



# “Differentiated citizenship” and the persistence of informal rural credit systems in Amazonia



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## ABSTRACT

In the Brazilian Amazon, the long-distance river trading system known as *aviamento* has linked commodity producers in remote areas to markets in urban centers since the colonial period. Based on a case study from the rural municipality of Lábrea, this article explores continuities and changes in river trading from the point view of riverine residents and river traders. Geographic isolation and seasonal productive needs continued people's dependence on river traders in 2008–2009, but they had greater choices due to increased access to information, mobility, and alternate markets. Expanded citizenship rights provided access to the vote and to education and other government services, but in a “differentiated” manner that still excluded many rural Amazonians. Given that agroindustry is currently the economic focus for Amazonian development, instead of forest product extraction, these rural producers continued to be forced to rely on informal river traders to meet their needs.

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## 1. Introduction

We sat with João on the porch of his house, which was perched on stilts on the banks of the Purus River, peeking out from the seemingly endless tropical forest. Two hundred kilometers of river curves separated João's home from the small towns of Lábrea in one direction and Pauini in the other. As we sat discussing his livelihood activities, it was clear that seasonal fluctuations played a huge role in virtually everything he did. From the Brazil nut harvest to the beach agriculture he produced with his family, João had strategically blended a wide range of livelihood activities around the seasonal rhythms of the surrounding forest and the dramatic river flood cycles.

However, during our discussion it was clear there were problems. Health and education facilities were extremely limited. Despite expansion of government services and benefits in Brazil, access to infrastructure and to formal credit sources remained limited in João's community. Several times, he lamented his difficulties obtaining *mercadoria*, the essential purchased supplies that could not be harvested from the surrounding forest. João's village, like most of the villages between Lábrea and Pauini, had no stores in which to buy supplies.

When a *regatão* (river trader) turned his boat in the direction of the village, João excused himself, explaining he owed the trader for

a previous purchase. As João bustled off to prepare some trade items, we wondered if his debt was an example of the *aviamento* credit system, considered by many to be a relic of a long-defunct rubber economy. If so, how had it changed, and why would people like João still participate in this much-maligned system?

Democratization and the growth of civil society made conditions in rural Amazonia different from those that predominated in the 19th century when the *aviamento* system became entrenched as the universal method of exchange. The Brazilian Constitution of 1988 recognized the existence and rights of indigenous and other traditional peoples, and many policies of forced assimilation were replaced with policies that celebrated multiculturalism. In the last twenty years, the Brazilian government created cash transfer programs, such as Bolsa Família, designed to improve the lives of the poorest and most vulnerable. Social movements and advocacy groups that did not previously exist represented these groups, as well as other poor and marginalized members of Brazilian society. As a result of their efforts, indigenous and extractive reserves designed to protect traditional cultures and livelihood strategies covered vast areas of the Amazon once controlled by rural oligarchs. Social movement groups and government agencies also endeavored to help poor and marginalized groups form associations and cooperatives designed to replace the inegalitarian economic exchanges of the past.

Economic shifts have dramatically altered the region. The collapse of rubber and other extractive activities in much of Amazonia at the end of the 20th century convinced many rural oligarchs to abandon their properties, changing the power dynamics that

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determined resource use and control. In many areas, the collapse of extractive activities was followed by the proliferation of economic alternatives (ranching, monoculture, industrial mining) that did not have the same labor needs that necessitated the creation of the original *aviamento* supply chains. Massive infrastructure development in Amazonia beginning in the 1950s created new linkages to the rest of the country that fundamentally changed the way economic exchanges occurred for millions of the region's inhabitants (Schmink and Wood, 1992). Economic shifts dramatically altered rural and urban population demographics, making them profoundly different from those that characterized the zenith of the *aviamento* system.

The impact of these changes varied tremendously among Amazonia's rural and small town populations. Many Amazonians lived in areas that had witnessed some of the changes mentioned above, but were relatively untouched by others. While government assistance lifted many from the depths of extreme poverty, not all inhabitants had access to these programs. Although the 1988 Constitution recognized the existence of traditional peoples on paper, in practice these laws were often not applied. Social movements and advocacy groups with limited budgets and personnel could not help all those in need. Many indigenous and extractive reserves designed to protect traditional cultures and livelihood strategies languished in various phases of demarcation, legalization, and implementation. Many community associations and cooperatives had limited success in replacing existing market structures. In many areas, alternative economic activities did not replace extractivism, leaving people to migrate to urban centers or eke out a living with family agriculture and faltering extractive activities. Infrastructure development did not reach many areas in the state of Amazonas, where river systems were still the only transportation networks.

Our focus on changing socioeconomic relations of informal credit among Amazonian rural communities and river traders provides a unique lens to explore how economic exclusion and "differentiated" citizenship rights (Holston, 2008) contributed to the persistence of hierarchal long-distance trading networks. This article addresses the following questions. How have these recent economic changes and the expansion of citizenship rights and civil society affected populations in the far reaches of the Amazon region? Why did modified versions of *aviamento* persist in some rural areas of Amazonia? How were these systems different from the *aviamento* of the past? How were they similar? What does the persistence of these informal credit systems reveal about the uneven realities of "differentiated citizenship" in Brazil?

The *aviamento* credit system has a long history and has supported many types of economic activities throughout the Amazon over time throughout major economic, demographic, and political changes. In this article, we compare the traditional *seringal* rubber production system, under which *aviamento* became most developed – which predominated in the study area from the 1870s until the removal of rubber subsidies in the 1980s and 1990s – with contemporary exchanges between riverine inhabitants and river traders. We argue that the persistence of hierarchal long-distance informal credit systems in Amazonia was a continuing adaptation to the uniquely diverse and seasonal Amazonian production systems in remote rural areas, in the absence of full citizenship inclusion within the Brazilian model of development.

## 2. Historical continuities and changes in informal Amazonian credit and exchange systems: *aviamento* and river traders

The verb *aviar* in Portuguese literally means 'to send' or 'to dispatch.' The term *aviamento* refers to a process in which supplies are advanced to producers of a commodity on credit with the

understanding that they will be paid for, often with interest, at the end of the harvest season or crop cycle. The *aviamento* system emerged in the Amazon during the colonial period in conjunction with the trade in forest products known collectively as *drogas do sertão* (spices from the backlands), which included: spices, medicinal plants, precious woods, dyes, animal pelts, dried fish, and other products (Batista, 2007). These commodities were collected on long-distance expeditions that required credit to buy supplies, rent canoes, and to acquire the services of Indian rowers and collectors who were under the tutelage of priests and colonial officials (Daniel, 2004).

*Aviamento* emerged in the Amazon because: tremendous distances separated forest products from their intended markets, there was a perpetual shortage of currency in the colonial economy, production points were outposts with nowhere to purchase necessary supplies, and many essential items had to be imported (Santos, 1980). Customs houses and other government facilities were limited to a few strategic cities, complicating efforts to monitor, tax, and formalize economic exchanges. Without the pre-production inputs (supplies) furnished through *aviamento*, many economic activities would not have been possible.

*Aviamento* became the primary mode of exchange throughout the Amazon during the 19th century rubber boom. The owner of a rubber-producing forest area, known as a *seringal*, typically built a trading post, or *barracão*, near the waterway that provided access to the area. Rubber tappers purchased supplies on credit in the *barracão* and repaid the owner with rubber and other forest products over a period of months or even years. *Seringal* owners in turn purchased their supplies on credit from trading houses known as *casas aviadoras*, located in Manaus and Belém, which they periodically repaid with rubber and other forest products. The *casas aviadoras* in turn sold rubber and other products to export houses, who in turn sold to import houses in industrialized countries, who sold to manufacturers in need of rubber. International and national banks provided credit to *casas aviadoras* and import/export houses. The *aviamento* system was hierarchal and based on long-term credit in which supplies were typically exchanged directly for forest products.

On the *seringais*, tappers were usually obliged to buy supplies exclusively from the *seringal* owner, who invoked a series of sanctions to maintain this monopoly (Weinstein, 1983). Prices for supplies on the *seringais* were generally many times higher than in urban centers, while the amounts paid for rubber were often far lower. Rubber production areas were frequently in frontier areas far from the rule of law. In these informal settings, complex patron–client ties characterized the economic exchanges between *seringal* owners and tappers in lieu of formal contracts (Wagley, 2014).

Vivid travel accounts filled with examples of corporal punishment, Spartan living conditions, and high rates of death from tropical diseases during the boom years of the late 19th and early 20th centuries gave *aviamento* an enduring unsavory reputation (da Cunha, 2003; Mathews, 1879; Woodroffe, 1914). These observers were highly critical of the *aviamento* system, which they viewed as debt peonage. The insidious nature of Amazonian rubber production was cemented in the minds of many when Roger Casement's exposé of the barbaric treatment of indigenous rubber gatherers on the Putumayo River made international headlines in 1911 (Goodman, 2009). A number of contemporary scholars continue to argue that the *aviamento* system emerged primarily as a means of controlling and exploiting labor (Bakx, 1988; Santos, 1980; Teixeira, 2009).

Other scholars take a more nuanced view of *aviamento* and agree on several points. First, the dispersed nature of production areas made it extremely difficult to monitor tappers' work (Coomes and Barham, 1994; Weinstein, 1983). Second, cheating

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