

The Legacy of the Rubber Boom and its Relevance for Amazonian Products Today

SALO COSLOVSKY



Many Amazonian products are now produced more efficiently abroad than at home. However, this does not mean that Brazilians need to give up on native products

The first rubber boom was a time of great prosperity in the Amazon. For fifty years, the region was the sole supplier of a raw material that was in huge demand in Europe and the United States, where rubber was used to produce tires, hoses, conveyor belts, inflatable boats, raincoats, shoe soles, galoshes and much more.

Salo Coslovsky is a professor at New York University and a researcher with Amazônia 2030

The bonanza came to an end in 1912, when extensive rubber plantations set up by the British in Malaya came into operation. The sudden increase in supply drove down the price of this raw material across the globe and the low price made native rubber production in the Amazon unviable.

Today, several people attribute the end of this era of prosperity to biopiracy. After all, Henry Wickham, a British citizen, took a batch of Brazilian rubber tree seeds to the Royal Botanic Gardens in England, where British experts produced the seedlings that were planted in Malaysia.

Actually, this was not the only time that Amazonian products were produced more efficiently abroad than at home. Today, most cocoa beans, obtained from the seeds of a plant native to the Amazon, are produced in Ivory Coast and Ghana. Cassava, a key product for indigenous people in Brazil, is produced for local consumption throughout Africa and for export in Thailand and other countries in Southeast Asian. I have heard reports that China already produces tambaquis (an Amazonian fresh-water fish) and I will not be surprised if, in a few years, countries far from the Amazon start producing açai.

I have no doubt that the people who have domesticated these species and work tirelessly to preserve their native ecosystems and all the biodiversity they contain deserve to be handsomely rewarded for this service. At the same time, I suspect that it is not possible to control the flow of species between continents. First, no country is innocent. Just as foreign producers learned to make money cultivating species that are native to the Amazon, many Brazilian producers gain their own livelihood producing imported species such as coffee, oranges, sugar cane, soybeans and eucalyptus trees.

Second, it is common for adjoining countries to share ownership of a natural resource. The Pan-Amazon, for instance, encompasses nine countries and any one of them can grant access to its products, whether on purpose or by lax oversight. Third, even if all countries that hold a certain species decide to prevent its cultivation elsewhere, they have few tools to enforce their will. Sure, diplomats and activists can complain, and sometimes a good informational campaign can bring good results. But complaints do not have the force of law, and law is ineffective if it is not accompanied by the credible threat of punishment. The situation is even worse for synthetic products, i.e. those where abundant and inexpensive raw materials are transformed into products with characteristics similar to those of a natural product. An obvious example is synthetic rubber, which is made from

petroleum-based ingredients. The same idea applies to medicines and other biological compounds that can be produced in a lab.

From an economic point of view, the emphasis on combating biopiracy seems to be an attempt to prolong the life of a static competence. Static competence is the ability of a sector, country or region to make money at a given time and under a set of conditions. Its main component is luck. After all, nothing is more fortuitous than being the right person in the right place and at the right time.

Sustained economic development, however, depends on dynamic competencies, i.e. the ability to acquire new static competencies as times and conditions change. Surprisingly, this kind of competence does not depend on capital, talent or effort. Its main ingredient is the ability of a sector, country or region to resolve conflicts that are intrinsic to the development process.

Economic development can generate plenty of new wealth but it also changes the way it gets distributed. While entrepreneurs who take advantage of novel opportunities can make money, others are afraid of losing their position and try to prevent change.

Some examples will illustrate the phenomenon. Increasingly, large companies in Brazil and abroad need to trace their inputs from forest to retail to prove that their products are not associated with deforestation or degrading work conditions. In the Amazon, a large part of the trade in forest-based products relies on middlemen, and many of these traders prefer to keep their suppliers under wraps to obstruct competitors. Instead of seeing the growing demand for traceability as an opportunity to stay ahead of the game, they see it as a threat and try to prevent or hinder its adoption.

There are many other such examples. In the early 2000s, my doctoral adviser interviewed entrepreneurs in the Northeast and was surprised to find that many of them opposed investment in basic education for fear of losing access to a docile and cheap workforce.

In other cases, local companies that buy raw materials oppose exporting their inputs for fear that increased demand will raise their production costs. For example, several Brazil nut processing companies would like the Brazilian government to prevent the people who harvest brazil nuts from selling their product to companies in Bolivia and Peru, as this would leave more raw material on the domestic market. Similarly, small companies that produce and sell açai puree in Pará complain that exports make it difficult for poor paraenses from eating this traditional food.

In the same vein, companies that produce raw materials often frown upon policies that encourage the creation or expansion of businesses similar to their own, for fear that increased supply will depress the price of their products on the market.

In well-adjusted economies, such conflicts do not prevent investment and innovation. But this situation is not natural or automatic, as the losers always complain and try to prevent change. Complicating matters further, many of these complaints make some sense and deserve consideration. The development challenge is to balance all these preferences so that sectors can seize opportunities without anyone suffering too much or being able to impede progress.

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