		183
Total	30,555	28,625	5,820	566	
Interest paid by the national treasury to São Paulo e Rio de Janeiro					4,304
Total	30,555	28,625	5,820	566	9,557

SOURCE: *Fala dirigida à Assembleia Legislativa Provincial de S.Paulo na abertura da 1a. Sessão da 25ª. legislatura, em 16 de janeiro de 1884*, 25.

NOTE: Decree 5.607, April 24, 1874, conceded finances to guarantee the interest paid by the province to São Paulo e Rio de Janeiro.

(p.49) of growth, from an average of 1,306 mil réis between 1836 and 1850 to 2,092 mil réis between 1851 and 1870, finally reaching an average of 3,321 mil réis between 1871 and 1888. The annual variation around these averages was probably due to the strong fluctuation in the price of coffee.

The availability of selected budgets from the neighboring provinces of Minas Gerais and Rio de Janeiro allows us to put São Paulo's provincial budgets into comparative perspective. For Minas Gerais also we have data on estimated income.⁸⁰ Table 2.5 shows the estimated income for 1867-1885 in São Paulo and Minas Gerais to be of similar magnitude. In all cases the difference between the two provinces was only between 10 and 15 percent. In both provinces the largest estimated income was expected to come from exports; in the case of São Paulo basically it was the *direitos de saída* (or tax on locally produced agricultural goods leaving the province), and for Minas Gerais, export taxes encompassed manufactured goods, coffee, and other goods created and produced in the province. Imports for Minas Gerais were animals that entered the province (*bestas novas*). In São Paulo, import taxes had been very important in previous years, but after Paraná Province separated, this tax declined for São Paulo. In both cases the various taxes on slaves represented around 10 percent of income, and those on administrative activities accounted for roughly another 10 percent. In neither province was the collection of outstanding debt of any significance.

We have data on Rio de Janeiro expenditures for selected years in the nineteenth century (see Table 2.6). While the proposed expenditures in Rio de Janeiro were two to three times as large as São Paulo's, both provinces spent approximately the same proportion for general administration: on average 6 percent in Rio de Janeiro and 7 percent in São Paulo. The same is true for the costs of collecting taxes—8 percent and 9 percent of budgeted expenditures, respectively. Differences appear in education, with São Paulo spending 3 percent more than Rio de Janeiro. Surprisingly, given that Rio de Janeiro contained the imperial capital, São Paulo spent more on average for police (29 percent of its expenditures) than did Rio de Janeiro (only 20 percent). Public works was more nearly the same in both—a fifth to a quarter of all proposed spending. Public health and social assistance was negligible in Rio de Janeiro but was 2 percent of proposed expenditure in the more southern province. The much larger budgeted payments on loans and for guaranteed interest in Rio de Janeiro is significant, with the lesser costs of São Paulo having to do with timing issues. For São Paulo the big loans came only in the 1870s, for subsidizing interest for railroads. Moreover, big payments would come in the 1890s and 1900s for São Paulo's **(p.50)**

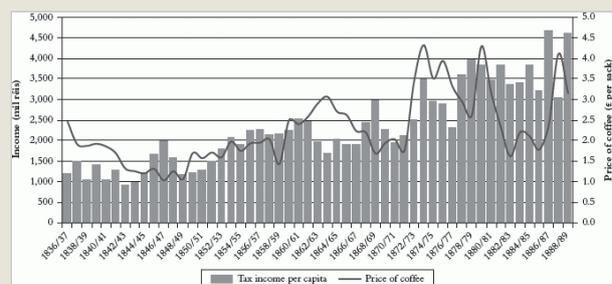


Figure 2.3 Provincial Tax Income per Inhabitant and Price of Coffee, 1836-1889

SOURCE: Instituto Brasileiro de Geografia e Estatística, *Séries estatísticas retrospectivas*, 3:312, table 6.43.

Table 2.5 Budgeted Income of the Provinces of São Paulo, Minas Gerais, and Rio de Janeiro, 1867–1885 (mil réis)

	1867/1868 value	1867/1868 %	1868/1869 value	1868/1869 %	1874/1875 value	1874/1875 %	1884/1885 value	1884/1885 %
<i>São Paulo</i>								
Export taxes	671,000	54%	722,000	56%	1,934,586	71%	2,438,000	77%
Import taxes	10,000	1%	10,000	1%	12,480	0%	13,500	0%
Production and internal commerce	2,500	0%	2,400	0%	2,395	0%	28,600	1%
Possession and sale of slaves	135,300	11%	133,500	10%	106,325	4%	100,000	3%
Internal circulation	250,900	20%	265,200	21%	384,541	14%	48,000	2%
Administrative income	139,200	11%	121,000	9%	232,013	9%	441,400	14%
Active debt and other collections	42,000	3%	33,000	3%	34,102	1%	85,000	3%
Subtotal	1,250,900	100%	1,287,100	100%	2,706,442	100%	3,154,500	100%
Aid from the central government and bond sales							29,500	
Total	1,250,900		1,287,100		2,706,442		3,184,000	
<i>Minas Gerais</i>								
Export taxes	590,508	43%	671,106	45%	928,756	41%	1,889,989	53%
Import taxes	324,715	23%	251,211	17%	332,622	15%	752,417	21%

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	1867/1868 value	1867/1868 %	1868/1869 value	1868/1869 %	1874/1875 value	1874/1875 %	1884/1885 value	1884/1885 %
Production and internal commerce	118,759	9%	109,792	7%	167,580	7%	261,482	7%
Possession and sale of slaves	158,739	11%	165,935	11%	411,520	18%	116,640	3%
Internal circulation	24,639	2%	26,529	2%	2,622	0%	53,372	1%
Administratio n income	131,448	9%	184,304	12%	375,633	17%	361,026	10%
Active debt and other collections	35,055	3%	93,804	6%	39,416	2%	128,913	4%
Total	1,383,863	100%	1,502,681	100%	2,258,149	100%	3,563,839	100%
(p.51) Rio de Janeiro								
Export taxes	1,436,929	53%	1,534,177	55%	2,080,000	37%	2,482,296	40%
Production and internal commerce	136,514	5%	130,900	5%	133,260	2%	242,120	4%
Possession and sale of slaves	289,304	11%	266,826	10%	168,673	3%	324,000	5%
Internal circulation	79,911	3%	66,973	2%	68,295	1%	100,510	2%
Administratio n income	504,602	19%	496,323	18%	540,424	10%	773,230	12%

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	1867/1868 value	1867/1868 %	1868/1869 value	1868/1869 %	1874/1875 value	1874/1875 %	1884/1885 value	1884/1885 %
Active debt and other collections	240,005	9%	313,418	11%	2,594,127	46%	2,307,029	37%
Subtotal	2,687,265	100%	2,808,617	100%	5,584,779	100%	6,229,185	100%
Aid from the central government and bond sales		0%		0%		0%	30,000	0%
Total	2,687,265	100%	2,808,617	100%	5,584,779	100%	6,259,185	100%

SOURCE: For São Paulo data, see *Assembleia Legislativa do Estado de São Paulo, leis orçamentárias, 1867-1885*, <http://www.al.sp.gov.br/leis/>; for Minas Gerais data, see Mendes and Godoy, “Finanças públicas da província de Minas Gerais”; for Rio de Janeiro data, see Laemmert, *Almanak administrativo, mercantil e industrial*.

(p.52)

Table 2.6 Budgeted Expenditure of the Provinces of Rio de Janeiro and São Paulo, 1848 -1882 (contos)

	1848/1849	1853/1854	1854/1855	1868/1869	1869/1870	1873/1874	1877/1878	1882/1883
<i>Rio de Janeiro</i>								
General administration	68	47	98	206	245	470	469	370
Costs of collecting taxes	141	112	180	275	272	330	437	406
Maintenance of the church	44	12	13	12	24	24	24	24
Education	94	147	150	275	319	837	852	926
Public works	250	400	392	1,176	738	1,567	472	598
Police forces	125	195	243	376	366	625	591	710
Payment on loans and interest	322	373	373	495	445	1,884	617	914
Purchase of Estrada de Ferro Cantagalo								1,393
Public health and social assistance	27	42	42	1	1	1	1	1
Public lighting				33	33	72	120	110
Subtotal	1,070	1,328	1,490	2,849	2,444	5,810	3,585	5,451
Miscellaneous	80	76	63	560	664	595	727	807
Total	1,150	1,404	1,553	3,409	3,108	6,405	4,312	6,258
<i>São Paulo</i>								

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	1848/1849	1853/1854	1854/1855	1868/1869	1869/1870	1873/1874	1877/1878	1882/1883
General administration	31	41	57	89	99	159	201	195
Costs of collecting taxes	59	75	59	105	188	222	245	264
Maintenance of the church	61	20	10	33	40	157	71	63
Education	76	93	94	198	211	411	504	597
Public works	235	317	374	496	480	659	444	350
Police forces	79	123	150	429	447	708	751	1,285
Payment on loans and interest	7	9	11	70	24			630
Public health and social assistance	5	5	4	25	30	63	43	60
Public lighting	8	11	11	37	34	138	143	169
Subtotal	560	692	769	1,482	1,552	2,518	2,403	3,612
Miscellaneous	5	6	40	23	28	18	27	42
Total	564	699	809	1,505	1,580	2,536	2,431	3,654

SOURCE: Gouvêa, *O império das províncias*, table 4; Assembleia Legislativa do Estado de São Paulo, leis orçamentárias, various years, <http://www.al.sp.gov.br/leis>.

(p.53) subsidization of immigration and the early twentieth-century government program to control coffee prices. In contrast to São Paulo, Rio de Janeiro was far more dependent in this period on loans to meet expenses.

Finally, we return to the question of how important Paulista provincial income and expenditure were for the central government treasury compared to other provinces of the empire.⁸¹ The economic evolution of São Paulo and its importance in the empire can be evaluated by the significance of its income in the total of all provincial incomes and expenditures collected and spent by the central government. São Paulo's share of all provincial incomes stood at just 2 percent between 1830 and 1860 but increased significantly in the next thirty years, reaching a high of 8.4 percent in the last decade of the empire. Interestingly, the province was a net source of funds for the empire from 1830 to 1889, accounting for 5.3 percent of imperial revenue but only 1.8 percent of imperial expenditures (see Table 2.7). The provinces of Paraná, Bahia, Pernambuco, Rio de Janeiro, and Maranhão contributed about the same amount, but São Paulo was the largest donor in terms of what it generated for the central government and what the central treasury spent locally, receiving from the imperial capital only 35.8 percent of the amount collected there between 1830 and 1880. In absolute amounts, the net transfer of Pernambuco and Bahia each surpassed the net transfer of São Paulo. The net income of the court itself was more than the sum of the payment of central government taxes made by São Paulo, Bahia, and Pernambuco. The court over the course of the nineteenth century absorbed two-thirds of the total funds raised by the empire. Because of the power imbalance, the southern region, which included the court, was a net receiver of tax resources and the north and northeast were net donors of fiscal resources.⁸²

Another way to highlight the importance of São Paulo in the national context is through the general and provincial revenue obtained in its territory. In São Paulo in fiscal year 1886/1887, the total of both national and provincial taxes was 14,895 contos, or 17 percent of total national and provincial revenues, the highest collected that year in all the provinces. Some 65 percent of this 14,895 contos was national taxes. If we consider only the provincial revenue, São Paulo accounted for 15 percent of total provincial tax revenues of the various provinces and was surpassed only by Rio de Janeiro, with 17 percent of the total (see Table 2.8).

The budgets at the end of the imperial period finally provide detailed information on the costs and size of the provincial government. São Paulo had the most employees in tax collection, public safety, and education. In the 1888/1889 budget, the provincial treasury had a total of thirty-six **(p.54)**

Table 2.7 Actual Income and Expenditure for the Empire in São Paulo, 1830-1889

	Imperial income or expenditure	Income from or expenditure in São Paulo	Percentage from or in São Paulo
<i>Imperial income (contos)</i>			
1830-1839	125,938	2,441	1.9%
1840-1849	220,843	4,711	2.1%
1850-1859	402,478	8,662	2.2%
1860-1869	639,571	21,667	3.4%
1870-1879	1,057,409	53,110	5.0%

	Imperial income or expenditure	Income from or expenditure in São Paulo	Percentage from or in São Paulo
1880-1889	1,300,299	109,224	8.4%
<i>Imperial income and expenditure (pounds sterling)</i>			
Total income	355,268	18,947	5.3%
Total expenditure	367,832	6,781	1.8%

SOURCE: Diniz, "Centralização política e concentração de riqueza."

Table 2.8 Actual Imperial and Provincial Receipts, 1886/1887 (contos)

Province	Period	Imperial	Provincial	Total	Province %
São Paulo	1886/1887	9,659	5,237	14,895	17%
Bahia	1886/1887	10,885	3,047	13,932	16%
Pará	1887	9,029	3,961	12,989	15%
Pernambuco	1886/1887	10,126	2,715	12,841	14%
Rio Grande do Sul	1886/1887	7,379	2,807	10,186	11%
Rio de Janeiro	1887	1,284	6,017	7,302	8%
Minas Gerais	1886/1887	1,660	3,410	5,071	6%
Maranhão	1886/1887	2,237	716	2,953	3%
Amazonas	1886/1887	961	1,939	2,900	3%
Ceará	1887	1,173	977	2,149	2%
Alagoas	1886/1887	928	742	1,670	2%
Paraná	1887	548	969	1,517	2%
Sergipe	1886/1887	383	800	1,183	1%
Santa Catarina	1886/1887	783	374	1,157	1%
Paraíba	1887	395	523	918	1%
Espirito Santo	1887	306	439	745	1%
Mato Grosso	1887	395	228	623	1%
Rio Grande do Norte	1886/1887	178	391	569	1%
Piauí	1886/1887	271	273	544	1%
Goiás	1886/1887	61	240	301	0%
Total		53,643	35,804	89,446	100%

SOURCE: Cotegipe, *Breve notícia do estado financeiro das províncias*, table 3.

NOTE: There is no data for the Court itself, which generated the majority of the income.

(p.55) functionaries, who cost an estimated 89 contos, of which 90 percent represented salaries and commissions. The tax office of the provincial treasury had seven functionaries, and the other tax offices (*mesas de rendas*) in Ubatuba, Sorocaba, and Itararé had another six among them. The largest group of Treasury employees were the forty-six soldiers deployed at barrier posts; they cost 32 contos. A large budgeted expenditure item was the percentage on receipts given to tax collection agents. In the case of the tax office of the provincial capital, the budget estimated payment of 7 percent on an estimated 250 contos to be collected, which amounted to 17.5 contos. In addition, the budget added an expenditure of 208 contos for collection of revenues at railway stations. The budget contained a total expenditure of 391 contos for collecting taxes in all areas, which represented 8 percent of the total budgeted expenditure for 1888/1889.⁸³

Public security was another major part of the government.⁸⁴ For 1877/1878 the province had 680 men in its police force, including officers. The so-called urban companies had another 120, of both police and firefighters. Ten years later the police force had increased to 1,493 men. The urban companies had been split into urban police companies, with 242 men, and the capital fire section, with 42 men. The budget allocated 1,016 contos for annual salaries for the provincial police force, 171 contos for the urban police companies, and 23 contos for the firefighters. Other expenses included 138 contos for uniforms and 5 contos for armaments and equipment (see Table 2.9).

The third major expected expenditure at the end of the empire was for public education. Throughout the nineteenth century major changes were made as to which institutions belonged to this area of expenditures. We put into this category public instruction schools, the lyceums, the Normal School, the Vocational School for Apprentices (*Seminário de Educandos/as*, which housed male and female orphans and poor youth), and the School of Drawing and Painting. In the 1886/1887 budget total educational expenditures were estimated at 830 contos, of which 9 contos were for the staff and relevant expenses of the office of the Inspector General of Education; 27 contos for the personnel and other expenses of the Normal School; 459 contos for the 518 male public school teachers, and 315 contos for the 359 female primary public school teachers. There was a provision for 20 contos for school furniture, books, and supplies. The *Seminário da Gloria* was to receive 31 contos, of which 24 contos were for food and clothing for a hundred apprentices; 12 contos were for the Lyceum of Arts and Crafts and 4 contos for the *Seminário Episcopal*.⁸⁵ **(p.56)**

Table 2.9 Structure of the Police Force of the Province of São Paulo, 1877/1878 and 1888/1889

BUDGET YEAR 1877/1878		BUDGET YEAR 1888/1889		SALARY (MIL RÉIS)	
Position	Number of personnel	Position	Number of personnel	Monthly	Daily
<i>Police corps</i>					
ESTADO MAIOR					
Comandante, tenente coronel	1	Coronel Comandante	1	300	
Capitão-mandante	1	Major fiscal	1	200	
Tenente-cirurgião	1	Capitão cirurgião	1	220	
Alferes ajudante	1	Tenente ajudante	1	116	
Alferes quartel-mestre	1	Tenente quartel-mestre	1	116	
Alferes secretário	1	Tenente-secretario	1	116	
ESTADO MENOR					
Sargento ajudante	1	Sargento ajudante	1		2.20
Sargento quartel-mestre	1	Sargento quartel-mestre	1		2.20
Mestre de Música	1	Mestre de Música	1	18	2.20
Corneta-mor	1	Corneta-mor	1		2.20
Musicos	18	Musicos	24		1.60–1.80
COMPANIES					
Tenente comandante	14	Capitão Comandante	7	155	
Alferes	12	Alferes	7	96	
1os. Sargentos	4	1os. Sargentos	7		2.10
2os. Sargentos	8	2os. Sargentos	14		2.00

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BUDGET YEAR 1877/1878		BUDGET YEAR 1888/1889		SALARY (MIL RÉIS)	
Position	Number of personnel	Position	Number of personnel	Monthly	Daily
Forrieis	4	Forriel	7		1.90
Cabos	24	Cabos	42		1.85
Cornetas	4	Cornetas	14		1.80
Soldados	582	Soldados	1,361		1.80
Total police force	680	Total police force	1,493		
<i>Urban companies</i>					
Comandante, capitão	1	Comandante, capitão	1		
Alferes	1	Alferes	1		
1os. Sargentos	4	1os. Sargentos	5		
2os. Sargentos	4	2os. Sargentos	5		
Guardas	110	Soldados	230		
Total urban companies	120	Total urban companies	242		

SOURCE: Law 61, May 12, 1877; law 27, March 10, 1888.

NOTE: Urban companies include city police and firemen. In 1888/1889 the firefighters composed a separate section, with 1 comandante, 1 alferes, 5 first sargentos, 5 second sargentos, and 30 firemen.

(p.57) Added to the data on the number and salaries of provincial government employees that appear in some nineteenth-century documents, the 1888/1889 budget gives more complete information on the total of state employees. The annual remuneration of provincial government employees was primarily by salary and a bonus corresponding to 50 percent of the annual value of their salaries. The salary of the highest-paid functionaries, heads of departments, was above 5,000 mil réis. The professors of the Normal School were to be paid between 2,400 and 3,600 mil réis; the total remuneration of the professors of the public schools varied between 900 and 2,200 mil réis, depending on their position, courses taught, and level of the school. Some civil servants who were directly related to tax collection received an annual salary plus a percentage of the funds collected, but it is unclear how this commission was divided among them.

Despite the increasing expenditures on education, Rodrigues Alves, president of the province and future president of the republic, stated in his 1888 report that the development of public education had not kept pace with the growth of the province. He noted that there were 1,030 schools, of which 805 were provided with teachers, with 26,939 students enrolled and 20,596 attending classes. He said that compared to previous years these figures showed that there was little progress made in this important branch of the public service and that without massive effort of public and private institutions this lamentable situation would not change.⁸⁶

A subset of the fiscal history of the province is the special budgets for the capital city of São Paulo. Although the local municipal councils had administrative autonomy, municipal budgets depended on the approval of the provincial legislature. Municipal budgets, even for the capital, were quite small compared to the provincial budgets. In 1851/1852, for example, the city's revenues were estimated at around 6 contos, compared to an estimated revenue of over 400 contos for the province; in 1885/1886, the difference declined but was still a very significant one-fourteenth: 290 contos against 4,167 contos for the province. A detailed analysis of the 1885/1886 budget of the capital reveals that the majority of its receipts came from taxing local businesses and activities. This included business taxes on grocery stores, textile and notions stores, the sale and consumption of products (fresh meat, liquor and alcoholic beverages, etc.), the possession and handling of vehicles (such as carts, vehicles with movable axles), the exercise of activities in general (permits for practicing an occupation or opening a business), municipal ordinances (putting up walls, placing signs on houses, etc.), rents of public services (use of the municipal cemetery, measurement of weights and measures), and rental of municipal-owned buildings. In **(p.58)** 1885/1886 approximately 250 different sources of municipal income were budgeted, with most being insignificant and sixteen accounting for over two-thirds of the proposed revenue. In that year, the largest source of income was expected to come from taxing wholesale and retail stores, fresh meat, the circulation of goods, and the ownership of wagons in general. Alone, these four items accounted for a third of municipal revenue. The urban property tax, which subsequently represented an important part of municipal revenues, still belonged at that time to the provincial treasury. In the fiscal year 1885/1886, the main expenses planned for the city of São Paulo were public works (34 percent), debt repayment (14 percent), street cleaning and transportation of waste (7 percent), and eminent domain land purchases (7 percent).⁸⁷ These four items consumed 61 percent of the estimated income to be collected by the municipality.⁸⁸

It is evident from these data that over the course of the nineteenth century an autonomous government with an independent fiscal structure slowly emerged in the provinces. But these local provincial governments developed within a highly centralized political and administrative system. The conflict of the taxing powers was permanent because of the division of the imperial

and provincial taxes and their similar tax base. The national government had under its control all the standard older taxes and did not allow taxation of trade between provinces. It reserved for itself all taxes levied on imports and exports. Despite this prohibition, provincial taxes were created in São Paulo (such as the charges put in place on the road barriers, which taxed the movement of goods, including goods moving between provinces), even a tax on exportable agricultural products (*direitos de saída*), levied in the form of tithing. With this budgetary autonomy and the creation of the provincial assemblies, the provinces were gradually creating autonomous administrative structures.

The detailed analysis of provincial finances that we provide shows that the tax base of the province changed over time. Initially, the province could collect only taxes that were focused on fixed points, such as the barriers in the roads, the tithes (*direitos de saída*) on agricultural production leaving the farms, and rights of way. These taxes maintained a steady share of the total income budgeted of around 75 percent of the collection. In the 1870s and onward the barrier taxes would be replaced by a railway tax on goods and passengers that would in turn become the primary source of provincial revenues. Other taxes on property; on transactions such as slave sales; on economic activities or consumption, such as the taxes on brandy and slaughtered beef; and on auction houses and clothing stores were a fourth or less of all funds collected.

(p.59) In the case of budgeted expenditures, the concentration occurred in well-defined areas. Education and public safety showed increasing expenditures, explaining 30-50 percent of total expenses in the second half of the century. Provincial administration, considering only the provincial assembly, the government departments, and the tax collection administration, represented approximately 10 percent of the budget. Public works expenditures, which remained very important until the 1850s, systematically declined because of the increasing loss of road-barrier income, which had been both the main source of its income and the biggest source of its expenditures. Nevertheless, until the arrival of the railroads these roads, especially those linking production areas to ports of embarkation, were extremely important for the provincial economy. On the other hand, revenues related to exports and the railroad transit tax that replaced the barrier tax as a source of revenue grew dramatically as a result of all this government investment in railroads. The taxes on rail movement of goods and persons provided strong stimulus to railroad construction, which revolutionized the communications of São Paulo in the late nineteenth century. The guaranteed-interest payments from the government on capital investments in the railroads proved fundamental in developing this transport infrastructure. As a result, in the second half of the century the servicing of the provincial debt and the guaranteed minimum interest granted to the water and sanitation utilities and railroad companies gained importance and explained 15 percent of spending by the 1880s.

Despite its limited capacities, the province of São Paulo under the empire was able to support the deployment of an extensive rail network; construct roads, bridges, and ports; initiate potable water and urban sanitation projects; and start the European immigration process to replace slaves. Still within the framework of the empire, São Paulo would create the conditions that permitted the subsequent state government in the first decades of the twentieth century to lead the economic process of the country. Nor did the province have to rely on only its own resources, as the empire showed itself willing to intervene in the provincial economy when necessary to preserve its economic activity and its main sources of income.⁸⁹ We can see from these fiscal data that the São Paulo economy was growing quite rapidly, especially in the last decades of the

empire, and its taxes, both imperial and provincial, were becoming the single most important source of revenue for the central government.

This experience with the provincial government of São Paulo convinced the Paulista elite of the need to create an even more powerful and autonomous state government once the republic was proclaimed. Under the **(p.60)** regime established in 1889, they were able to create a state government in total control of its own executive. This government was rapidly equipped with professional administrators who in turn would develop a modern state structure in everything from education and public health to its own military force. This state government quickly emerged as the most powerful and modern in republican Brazil.

Notes:

(1.) One of the few such studies of any province is that of Maria de Fátima Silva Gouvêa. She notes that there has been “a scarcity of studies on the political-administrative organization of the provinces in the nineteenth century.” Maria de Fátima Silva Gouvêa, *O império das províncias, Rio de Janeiro, 1822-1889* (Rio de Janeiro: Civilização Brasileira, 2008), 80.

(2.) These annual budgets are practically complete and can be found in the digital archive of the Assembleia Legislativa do Estado de São Paulo, at <http://www.al.sp.gov.br/alesp/normas/?tipoNorma=9>. Even when we know the actual income and expenditure, we use the proposed budgets approved by the legislature because of the wealth of information that they contain.

(3.) Viviane Tessitore carried out a detailed analysis of taxes in the state of São Paulo from 1832 to 1892. See Viviane Tessitore, “As fontes de riqueza pública: Tributos e administração tributária na província de São Paulo (1832-1892)” (master’s thesis, Universidade de São Paulo, 1995). For more on imperial fiscal policies and results, see Hernani Maia Costa, “As barreiras de São Paulo: Estudos históricos das barreiras paulistas no século XIX” (master’s thesis, Universidade de São Paulo, 1984), 80; Savério Mandêta, *Impostos, taxas e contribuições: Resenha histórica do regime fiscal no Brasil* (São Paulo: Colébras, n.d.); Liberato de Castro Carreira, *História financeira e orçamentária do império do Brasil* (1889; repr., Brasília: Fundação Casa de Rui Barbosa, 1980); Guilherme Daveza, “Política tributária no período imperial,” in *História geral da civilização brasileira*, ed. Sérgio Buarque de Holanda, vol. 2, bk. 4 (São Paulo: Difusão Europeia do Livro, 1971), 60-84; and Fernando José Amed and Plínio José Labriola de Campos Negreiros, *História dos tributos no Brasil* (São Paulo: Edições SINAFFRESP, 2000), 189-227.

(4.) These can be found in the archives of the Center for Research Libraries, at http://www-apps.crl.edu/brazil/provincial/s%C3%A3o_paulo.

(5.) Baron Cotegipe, *Breve notícia do estado financeiro das províncias organizada por ordem do S. Ex. o Sr. Barão de Cotegipe, presidente do conselho de ministros* (Rio de Janeiro: Imprensa Oficial, 1887).

(6.) Eugênio Lefevre, *A administração do estado de São Paulo na República Velha* (São Paulo: Typografia Cupolo, 1937).

(7.) Ibrahim João Elias and Nelson H. Nozoe, *Secretaria de estado dos negócios da fazenda do estado de São Paulo: Evolução institucional* (São Paulo: IAFEA/USP, 1978). For the structure of the treasury, see Brasília Sallum Jr. and Eduardo Kugelmas, “A evolução institucional da secretaria da fazenda, 1889-1930,” *Cadernos FUNDAP* 5, no. 9 (1985): 11-20.

(8.) There are two types of annual publications: the *Contas do exercício* and the *Tabelas explicativas da receita e da despesa do estado de São Paulo*. These series can be found in the archives of SEADE (Fundação Sistema Estadual de Análise de Dados), at <http://produtos.seade.gov.br/produtos/bibliotecadigital/view>.

(9.) The *Anuário estatístico de São Paulo* of 1908 provided realized income and expenditure from 1835/1836 to 1888/1889. See Departamento de Estatística do Estado, *Anuário estatístico de São Paulo, 1908* (São Paulo: Typografia do Diário Oficial, 1911), 2:140.

(10.) Law of October 20, 1823. See Miriam Dolhdikoff, "O lugar das elites regionais," *Revista USP*, no. 58 (2003): 116-133; Marcos Roberto de Lima Aguirre, "A proposta do federalismo no Brasil: O debate entre a centralização e a descentralização no século XIX" (master's thesis, Universidade Federal do Rio Grande do Sul, Porto Alegre, 2012); Diego de Paiva Vasconcelos, "O liberalismo na constituição brasileira de 1824" (master's thesis, Universidade de Fortaleza, 2008); Leonardo Grão Velloso Damato Oliveira, "Momento federalista: Projetos políticos no alvorecer do império brasileiro" (master's thesis, Universidade Federal do Espírito Santo, Vitória, 2013).

(11.) See Constituição Política do Império do Brasil de 1824, at http://www.planalto.gov.br/ccivil_03/constituicao/constituicao24.htm. After independence a constitutional assembly was elected to approve a constitution. But the views of the constituents and the emperor conflicted. The emperor dissolved the assembly and unilaterally issued the constitution of 1824, which is seen as absolutist and centralist. Raymundo Faoro, *Os donos do poder: Formação do patronato político brasileiro* (Porto Alegre: Globo/EDUSP, 1975), 1:289. Also see Marco Antônio Villa, *A história das constituições brasileiras* (São Paulo: Editora Leya, 2011); and Vasconcelos, "O liberalismo na constituição brasileira de 1824." For more on the political structure of the empire, see José Murilo de Carvalho, *A construção da ordem: A elite política imperial* (Rio de Janeiro: Civilização Brasileira, 2003).

(12.) According to a study of provincial presidents, 919 governed the twenty provinces of the Brazilian empire from 1822 to 1889. The average number per province was 48 presidents, in office for an average of only seventeen months. In six provinces, including São Paulo, the average was close to fourteen months. Some 124 of these presidents served in two different provinces, 46 in three, 28 in four provinces, and 1 in eight different provinces. Given this, any president would have a difficulty developing a systematic and coherent local administration. Carlos Umberto P. Corrêa, "A presidência de província no império," in *XXI simpósio nacional de história: História, acontecimento e narrativa* (João Pessoa, Brazil: ANAIS, 2003), <http://anpuh.org/anais/wp-content/uploads/mp/pdf/ANPUH.S22.113.pdf>; also see Carlos Eduardo França de Oliveira, "Os presidentes de província e seu conselho privativo, São Paulo e Minas Gerais (1824-1834)," paper presented at the XXVII Simpósio Nacional de História, Natal, Brazil, July 22-26, 2013, http://www.snh2013.anpuh.org/resources/anais/27/1364657543_ARQUIVO_TextoSimposioSNH_2013_CarlosEduardoFrancadeOliveira.pdf.

(13.) Elias and Nozoe, *Secretaria de estado dos negócios da fazenda do estado de São Paulo*, 7.

(14.) Vinicius de Bragança Müller e Oliveira, "Centralização e descentralização: Mudanças institucionais e seus impactos na economia da província de São Paulo (1835-1850)" (master's thesis, Universidade Estadual Paulista, Araraquara, 2006).

(15.) The constitution of 1824 created a bicameral national legislature with a senate and chamber of deputies. The senators were appointed for life and the deputies indirectly elected for fixed terms. The central government also had a council of state, and the emperor had a moderating power (*poder moderador*), which allowed him to intervene to guarantee “the independence, equilibrium and harmony of the political powers.” Carvalho, *A construção da ordem*.

(16.) The Code of Criminal Procedure provided for locally elected judges. As one scholar noted, it was “an immense leap from the centralization of the Philippine Ordinances to a copy of English localism.” Faoro, *Os donos do poder*, 1:306.

(17.) For background on this act, see Roderick J. Barman, *Brazil: The Forging of a Nation* (Stanford, CA: Stanford University Press, 1988), chap. 6.

(18.) Faoro, *Os donos do poder*, 1:300-306. The relative decentralization that occurred during the regency became a factor in the permanent conflict among the political leaders of the monarchy. In May 1840, a law interpreting the Additional Act represented a step backward in terms of decentralization. On July 23, 1840, came the anticipated majority of Dom Pedro II, then fourteen years old, and the regency came to an end. The centralizing movement then would be reinforced by law 261 of December 3, 1841, which moved the judiciary and police power of the provinces into the hands of the national government. See Faoro, *Os donos do poder*, 1:333.

(19.) Artur Gilberto Garcéa de Lacerda Rocha, “As questões tributárias municipais no Brasil Imperial: Um estudo sobre a cidade do Recife durante as décadas de 1860 e 1870,” *Hum@nae* 5, no. 1 (2011), <http://www.humanae.esuda.com.br/index.php/humanae/article/view/47/7>. Also see Arthur José Renda Vitorino, “Centralização versus descentralização: A política monetária e fiscal do governo central imperial e a província de São Paulo,” *Diálogos* 13, no. 3 (2009): 675-695.

(20.) Imperial Budget Law of August 24, 1832; law 59 of October 8, 1833; law 99 of October 31, 1835. See Gouvêa, *O império das províncias*, chap. 2; Costa, “As barreiras de São Paulo,” 80. Also see Mandêta, *Impostos, taxas e contribuições*, 541; Amed and Negreiros, *História dos tributos no Brasil*; and especially Carreira, *História financeira e orçamentária do império do Brasil*.

(21.) Law of October 4, 1831, title 1, chaps. 1, 2, and 3.

(22.) *Ibid.*, title 3. According to Tessitore the 1831 budget law for the first time tried to standardize the collection and better definition of taxes, avoiding superimpositions on the same tax base. It also attempted to abolish provincial import and export taxes but was unsuccessful. Tessitore, “As fontes de riqueza pública.” Also see Daveza, “Política tributária no período imperial,” in Holanda, *História geral da civilização brasileira*, vol. 2, bk. 4, pp. 60-84; and Amed and Negreiros, *História dos tributos no Brasil*, 189-227.

(23.) The structure comprised a treasury inspector, an accountant, and a tax attorney. Law of October 4, 1831, art. 46.

(24.) Tessitore, “As fontes de riqueza pública,” 64.

(25.) According to Francisco Iglesias the fiscal life of the provinces began with the creation of the legislative assemblies of the provinces. Francisco Iglesias, *Política econômica do governo provincial mineiro (1835-1889)* (Rio de Janeiro: INL, 1958), 174.

(26.) Expenditures were fixed at 10,787 contos.

(27.) The law clearly stipulates provincial expenses and their fixed costs, which added up to 2,192 contos for all provinces. In São Paulo, these fixed costs amounted to 119 contos. For the fiscal year 1833/1834, the province of São Paulo budgeted 119.5 contos, which represented around 5 percent of the total of all the imperial provincial budgets.

(28.) Provincial law 9 of February 20, 1838. Despite the new name, it kept the previous treasury's positions of an accountant, four officers, two clerks (who hand-copied documents), and a doorman, who also served as the mailman. Despite this insufficient structure, the provincial president said in 1841 that he was highly pleased the administration of provincial revenues and that their collection was done faithfully, zealously, and honestly by the collectors. He called attention to the creation of a special legal jurisdiction for the issues of the treasury. This was a subject repeatedly brought up by administrators, indicating the difficulties in resolving judicial issues related to the provincial treasury. *Discurso recebido pelo exmo. Presidente Miguel de Souza Mello e Alvim, no dia 7 de janeiro de 1842, por ocasião da abertura da assembleia legislativa da província de São Paulo* (São Paulo: Typographia Imparcial de Silva Sobral, 1842), 18-22. For more on public advocacy, see Paulo Álvares Babilônia, "A advocacia pública brasileira no período colonial e no império: Evolução histórica," *Jus*, December 2010, <https://jus.com.br/artigos/18112/a-advocacia-publica-brasileira-no-periodo-colonial-e-no-imperio-evolucao-historica>.

(29.) *Discurso com que o ilustríssimo e exmo. Senhor Conselheiro Dr. Vicente Pires da Motta, presidente da província de São Paulo, abriu a assembleia legislativa provincial, no dia 15 de abril de 1850* (São Paulo: Typographia do Governo, 1850), 16.

(30.) Decree of April 16, 1821, http://www.camara.leg.br/Internet/InfDoc/conteudo/colecoes/Legislacao/Legimp-E4_19.pdf. For our discussion of fiscal legislation we draw on the excellent work in both Tessitore, "As fontes de riqueza pública," 64; and Amed and Plínio, *História dos tributos no Brasil*, 189-227.

(31.) General law 58 of October 8, 1833, ordered that tithes be paid on sugar, cotton, coffee, tobacco, cattle, and horses. This meant that the remaining items could be taxed with the provincial dízimos. The Paulista law 4 of March 12, 1835, declared that the dízimos, which would belong to the provincial revenue as understood in paragraphs 10 and 11 of article 31 of law 59 of October 8, 1833, would be levied only on the export of goods leaving the province. Rates were 10 percent on manufactured products and 5 percent on hand-produced goods.

(32.) Various changes with respect to this tax were made during the period of the empire. Law 3 of April 3, 1866, for example, fixed the following rates for the tax: 7.5 percent on nonmanufactured goods, 3.5 percent on manufactured goods produced or exported from the province, 6 percent on raw cotton, 3 percent on cotton cloth, and 4 percent on goods exported to the exterior from the ports of the province. This law declared that all the cotton dízimo would go to paying off provincial debt.

(33.) According to Suprinyak, the location of the Rio Negro Registry proved especially suitable for tax purposes. The barrier post of the Rio Negro was between the provinces of São Paulo and Rio Grande de São Pedro and just off the Estrada da Mata, the only route through the dense forests of the hinterlands and thus used by mule trains crossing the Rio Negro. Carlos Eduardo Suprinyak, "O mercado de animais de carga no centro-sul do Brasil imperial: Novas evidências,"

Estudos Econômicos 38, no. 2 (2008): 321. Paraná was still part of São Paulo, becoming a separate province in 1853. On the tax collected at the Sorocaba registry, see Herbert S. Klein, "The Supply of Mules to Central Brazil: The Sorocaba Market, 1825-1880," *Agricultural History* 64, no. 4 (1990): 1-25. For the origins of the separation of Paraná from São Paulo, see Vitor Marcos Gregório, "Dividindo as províncias do império: A emancipação do Amazonas e do Paraná e o sistema representativo na construção do estado nacional brasileiro (1826-1854)" (PhD diss., Universidade de São Paulo, 2012).

(34.) According to law 10 of May 7, 1851, the barrier tax collected would be fully applied to the maintenance of roads linking Sorocaba to the rest of the province, as well as major roads of the município of Curitiba that did not have their own income.

(35.) The tax became known as tax on animals in Itararé and Sorocaba, appearing in that form in the 1886/1887 budget, approved by law 124 of May 28, 1886. See also law 129 of July 17, 1881, which determined the charges on each type of animal that entered Rio Grande do Sul, Santa Catarina, and Paraná: mules were taxed at 2,000 réis, stallions 500 réis, mares 1,000 réis, and cattle 500 réis. Mules in mule trains were not taxed.

(36.) Law 17 of March 26, 1840.

(37.) Tessitore, "As fontes de riqueza pública," 250-257. According to Evaldo Cabral de Mello, the provinces were very limited in their power to tax exports. On the other hand, the empire gave too broad a meaning to imports, which limited provincial assemblies' ability to tax them. Evaldo Cabral de Mello, *O norte agrário e o império, 1871-1889* (Rio de Janeiro: Topbook, 1984), 247.

(38.) Maria Isabel Basilisco Célia Danieli, "Economia mercantil de abastecimento e rede tributária: São Paulo, séculos XVIII e XIX" (PhD diss., Universidade Estadual de Campinas, 2006), 147.

(39.) There were approximately fifteen barreiras named in the provincial budgets of São Paulo. The most important were Cubatão near Santos, Itapetininga, Jundiá, Sorocaba, and Ubatuba. See José Jobson de Andrade Arruda, "As barreiras como fontes primárias para a história da província de S. Paulo no século XIX (1835-1892)," in *Memória da I semana de história* (Franca, Brazil: Editora UNESP, 1979), 17-24; José Jobson de Andrade Arruda, "As barreiras de Cubatão, Caraguatatuba, Ubatuba e Cunha: Limites e possibilidades da documentação," *Anais do Museu Paulista* 28 (1977-1978): 81-100; Costa, "As barreiras de São Paulo," 80; and Maria Thereza Schorer Petrone, *O Barão de Iguape: Um empresário da época da Independência* (São Paulo: Nacional, 1976).

(40.) The law had two tables, one for goods and another for passengers. Goods such as coffee, sugar, cotton, tobacco, leather, brandy, flour, cereals, salt, and manufactured goods in general were taxed at 2.5 réis per kilogram. Oxen, cows, bulls, horses, donkeys, and other beasts cost 1,200 réis per head. Small animals such as calves cost 210 réis per head. First-class passengers paid 200 réis, second-class 150 réis, and third-class 100 réis. Law 73 of April 26, 1872. The tables underwent numerous changes until the end of the empire but basically covered the same products.

(41.) In the colonial period Minas Gerais charged a slave capitation tax to prevent tax evasion by gold miners. The Crown levied a tax on the slaves that miners owned, since the number of slaves

was a good proxy for gold extracted. See Francisco Vidal Luna, *Minas Gerais: Escravos e senhores; Análise da estrutura populacional e econômica de alguns centros mineratórios (1718-1804)* (São Paulo: Instituto de Pesquisas Econômicas, USP, 1981).

(42.) For more on the *meia sisa* tax, see Guilherme Vilella Fernandes, “Tributação e escravidão: O imposto da meia sisa sobre o comércio de escravos na província de São Paulo (1809-1850),” *Almanack Brasiliense*, no. 2 (2005): 102-113; and Rafael da Cunha Scheffer, “Comércio de cativos através das fontes cartoriais: Possibilidades e seus limites,” paper presented at the XXVII Simpósio Nacional de História, Natal, Brazil, July 22-26, 2013, http://www.snh2013.anpuh.org/resources/anais/27/1364739513_ARQUIVO_ArtigoRafaeldaCunhaScheffer.pdf.

(43.) Alvará of June 3, 1809. The law established that anyone could collect the tax, doing so in auctions like other contracts.

(44.) General budget law of October 24, 1832.

(45.) Law 17 of April 11, 1835, which established that the tax would not be charged if there was an exchange of slaves, for goods or other slaves, nor would a slave obtaining liberty through self-purchase or other means be charged the tax.

(46.) *Ibid.*, art. 37.

(47.) Two of these were the taxes on slaves belonging to convents and on slaves who left the province by sea.

(48.) The Matrícula Especial de Escravos was created by law 1 of January 23, 1881. The act required that all slaves who entered São Paulo be registered and be taxed 2,000 contos. This income appears in the budget for fiscal year 1881/1882.

(49.) *Fala dirigida à Assembleia Legislativa Provincial de S. Paulo na abertura da 1a. sessão da 25ª. legislatura, em 16 de janeiro de 1884, pelo Presidente Barão de Guajará* (São Paulo: Typographia da Gazeta Liberal, 1884), 8, tables. Interprovincial sales of slaves were concentrated in the coffee-producing provinces, which had negative economic and political effects on the coffee-exporting provinces and created a political imbalance in defense of the institution. Provinces with fewer slaves were little interested in the maintenance of slavery, then strongly questioned in the country.

(50.) The law declared that no inheritance could be granted to any heir without official stamped paper documentation. Alvará of June 17, 1809, art. 6.

(51.) This was the complaint of the president of the province in 1844. See *Discurso recitado pelo exmo. Presidente Manuel Felizandro de Souza e Mello, no dia 7 de janeiro de 1844, por ocasião da abertura da assembleia legislativa da província de São Paulo* (São Paulo: Tipografia do Governo, 1844), 57. In 1872, law 73 of April 26 elevated the inheritance tax to 15 percent.

(52.) Law 17, April 11, 1835, art. 8.

(53.) Alvará of June 27, 1808, in which the prince regent said that Portugal’s experience with a tithe on urban buildings (*décima urbana*) was that its burden was shared more equally, because

owners paid the tax on buildings they inhabited or added it to the rent they charged. A Board of Urban Tenth collected the tax in each municipality.

(54.) The act stated that urban property tax was the responsibility of local municipal councils, which would establish in their annual budgets the percentage that they should receive for administering the collection of the tax. Law 10, February 22, 1842. The province retained the Tenth of Urban Buildings on Church Convents, which became part of the provincial income after 1845, but it produced little revenue. In 1873 the tax was reinstated on urban buildings, to be paid by the owner. The law stipulated that the owner of urban property should pay a yearly tax of one mil réis for each conto value of the building. In other words, it created a new provincial tax of 1 percent of the total value of the urban building for all buildings greater than one conto. Law 19, April 25, 1873.

(55.) Law 86A, June 25, 1881, art. 10.

(56.) Exempt from the additional tax were goods subject to other taxes and fees. Also exempt were goods leaving the port of Santos. According to Tessitore, subsequent legislation referred to exemptions related to coffee. The funds from this additional tax were applied to the provincial debt. Tessitore, "As fontes de riqueza pública," 168.

(57.) Law 91, April 25, 1873, chap. 4, "Disposições permanentes," art. 2. The law stipulated that the government would make rules for the collection of the tax. According to Tessitore, between 1880 and 1888, the provincial treasury had ongoing difficulties in collecting this tax, partly because of the social position of the people on whom the tax was being charged. Tessitore, "As fontes de riqueza pública," 186.

(58.) We present the available data for estimated income budgeted by the provincial assembly in Table A2.1, and in Table A2.2 we present actual and budgeted income for the province from 1835 to 1889.

(59.) *Relatório com que o exmo. Sr. Dr. Sebastião José Pereira passou a administração da província ao 5^o. Vice-Presidente Monsenhor Joaquim Manoel Gonçalves de Andrade* (São Paulo: Typographia do Diario, 1878), 75.

(60.) As the president of the province reported in 1864, "[In] the budget of receipts and expenditures for the fiscal year 1864/1865, income was calculated on the average of actual income for the past three years." *Relatório que por ocasião da abertura da Assembleia Legislativa Provincial de S. Paulo no dia 3 de fevereiro de 1864 apresentou o ilmo. e exmo. Sr. Conselheiro Doutor Vicente Pires da Motta, presidente da mesma província* (São Paulo: Tipographia Imparcial, 1864), 14. Although these estimates are not perfect, they present some consistency, especially with the budgeted income. In the case of the municípios, Luciana Suarez Lopes and Anne Gerard Hanley could not identify a relationship between income and expenditures in the respective budgets. Luciana Suarez Lopes and Anne Gerard Hanley, "Alice in Accounting Land: The Adventure of Two Economic Historians in Accounting Records of the 19th Century," *Revista Contabilidade e Finanças* 25 (2014): 355-363.

(61.) We base this on the following budgets approved by the São Paulo provincial assembly: laws 107 (1889); 55 (1888); 95 (1887); 124 (1886); 94 (1885); 59 (1884); 156 (1880); 22 (1877); 89 (1876); 10 (1875); 52 (1874); 91 (1873); 73 (1872); 45 (1871); 93 (1870); 29 (1869); 57 (1868); 16 (1867); 77 (1865); 30 (1864); 8 (1862); 16 (1861); 27 (1859); 39 (1858); 47 (1857); 31 (1856);

31 (1855); 30 (1854); 18 (1853); 14 (1852); 10 (1851); 24 (1850); 27 (1849); 12 (1848); 28 (1847); 35 (1846); 9 (1845); 40 (1844); 25 (1841); 17 (1840); 11 (1839); 22 (1838); 14 (1837); 40 (1836); and 17 (1835). From 1835 to 1889 the fiscal year began July 1 and ended June 30 of the following year.

(62.) An extensive study on the financial conditions of the province in 1886 includes a questionnaire about the taxes created by the provincial assembly from January 1878 to December 1885. Budgets still included *barreira* taxes, but, the document said, the transit tax (enacted in 1872) replaced barrier taxes. Cotegipe, *Breve notícia do estado financeiro das províncias organizada por ordem do S. Ex. o Sr. Barão de Cotegipe, presidente do conselho de ministros*, 4-5.

(63.) Provincial law 11, March 11, 1839, established that existing cash balances in the province were to be used to purchase national debt bonds. However, provincial law 17, March 26, 1840, banned using surpluses to purchase the national debt, or any other operation. But the next budget law allowed a limited purchase of a total of three hundred bonds worth 1,000 réis each. Law 25, March 23, 1841. Each year such provisions were included in the budget law.

(64.) The provincial president said that the collection of outstanding debt would only increase significantly when the cases brought by the provincial treasury would be prosecuted before a private judge. *Discurso com que ilustríssimo e exmo. Senhor Conselheiro Dr. Vicente Pires da Motta, presidente da província de São Paulo, abriu a assembleia legislativa provincial, no dia 15 de abril de 1850*, 16.

(65.) Cotegipe, *Breve notícia do estado financeiro das províncias organizada por ordem do S. Ex. o Sr. Barão de Cotegipe, presidente do Conselho de Ministros*. Although we planned to study all the years, the budgets of the provincial assemblies were not always complete. In a few cases we could not find budget and in others the form of its presentation differed to an extent that made it impossible to compare to other years.

(66.) Public street lighting was begun in the early 1840s in the capital, and then in Santos. Eventually, the province enacted provincial law 9, March 9, 1840, which set the rules for dealing with the lighting of cities. Provincial law 35, March 16, 1846, arranged for an annual auction among private entrepreneurs for providing the capital's public lighting. From 1847 until 1863 the Companhia de Gás won the contract. Dainis Karepovs, *São Paulo: A imperial cidade e a assembleia legislativa provincial* (São Paulo: Assembleia Legislativa, Divisão de Arquivo Histórico, 2006), 14.

(67.) Religious organizations took on the task of social assistance to orphans, widows, the sick, prisoners, and immigrants. Edson Gonçalves Pelagalo Oliveira Silva, "Serviço social e a ação sócio-pastoral da Igreja Católica: Assistência, promoção humana e emancipação social" (master's thesis, Pontifícia Universidade de São Paulo, 2010), 27.

(68.) For the provincial government response to various epidemics, see *Discurso com que ilustríssimo e exmo. Senhor Conselheiro Dr. Vicente Pires da Motta, presidente da província de São Paulo, abriu a assembleia legislativa provincial, no dia 15 de abril de 1850*, 8-9; *Discurso com que o ilustríssimo e excelentíssimo Senhor Dr. José Antonio Saraiva, presidente da província de São Paulo, abriu a assembleia legislativa provincial, no dia 15 de fevereiro de 1855* (São Paulo: Antonio Louzada Antunes, 1855), 16; and *Relatório apresentado à assembleia legislativa*

provincial de São Paulo pelo presidente da província exmo. Sr. Dr. Francisco de Paula Rodrigues Alves, no dia 10 de janeiro de 1888 (São Paulo: Typografia de Jorge Seckler, 1888), 23.

(69.) The province in 1855 had 159 public primary schools, with 4,208 boys and 1,351 girls. Another 93 private schools brought total enrollment to 7,000 students out of a potential population of 52,000. The president of the province noted that this poor showing was nevertheless better than other provinces. *Discurso com que ilustríssimo e excelentíssimo Senhor Dr. José Antonio Saraiva, presidente da província de São Paulo, abriu a assembleia legislativa provincial, no dia 15 de fevereiro de 1855*, 34. By 1870 there was little improvement, as by then the public primary schools of the province had 7,505 students and the private ones had another 1,875. *Relatório apresentado à assembleia legislativa provincial de São Paulo pelo presidente da província o exmo. Sr. Dr. Antônio Candido da Rocha, no dia 2 de fevereiro de 1870* (São Paulo: Tipografia Americana, 1870), 9.

(70.) Between 1836/1837 and 1877/1878 the ratio between barrier income and expenditures on roads and bridges was a very high 0.820.

(71.) Provincial law 94, April 20, 1885, in article 15 authorized the government to pay the Companhia Cantareira e Esgotos the rates established in the contract signed on April 7, 1877. Law 195, June 5, 1889, approved changes to the contract, forcing the company to extend services beyond the initially agreed area and changing the financial terms of the contract. In 1894, by Resolution 289, July 10, the province approved the government takeover of the company.

(72.) *Relatório apresentado à assembleia legislativa provincial de São Paulo pelo presidente da província exmo. Sr. Dr. Francisco de Paula Rodrigues Alves, no dia 10 de janeiro de 1888*, 30.

(73.) Items such as expenditures for subventions; passive debt; guarantee of interest for railroad investors; the Cantareira Company, which was providing potable water for the capital; and the costs of exchange rates and interest on provincial bonds, which were budgeted, do not appear in the data given by the Baron Cotegipe, making it difficult to compare with our results.

(74.) In 1876/1877 the actual revenues totaled 2,070 contos, and expenses totaled 4,076 contos. The budgeted expenses were only 1,997 contos that year. In 1877/1878 the actual total income was 3,323 contos and expense 2,701 contos, generating a surplus of 622 contos. We did not find in the budget laws for these two years an explanation as to what this expense represented. But in the budget law of 1876/1877, article 1, an additional expenditure permission stated, "The government may make any credit arrangements needed to resolve any deficit in this budget, including issuing bonds, but only in extreme cases."

(75.) *Relatório com que o exmo. Sr. Dr. Sebastião José Pereira passou a administração da província ao 5º. Vice-Presidente Monsenhor Joaquim Manoel Gonçalves de Andrade*, 74-75.

(76.) The provincial president declared that the decline of funds going to the Força Pública was due to a calculation error in the original budget law. *Fala dirigida à assembleia legislativa provincial de S. Paulo na abertura da 1ª. sessão da 25ª. legislatura, em 16 de janeiro de 1884, pelo Presidente Barão de Guajará*, 16.

(77.) *Ibid.*, 23, tables.

(78.) Decree 5.607, April 24, 1874.

(79.) *Relatório apresentado à assembleia legislativa provincial de São Paulo pelo presidente da província exmo. Sr. Dr. Francisco de Paula Rodrigues Alves, no dia 10 de janeiro de 1888*, 38.

(80.) Philippe Scherrer Mendes and Marcelo Magalhães Godoy, “Finanças públicas da província de Minas Gerais,” paper presented at the thirteenth Seminário sobre a Economia Mineira, Diamantina, Brazil, August 26-29, 2008, http://www.cedeplar.ufmg.br/seminarios/seminario_diamantina/2008/D08A015.pdf. Also see Cristiano Corte Restitutti, “Elementos da fiscalidade de Minas Gerais Provincial,” *Almanack Braziliense*, no. 10 (2009): 115-129.

(81.) Adalton Franciozo Diniz, “Centralização política e concentração de riqueza: As finanças do império brasileiro no período 1830 a 1889,” *História e Economia Revista Interdisciplinar* 1, no. 1 (2005): 47-65. See also Adalton Franciozo Diniz, “As finanças públicas paulista no século XIX,” in *História do estado de São Paulo*, ed. Nilo Odalia and João Ricardo de Castro Caldeira (São Paulo: Editora UNESP, 2010), 1:189-204. Raymond Goldsmith notes that the empire took 80 percent of income in 1856/1857 and 76 percent in 1885/1886. Raymond W. Goldsmith, *Brasil 1850-1984: Desenvolvimento financeiro sob um século de inflação* (São Paulo: Harper and Row do Brasil, 1986), 71.

(82.) For more on the subject of the regional distribution of fiscal resources in the empire, see André Villela, “Distribuição regional das receitas e despesas do governo central no II reinado, 1884-1889,” *Estudos Econômicos* 37, no. 2 (2007): 247-274; and Eucélia Maria Agrizzi Mergár, “Repartição da competência tributária no império e seus efeitos na província do Espírito Santo (1836-1850)” (master’s thesis, Universidade Federal do Espírito Santo, Vitória, 2011).

(83.) Provincial law 55, March 22, 1888.

(84.) See, for example, *Discurso com que ilustríssimo e excelentíssimo Senhor Dr. José Antonio Saraiva, presidente da província de São Paulo, abriu a assembleia legislativa provincial, no dia 15 de fevereiro de 1855*, 24-27; and *Relatório apresentado à assembleia legislativa provincial de São Paulo pelo presidente da província o exm. Sr. Dr. Antônio Candido da Rocha, no dia 2 de fevereiro de 1870*, 4.

(85.) Provincial law 124, May 28, 1886.

(86.) *Relatório apresentado à assembleia legislativa provincial de São Paulo pelo presidente da província exmo. Sr. Dr. Francisco de Paula Rodrigues Alves, no dia 10 de janeiro de 1888*, 11-15.

(87.) Resolução da Assembleia Legislativa no. 30, June 15, 1885, <https://www.al.sp.gov.br/repositorio/legislacao/resolucao/1885/resolucao-30-15.06.1885.html>.

(88.) For more on the municipal finances of the empire, see Rocha, “As questões tributárias municipais no Brasil Imperial”; and Luciana Suarez Lopes, “Saldos e sobras: Finanças públicas municipais na primeira metade do oitocentos (província de São Paulo, 1834-1850),” *História e Economia: Revista Interdisciplinar* 10, no. 1 (2012): 29-54. According to Anne Hanley, “This inquiry into public finance for public services shows that in spite of the gains in wealth across the nineteenth century, financial resources fell short of needs because of the structure of the tax system that drained off the most lucrative sources of public revenues for national and, to a lesser extent, provincial administrations. This imbalance was exacerbated by Brazil’s refusal to entertain direct taxes on wealth or income. The revenue sources that supported the liberal state at all levels of government were indirect, ensuring that they would also be either insufficient or so burdensome as to provoke revolt. The Brazilian general government opted for insufficiency

over political instability. To fill the gap between financial sources and need, São Paulo's municipal councils resorted to appeals to the provincial legislatures for supplemental funding to satisfy their mandate across time and space. These appeals were almost always unsuccessful." Anne G. Hanley, "A Failure to Deliver: Municipal Poverty and the Provision of Public Services in Imperial São Paulo, Brazil, 1822-1889," *Journal of Urban History* 39, no. 3 (2012): 513-535.

(89.) Thus, despite the dominant liberalism among the imperial elite, they did not oppose government action to promote immigration or basic infrastructural activities. Carvalho, *A construção da ordem*, 370.