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Forgotten Crime and Cultural Boom: New York and Brazil's Coffee Trading Relationship in the Early Twentieth Century

Collin Green

Abstract: *In the United States of America, coffee and its ever-evolving culture has become a focal point of everyday life. However, we did not just stumble upon this phenomenon; the popularity of coffee was carefully calculated by leaders of the wealthiest coffee companies of the early 20th century in America's biggest city, New York. In this paper, the history of the powerful coffee trading relationship between Brazil and New York is analyzed on two different levels. Firstly, I examine how New York's big coffee companies successfully participated in criminal activity on an international and national level. Secondly, my focus shifts to how this relationship and its economically motivated major players created a cultural change in New York, demonstrated through newspaper advertisements, business openings, and a lifestyle shift for city dwellers. This paper is separated into three main sections: the early history of Brazil and New York's coffee trading relationship, the forgotten story of crimes committed by New York's major coffee companies, and the plan for and execution of a cultural boom. My hope is that these findings will expand the historiography of this topic by shining light on the exciting and untold story of greed, power, and cultural development.*

"It is a democratic beverage. Not only is it the drink of fashionable society, but it is also a favorite beverage of the men and women who do the world's work, whether they toil with brain or brawn.

It has been acclaimed 'the most grateful lubricant known to the human machine,' and 'the most delightful taste in all nature.'"[1] In his life's work, *All About Coffee,* William H. Ukers introduces what has become one of the most predominant and unifying drinks for all of humanity. During the focal point of his career, Ukers spent seventeen years in the early 1900s as an employed researcher exploring and collecting data around the world's coffee producing countries. After seventeen years of exclusively studying coffee, this is the conclusion he drew about the true global impact of the beverage.

In the United States of America, Uker's statement rings equally true. Coffee has become a focal point in our society and the cultural impact on our nation surrounding the product is unarguably gigantic. However, we did not simply stumble upon this phenomenon; it was carefully calculated by leaders of the most wealthy coffee companies of the early 20th century, spawning from America's biggest city, New York. Utilizing a powerful trade relationship with Brazil, the leaders of these New York coffee companies inspired a coffee culture in the city that was taken to never-before-seen heights while acquiring large sums of money through a series of mysterious and illegal interactions that are scarcely mentioned by modern historians and researchers. In this paper, the coffee trading relationship between Brazil and New York in the early 20th century is analyzed on two different levels. First, I examine how New York's big coffee companies successfully participated in shady criminal activity on national and international levels, especially with regard to their coffee trading relationship with Brazil. Second, my focus will shift to how this relationship and the economically oriented intentions of its major players created a cultural change in New York,

[1] William Ukers, *All About Coffee* (New York: The Tea and Coffee Trade Journal Company, 1922) forward.

demonstrated through newspaper advertisements, business openings, and a lifestyle shift for city dwellers.

In past publications, many historians and researchers have studied this trade relationship, specifically focusing their arguments on the key historical events preceding it. Additionally, a greater focus is placed on the Brazilian side of events, as opposed to New York companies, American transactions with Brazil, or the direct impact this relationship had on New York. In “Origins of the World Coffee Economy,” the first chapter of W. G. Clarence Smyth and Steven Topek’s 2003 book *The Global Coffee Economy in Africa, Asia, and Latin America,* Topek argues that “no colonies could compete with Brazil in price nor meet the large new demand in the colonial powers of the United States,” making for a perfect trading relationship.[2] His main points included that colonial independence, an ideal agricultural climate, and slave labor in Brazil started large coffee production in Brazil, while a telegraph cable installed to connect New York and South America alongside the building of large warehouses for storage helped solidify and strengthen the trade relationship.[3]

Taking a similar focus, the article “Institutional Development and Colonial Heritage in Brazil” in a 2012 publication of *The Journal of Economic History* argues that Brazil became the most important coffee producer in the first half of the 20th century due to a shift in labor

[2] W. G. Clarence-Smith, *The Global Coffee Economy In Africa, Asia and Latin America, 1500-1989.* (Cambridge, UK: Cambridge University Press, 2003) 31.

[3] W. G Clarence-Smith, *The Global Coffee Economy In Africa, Asia and Latin America, 1500-1989.* (Cambridge, UK: Cambridge University Press, 2003) 39-40.

laws and recent technological changes. Authors Joana Naritomi, Rodrigo R. Soares, and Juliano J. Assunção wrote that a rise in coffee prices and the abolition of slavery in Brazil in 1888 incentivized a transition to labor from European immigrants, and that the expansion of railroads greatly increased coffee production and bettered international relations, implying a connection to one of their most predominant partners, New York City.[4]

For my research, these documents provided sound and accurate arguments that inspired the direction of my studies by providing in-depth background information that could be built upon. My findings expand the existing historiography of this topic by specifically honing in on the New York coffee companies and businesses while focusing on unexpected findings of dishonesty and crime at the corporate level, in addition to ways in which the pursuit of economic success created a cultural change in New York City. Now, before discussing the take-off of the turbulent and fast-moving rocket that was New York and Brazil's coffee trade relationship, it is important to acknowledge a few key events of orientation.

The Early Stages: New York and Brazil's Coffee Trading Relationship

As the second half of the 19th century came around, New York City coffee companies solidified their trade relationship with Brazil, causing New York to emerge as the most influential location in

[4] Joana Naritomi, Rodrigo R. Soares, and Juliano J. Assunção. "Institutional Development and Colonial Heritage within Brazil." *The Journal of Economic History* 72, no. 2 (2012): 412-422.

America's coffee trade. This was achieved through the developments of a telegraph system connecting New York and South America (making information about supply, pricing, and demand readily available), the building of large warehouses for storage (strengthening marketing position of importers), and the creation of the New York Coffee Exchange in 1882 to establish a set of uniform rules and regulations surrounding America's actions in the coffee trade.[5]

From this point on when Brazilian coffee planters, or *Comisarios*, sold their coffee crops, the vast majority ended up in the hands of importers that traded in the coffee markets of New York. In fact, these New York markets received over 95 percent of all of America's annual coffee imports.[6] These products would either go through local roasters, dealers, and business people to sell or through larger scale transactions by the ever-growing New York Coffee Exchange, which continued to acquire hundreds of representative houses in the city and abroad paying thousands of dollars to maintain their spots on the committee. Through the solidification and evolution of this trading relationship, New York's richest coffee companies, Arbuckle Bros. and W. H. Crossman & Bros., attempted to sustain economic prosperity by pushing for increased interaction with Brazil into the early 20th century. Throughout the late 19th century, these two companies were America's leading direct importers from Brazil by a wide margin. In the year 1894 alone, Arbuckle Bros. imported 688,724

[5] W. G. Clarence-Smith. *The Global Coffee Economy In Africa, Asia and Latin America, 1500-1989.* (Cambridge, UK: Cambridge University Press, 2003), 39-40.; William Ukers, *All About Coffee* (New York: The Tea and Coffee Trade Journal Company, 1922), 322.

[6] G. G. Huebner, "The Coffee Market." *The Annals of the American Academy of Political and Social Science* 38, no. 2 (1911): 292-302.

bags of coffee, followed by W. H. Crossman & Bros. at 355,864.[7] With these key players heavily invested in a relationship with Brazil, the groundwork was laid for a cultural boom in New York.

Come 1906, Brazil experienced an uncharacteristically large coffee crop. This did not bode extremely well for business because the amount of coffee produced would exceed demand and lower prices significantly. In reaction, the presidents of the three large coffee producing states of Rio de Janeiro, São Paulo, and Minas Gereas created the Treaty of Taubaté, permitting the valorization of coffee in Brazil.[8] The goal of this plan was to raise the prices of its coffee crop by aiding the leading coffee companies abroad, specifically in New York City, in their purchase of a large surplus of coffee to remove it from the market. A seventy-five million dollar loan was distributed by the Brazilian government to accomplish this, exclusively negotiated and overseen by Herman Sielcken, an avid member of the New York Coffee Exchange and full partner of W. H. Crossman and Bros (in 1904, the coffee powerhouse changed its name to Crossman & Sielcken).[9] With such an obscene amount of money single-handedly given to a New York coffee tycoon, one could only wonder, how did the leaders of New York coffee companies strategically create this situation? The answer: they utilized their leverage over Brazil during a period of desperation.

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7 William Ukers, *All About Coffee* (New York: The Tea and Coffee Trade Journal Company, 1922) 485.

8 Francisco Fernando Ramos, *The Valorization of Coffee in Brazil* (J.E Buschman, Antwerp, Belgium, 1907).

9 William Ukers, *All About Coffee* (New York: The Tea and Coffee Trade Journal Company, 1922) 518.

Throughout the early 20th century, the largest coffee companies of New York participated in patterns of scheming as well as shadowy and illegal activity while utilizing their auspicious relationship with Brazil and positions of economic power to ensure that they were never caught.

The Forgotten Story: Shadiness in New York's Major Coffee Companies

In the past, historians often present the predominant New York coffee companies that traded with Brazil in the early 20th century as merely successful and wealthy. However, the underlying illegality with which they acquired this wealth is left unmentioned. Demonstrated through written accords, articles, and court cases of the time period, it has become evident that large New York coffee companies participated in shady activity in their international interactions with Brazil, product distribution within America, and the manipulation of the general public to maximize profits.

Beginning with a focus on international trade with Brazil, the negotiation process and immediate aftermath of the valorization deal demonstrates a slippery pattern of manipulation and law breaking. Hermann Sielcken utilized Brazil's difficult economic situation to create an overwhelmingly uneven deal benefiting New York coffee companies. His contract stated that the predominant New York coffee merchants including his company, Crossman & Sielcken, and the nationally renowned Arbuckle Bros., would finance eighty percent of the excess bags of coffee if Brazil significantly lowered their coffee prices by the pound. The government would fund the purchases of the coffee bought at a price higher than what was agreed upon.[10] Sielcken knew that this request was unrealistic due to the prices the Brazilian coffee planters were selling to their government, and that it would force the Brazilian and American governments to utilize their own money to make up the difference of the cost. This caused the coffee merchants to see extreme profits after selling the coffee in America.

Additionally, the international coffee trade that occurred in the following years after the completion of the valorization deal was placed under investigation for breaking American antitrust laws. The suit was dismissed largely in part due to a note from the Brazilian ambassador to the American Secretary of State stating the case stood as an obstacle to the trading relationship of the two countries.[11] The protection provided by the Brazilian government demonstrates how New York's biggest coffee merchants created an agreement that not only permitted great financial benefits, but also resulted in a protection net that allowed them to more easily circumvent the American legal system.

In the United States of America, New York's large coffee companies followed a similar pattern with their other business partners. Well-known American coffee merchants were often accused of various crimes due to their distribution and selling of Brazilian coffee to American companies throughout the early 20th century. Before and after the integration of the valorization deal, Crossman & Sielcken was part of two high profile cases. The first case, taking place in 1903, was an accusation of an alteration of coffee from Rio de Janeiro. The

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[10] William Ukers, *All About Coffee* (New York: The Tea and Coffee Trade Journal Company, 1922) 532.

[11] Hendrick Zwarensteyn, "The Foreign Reach of the American Antitrust Laws." *American Business Law Journal,* 3, no. 2 (1965): 163.

opposing firm claimed that the beans they received were "adulterated for the purpose of fraud and deception."[12] The coffee beans were said to be artificially colored to hide the poor quality of the product. However, because the buyer was a resident of Maryland, the alteration to the coffee had no dangerous or poisonous substance involved, and that in some parts of the country this product was a recognized and desirable article of commerce, no charges landed.

The second case was a lawsuit that took place in 1919. A company stated that they lost 932,000 dollars on Brazilian valorization coffee sold by Crossman & Sielcken. The company claimed that the product was sold at an artificially enhanced price and that Crossman & Sielcken hid information that the coffee price would significantly drop before the buying company would be able to resell it. When the transaction was complete, Crossman & Sielcken collected over three million dollars for the coffee.[13] Despite the sums of money involved, no great efforts were made after the initial suit and no charges landed.

If either accusation were true, this would mean that Crossman & Sielcken were making large profits from selling Brazilian coffee at a dishonestly high price to American companies over the span of more than a decade. Even more amazingly, on the national and international levels, the main players of the New York coffee industry were able to utilize the benefits of their trading relationship with Brazil to obtain legal protection, an endless supply of cheap products, and a generally unscratched historical reputation. Although impressive, nothing comes

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[12] George H. Crossman and Herman Sielcken v. Theodore G. Lurman and Benjamin D. Williams.192 U.S. 189 (1903).

[13] William H. Ukers, "A Kaiser of the Coffee Trade," *Nation's Business* 11, no 6 (June 1923).

close to the level of vastness or permanence of the final money-making scheme conducted by New York's coffee companies with the help of their partners in Brazil: the creation of a coffee advertising and propaganda plan that instilled a permanent cultural change in New York City.

The Cultural Boom: A Plan of Propaganda and its Execution

On March 4th, 1918, a negotiation was made in New York City between the leaders of New York's large coffee companies and Brazil's coffee planters, businessmen, and societies. The pact stated that over the following four years, America and Brazil would collaborate on a publicity campaign worth over one million dollars to spread coffee advertisements throughout America and continue to increase profits for both parties.[14] Implementation of the plan included "the encouragement of coffee drinking as a substitute for alcoholic drinking, the instruction of Americans in the use of coffee as a flavor, the introduction of coffee hour in factories, and the opening of coffee houses."[15] To seal the deal, Louis R. Gray, the Arbuckle Bros. representative for Brazil, was positioned as head salesman of the operation to ensure things went smoothly. The selection of an Arbuckle representative as the main communicator of this deal hammers home the fact that economic success was the sole motive of the campaign.

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[14] William Ukers, *All About Coffee* (New York: The Tea and Coffee Trade Journal Company, 1922) 474.

[15] "Urging Use of Coffee: Means Employed by Brazilian Interests to Increase Trade," *New York Times*, Apr 03, 1921.

The Arbuckle Bros., so predominant throughout America that the phrase "Arbuckles" was used synonymously with "a cup of coffee," made sure to use their power to position themselves at the forefront of the advertisement deal so as to reap as many of the benefits as possible.[16] As New York's other competitive coffee companies followed suit, the cultural boom began. Documented through newspaper articles and advertisements, coffee house openings, and accords of New York residents developing coffee-influenced changes in their lives during the early 20th century, New York's large coffee companies utilized their economic motivations to create a collaboration with Brazil and spawn a cultural boom in New York.

The development of New York City's coffee culture was demonstrated widely throughout newspaper advertisements. A full-page coffee advertisement in the *New York Times* titled "From strange people in far away lands to the world's greatest coffee warehouses," published in 1919, advertised Yuban Coffee by the Arbuckle Brothers. In it, the company tracked the process of coffee coming "from the vast expanses of tropical Brazil" and its journey to Brooklyn and safe arrival at the Arbuckle Brothers' warehouses. After showcasing the process, they confidently referred to themselves as "the world's greatest coffee merchants."[17] The diverse strategies of advertising covered in this article demonstrate the many sales opportunities and benefits that collaborating with Brazil brought to the table. By utilizing the exotic and adventurous appeal of Brazil as a location while articulating the

[16] Pat Decker Nipper, "Coffee Kings of the Old West: Folger Was First, Then Arbuckle." *Wild West* 21, no. 4 (December 2008): 26–27.

[17] "From strange people in far away lands to the world's greatest coffee warehouses," *New York Times* (New York), November 30, 1919.

great quality of their product, this commercial presented the coffee as enticing and desirable.

The last paragraph of the advertisement states that "New York's most critical coffee lovers instantly recognize its distinct quality."[18] More than anything, this phrase demonstrates how the advertisement campaign created a cultural boom in New York. Arbuckle Bros. would not include this in the advertisement if they did not believe the statement would effectively assist in selling their product. This means that at the time, there was a large population in New York who considered themselves coffee connoisseurs, specialists, or hobbyists who cared enough about coffee to notice the differences in taste and quality. In order for a population of people to develop into coffee specialists, that group of people would need places to drink, discuss, and experience the coffee. This is where the coffee shops came into play.

The opening of many Brazilian coffee houses throughout New York assisted in the cultural change and permanence of coffee culture in the city after the installation of the advertisement plan. These businesses served specialized Brazilian drinks, such as the northern Brazilian tea Maté, and provided a great location for the large New York coffee companies and merchants to sell their coffee throughout the city.[19] More importantly, these shops provided locations where people could congregate and organically continue to instill the coffee culture of the city through conversation and shared experience. As years passed and the advertising plan continued to develop, the popularity of

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[18] Ibid.

[19] "Here's a new Rival of Afternoon Tea," *New York Times* (New York), January 4, 1920.

Brazilian coffee houses continued to grow. Two articles from the *New York Times,* one published in 1920 and the other in 1921, display the success and appeal of Brazilian coffee in New York.

An article from 1920, titled "Here's a New Rival of Afternoon Tea," advertises a business called "Brazilian Coffee House" on 108 West Forty-Fourth Street. [20] A year after this publication, a second piece was released. This article, "Alter Coffee House Name," described a coffee house on 114 West Forty-Fourth Street, just down the street from the previously mentioned advertisement, originally named "Brazilian Coffee House." This coffee house was in a legal battle over the name with *another* restaurant down the street claiming ownership to it.[21] Over the course of one year, three separate businesses on the same street identified Brazilian coffee as their selling point. Additionally, these companies were popular enough to have articles written about them in the newspaper and the appeal for Brazilian coffee was high enough for legal action to be taken. If there was no appeal for Brazilian coffee in New York, the name would have been significantly less sought after. This combination of media attention and the competitive nature of acquiring the "Brazilian Coffee House" name shows the true impact that the advertising plan of two years prior had on the city. Through the combination of newspaper representation and the opening of coffee houses, New York and Brazil's coffee tycoons created an environment

[20] "Here's a new Rival of Afternoon Tea," *New York Times* (New York), January 4, 1920.

[21] "Alter Coffee House Name: Roosevelt and Robinson Give up 'Brazilian' Title Claimed by Another," *New York Times*, Feb 02, 1921.

that provided the resources and spaces for the people of the city to develop an irreversible cultural shift.

Concluding Remarks

The story of New York and Brazil's coffee trading relationship in the early 20th century is one of economic desire, desperation, power, and significant impact. Through the ruthless and economically savvy strategies of New York's largest coffee companies, big businessmen were able to utilize their relationship with their Brazilian counterparts to acquire great sums of money while evading legal repercussions or historical villainization. As a result of this mindset revolving around money and power, a collaborative effort between the coffee tycoons of New York and Brazil created an advertisement plan in New York that changed the New York coffee culture forever by increasing media attention and providing coffee shops for people to develop specialization, interest in, and community over coffee.

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