

INSTITUTE OF CURRENT WORLD AFFAIRS

FM - 10
Amazonas.

Recife,
Pernambuco.

Mr. Richard H. Nolte,
Institute of Current World Affairs,
366 Madison Avenue,
New York 17.

8th. December 1966.

Dear Mr. Nolte,

The popular picture of the Amazon region as one huge virgin forest filled with tall trees, brightly coloured birds and insects, anacondas and uncontacted Indian groups is still more than a half truth. But my impressions after a brief visit are that it is not a green hell: rather is it an area with enormous potential, with stimulating and unusual problems, and with a more tolerable climate and environment than are to be found in many parts of the world.

Of all the states in Brazil Amazonas is the largest. Its area is equivalent to Spain, France, Portugal, Switzerland, Belgium and Holland put together. The size and emptiness of it are hard to visualize: the state straddles the centre part of the great basin of the mud-coloured Amazon and includes several of its larger tributaries, the Negro, Branco, Madeira and Purus. Only a river journey can give a true idea of the area's enormity. Even today the population is negligible and the capital Manaus, accounts for over a quarter of the state's 850,000 inhabitants. The full impact of this lack of population can best be felt from an aircraft. One flies for long periods over great tracts of flat green forest. Beneath, the great Amazon twists and turns, dividing itself between islands, and forming large lakes on either bank, with no sign of any habitation.

Changes in Amazonas have come slowly, and all significant ones have been recent. Although the river began to be explored in the sixteenth century, the area only won political recognition as an entity in the middle of the eighteenth century, and even then remained under the control of Pará. During the course of the next hundred years, the capital was moved from Barcelos up the Rio Negro to the Barra do Rio Negro (which later changed its name to Manaus after one of the Indian tribes who had lived there), and Amazonas broke free from the sovereignty of Pará. Until then the centres of population, all situated on the banks of rivers, had consisted of small trading posts, with the interior only inhabited by Indians and the occasional missionary group. However, in 1850 the advent of the steamship brought great changes, and a regular shipping route via the Amazon to Peru was established. Powered vessels were of extraordinary importance to the region, for the Amazon frequently lacks wind and sailing vessels often took months to reach Manaus from the mouth of the river. Shortly after this, the boom in wild rubber started which immediately made Manaus an important city.

During the boom the city was transformed. An élite was created whose sophistication rivalled that of the rich families in Rio de Janeiro and other

large towns in the South. The story goes that at this time some of the rich used to send their dress shirts to be laundered in Portugal. Even more remarkable is the fact that it was in Manaus that the President of Brazil, visiting the city in 1905, made his first trip in a motor car. During the 1880's and 1890's the state was fortunate enough to have several enlightened governors, including one who effected the liberation of the slaves four years before the national law was passed, and another, Eduardo Goncalves Ribeiro known as "The Thinker", who was responsible for replanning and enlarging the city. It was under his governorship that the magnificent monument of the age, the Opera House, was built.

In 1911 the boom came to an abrupt end with the competition of cheaper plantation rubber from the Far East, and from then on Manaus has remained in relative obscurity.

My preconception of the city was founded on slight knowledge of its economic history. I saw it as a fading town full of once opulent, crumbling nineteenth century houses, of floating wooden slums, and with a great empty opera house dominating the scene. All around I had visualized the jungle eating into the edges of the suburbs. This is not the case at all.

Flying in, one enters a city with busy traffic, street lighting, traffic lights, radio stations, and with a television station about to be set up. Its most striking feature is its extraordinary similarity to many other Brazilian towns of the same size. Domestic architecture is disappointingly like any other city, with the same suburbs of neat, rather smug villas, and some larger blocks of apartments and offices nearer the centre. There are a surprising number of modern shops which are smarter than those to be found in many other capitals in Northern Brazil. Many of the goods being sold, though expensive, are of a higher quality.

Buildings from the rubber period are fewer than I had hoped. Most of the rubber magnates' large houses have either disappeared or have been turned into institutions. A few public buildings still stand out. One of the best is the yellow brick customs house, imported complete from England in the era of the South Kensington museums. But undoubtedly the crowning glory is still the Opera House. This stands on top of a low hill and has recently been restored and painted a deep pink with white paintwork. It is surmounted by an ugly but pretentious dome with sides of multicoloured stained glass and a roof decorated with the colours of the Brazilian flag. Inside the theatre is small and only seats about a thousand, but it is beautifully proportioned and lavishly decorated with paintings of Muses mingled with Amazonian flora and fauna, a very engaging mixture. It is not a disused white elephant; it has an active resident dramatic society and is used by occasional visiting performers.

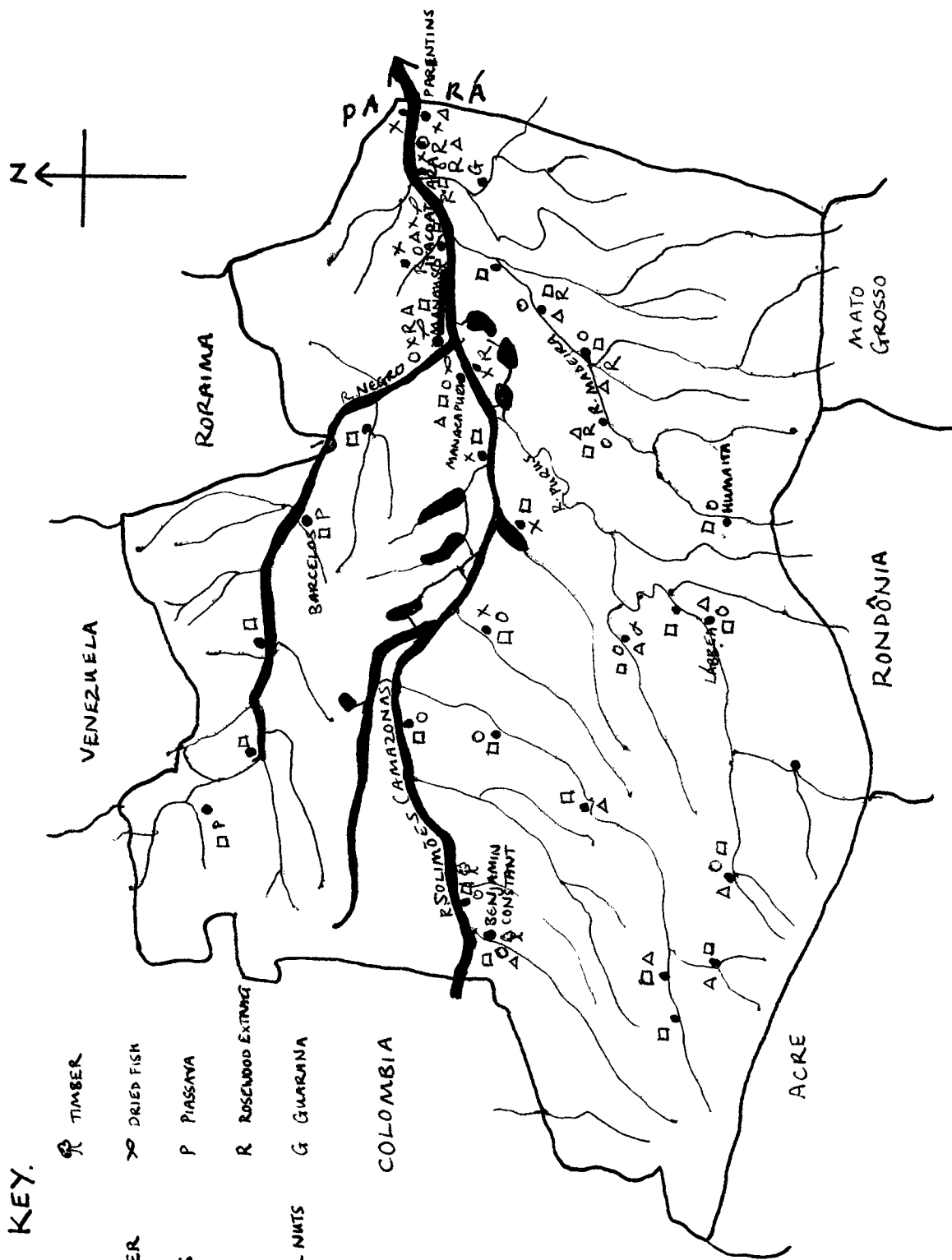
The floating slums were removed a few years ago, and all that remain are a few wooden shacks along the river bank. Poverty in the city does not appear as bad as in the North East. I saw little obvious marginal unemployment and people did not have the suffering, hungry look of some of the Recife poor.

Although too hot and humid for total comfort, the climate is by no means insupportable. The temperature remained in the low nineties,

THE STATE OF AMAZONAS.

KEY.

- TOWN
- RUBBER
- △ SKINS
- X JUITE
- BRAZIL NUTS
- ⊗ TIMBER
- ⋈ DRIED FISH
- P PIASSAVA
- R ROSEWOOD EXTRACT
- G GUARANA



although I was told that this was abnormally high, and even after the frequent heavy showers the oppressiveness of the air is not relieved. Hardly anybody bothers to protect themselves during the rain, but are glad of the opportunity to get cooler. Although the climate is far from stimulating, and many people have a tired look about the eyes, I was told by one man who has lived there for some years, that the worst part of it is the monotony. The temperature varies very little, and the seasons are only marked by a noticeably wetter season in the early part of the year.

Racially the people of Manaus and in the interior, especially among the lower classes have markedly Indian features. They are small, wiry, brown people with a wide range of facial and bodily characteristics. There seems to be very limited Portuguese influence and even less African. Lack of the former influence seemed strange to me after the many years of trading and missionary activity in the area; it appears that Indian traits have largely dominated Portuguese ethnic features among the present day Amazonenses.

A remarkable number, including many members of the middle classes, have never set foot outside the city. A vague wish to do so was sometimes expressed, but most obviously had little intention of seeing anything beyond the jungle. For them to do so requires either considerable time or money, and for somebody who has never travelled, also a fair amount of courage. In several cases fear was given as a major reason for not doing so. However, their interest in other places was notably greater to me than that of the Nordestinos, and they seemed much better informed on happenings outside their own immediate world.

Amongst everybody that I met, there was a very deep feeling of loyalty to the state and concern with its problems. Not one wished to emigrate south and all felt either that they could help the state by remaining there, or that they had more chance of making themselves a fortune there. General feelings of optimism about the potential of the state were shown, and it was commonly thought that it was only a question of waiting for Amazonas to become the richest state in Brazil.

However, the present economy of the region is based mainly upon industries whose future is extremely doubtful, and Amazonenses' hopes will only be realised if the whole basis is changed from a vegetable extractive economy to a mineral extractive one. The first positive signs of this happening are now appearing, and if the necessary capital is forthcoming, the next ten years could show the most rapid advances in the state's economic development since the beginning of the rubber boom a hundred years ago.

Of the numerous vegetable extractive industries in the state, the most important are rubber and jute. The others, Brazil nuts, wood for commercial purposes, rosewood extract, piassava (a fibrous palm), and guaraná, also contribute to the economy, but to a lesser degree. Unfortunately all of these suffer from major disadvantages, except for the little-exploited commercially usable wood, and guaraná. In the first place, all but jute are extracted from trees found growing wild which will, if not replaced, become harder and harder to find. Looking to the future is not a general Brazilian characteristic, and without some systematization of the extraction, costs of production are bound to rise. Commercially usable wood

and guaraná are still so plentiful that the problem of scarcity is unlikely to arise for some time. In the second place, some, especially rubber and jute, are threatened with competition from artificial substitutes.

For the past century rubber has been the most important commercial product in the area, in terms of the labour force employed, as a source of income and in bulk. Its history has been one of ups and downs with the heights marked by the boom at the end of the past century, greatly accentuated by the invention of the pneumatic motor car tyre, and the artificially induced wartime boom of the 1940's. The major crises occurred with the competition of plantation rubber in the Far East, the slump at the beginning of the 1930's, and finally the loss of the American market after the War.

When the United States entered the War her need for rubber greatly increased, and as the normal sources in the Far East were cut off, she agreed to buy for a high but fixed price all the excess rubber that Brazil produced. In 1947 when cheap rubber from the Far East was again made available, the agreement was ended. Without some form of internal control the Brazilian market would have suffered from the sudden fall in demand after being stimulated by its guaranteed sales. To meet this need the Bank of Credit of Amazônia was set up, and made responsible for buying and selling all the rubber produced in Brazil. Its policy was to guarantee a more or less stable price in keeping with the rate of inflation. During the 1950's the crisis became less severe as internal demand for the product increased when tyre factories were set up in the south of Brazil. Now, apart from a few specialized types of wild rubber found only in Brazil such as those used for aircraft tyres and for chewing gum, almost all the rubber is sold on the home market.

The structure of the industry is archaic, and has changed little in the past fifty years. Almost all the rubber is cut from wild trees by an unskilled labour force earning very low wages. Many of these rubber tappers are today tied to a trading post store by a type of debt slavery, so that they cannot change their employment. The traders sometimes sell direct to a processing factory, sometimes to an intermediary, but in either case the price is the same. The processing factories in the North then send the treated rubber down to the South to be made up into the end product.

Most of the rubber tappers have to cover large tracts of land as the trees are scattered. This permits them to cut only a very limited number per day. This number is further reduced by the fact that latex can only be drawn early in the morning; if it is left until the heat of the midday sun the latex dries up.

It seems impossible to discover why this inefficient system has continued despite the strong competition elsewhere. I was told that plantations have occasionally been tried in the area (notably by Ford's), but that they have not been successful. I could not discover why this was so, although one partial explanation was offered. One person concerned with rubber told me that a certain parasite, beneficial to the tree, only grows on it in wild conditions; he argued that formal plantations would suffer from the lack of the parasite. A more probable reason for not even attempting plantations is that few potential plantation owners are willing to wait the necessary eight or ten years before the trees can be cut for rubber.

As long as there are sufficient trees growing wild, few will be willing to invest the capital, even if the profit in the long run were much greater.

Now, however, it is doubtful whether rubber could be produced in the Amazon region at a competitive rate even with large scale plantations. The local industry has survived its various crises largely through the elastic supply of **unskilled** labour, the lack of capital required, and the enormous tracts of land to be worked. None of these are sufficient reason to encourage any longer the growing of rubber in the area. Firstly, since the War, rubber plantations have been introduced with great success in Bahia and, more recently in São Paulo. These have an inescapable advantage over Amazonas in their proximity to the market, so that transport costs as well as production costs are much lower. Secondly, the substitution of synthetic rubber **for many goods** is already high and will continue to grow. Although overall demand will rise, it is unlikely that much of this demand will be for natural rubber when substitutes can be produced more cheaply.

In face of these two indisputable facts, the Bank of Credit of Amazônia has recently come to the conclusion that its policy of price support is encouraging an industry that even in the long run cannot possibly compete with other parts of Brazil. It was discovered, moreover, that the policy was benefitting the producers in the South who were being given a higher profit margin than necessary, when the original object of the Bank had been to help the producers in the North. Therefore, the monopolistic-monopsonistic role of the Bank is to cease, and the price to be freed. It is estimated that the production of rubber in Brazil cannot exceed demand in the next ten years. At present a sizeable amount has to be imported and it is unlikely that home production will catch up with rising demand and eliminate the need for importation. Nevertheless, as the plantation trees in the South mature, and production there increases, the Amazonian produce will be gradually ousted from the market through her higher costs.

Closely linked to rubber production is the collection of Brazil nuts (castanhas-do-Pará). The trees tend to favour the same type of conditions as wild rubber trees, and their harvests are seasonally complementary. The nut harvest is during the wet season, whilst that of rubber is during the dry, so that the same labour force can be used for both. Moreover, when a year is bad for one it is good for the other. In areas where there are no nuts, rubber tappers are often taken to spend the winter working in a nut factory elsewhere. A large reduction in the rubber labour force would inevitably affect the nut industry unless some other complementary activity could be found.

Most of the Brazil nuts are exported to the United States and Western Europe. Unfortunately, other types of nut, especially cashews, are very closely substitutable for Brazil nuts, so that even if their season is bad the price cannot be raised. Although one of the best known regional exports, the demand for Brazil nuts is unlikely to increase significantly. The future of the nuts is uncertain, and they could never be very important to the state's economy. In any event it would not be worth retaining a labour force permanently for a crop with a harvest only six months of the year and no promise of expansion.

After rubber, the most important vegetable extractive industry is jute. It was introduced as an experiment by some Japanese about 1930 and

has turned out to be most successful. Brazil is now the world's third largest producer of the fibre, but even so she only contributes two per cent of the total, and all the rest still comes almost exclusively from India and Pakistan. The Brazilian crop comes entirely from the Amazon region and mostly from Amazonas. It is all sold within the country, and has to be protected from foreign competition since costs, especially labour, are much lower in India and Pakistan.

The banks of the Amazon itself near Manaus are admirably suited both in soil and climate to jute production, and it has become one of the staple crops of the thriving Japanese communities. The importance of the centre of the jute growing area, Manacapuru, has been greatly increased by a road link almost to Manaus. Most of the land is owned by smallholders who have very little labour saving equipment, and who **could not** afford to buy it. Nor, with their present size of plot, would it be economical for them to do so. The crop is sown on the banks as the flood waters subside, cut four months later, and the fibre soaked, and sold to the factories via the agent of a collector.

Most of the processing and making up factories are now in the North: Manaus alone has three and another about to be set up. Formerly more of the raw material was shipped south to be made up nearer the consumer market, but higher labour costs and also an additional softening process were entailed, and the present policy seems to be to close down the factories in the South and move their machinery up to the North.

Almost the only product made of jute is sacking and its price is high, mostly due to the processing costs. The jute grower is currently receiving about fifteen cents a kilo of jute, very little of which is wasted during processing. The price of the finished product in the South, also sold by the weight, is about seventy five cents.

In the largest factory in the North, huge stocks of sacks were piling up owing to the present financial squeeze. Since this particular factory had been making a **very** comfortable profit, they were able to reduce their prices considerably, but this had not solved the problem. However, those with whom I spoke did not seem unduly worried and thought that it was definitely only temporary. The general opinion both of those concerned privately and of the government was that production should be increased. At the plantation level the government are seeking to increase mechanisation, and at the processing stage at least one factory has recently invested a great deal in new looms and another factory was about to open.

Not one person volunteered any doubts as to the future of the industry. Yet when I suggested that competition from artificial fibres might arise, and pressed them on this, one after another admitted that this was in fact a very real danger and that secretly they were worried. The technical manager of the largest factory went further. He said that the loom-makers were already trying to make adjustments to them to make them suitable for artificial fibres, and he showed me a piece of nylon "sacking" that was lighter, cleaner and stronger than jute: it was only a matter of time before it also became cheaper. He felt that the bottom would fall out of the jute market within the next ten years.

In such circumstances it seems no less than disastrous that scarce resources should be devoted to encouraging and expanding production. Not one

person seemed to be willing to face the threats of the future and to start looking elsewhere. Yet if jute growers and factory owners do not diversify their activities in the near future they may well find themselves in deep water later on.

Of the remaining vegetable extractive industries, the two with the brightest futures are guaraná, and the extraction of wood for commercial purposes. The former tree is found in abundance in some parts of the state and is of commercial value for its fruit. This is crushed and made into a sweet soft drink not unlike Coca Cola, which is drunk in greater quantities than water by the local people. A certain amount is exported to the South for manufacture by the large national drink companies, but most is retained for local consumption. When I asked why they did not try to increase the sale of the fruit elsewhere, since the drink was so popular in the area, I was told that the local market was insatiable. However much production is increased, it is all absorbed by Amazonenses. Trees are still plentiful, and this seems to be one vegetable extractive industry with a future.

Commercially usable wood has so far been very little exploited. Several difficulties have hindered development, especially the problem of transport over the long distances between site and sawmill. The heterogeneity of the forests and the lack of mechanical equipment for cutting and removing the trees have also slowed down progress. One plywood factory already exists in Manaus, which owing to the poor quality of its products has met with little success. A furniture factory there is doing better. The possibilities of setting up a paper industry are being examined at present. The one thing Amazonas does not lack is timber, and if the present difficulties are overcome, a large market for her wood products already exists in the North East of Brazil.

Rosewood extract, which is used as a base for perfumes, until recently was exported for a very high price. This, like rubber and jute, is now suffering from the competition of artificial substitutes which can be produced much more cheaply. Unless a perfume industry can be developed, and there is talk of this happening in Para, rosewood extract will not remain a profitable activity.

Finally piassava, a type of palm tree from whose fibre brooms are made, is found in some quantity near the banks of the River Amazon. There is no processing factory of any size in the state, and almost the entire crop is sent south to be manufactured or is exported. Though the price has been falling in recent years, the government would like a factory to be set up with a local market in view.

The animal extractive industries have long been secondary to the vegetable in Amazonas, but they are much older and still play an important role in the state's economy. Both the major industries of this type, fishing and the sale of animal hides are however in a state of stagnation, the former through lack of animals, and the latter through lack of means to preserve the fish. The price of some of the animal skins is extremely high on the world market, and they together with deer and wild cat skins were exported in large quantities until about ten years ago. Since then exports have fallen off due to the scarcity of the skins, and official policy is to discourage the hunting for fear of completely exterminating the animals.

Fishing is a very different matter. The quantity of fish in the various rivers would permit a far more intensive industry than at present exists, but preservation facilities have hardly been developed so that the market is almost entirely restricted to local consumers. The only methods of preserving fish currently in use are salting and drying; **neither of these** are satisfactory for exporting purposes. Fishing vessels are mostly small and old, but it would not be worth investing in new and efficient ones without also investing a great deal in refrigeration plants and refrigerated transport, as well as a strategically placed canning factory. These, with factories to extract by-products such as fish meal and oil, would lack neither a supply of fish **nor a market.**

The land belonging to Amazonas is enormous, but a disappointingly small proportion is suitable for agricultural purposes. Most of the fertile ground is low lying and liable to be flooded part of the year. The higher land, both the densely forested and the savannah, has only a thin covering of top soil. Compared with the rest of Amazônia cattle production is low in relation to the population. The only feasible way of rearing cattle is a system of transhumance near the river banks. Most of the local need is met by importing cattle, chiefly from Pará. While production certainly could be raised, it would not seem worth while to do so since they can be imported cheaply and in quantity. Almost all agricultural schemes for the state entail a great deal of uphill work, and would probably bring only **small** rewards.

Fortunately for Amazonas, since the possibilities of developing either **vegetable** or animal extractive industries are limited, those based on mineral extraction are very much better. Equally fortunately, all Amazonenses that I met were basically in agreement about this. The industry is still in its infancy, and so far has not progressed beyond the prospecting stage. This is proving most rewarding, and the hopes of the population may well be realised.

One of the largest deposits found in the state has been a bed of iron ore on the River Jatapu. It is thought to be comparable in **scale** to the **manganese** beds being mined in Amapá. When this iron was discovered, plans were made to set up a large steel works on the Amazon, making use of the raw materials available locally. However, the capital to be borrowed from abroad was not forthcoming, and no progress has been made with the scheme.

Petrobras, the federally owned oil company, made a wide search for oil in the state a few years ago. The result in this field was disappointing and the search was discontinued. It was felt that the slender resources at their disposal were better employed in extracting oil from the large fields already discovered elsewhere. So sure were they of finding petrol in the area that a refinery was built just outside Manaus, capable of refining most of the regional needs for the foreseeable future. This is already in use, but instead of the hoped for local cheap oil, most of the oil used comes down river from Peru. Although naturally this lack of success was a disappointment **despair** has not set in: it is still thought probable that oil exists as it has been found higher up the Amazon in Peru, and moreover, the terrain to be **covered** is so large that only relatively few spots were bored. In any case when there is money available it is proposed to search further.

In the meantime the venture was not a complete failure. The boreholes have revealed several other minerals which were not known and promise to contribute greatly to the state's economy. These minerals include large quantities of marine salts used for food, preserving fish, and in the chemical industry, and deposits of lignite which will provide a cheap source of fuel. This latter will be essential for providing energy for many years to come. At present power consumption per capita is very low and mostly domestic. With cheap fuel available, the investment entailed in a regional hydro-electric scheme is not warranted.

The problem with this mineral wealth is how it can best be exploited. Although the rewards to be reaped are great the capital outlay is extremely high, much higher than for other extractive industries. The very limited government funds are bound to be directed primarily to developing the embryonic infrastructure of the state. If this is not done, any economic development will be seriously hindered.

The lack of communications is already one of the biggest obstacles to the state's progress. The only means of transport both between towns within Amazonas and to the rest of Brazil are by water, or for the rich by air. As a result there is not one town or settlement that does not lie on the bank of a river. These rivers with which the state is filled have proved to be both its blessing and its curse: they constitute the only way of travelling, but without them it would have been very much easier to construct roads. Aircraft only serve the largest towns, and all other transport is slow and unreliable. The amount of traffic varies with the time of year, but during the drier season there is only about one large boat a month ~~even~~ along the major rivers. Only the Amazon remains unaffected by the seasons.

The nerve centre and hub of all traffic, both inter and intra state, is the port of Manaus. This lies eleven miles up the River Negro from its junction with the Amazon, and suffers from a forty foot seasonal variation in the water level. The problem has been overcome by the most ingenious construction of a floating quay, connected to the river by a long ramp and supported by huge barrels. This quay was built about the turn of the century by an English company who still own it. However, it was run at a loss and let fall into a state of disrepair so that local concerns asked the Federal Government to take it over. This latter body will finally take charge in 1970, but in the meanwhile they are restoring it and running it at a very considerable profit.

Shipping of all sizes uses the port; small dug-out canoes ply their way among the transatlantic vessels of the Booth Line, and sell long French loaves and fresh fruit to the larger craft. Smart cargo boats from the south of Brazil mingle with the milk boats which spend the day visiting the nearby towns collecting milk and acting as local bus and postman.

The importance of the port is unlikely to diminish for many years to come. Yet 1965 marked the beginning of a new epoch in Amazonense communications. A road, almost three hundred kilometres long, was opened between Manaus and Itacoatiara: this was followed by another from Manacapuru to Cacau-Pirêra near Manaus, a distance of nearly a hundred kilometres. These were the first roads to link any two towns in the state. Earlier, a road from Manaus to Boa Vista in the North had been started. I was told the unlikely story that it was discovered, in the course of its construction, that it was leading in a great

circle. Boa Vista would never be reached owing to the difficult terrain, and the road would ultimately return to Manaus. It was therefore discontinued. Several other roads are planned. These would link river valleys, thus making communications much more rapid and reliable, as well as opening up large tracts of land that have hitherto been inaccessible. The most developed of the plans is for a road between Humaita on the River Madeira and Labrea on the River Purus.

These should greatly benefit Amazonas in the long run. Nevertheless, it is only a partial solution to her problems. She is now the only state in Brazil to remain totally isolated from the South by road. For the foreseeable future much of her trade will continue to be with the more highly industrialised South, and as the other states develop their road systems, the handicap of Amazonas will be increased. As long as the bulk of Brazilian goods were transported by water, Amazonas suffered comparatively little: the distance of the North East to Manaus was little more than to the South. As soon as the rest of Brazil became accessible by road, Amazonas lagged behind. For the enormous benefits to be derived from a road link, one has only to look at the progress made by Belem since the road to Brasilia was opened.

There are three routes by which Manaus could theoretically be linked with Brasilia and the South by road: the route could go directly through the forest, along the Amazon to join the Belem-Brasilia road, or down the Madeira to link with the Porto Velho-Brasilia road through Mato Grosso. The first two are shorter, but are practicably impossible on account of the numerous unbridgeable rivers that lie in the way. The third, though less direct, is the only one feasible, and therefore in the far distant future it is hoped that this project will be realized. If and when this happens it will mark a new phase in the history of the state.

The main problem to be resolved by Amazonas is how to raise the money needed to develop her known resources, quite apart from further research into other possibilities. Excluding state government funds, which are anyway very small and earmarked for other things, she has three alternatives open to her: the federal government, Brazilian private enterprise, and foreign interests. Of these, the first two are unwilling or unable to do much, and the last is being refused.

One of the first things to strike me in Manaus was the extraordinarily strong feeling of xenophobia, above all towards Americans. This is directed not mainly at individuals but at organisations and governments. The Amazonasenses have developed a deep mistrust of foreign interference in their state. They are terrified their untold wealth will be stolen from under their noses, and they fear that they may lose their minerals to the Americans in the same way that Amapa is losing her manganese and Venezuela her oil. Anti-American stories are numerous and bitter. The proposed steel works in the area could not be built, I was told, because a group of American oil magnates dominated the Inter American Development Bank and they were afraid of competition with other works of their own. Any American workers are looked at with great suspicion and even the church is not exempt. A missionary with a private aircraft was suspected of being sent out under this guise to prospect for minerals.

This anti-Americanism has been greatly magnified by the present state governor, Arthur Reis. An ardent Amazonian himself, his policy has been to

awaken and stir up his people to the perils of foreign interference. During his period of office several tracts against these dangers have been published. The hostility is not exclusively directed at Americans; predatory intentions are attributed to most outsiders. An English botanist acquaintance had an unpleasant contretemps with the local army despite the backing of the federal research body.

The antithesis of this anti-foreign propaganda is a drive to interest the rest of Brazil in Amazonas. Complaints of federal neglect are numerous and there is a common feeling that the state receives less than its share of the national funds. It cannot be denied that a much greater proportion of federal money has been devoted to North East Brazil than to Amazonia. Yet outside Amazonas and the North, most would agree that the immediate needs of the other region are very much more pressing. Although both areas are undeveloped, the resulting poverty and suffering in the North East is much worse than that in the North. Amazonas has no unemployment problem to speak of: her problems are those of a new country with no backlog of misery to remove before she can make social and economic progress.

Attributing much of this neglect to ignorance on the part of the rest of Brazil, the government of Amazonas is now conducting a publicity campaign. A slogan "Manaus, holiday capital" is being backed up by several annual festivals to attract visitors from elsewhere in Brazil. Cheap holidays are being offered to students to enable them to see Amazonas for themselves and be made aware of her problems and potential. It is hoped that when they are older and more influential they will continue to take an interest in the welfare of the state.

At present most of the private capital in the state comes from local interests. Industry is dominated by a few huge concerns, mainly of Middle Eastern and Eastern European origin. In the earlier part of this century several immigrants from this area arrived with no money, but nevertheless have succeeded in making themselves sizeable fortunes. Almost all the new industries in the state are owned by one of them, and little interest has been shown by outsiders. However, despite their comparatively large resources very few would be powerful enough to set up a major mineral extractive industry without help from elsewhere.

The efforts of the state in publicising her grievances have not been entirely unrewarded. The hitherto weak and ineffectual Amazonian regional development body is to be replaced by another, which, modelled on SUDENE, the stronger north Eastern organisation, will have comparable powers and a similar structure. The increased effectiveness of this new body with its means of encouraging industry through loans and tax relief should provide at least a partial solution to the problem of raising internal capital.

Amazonas also needs more scientific research. The only official research organisation working in the area is INPA (Instituto Nacional de Pesquisas Amazônicas) with centres in Manaus and Belem. Carrying out pure and applied research, it is run on limited federal funds; its projects are always hampered by lack of human and financial resources. Only distrust prevents the Institute accepting the help offered by foreigners.

Amazonenses are full of faith in themselves and agree broadly upon the lines needed for development. The question is: will help from inside Brazil be forthcoming or will they, albeit reluctantly, be forced to turn elsewhere? This seems to me to be one of the crucial questions in Amazonas at the moment.

Yours sincerely,

Fanny Mitchell.

Fanny Mitchell.