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SUMMARY

In the space of one year, under the leadership of Governor Lamenha Filho, Alagoas has vastly improved its image. Lamenha has almost incredibly effected political pacification where political assassinations were a common occurrence.

Very hospitable to Americans and appreciative of their efforts, Governor Lamenha has organized his economic advisory team so that his two principal advisors on development are U.S. trained engineers. Impressive tangible results from both USAID assisted projects and also from self-help are already evident and if continuity can be preserved (Lamenha's term expires in 1970 but it is generally thought he will be able to name his successor), the future should be bright. A recent USAID sponsored agro-industrial survey reveals excellent conditions for agro-industrial development in Alagoas.

I The Political SceneA) Lamenha's Year of Accomplishment

Alagoas has experienced for decades a series of incompetent and/or corrupt Governors. The last native Alagoan who had not served outside the state to preside over the destinies of Alagoas was in 1925 and he was the last generally well-reputed governor before the present incumbent, Antonio Semeão Lamenha Filho. As a result, the State has been best known for its gangsterism.

When Lamenha took up the mantle a year ago he had grounds for pessimism. The state had just come through an exceptionally stormy period. October 1965 witnessed a hotly contested gubernatorial election. None of the five candidates received a majority of the votes. The leading candidate, Muniz Falcão, represented demagoguery, crime, corruption, violence, and flirtation with Communism. The State Assembly refused to ratify the election despite his popularity (59,000 of 129,000 votes). Amid threats of violence, the Federal Government appointed an interventor, General João Batista, who provided a lackluster administration for six months until September 1966. Then the State Assembly elected Lamenha Filho.

Lamenha was chosen because in a tense situation he had the advantage of few enemies and a reputation for political compromise. Muniz Falcão, had he not died in 1966, might have been a formidable

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enemy, however, as Lamenha is credited with being behind events designed to impeach Falcão which led to a "shoot out" in the State Assembly in 1958 when he was President of that body. Another potential enemy, Robson Mendes, head of a murder syndicate, was killed several months ago in an ambush staged, apparently, by some of his own hired killers. He had promised to kill all the deputies present in the State Assembly the day of the aforementioned "shoot out" when his father, a deputy, was killed by Falcão's machine guns.

From the above it is easy to see Lamenha was not stepping into a bed of roses in September 1966. It is likely no one at that time would have imagined it possible for Lamenha to transform the image of Alagoas from one of almost unrelieved darkness to one of hope, light and progress. The evidence suggests that, though luck and circumstance may have played their part, the lion's share of the credit must go to Lamenha for his keen political insight and executive psychology.

He quickly put the lid on the opposition. This he did not by threatening but by persuading them of the wisdom either of actually joining in his program or of refraining from open opposition to policies for which the Governor had lined up widespread popular support. As Lamenha told the reporting officer,

"I decided to use FDR's fireside chats technique and I discovered that it works well indeed. A short time ago in Santana I outlined my program to attack the area's problems and said if these proposals were not feasible ones I would welcome better ones from anyone. I specifically indicated my receptivity to ideas from my principal opponent in the area who was present but none were forthcoming and he joined in the program in question. This approach disarmed him completely."

Perhaps the greatest tribute to the effectiveness of Lamenha's approach to the opposition is that its leader, Rubens Canuto, has made speeches complimentary of Lamenha on the floor of the Assembly including one in which he asked for a round of applause for Lamenha for his actions and accomplishments. Five of the eleven Assembly opposition members are now personal friends of the Governor, and, in any case, support from MDB is always nearly unanimous.

Alagoas was torn by corruption and crime in 1966. Newspapers were filled with reports of shootings as this seemed to be the accepted way of resolving serious disputes, so much so that hired killers maintained private graveyards for their victims. Lamenha

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early in his administration announced his intention to curtail crimes of violence and it appears he has been successful. After the murder of Mendes, the most notorious pistoleiro of them all, there was no recrudescence of violence during the past several months until the political assassination in October of the Mayor of Marechal Deodoro growing out of a long standing feud not related to the Lamenha administration. It is noteworthy that the alleged assassin and the man who paid to have it done, a brother of a Federal Senator, were promptly arrested. In the very heart of the zone of violence, Santana do Ipanema, City Councilman Evaldo Bulhões was moved to say in a recent speech that his city, formerly plagued by crime, had finally found peace.

A point worth noting is that in his fight against crime Lamenha was pleased to accept the services of a USAID provided Public Safety advisor.

Nobody had anything good to say about Alagoas when the new administration took over the reins. Perhaps in no other field has Lamenha produced such sensationally favorable results than in public relations. He has assiduously courted the good will of the press, national and regional, as well as local. Some four or five weeks ago he appointed a press officer and even better things began happening. The Recife based Jornal do Comercio opened up a Maceió branch and shortly thereafter a special twenty page supplement appeared which Madison Avenue could not have improved upon. Nothing critical of Lamenha has appeared in the press in the past several months as far as is known to the Consulate General.

Yet another serious problem confronting Lamenha on assumption of authority was a strong resentment on the part of the young professional group. An increasing number of talented young men, a significant proportion of whom were educated or well traveled in the United States, felt that nearly all the desirable positions in Government and Commerce were held by much older traditionalists. For example, one older member of the community has simultaneously held for many years five of the top political and commercial positions available. The younger men feel that the time has come not only for them to play their role without discrimination but for the introduction of the more dynamic and development-oriented mentality they represent.

The Governor perceived this and has moved cautiously but firmly in the direction of placing a higher proportion of the top positions in the hands of the "young generation," as it is called. His Secretary for Administration, his personal secretary and, most

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recently, his Secretary of Education have been drawn from the young group. Other examples will be provided later in appropriate contexts. Suffice it to say here that the reporting officer during a recent five day visit to Alagoas heard much of this problem but also learned that the younger generation is generally satisfied that Lamenha has done everything feasible and will do more to solve this problem. An auspicious sign that Lamenha is selling his philosophy is the comment from one of the traditionalists to the effect that he realizes that he and his group of small scale entrepreneurs have reached their ceiling and the stage must be made available to better trained and younger entrepreneurial types.

Although the Bishop in Alagoas is a close friend of Archbishop Dom Helder Camara, there has been none of the Catholic social protest movement in Alagoas that has characterized Pernambuco over the past year or so. This may be due in part to the fact that the sugar worker is generally better treated in Alagoas than in Pernambuco. (Reportedly they remain highly paternalistic and Alagoan employers are inclined to resort to violence to keep them that way.) Good relations which reportedly exist between the Bishop and Governor Lamenha probably played a role as well. This is the more significant given the frankly negative impression of Archbishop Helder communicated by Lamenha in an after dinner conversation with the reporting officer. Lamenha distastefully referred to Helder as "that mimic" whose image he could scarcely wait to remove from a television screen. He then stated that a Cardinal had been sent to provide moral support for Helder as an understandable reaction to the Brazilian Government's desire to have him (Helder) transferred from the N.E. where he has been a thorn in the flesh.

All is quiet on the military front. The fact that the top military post has been vacant for several weeks would appear to indicate that the GOB believes all is tranquil in Alagoas and has great confidence in Lamenha.

It is instructive to note that of the six states in the consular district that have universities formally organized, only Alagoas failed to participate in the anti-USAID-MEC Convenio protest marches and/or other student manifestations of recent months.

Lamenha appears to have his national and regional political fences in good repair. President Costa e Silva reportedly was quite favorably impressed with him on the occasion of his making Recife

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the temporary national capital in August. Lamenha did not join the gubernatorial chorus of demands but rather pointed out what had been done and his program for doing more, which conduct led Costa e Silva to compare favorably Lamenha with the other governors. Costa e Silva also visited Alagoas briefly during his NE sojourn. Lamenha is reported to be a personal friend of General Euler Bentes, Superintendent of SUDENE. However, the Governor did express his regret to the reporting officer that Alagoas had not done more over the years to place native sons within the SUDENE organization. He made that comment in acknowledging that Alagoas has not shared in the SUDENE pie in an equitable manner.

B) Political Attitudes in Alagoas

Alagoas in general seems little concerned with national politics except as development is concerned. At all levels the subject of development is the topic of the hour. Recent trips to Rio and Brasilia on the part of Government officials are mostly concerned with bringing industry to Alagoas and providing underpinning for agro-industrial development.

Internationally, there does appear to be considerable awareness of and concern for the Cuban threat. The solution recommended is drastic -- assassination of Castro. One business leader who speaks English well and who has travelled extensively in the U.S. proposed at a luncheon that the OAS declare Castro a war criminal and post a large price on his head. The others supported this viewpoint and said this one man is the basic reason for all the talk of subversion in Latin America. They feel that grave social and economic problems exist but that Castro has demonstrated that he is even less able to solve his problems than the Latin American governments against which he is railing.

One of the largest sugar mill operators had a summary solution for any act of terrorism that may ensue as a consequence of Castro's announced policy of violence -- indiscriminately pick a house in the area in which the violence occurred and burn it to the ground, occupants and all. In this way, he said, the perpetrator of the second act (if there were one) would be hastily disclosed by his associates in order to avoid a similar fate themselves.

One fairly high ranking official of humble origin fervently declared that the lot of the laboring class is declining. Laborers who managed to secure enough money during the time of

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Miguel Arraes in the N.E. to purchase radios and even a few refrigerators have seen themselves forced to give them up to purchase food for their families. This situation, he said from personal knowledge in both places, is much worse in Pernambuco than Alagoas. The dissatisfaction in Alagoas has somewhat abated since Governor Lamenha took over because, albeit the material situation has not greatly improved, it is evident from his actions and accomplishments that the Governor is sincerely attempting to do something constructive.

All contacts affirmed that no communist subversive elements of any consequence whatever exist in Alagoas. Disaffection based on economic deprivation does exist as well as resentment in individual cases against arbitrary and harsh labor practices which might be exploited by subversive leaders if conditions made this possible. That the Government is not overly concerned about subversive or terrorist activity at this time is evident from the absence of special security measures.

Though there has been considerable speculation as to who might take the place of Lamenha in 1970 the important thing is that Lamenha is again demonstrating his political sagacity by refraining from naming his choice. This preserves unity because each would-be candidate, knowing that Lamenha will probably be able to give the nod to his successor, does not want to make waves. As stated in Visão of September 7, Lamenha is principally responsible for the political tranquility of the state which finds the State Assembly much quieter than it has been in years.

An interesting fact is that in the numerous conferences held by the reporting officer, including those under social conditions, no military officers were present nor was the military mentioned in any way. When the reporting officer mentioned the possibility of using military engineers for "civil action" projects this was laughingly rejected with the comment they don't know what they are doing (military engineering has a better image in other parts of the consular district).

II The Economic Picture - A Hopeful Prospect

A) General Conditions and Lamenha's Strategy

Lamenha dominates the economic picture in Alagoas even more than the political scene. This is because one immediately senses in talking to him that he is dedicated to the concept of development.

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One concludes that Lamenha rather reluctantly addressed himself to the major problem of political pacification as the essential precondition for moving simultaneously to clear the decks on the economic side for meaningful development. He early identified the overriding need for competent administrators, entrepreneurs, engineers and technicians.

The institution primarily responsible for supplying such persons, the University of Alagoas, was failing miserably in meeting this responsibility. The Rector, Dr. A.C. Simoes, seemed to be obsessed with putting bricks on top of each other to create the University City and all diplomatic attempts to induce him to alter his course fell on deaf ears.

The intransigence of Simoes had already cost the RITA Project no end of grief. The program had been placed in the university framework at its inception in June 1964. History has shown it was thus delivered unto its enemies, albeit not outspoken ones. There is reason to believe the mild student protests in June, 1965 against the RITA Project were not generated by anti-Americanism as such but by a reluctance on the part of some members of the faculty and student body to see engineering and industrial studies begin to usurp the prestige heretofore reserved to the more staid and traditional subjects.

Working around the University in large part, the present RITA Party Chief was able to establish several industries and to outline plans for a number of others.

Prospects did not begin to look good for the RITA Projects, however, until Governor Lamenha saw the real problem and began to correct it. The U.S. decision to phase the Alagoas RITA Project out at the end of 1967 probably focussed Lamenha's attention on the problem of what to do about continuity. His recognition of its past and potential value apparently induced him to take concrete steps to insure its survival under auspicious operating conditions. The Project was deftly removed from University direction, and provided with a budget, and given large airconditioned quarters with facilities for instructional purposes. Perhaps most significantly of all, Lamenha saw to it that a young U.S. educated engineer of exceptional talent (Mario Melro) took the reins with instructions to report directly to him.

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It is noteworthy that Lamenha also saw fit to seek the informal advice and counsel of another U.S. trained engineer who, in the process, according to Lamenha himself, has become sort of a palace philosopher. This engineer is one of the largest sugar mill operators in Brazil, proud of his efficiency, and constantly modernizing his six square kilometer spread of prime tableland. Also, this young engineer is married to an American and is considered to be the wealthiest individual in the state of Alagoas. From personal observation, the reporting officer can confirm his interest in and knowledge of philosophy and his adherence to what might be described as U.S. thought on business practices.

An example of his progressive mentality is his decision to decentralize operations at his huge usina by placing each of the principal operational divisions under a trained specialist. He claims this promotes greater efficiency and dispels the feudalistic atmosphere which prevails at so many usinas.

While maneuvering the University of Alagoas out of control of the RITA Project, Lamenha carefully avoided alienating the Rector. This he did by appointing the Rector's son as Director of CASAL, a mixed company in charge of bringing water to the municipalities of Alagoas. Conversation with the son revealed to the reporting officer that Lamenha was fortunate to have found a well informed, articulate and presentable young man for the job while forestalling problems from the University.

Perhaps one reason the Governor is so intent on development is that Alagoas has a truly phenomenal potential. Charles Yancey, a USAID Contractor who accompanied the reporting officer on an eight hour aerial tour of Alagoas in April, states in his report:

"Alagoas is the third smallest state of Brazil (only one fifth the size of Ceará), having an area of 10,659 square miles, and a population of 1,563,000 (est). Due, probably to its long sugar cane monoculture, its general economy is poor and undeveloped, as far as both agriculture and industry are concerned.

"Nevertheless, a careful survey shows that this small state has such a surprising variety of agricultural field and tree crops and potentially abundant supply of resources as to enable a more impressive and concentrated development of commercial crops and agro-industrial plants than anywhere else in Northeast Brazil." (Underlining supplied).

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"Because of the undeveloped nature of its extremely varied agricultural products, the rich potential of its natural resources, and the willing attitude of its people, the state of Alagoas could be used as a very impressive concentrated, and profit-making demonstration of the socio-economic value of U.S. technology and assistance."

Another qualified viewpoint came from Mr. Alcio Chagas Nogueira, Regional Delegate of the Central Bank of Brazil in Recife, who was once Secretary of Finance of Alagoas but not a native of said state. He told the reporting officer that if Alagoas were correctly developed it could be more important economically in ten years than Pernambuco.

Additional information on resources and infrastructure can be found in Enclosure A, an excerpt from Charles Yancey's "Agro-Industrial Analysis of the State of Alagoas" dated April 25, 1967.

Alagoas is now involved in considerable self help. The sugar industry has moved much of its growing operation to the table land as recommended by the GERAN report and is bringing four more U.S. technicians to Alagoas at the expense of the organization to advise on sugar operations (American Factors has a small group there now). A water pumping system from the Sao Francisco River has been completed as far as Batalha which will supply water to eight municipalities in the Bacia Leitera where a large dairy products center is contemplated. (Already a powdered milk plant is in operation). Two dredges are hard at work in Maceio providing the fill for the sugar terminal which will introduce conveyor bulk loading and greater dock area for ships.

Under Lamenha, Alagoas increased its subscription to the Banco da Produção, created by his predecessor, by fifteen times, from \$100,000,000 old cruzeiros to \$1,500,000,000. The importance of lowering the interest rate on loans to finance new enterprises was mentioned specifically to the reporting officer by Federal Senator Vilela. The director of the Bank of Produção pointed out that the bank is receiving \$600,000 indirectly through IDB for lending at 14% instead of the customary 20%. They also reported in glowing terms how development seminars they are conducting throughout Alagoas are being enthusiastically and creatively received. It is interesting to note that a prominent merchant in Recife recently stated that he has serious collection problems in every N.E. state except Alagoas.

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B) The Role of USAID

AID amounting to approximately \$8,566,000 in loans and grants has been extended to Alagoas, primarily in the fields of primary education, housing, public health, water supply and industry and commerce.

The major thrust of USAID in Alagoas has been in the field of elementary and basic education. Cr\$ 866,000,000 (old cruzeiros) of a Cr\$ 1,146,296,000 (old cruzeiros) agreement have been disbursed. Seven months after the agreement was signed in 1963 the following comment appeared in a briefing paper prepared by the Consulate General for former Ambassador Lincoln Gordon:

"Progress in this field of activity in Alagoas is almost phenomenal, with enthusiasm of State officials responsible for the outstanding accomplishments. Not waiting for assistance from USAID/SUDENE, the State of Alagoas launched into an educational program on their own resources, completing one school per week throughout calendar year 1963. With the release of funds for USAID in September 1963, Alagoas entered into a race to complete two schools per week throughout calendar year 1964, well aware of the advantage of using funds available as soon as possible to escape inflationary erosion of the cruzeiro."

Between 1964 and now, political problems have resulted in a less optimum realization of objectives. However, since Governor Lamenha took the reins there has been improvement. For example, excerpts from a USAID field report dating September 1 of this year report:

"At the end of the period covered by the Audit Report, May 3, 1963 through October 30, 1966, all buildings but three had been completed. However, many of the buildings had serious deficiencies. Since October 31, 1966 (shortly after Lamenha took office) all buildings have been completed and the State as the original contractors have been correcting deficiencies ...

"On July 6, 1967 the State deposited Cr\$ 30,000 to pay for correction of deficiencies ...

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"On August 28, in a special ceremony, with the presence of Governor Lamenha and other authorities, the new Elementary curriculum was officially launched. The State contracted to have printed 16,000 copies at a cost of NCr\$ 56,160. CONTAP funds amounting to NCr\$ 20,000 will cover part of the cost; the State will pay the rest. This reporter, who worked constantly with the Division of Curriculum and Supervisor to see this project completed, was especially pleased ..."

The Secretary of Education is in the process of being replaced by one of the most brilliant young men in Alagoas, a decided step forward according to all knowledgeable sources. An agreement between the State of Alagoas and the ABC CRUZADA for adult literacy training in the amount of NCr\$ 4,000,000 was signed October 4 with the State paying half. The outgoing Secretary told the reporting officer that literacy training is most useful when associated with subsequent vocational training. Failure to provide such training or jobs sometimes leads to disillusionment.

A conspicuously successful project involving USAID is the Pindorama Colony. It is a GOB chartered area of 34,000 hectares started late in 1959 with backing from the Bank of Brazil and technical assistance from the West German Government and Swiss relief agencies. It is the most successful of four such projects.

USAID grants, FFP and the Peace Corps have contributed much to the success of this project which now has more than 6000 inhabitants. The provision of electric power recently from Paulo Afonso is expected to give a new surge to the community. Pindorama is a good example of successful democratic land reform. An agreement signed October 17, 1966 provides Cr\$ 100 million (old cruzeiros) for agricultural and industrial development, primarily for agricultural loans to members of the cooperative.

Seven Alagoas communities have received water supply systems under a regional 58 Community project. Cr\$ 96,000,000 (old cruzeiros) were disbursed in this project in Alagoas. In a separate project Maceio has received Cr\$ 50,000,000 (old cruzeiros) for a water system project.

Some 4,820,000,000 old cruzeiros have been allocated since June 6, 1964 to highway construction and maintenance as part of a regional agreement. On this subject, the USAID Quarterly State and Activity Report dated December 31, 1966 states, "The progress of the work on AL-202 continues to be satisfactory and there have been 50 km substantially improved to date the State has developed a good program for their betterment and maintenance operation during the coming year."

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The Director of DNER told the reporting officer he was most appreciative of USAID cooperation and particularly the visit made to Alagoas recently by USAID/NE's Chief Highway Engineer.

Alagoas has received relatively little assistance from the U.S. So far, direct assistance totals approx. \$8,566,000 (Dec. 31, 1966). This compares with \$181,100,000 for the Northeast in the same period (not including sugar subsidy and wheat sales). Direct assistance for Brazil totals approximately \$3,000,000,000. As Alagoas Secretary for Planning IB Gatto Falcao good naturedly put it, "The U.S. spends preponderantly more in the Center/South where the need is much less and where \$100,000,000, which would produce dramatic results in Alagoas, scarcely makes a ripple on the surface and goes relatively unappreciated." He admitted, however, that Alagoas is not now in a position to absorb such huge sums but stated a goodly amount could usefully go to creating the human infrastructure of technical skills which would vastly augment the absorptive capacity of the state. Incidentally, Gatto is an M.D. who once saved the life of Governor Lamenha and still performs three operations daily. As a former Secretary of Health he supervised the initial entry of the Peace Corps into the state and now has nothing but praise for it.

If economic progress may be measured in terms of per capita income, then Alagoas has a long way to go. The last year for which reasonably reliable statistics are available, 1962, shows approximately \$125 per capita (money and kind) which can be compared to a figure of about \$100 per capita in India. This was sixth in the N.E. and fifth from the bottom for all the states of the nation.

Naturally, Alagoas being a state where 78% of the active population is rural, it is understandable that a considerable part of the agricultural production goes directly to subsistence without passing through the money economy. Even so, Alagoas is a net importer of foodstuff which is eloquent testimony to the poor utilization of its excellent natural resources. Half of its land surface is amenable to agricultural use but only one fourth is under cultivation and much of this under poor efficiency.

The principal crops of Alagoas are rice, sugar, beans, corn, manioc, cotton, tobacco and cocoanuts. A positive plan is now being implemented to improve and increase production. For example, lands along the Sao Francisco River, eminently suitable for rice production will be utilized, according to the Secretary of Planning, to increase production of rice from 500,000 sacks of 60 kilograms to 2,000,000 sacks.

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III Conclusions and Recommendations

All information on Alagoas during the first year of Governor Lamenha's tenure confirms a truly phenomenal performance on both the political and the economic fronts. As he had first to address himself to the formidable task of political pacification, it has only been in the past several months that he has been able to select his economic development team and place it judiciously in the organizational frame work. He has demonstrated great skill all the way.

The United States might appropriately consider how it can assist Alagoas in its drive to develop. It is clear from the foregoing that (1) Alagoas is at a very low level of development, (2) the human and natural resources there are eminently suitable for a developmental program of considerable scope and (3) the political situation is optimal for such a venture.

At such time as the U.S. is in a position to expand its aid program abroad, Alagoas might constitute an exceptionally desirable area to make a "showcase" demonstration for the Alliance for Progress, especially as its size would make it possible to effect transcendent improvement with relatively little investment. Aid previously given has been well received, utilized and appreciated. Thus, Alagoas in the opinion of the reporting officer, deserves a place in the front ranks of those areas being considered for major programs.


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Excerpt from "Agro-Industrial Analysis of the
State of Alagoas" by Charles Yancey, USAIDRivers:

Other than the very impressive São Francisco River, there are no rivers of major consequence in Alagoas. However, this is not to belittle the importance of the many smaller rivers and streams that drain the state. Some of these run through fertile valleys supplying water for irrigated crops, and the water in impounded small lakes even generates some hydro-electric power in outlying sugar usinas.

The São Francisco is in a select class by itself, and its latent possibilities are many times greater than the embryonic development which has been given to it thus far.

Infra-Structure Facilities and Other Resources:

- Electric Power: Generating power from Paulo Afonso is adequate for years to come. Present distribution, it is said, covers the city of Maceio and about 70% of the counties ("municipios") of the state. In general, it is believed that electric power would be available for most, if not all, of the agro-industrial projects suggested herein.
- Highways: Alagoas appears to have more paved (asphalt) highways than most of the other NE states. Unfortunately, few of these roads are built right. As a consequence, frequent repairs and accompanying detours are necessary.
- Railroads: In common with most of Brazil, the state of Alagoas is deficient in its railroads, there being only 470 km (282 miles) of trackage. Also, the completion of "gaps" is badly needed, one of the most pressing being a railroad bridge across the São Francisco, so as to provide a direct linkage with the railroad system in Sergipe, and thence to the South. Even so, the railroad serves much of Alagoas, and is linked to several other states of the NE.
- Port Facilities of Maceio: Considering the excellent geographical position of Alagoas for both inter-state and foreign export trade, the port facilities of Maceio could be important to the commerce of the state. Present

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facilities consist of a pier which extends about 1,000 meters into the Atlantic, then turns southward to form a right angle, the final leg of which is about 800 meters. The present width of the pier is 20 meters, but is being substantially widened to an 80 meter width on the initial leg, and 120 meters on the final leg.

The depth of the water at loading spots on the inside of the final leg runs from 7 to 8 meters at low tide, and fairly large boats are using the pier. When necessary in the future, deepening of the port to 10 meters should be relatively easy, as ocean depths closely adjacent to the end of the pier are already 9 to 10 meters. While the present depth is shallow, it is better than most of the small ports of Brazil.

Crude facilities are now available for the loading of liquid cargo, and it is reported that 9,000 tons of molasses can be loaded on a ship in 3 1/2 days. Also, there is a fairly modern, though small installation for the vacuum unloading of wheat or other small grains.

Unfortunately, the nationally owned railroad runs to the point where the pier begins, but it stops at that point, so that there is no present provision for the movement of cargo, by rail, direct to shipside. This is a failure which could be corrected in the future if found necessary.

Port facilities include a number of large warehouse buildings. None of these are located on the presently narrow pier, hence, they do not offer maximum efficiency for the loading or unloading of ships. Their total capacity is large, however, and as the sugar industry shifts to the bulk handling/storage/loading of sugar, these warehouses should be cheaply available for other products.

- River Shipping Facilities: The São Francisco River is navigable by barges and river boats for a distance of 118 miles from its mouth. Also, it should be easy to move the following heavy products from the interior to river loading wharves for the relatively cheap movement of the products to Maceio, or to the market in other states:

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Cotton - Rice - Beans - Dried Corn - Meat

- Fuel for Factory Operations:

Wood is the standard material used in the boilers of NE Brazil, and there is no lack of wood in Alagoas. But both petroleum and natural gas wells are producing. Quantities are small at present, but the possibility exists of more plentiful supplies of these major fuel materials.

- Water and Waste Disposal Facilities:

The city of Maceio has one of the best central water systems in Brazil. But, even so, it accommodates less than 50% of the city's population. About the same thing can be said of its sanitary sewer facilities. In other areas of the state, potable water systems are even more primitive and scarce. However, state authorities appear to be facing the problem squarely and are making definite progress toward better solutions.

For industrial purposes, and possibly for crop irrigation, in interior locations the statement is made that subterranean water levels in most of the state are relatively near the surface, and that the amount of water available from wells is very satisfactory. It is believed, therefore, that the supply of water for factory operations would not be a major problem in most of Alagoas. Of some interest is the fact that in the western Sertão, a large steel aqueduct has been run very nearly to the border of Pernambuco to supply water from the São Francisco River.

- Communications: Telephone, Telegraph, Radio, TV, Mail, etc.

The city of Maceio has automatic telephone service, even though there are only about 3,000 connected telephones. Also, LD service is available to a number of smaller cities in the interior. However, most of the interior towns do not have telephone service.

- Telegraph service is available to the principal cities of Brazil, and to the outside world by Western Telegraph Co. The Federal "Department of Mail and Telegraph" is available in Maceio, but its service is erratic and undependable as to telegrams. As to mail, it seems to function fairly well, especially via air mail. Mail reaches the interior, also.

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- As to radio broadcasting, Maceio has 5 stations, and I understand that Penedo, on the São Francisco River, has 1 station. Maceio also has one TV broadcasting station.

- General Facilities:

Maceio has a number of hotels, of which two might be considered "fair". Penedo has, surprisingly, a hotel which is rated "good". Maceio is also said to have 21 banks, most of which are branches of other banks. With particular references to Development Banks, see that heading below.

- Labor and Managerial Personnel:

There is plenty of labor everywhere in Alagoas and, if allowance is made for lack of education and experience, the quality of selected candidates is believed to be good. Likewise, as to managerial personnel, there is a definite lack of management skills, but the writer is a firm believer that little business men - with proper training and motivations - can be made into bigger business men. We must believe that, or what are we doing here?

- Minerals:

Minerals are not in the purview of an agro-industrial study. In passing, it may be said that Alagoas is producing some petroleum and natural gas, and deposits of asbestos, limestone, and gypsum are known to exist. If the claim of an "enormous" bed of salt (sodium chloride) under the city of Maceio is true, a significant chemical industry might be possible, using the petroleum, also.

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