DOI: 10.18441/ibam.25.2025.88.11-25

"An Empire of Beads"? The Making of the Manaus Free Trade Zone

"Um império de miçangas"? A formação da Zona Franca de Manaus

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| **Abstract:** This article studies the history of Manaus, the largest city in Amazonia and the capital of Amazonas, Brazil's largest state, between the end of Amazon rubber boom, in the 1910s, and the creation of an Industrial Pole in the 1970s. When rubber went bust, regional elites sought to transform Manaus from an extractive enclave into an industrial center. The result was the Manaus Free Trade Zone, inaugurated in 1967, which would also include an industrial district, the Industrial Pole of Manaus, launched in 1972. The Free Trade Zone created extraordinary economic and demographic growth but, paradoxically, it also reproduced some of the dynamics of the rubber era. It was based on exploitative labor regimes and remained dependent on import-export houses and consumption within the city. Moreover, it ultimately exacerbated the city's extractive demands on the rainforest and its peoples.
Keywords: Urbanization; Development; Extractivism; Manaus; Amazonia.

| **Resumo:** Este artigo estuda a história de Manaus, a maior cidade da Amazônia e capital do Amazonas, o maior estado do Brasil, entre o fim do boom da borracha amazônica na década de 1910 e a criação de um polo industrial na década de 1970. Quando a economia da borracha colapsou, as elites regionais procuraram transformar Manaus de um enclave extrativista em um centro industrial. O resultado foi a Zona Franca de Manaus, inaugurada em 1967, que também incluiria o Polo Industrial de Manaus, inaugurado em 1972. A Zona Franca gerou um crescimento econômico e demográfico extraordinário, mas, paradoxalmente, também reproduziu algumas das dinâmicas da era da borracha. Ela se baseou em regimes de exploração do trabalho e continuou a depender de casas de importação e exportação e do consumo dentro da cidade. Em última análise, também exacerbou as demandas extrativistas da cidade sobre as florestas tropicais e seus povos.
Palabras-chave: Urbanização; desenvolvimento; extrativismo; Manaus; Amazônia.

This articles explore the politics of development in the Brazilian Amazon during the twentieth century, with a focus on Manaus, the capital of Amazonas, Brazil's largest state. It argues that after the end of the rubber boom in 1912, regional elites strove to transform the city from an enclave, based on extraction from the rainforest and consumption in the city, into a productive, industrial center. For this, they deliberately lobbied the Brazilian federal government for decades in search of economic incentives to foster investments. The result was the creation of the Manaus Free Trade Zone (*Zona Franca de Manaus,* ZFM) in 1967, which would also include an industrial district, the Industrial Pole of Manaus (*Polo Industrial de Manaus*). The project to industrialize Manaus was in some respects successful, as it indeed created a hub for extraordinary economic and demographic growth. At the same time, it was full of paradoxes: it relied on some of the same economic actors and dynamics of the rubber era, was based on exploitative labor regimes, therefore reproducing and even sharpening inequalities, and remained tied to the role of import-export houses and consumption within the city. Moreover, it was a model of development that ultimately exacerbated the city's extractive demands on the rainforest and its peoples.

This article first situates the developmental agenda designed by the 1964-1985 Brazilian military dictatorship for the Amazon rainforest as part of broader traditions at the national and regional level, before analyzing the main characteristics and issues of the initial Free Trade Zone boom, based on import and retail, and its main problems, related to its limited social reach, the question of contraband, and the critiques of a developmental model based on commercial profits. I then explore the ultimate solution to these issues: industrialization in the Manaus Industrial Pole, but also its shortcomings, related to limited backwards linkages, exploitative labor conditions, and socio-political conflict. In the conclusion, I survey the broader implications of this process.

REGIONAL POLITICS AND AMAZONIAN DEVELOPMENT IN BRAZIL

The long-standing ambitions of local elites and inter-regional conflicts within Amazonia shaped the creation of the ZFM (Fernandes 2011). Development programs explicitly had focused on Amazonia from Gétulio Vargas' regimes (1930-1945 and 1951-1954) at the latest. The Amazonian policies of his *Estado Novo* dictatorship (1937-1945) directly set the tone for those that would later be implemented by the military regime from 1964 to 1985. They included the "March to the West" (1938), a program sometimes interpreted as a series of alliances with local elites to affirm the regime's power in the region, and which included colonization initiatives, research about natural resources and diseases, the improvement of navigation logistics, and programs to resettle families from the Northeast to work in extractive industries—especially rubber (Andrade 2010, 453-468; Garfield 2013, Chapter 1; Secreto 2007, 115-135; Lenharo 1986; Martinello 2018; Secreto 2007; Benchimol 1992).

After Vargas' first ousting, the 1946 Constitution, based on a legislative project by an Amazonense representative, set up a regime of special funds for Amazonia. Opposition from congressmen from the rival Amazonian state of Pará delayed the development program until 1953 (Marques 2013, 166, 170). That year, Congress demarcated "Legal Amazonia," which drastically increased the Amazon's traditional territorial extension to more than five million square kilometers, 60 percent of the territory of Brazil. The same 1953 law also created the Superintendency for the Economic Valorization of Amazonia (*Superintendência do Plano de Valorização Econômica da Amazônia*, SPVEA), a pioneering institution for regional development located in Belém, the capital of Pará. The presidency of Juscelino Kubitscheck (1956-1961) continued these policies, mostly serving Pará (D'Araújo 1992, 40-55; Garfield 2001, 139; Ferreira Filho 1961, 219-225; Schmink and Wood 1992, 69; Trindade 2014; Ferreira and Bastos 2016, 266).

Acquiring fiscal benefits for commerce was an old ambition the of Amazonas state's regional elite, represented by its merchant guild. When the long post-boom crisis hit Manaus' import-export-dominated economy, demands for tax exemptions and improved tariff rates became insistent, playing into nationalist concerns about territorial sovereignty and emphasizing the difficulties for entrepreneurship at the frontier, (Loureiro 1994, 28-32; D'Almeida 1982, 56-57). The Amazonense elite decried the abandonment of Western Amazonia, represented by Manaus, which they contrasted with Belém as displaying dangerous neglect towards Brazil's deepest interior, with its borders with half a dozen countries (Mahar 1978, 12; Antonaccio 1997, 15).

The Commercial Association of Amazonas spent decades lobbying for a Free Trade Zone in Manaus. Their archives contain exchanges of letters dating from at least 1946 between the institution's directors and Eros Pereira da Silva, the representative of Amazonas in Congress who submitted the original bill for the ZFM.[1] The minutes of the meetings of the Association's Board of Directors register the presence of Pereira da Silva at the time Senate passed his proposal, and his declaration that the Association "contributed greatly to the proposal."[2] Between 1957 and 1967, different regimes made commitments, created an institutional framework for the ZFM, and even built an initial structure in Manaus. However, like the building, these various projects remained largely unused (Seráfico 2011, 23).

Kubitscheck's democratic regime famously embarked on a program of developmental planning and pharaonic public works (Ioris 2014; de Toledo 1977; de Mesquita Benevides 1976; de Castro Gomes 2002; Bojunga 2001). After the 1964 coup deposed Kubitscheck's indirect successor Jõao Goulart, the new military regime was

[1] Arquivo da Associação Comercial do Amazona (hereafter AACA), Zona Franca, File 8, "Sugestões a considerar na elaboração do ante-projeto de regulamento da Zona Franca de Manaus," 1946; Files 11-13, "Câmara dos Deputados – Redação Final do Projeto N.º 1310-1951," 1951; File 14, "Câmara dos Deputados – "Projecto 1902-1956," 1956.

[2] AACA, Atas das sessões ordinárias da Diretoria, 5-22-57/9-7-58, "Ata das sessão ordinária da Diretoria da Associação Comercial do Amazonas, realizada a 4 de Julho de 1957," 52.

steered by the same single-minded pursuit of state-planned economic growth, but not constrained by democratic forms. Fear about its territorial integrity was further fueled by the empowerment of the military (Leiner 1995, 119-132; Martins Filho and Zirker 2000, 105-129; Becker 2005, 71-86). The creation, however limited, of free trade zones in Manaus' international rivals, Iquitos (Peru) and Leticia (Colombia), did little to assuage them (García 2004, 45).

The early phase of the military regime was an ideal opportunity to fulfill the desires of the Amazonense elite. Led by Marshal Humberto de Alencar Castelo Branco (1964-1967) and the Minister of Planning, Roberto Campos, the dictatorship showed special interest in colonization through regional industrialization, based on private–public alliances. Following the model set by the Superintendence for the Development of the Northeast (SUDENE), the Brazilian state could partner capital-intensive ventures and even run public industries, but more often it would provide critical infrastructure, favorable regulatory conditions, and subsidies. Foreign investors were important, but Brazilian economic groups retained a major role (Musacchio and Lazzarini 2014; Klein and Luna 2017, Chapter 3).

In a visit to Manaus in September 1966, President Castelo Branco announced "Operation Amazonia" (*Operação Amazônia*), a legislative package to foster Amazonian development, integration, and occupation (*A Crítica, 1966)*. In December, the Federal Congress, dominated by the regime, launched the program, which bore from its very name the influence of its predecessor, "Operation Northeast" (*Operação Nordeste*) (Alves 1989, 91). Accompanied by a series of high-profile meetings and declarations, "Operation Amazonia" marked the starting point of an enormous influx of plans and investments for the Amazon (Acker 2017, 54-60). The government also closed the SPVEA, which, along with its financial counterpart, the Bank of Credit of Amazonia (*Banco de Crédito da Amazônia*, BCA), had earned a reputation for mismanagement (Cavalcanti 1967; Hall 1989, 5). It was re-founded as the Superintendence for the Development of Amazonas (*Superintendência do Desenvolvimento da Amazônia*, SUDAM). Revamped, SUDAM became an influential development organization. The law that created SUDAM was also the first document to mention the role of "poles of growth" for regional development (de Andrade 1968).[3]

In the following years, during the presidencies of Generals Artur da Costa e Silva (1967-1969), Emílio Garrastazu Médici (1969-1974), and Ernesto Geisel (1974-1979) the federal government entered into a frenzy of Amazonian planning. As a whole, this led not to an extensive occupation of the Amazon but to large, land-intensive operations and demographic concentration in specific areas, often with devastating environmental consequences (Acker 2014, 13-33). Scholars of Amazonian demography soon denounced "the depopulation of the Amazonian territory"—the opposite of what the Brazilian generals had set out to achieve (Mougeot and Aragón 1981). Still, sometimes by design, many of the projects, as epitomized by the Transa-

[3] "Lei n.º 5.173," *Diário Oficial da União*, Seção 1, October 31, 1966, 12563.

mazonian Highway, captured the national and international imagination to a degree unattainable by measures like fiscal incentives or the counter-intuitive notion of Amazonian urbanization. And yet, the Manaus Free Trade Zone was the most successful of all these programs.

MANAUS IN THE AGE OF THE FREE TRADE ZONE

The Manaus Free Trade Zone (ZFM) was launched in late February 1967, ten years after the original bill. An ACA director, Júlio Cézar Garcia de Souza, worked his way through Congress and different ministries, overcoming the opposition of fiscal conservatives.[4] The ZFM was to be administered through its own Superintendence (*Superintêndencia da Zona Franca de Manaus*, SUFRAMA), in coordination with the state and municipal governments, and with SUDAM, to which it would be a partner and counterpart in Western Amazonia. The objectives of the special zone were "to create in the Amazonian interior an industrial, commercial and agricultural center with economic conditions that permit its development, given the local factors and the great distance from the centers that consume its products." It exempted products in an area of 10,000 square kilometers in and around the city of Manaus from import, export, and sale taxes.[5]

The ZFM immediately turned Manaus into an attractive retail center for imported durable goods. Hundreds of stores opened in the city center's old commercial district during the first year. They imported consumer products en masse, especially electronics, luxury garments, and jewels. A symbol of the rubber bust for decades, downtown Manaus thrived again. Retailers sold for marginal profits to empty their stocks and resupply. Magazines published stories with photographs of bustling streets and crammed display cabinets with watches, loudspeakers, radios, televisions, jewelry, and fashion apparel. Although most of the local population could not participate from this explosion of consumerism, authorities declared that it had created thousands of jobs in its first year alone, and that the cost of living in the city dropped by 30 percent (*Jornal do Brasil* 1968).

Consumers from wealthier southern Brazil accounted for most of the purchases, as prices were as much as four times lower (*Realidade* 1971). Magazines all over Brazil published news and advertisements about the ZFM (*Manchete* 1973). As its creation coincided with improvements in commercial aviation to the Amazon, scores of people took airplanes to Manaus (Cruz 2016, Chapter 5). The Amazonian capital thus experienced a surge of national tourism. Instead of the usual influx of adven-

[4] AACA, *Atas das sessões ordinárias da Diretoria, 16-11-65/15-5-68*, "Ata da sessão ordinária da Diretoria da Associação Comercial do Amazonas, realizada a 8 de Março de 1967," 109; "Ata da sessão ordinária da Diretoria da Associação Comercial do Amazonas, realizada a 22 de Março de 1967," 111.

[5] "Decreto-Lei n.º 288," *Diário Oficial da União*, Seção 1, February 28, 1967, 2464; see also "Decreto n.º 61.244," *Diário Oficial da União*, Seção 1, August 30, 1967, 8975.

turous nature-seekers, explorers, and frontiersmen, the late 1960s brought shoppers. Locals marveled at these tourists from the South, who arrived, bought quickly, and left (*Cruzeiro* 1972, 32). Southern Brazil reciprocated the fascination. When it was announced that two football teams from Manaus would participate in the top national tournament, a popular magazine in Rio de Janeiro wrote that players from other teams celebrated that they would go on shopping sprees (*Manchete* 1973). In 1973, the city, home to some 350,000 people, received 100,000 tourists (*Cruzeiro* 1974, 9). This initial commercial boom was widely celebrated, often spurring comparisons with the rubber boom. The economic reactivation, the demographic and spatial growth of the city, and visible upgrades in urban infrastructure such as the port and airport were central to the success story (*Jornal do Commércio* 1967). They also fit the governmental objectives of "economic occupation," "integration," and "colonization" (de Mattos Areosa 1970, 135).

The ZFM was not devoid of important problems, even at this early stage. There were three major concerns: the superficial reach of the commercial boom, the explosion of contraband, and the limitations of a development model seemingly based on commerce. In the first area, despite the creation of new jobs in retail, unemployment remained high, salaries low, and conditions for workers underwhelming. A labor leader declared that "the whole salary is usually spent on food" and that workers "could not buy any of those novelties." One worker said that, while the ZFM seemed very nice, the situation of his family was unchanged, and that basic needs like "work and food are the problem." Others invoked the rubber boom era, but now in negative terms: the elite could overspend on luxury items, but most people could not. A local newspaper editor called it "a bluff," and "an empire of beads," where people sold "all kinds of useless nonsense that almost no one can buy." Moreover, whenever they could, common people would spend their meager salaries on "a phonograph, a mini-radio that works on batteries, potatoes imported from Holland, American beans, English chicken, and a bunch of other useless things just for the ephemeral happiness of buying them (*Cruzeiro* 1968, 20)."

Undue speculation was notorious among the early issues. Contraband had long been a problem in Amazonia, a region with huge, porous international borders (*Jornal do Brasil* 1966). The implementation of the ZFM made internal contraband a problem too. People bought products in bulk in Manaus only to resell them elsewhere in Brazil for big profits. In 1969, for example, a local dentist called Jõao Vieira Neto was caught and arrested by law enforcement agents in Recife, Pernambuco, as the latter were convinced that he wanted to resell Free Trade products. A judiciary saga ensued, as a public attorney accused him of tax evasion while police wanted him charged for contraband, in a case that generated a major precedent and that attracted the attention of the dictatorship's intelligence agencies.[6] To combat this trend, in 1976 the govern-

[6] Arquivo Nacional do Brasil, (hereafter ANB), Serviço Nacional de Informações (hereafter SNI), "Ofício," Delegado Regional de Pernambuco to Director Regional do Departamento da Policia Federal (hereafter DPF), November 20, 1969; ANB, SNI, "Informação" do Diretor da Divisão de

ment severely limited the number and value of products that one person could buy. Restrictions generated energetic protests from merchants and tourism entrepreneurs, as the limit seemed too low to justify the shopping trips. This marked a transition to a second stage of the project, much less dependent on retail. In the meantime, however, contraband did not stop, and became a chronic strain for the authorities of SUFRAMA during the following decade (Mahar 1978, 152-154).

Accusations of malfeasance and contraband abounded. Just a year after the new measures, in 1977, for example, the Central Agency of Brazil's National Intelligence Agency (SNI) reported that Mussa de Jesus Demes, a state attorney specialized in taxes and based on Fortaleza, Ceará, had been sent on a mission to Manaus to oversee the control of ZFM merchandise in the city's airport. And yet, the report noted, this suddenly "created great excitement among his friends in Fortaleza [Ceará], who are benefitting from Mussa's contraband merchandise."[7] Similarly, by 1984, police officers in the South were describing a constant stream of products brought from Manaus as "accompanied luggage." Such was the frequency that officials spoke of a "route" between Manaus and wealthier cities, where local newspapers advertised their sales in full-page. Most common were American and Japanese goods like motorcycles, turntables, recorders, video-cassette players, and phones.[8] Three years later, in Londrina, Paraná, police informants spoke of a "video mania" taking over the city, based on players and cassettes from the Manaus Free Trade Zone. The purchases, the officers argued, were seen as "perfectly normal" by the buyers.[9]

Throughout the period, conflicts over the special fiscal regime transcended contraband and also unfolded in the judicial realm. Amazonas Treasury officials worried that the tax exemptions could empty already depleted state coffers. As a consequence, they sometimes pressured businesses into paying old debts with the threat of excluding them from SUFRAMA. That was the case with Jorge Machado Freire, owner of a firm that sold electronics imported through the ZFM as early as 1968.[10] The same year, the Manaus subsidiary of the Singer Sewing Machine Company filed and eventually won a long case that reached the Supreme Court in Brasilia, arguing that the authorities of the state of Amazonas systematically damaged their interests by mis-

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Repressão ao Contrabando e ao Descaminho to Diretor da Policia Federal de Investigação, January 12, 1969.

7 ANB, SNI, Agência Central, "Contrabando em Manaus," November 17, 1977, 2-3.

8 ANB, DPF, Superintendência Regional do Estado do Paraná, Serviço de Informações, Informe n.º 015/02/84-SI/SR/DPF/PR, "Contrabando de motocicletas e eletrônicos—Zona Franca de Manaus," May 24, 1984.

9 ANB, DPF, Superintendência Regional do Estado do Paraná, Divisão em Londrina, Serviço de Informações, Informe n.º 049/87/X-SI/SR/DPF/PR, "Estratégia para repressão ao 'contrabando' de video-cassettes através do arrefecimento da procura por parte do consumidor final," February 12, 1987.

10 Arquivo do Poder Judiciario do Estado do Amazonas (hereafter APJEA), Trib. Pleno. Ações Diversas 1970-91, "Requerimento (Suspensão de Liminar), O Procurador Fiscal do Estado against O Exmo. Sr. Dr. Juiz de direito da 1ra Vara," February 19, 1968.

calculating their tax exemptions.[11] Similar issues plagued the ZFM during the 1970s and 1980s too.[12]

AN INDUSTRIAL POLE IN AMAZONAS

All those conflicts reveal persistent problems, but the ZFM's more damning issues were related to what was perceived as the superficiality of the transformation it brought. In the spirit of the initiative, the commercial boom could only be a start. Manaus had to become a pole to "irradiate" the long-term "interiorization of development," especially in the neglected Western Amazon (de Alencar Castello Branco *et al*. 1967).[13] The plan for the Manaus Free Trade Zone had always stipulated the creation of an industrial pole, and already in 1968 local businessmen were being quoted anxiously criticizing delays.[14] Besides the exemptions from federal import, export, circulation, and sales taxes, SUFRAMA coordinated with governmental entities to offer additional subsidies. During the first two years, a handful of industries of durable goods such as jewel factories were established in the old city center alongside the new import retail stores. They then moved to other neighborhoods in the traditional urban core. Soon enough, as the new industrial sector grew in scale and quantity, it required larger spaces and more adequate facilities (García 2004, 57).

New industrial projects also benefitted from critical infrastructure. In late 1968, the state government granted SUFRAMA more than 4,200 acres of land for an Industrial Pole some five kilometers downriver. The area included a large riverfront access, a major road, some public housing, and a few older industries. The industrial park was inaugurated and the first industries began operations in 1972. SUFRAMA improved the roads to the city and port, and organized transport for workers to the new industrial park, a complex of large, metallic buildings with access to all required utilities (García 2004, 59).

The final subsidy was a cheap available workforce. Brazil's dictatorial administration, which reached its despotic apex between 1968 and 1974, precisely when industrial Manaus took shape, decimated labor rights, lowered salaries, and repressed unions (Fontes und Corrêa 2018, 28). Still, the sheer growth of the urban industrial sector

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11 APJEA, Tribunal Pleno, Agravo Instrumento, Rec. Extraordinario & Ação Penal, 1969 & 1990, Supremo Tribunal Federal, "Recurso Extraordinário, Singer Sewing Machine Company against Fazenda do Estado," November 10, 1969.

12 Arquivo do Poder Judiciário do Estado do Amazonas (APJEA), STJ, Ag. De Instrumento 1972, STF, "Agravo de Instrumento, R. Pereira & Cia. Ltda.; Serraria Moraes & Cia. Ltda., *et al*. against Secretario de Fazenda do Estado do Amazonas," August 30, 1972, and APJEA, Tribunal Pleno, Ag. Instrumento, Requerimento, 1968, 71, 73, 76, 79, 80, 82, 85, 86, "Requerimento, Moto Honda da Amazonia Ltda. e ALMEC Industrias Mecanicas S/A," August 17, 1982.

13 *Operação Amazônia: legislação básica n.º 2* (Belém: SUDAM, 1968).

14 See the critiques in *O Cruzeiro* (Rio de Janeiro), n.º 20, "O Porto é libre." June 18, 1968.

facilitated rural-urban migrations (in part fostered by the regime's refusal to carry an agrarian reform), and the creation of formal jobs for the new urban working-class populations and access to consumer goods for growing middle classes were sources of political legitimacy all over the country. In Manaus, they represented an engine of spectacular growth (de Carvalho 2012, 338-366; Klein and Luna 2017, 54-60, 79-80, 91).

The new conditions quickly attracted investors. SUFRAMA approved close to 140 industrial projects between the first industrial subsidies in 1972 and 1975. By the end of that year, they had fulfilled their objective of creating more than 20,000 jobs. The industries that gained most traction, and that lead the ZFM for decades, were assembly electronics, which profited the most from many of the characteristics of the special zone: fiscal exemptions on highly taxed items, tax benefits to industrial products, imported networks established during the early ZFM phase, and a cheap workforce for jobs that did not require special qualifications (Mahar 1978, 154-157). In the late 1960s, companies from traditional manufacturing centers like São Paulo began moving to Manaus to assemble televisions, radios, video cassette players, fax machines, watches, and other technological marvels of the time. When the industries took off, they scaled up and moved to the industrial district (Thomé 2015, 62).

By the mid-1970s, more limits to the retail of imports and the pull of the industrial district marked a definitive transition to a development model based around the industrial pole. Among a diversity of ventures, the consumer durable goods sectors concentrated the most impressive growth, particularly the assemblage of imported pieces for the production of electronics. These had enough value per weight to justify transportation costs and could bypass traditionally high taxes on non-essentials. By 1983, the electronics sector alone employed some 20,000 workers out of a total of 50,000 in 218 projects in the whole industrial pole. Toward the end of the 1980s, electronics accounted for more than 37,000 jobs (in 79 of a total 346 projects), close to 50 percent of all jobs in the ZFM. Besides Brazilian companies, Manaus attracted multinational factories, including those of brands with international recognition such as Philips, Sharp, or Honda (Mahar 1978, 69; García 2004 63, 79). The incentives also indirectly stimulated construction, services, and government jobs in the city. The population of Manaus more than tripled between 1960 and 1980, to reach 635,000, and one million inhabitants ten years later.[15]

Despite these achievements, problems plagued the industrial pole as well. Initial concerns were related to the kinds of economic growth it spurred. The most obvious initial downside was the pole's status as an industrial enclave based on the import and assembly of manufactured pieces. Imports generated a deficit in the regional balance of payments, which went against national policies. Moreover, although the rise of the industrial district galvanized urban economic growth, with some exceptions, most businesses generated few linkages with the regional economy beyond Manaus (Mahar 1978, 155-158).

[15] IBGE (1980, 76-79); IBGE (1991, 30).

The military regime sought to align the ZFM with its national protectionist strategy through a regional program of import substitution. In 1974, legislative measures restricted the import of pieces to assemble electronics in Brazil. Because SUFRAMA managed to maintain most of its privileges, the South suffered an exodus of factories towards the Zona Franca. In late 1976, however, lobbying of the Brazilian Association of Electric and Electronic Industries (ABINEE), led to new legislation that forced subsidized companies to comply with "nationalization indexes," with a minimum percentage of parts made in Brazil. The situation generated political tensions between industrialists, technocrats, and other branches of the government. In this sense, it was also a telling example of the way in which authoritarian rule worked at the local level, based on factional conflicts, lobbies, and alliances around who would benefit most—in a process that ultimately empowered technocratic elites (Lopes da Silva 2011, 478-482).

Even more significantly, the whole process generated a scenario of acute sociopolitical conflict. The explosion of Manaus generated hundreds of *favelas*, many of which were the scenes of violent conflict between occupants, landlords, and myriad interested parties (Lerner Patrón 2020, Chapter 4). The precarious proletariat of the Industrial Pole, which in the leading electronics sector was mainly constituted by women, often of very young age and coming originally from the Amazonian interior, eventually became increasingly politicized. This was especially so as they organized together with the smaller but nationally mobilized metalworkers' union. Together, this became a formidable regional political force which, in alliance with the *favelados* and progressive sectors of the Catholic Church, led the popular opposition to the dictatorship in Amazonas during the mid-1980s (Santiago 2015; Melo dos Reis Filho 2013).

CONCLUSION: THE CITY CONSUMES THE RAINFOREST

An example of the way in which the *ditadura* found common ground with regional elites, justifying the regime's tag of civilian-military dictatorship, the implementation of the Zona Franca rearranged the regional balance of power and urban primacy, spearheaded one of the country's fastest growing regions during the so-called "Brazilian Miracle," and led to long-term social and environmental change at the heart of the world's largest tropical rainforest (Dreifuss 1981; Pagliarini 2017, 760-774; Ridenti 2018, 33-42).

In 1960, more than 63 percent of the population of the Brazilian Amazon still lived in rural settlements, and 78 percent lived in communities of less than 20,000 inhabitants (Loureiro 2001, 47). Before the creation of the ZFM in 1967, the most populated and economically developed city of Amazonia was still Belém do Pará, the old colonial capital of the Luso-Brazilian rainforest expanses, located next to the Amazon River's Atlantic estuary. With 338,000 inhabitants, Belém

house more than two times the population of Manaus.[16] By the 1990s, however, the population of the Brazilian Amazon had become predominantly urban, with 58 percent of its inhabitants living in cities in 1991, a trend that only accelerated in the following years. By the end of the century, Manaus had overtaken Belém by almost every relevant parameter to become the metropolitan center of Amazonia. In 2000, its population reached 1.4 million, compared to Belém's 1.27 million. The demographic gap, which also translated into their relative weight within their respective states, kept increasing during the next decades (Browder and Godfrey 1999, 7, 127, 136).[17]

The rise of Manaus to regional economic primacy came earlier than the demographic takeover. It was also swifter. The Gross Domestic Product of Manaus overtook that of Belém for the first time in 1975; by 1980, it was close to doubling it; and it almost tripled it in 1985. Similarly, while Belém's GDP represented 29.2 percent of the economy of Amazonia in 1970 compared to Manaus's 25.2 percent, in 1985 these figures were 32 percent for Manaus and 15.7 percent for Belém. In fact, very few places could match the economic performance of Manaus after 1967. The GDP of Manaus and its immediate vicinity grew at a yearly rate of 13.1 percent, during the 1970s, compared to the national average—impressive in itself—of 8.2 percent. In the 1980s, often called Brazil's "lost decade," the Brazilian economy as a whole slowed to an average 1.8 percent yearly growth rate, but Manaus's GDP grew by 5.6 percent per year (Gomes and Vergolino 1997, 7, 32). Moreover, the explosion of Manaus, particularly after the implementation of the Industrial Pole in its Free Trade Zone in 1972, was such as to displace the economic engine of the Amazon from its traditional core in the extractive countryside to the urban realm, where industrial and commercial activities became increasingly important.

Despite these massive impacts, the ZFM has received scant, if any, attention in general accounts of Brazil's *ditadura* (Thomas Skidmore 1988, 144-159; Gaspari 2002, 410-480; Napolitano 2014; Alves 2005; Klein and Luna 2017). Even in works explicitly focused on the Brazilian Amazon during this era, the ZFM is often presented as a relatively minor episode in the series of measures deployed by the military dictatorship to colonize the Brazilian Amazon. When it does get some attention, the ZFM tends to be portrayed exclusively as a federal initiative, or, at most, as a case of collusion between Amazonense elites and representatives of business in the more developed southeastern regions (Cardoso and Müller 1977; Ianni 1979; Moran 1981; Bunker 1985; Hecht and Cockburn 1989; Loureiro 1992; Schmink and Wood 1992; Garfield 2001; Garfield 2013; Acker 2017). In other words, the ZFM tends to get the periphery treat-

[16] In 1960, Manaus counted 180,000 inhabitants (IBGE 1960, 22). A classic history of Belém is Cruz (1973).

[17] While the states of Pará and Amazonas grew at similar rates between the 1960s and the 1990s, Belém's population was 28.2 percent of that of Pará in 1960 and 27.9 percent in 1991; in the same period, Manaus' population went from representing 29% to 55.4% of Amazonas.

ment: either omitted from broader historical processes or interpreted exclusively as a function of the actions of agents at the "center."

And yet, it did indeed become a center; if not a pole of development, a pole of destruction. Crucially, the deepest and more destructive consequences of the ZFM were in the area of the socio-environmental relationship with Manaus and the surrounding rainforest, impacting even faraway places and peoples. As I have documented elsewhere through the case of the city's steel mill, the *Siderúrgica da Amazonia*, S.A. (SIDERAMA), Manaus became an ideal case study to explore planetary urbanization: the reorganization of large parts of the world according to the logic and interests of capitalist urbanization. Manaus was particularly damaging in its environmental effects: polluting water within and around the city, deforesting the surrounding areas, extracting mineral resources from all over the Amazon, and leading to the construction of dams that drastically affected the lives of entire communities. In the case of the Waimiri-Atroar peoples, whose historic lands where flooded to build the Balbina hydroelectric dam in the 1980s, these impacts went as far as to endanger their existence as a people (Lerner Patrón 2023). By the end of the century, the city had consumed the rainforest and its people.

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Manuscript received: 08.05.2024
Revised manuscript: 29.11.2024
Manuscript accepted: 19.12.2024