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April 22, 1968

Indication of Development Attitudes in Northeast Brazil

CERP Section D.

Enclosed is an editorial (translated by USAID/NE) from the "Diario de Pernambuco", March 23, 1968, entitled "New Blood in the 'New' Northeast". It is representative of a half-dozen or so which have appeared since the first of the year commenting on the determination of the Northeast to develop itself and the confidence that it will be accomplished.

In brief, the editorial notes the change of mentality that has taken place in Northeast Brazil. In the past the Northeast behaved as a beggar, weeping over the droughts and infertile soils and giving the world the impression that the area was an irrecoverable region which could live only with the paternalistic assistance of the Federal Government. The Northeast, however, accepted the challenge of development and now asks not for charity but for loans or advances which will be paid back. Noting that much has been done but much remains to be done, the editorial concludes that "The first battle - the change of mentality - has been won; there is no reason to doubt that we will also win the war".

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Enclosure: as stated.

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(Translation of an editorial of "Diario de Pernambuco of 3/23/68)

## NEW BLOOD IN THE "NEW" NORTHEAST

In practically two months only - from January 1 to March 5 of this year, NCr\$41 million from Articles 34/18 funds were released by SUDENE for application in industrial, agricultural and telecommunications projects. This figure is even more significant when we consider that it almost reached the level of releases for the period 1963/1966 of about NCr\$ 51 million. According to the figures published by the press of the state of Guanabara, the following would be the breakdown of these releases: in 1963 a little over NCr\$92 thousand; in 1964:NCr\$ 3.3 million; in 1965: NCr\$8 million; in 1966: NCr\$39 million; in 1967: NCr\$157 million and in the first two months of 1968: NCr\$41 million, with NCr\$20 million pending in applications at the end of the period. Thus almost NCr\$300 million have been released in this region in the last few years, which constitutes a substantial stimulus and significant amount of new blood being injected in the awakening Northeast. In contemplating the picture of the post-SUDENE Northeast, although we cannot indulge in naive and wild euphoria we have reasons to believe, nevertheless, that full recuperation is in sight and to say as old Duarte Coelho used to say that "all goes well and will go better, praised be God". In the first place, a change of mentality. We spent a long time behaving like beggars, weeping, and somehow like those singers of Hebron, hanging their lutes from the fronds of the "willow trees along the banks of slavery", crying our sorrows and spilling over in bitter complaints, repeating the old tune that the country had abandoned us. In view of the critical dramas that surrouded us - especially in face of drought and of the poverty of the soil, we gave to the outside world the impression of an irrcoverable region which, as the "sick man of the nation", could only go on living at that time vegetating on the paternalistic assistance of the Federal Government and our brothers from the South. One day, however, a wind of new energy began to sweep away the pessimisms and melancholic frustrations. We began to feel that Agamenon Magalhaes was right when, believing in his people, he proclaimed that in the Northeast only man was great. And we accepted the challenge of the take off for development, speaking another language to the Government and communities of the South: no alms, no "charity" or philantropy, but simply assistance in terms of "loans or advances, because whatever the country would give us now, we committed ourselves to pay back doubled and with interest, and very soon.

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Then came CHESF, BNB and SUDENE, the major trinity on which our developmental battle is being based. A great deal no doubt remains to be done, but a great deal has already been done. The image of the New Northeast has been created outside and the seed that has been thrown in the soil among thorns and on crags along the roads and, on the other hand, in the fertile areas everywhere, has started to bear fruit and the results are already evident and tangible.

SUDENE has not failed and it has proven to be equal to the magnitude of its mission. Those old obsoletes standards of approaching everything in therms of partisan politics and narrow-minded regionalism were abandoned. The Northeast responded as a "unit" where is only room for work, optimism and belief in the future.

The first battle - the change of mentality - has been won: there is no reason to doubt that we will also win our war.