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Manaus: the regional embeddedness of an Amazonian global city

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Introduction

A process of world city formation is evident in Manaus. The capital of Amazonas (AM) state was once considered a second-tier manufacturing platform of highly subsidized assembly lines (Campolina Diniz and Borges T. Santos 1999). Yet, it has become not only the most populous city in the Brazilian Amazon but also one of the country's largest urban economies. Furthermore, while economic growth still depends largely on industries affiliated with the Manaus Free Trade Zone (MFTZ), Becker and Stenner (2008: 111) notice the diversifying territorial economy and argue that the development of global city functions is now a source of dynamism. In their reading, Manaus has the potential to attain a particularly competitive global orientation in what concerns the high value-added production, innovation, management and distribution of environmental services.

This paper examines such transformations through the prism of state-led neoliberal transnationalism and its economic, social, spatial and discursive implications. An argument is made that public policies and investments have been deployed to create an advanced urban economy based on market-centric principles. While acknowledging the significance of federal interventions and resources in the underpinning of Manaus' industrial base, the focus herein is on AM intervention. These are argued to have turned to a singular form of ecologically-themed urban entrepreneurialism over the past two decades. New urban politics coincide with Brazil's transition from import-substitution industrialization to a market-centric open economy regime and the emergence of globalist aspirations among national leaders.

The study shows that in concert with elite economic interests, the AM government has performed a pivotal role in the planning, construction and promotion of globalization-oriented urban infrastructure and facilities, including research centers and convention halls as well as stadia, international hotels, luxury shopping malls and other spaces for advanced consumption. These have stimulated high value-added economic activities and elevated Manaus' profile in the transnationally-oriented urban scene of Brazil - evidence of which is the much celebrated inclusion in the select group of cities hosting FIFA World Cup games. But these policies are also part of a more clearly unequal and fragmented urban realm and may be exacerbating long-standing patterns of uneven regional development whereby resources and opportunities are overly concentrated in the capital. Moreover, as conservation themes acquire purchase among policy makers, the conservation of standing rain forests in AM is increasingly leveraged as a financial source to continue and strengthen the growth model. Globally traded carbon credits are shaping up as a preferred policy instrument. While such initiatives claim to improve the lot of impoverished populations in remote areas, they are also difficult to reconcile with the purported goal of spreading development to the state's hinterlands.

The paper is structured in four sections. The first section reviews how previous studies interpret processes of world city formation. While praising the increased analytic attention paid to the entrepreneurial politics and state interventions that underpin urban globalization, the section also critiques and ongoing narrow focus on a select group of metropolitan economies as the overarching research object in the field. It is argued that studying the entrepreneurial path of Manaus' global ascendancy can contribute to broaden the field's explanatory realm. This case calls attention to the diversity of strategies whereby developmental elites seek to pursue advantageous positions for their cities in the world economy. The second section introduces the contemporary metropolitan economy of Manaus, noticing its regional primacy and contrasts with comparable economies in other less polarized regions of Brazil.

The third section situates the historical origins of the entrepreneurial state project of world city formation in Manaus. It argues that it emerged in response to the major production crisis that the city's manufacturing sector underwent in the early 1990s. This was a direct consequence of the liberalization of Brazil's domestic markets. Presenting research still in progress, the fourth section introduces the transformative effects that state-sponsored urban globalization has had on Manaus' economy, social conditions and built environment. Increasing territorial unbalances and deepening socio-spatial inequalities are shown as the backside of a development modality that claims to reconcile environmental conservation with economic modernization and global competitiveness. The paper concludes with a reflection on how less uneven forms of globally-oriented and regionally-embedded urban growth could be achieved how a broadened field of globally comparative urban research could inform alternatives for cities to embrace the opportunities of globality other than exclusionary entrepreneurialism.

Literature Review

Three decades after seminal works on world cities, the field of urban globalization continues growing, redefining its canon and expanding its explanatory reach. After an initial focus on the preeminent urban cores of the North Atlantic (paradigmatically New York and London), and then other leading regions of global capitalism (such as the highly dynamic Asia Pacific), studies have moved to emphasize the need for theory to (a) recognize that diverse experiences of urban change are also occurring in multiple other locales and then (b) seek to explain the multiple relational fields linking such restructurings to various planetary processes that both underpin and are constituted by the complex materialities of contemporary global urbanization (see e.g. Robinson 2002, Roy 2009).

The field has also taken a decisive political turn, world city formation is theorized as an explicit state project embedded within broader dynamics and struggles around the re-definition of statehood and its spatiality under the hegemony of a transnational and market-centric neoliberal order (Kanai 2011). Herein too, de-centering the linear tendency of urban neoliberalization

narratives is of paramount importance, pace Machimura (2003: 959) “[e]conomic globalization and/or neoliberal transformation are not a single story, but multiple stories that are always timely and spatially narrated and, therefore, inevitably intermingled with specific contexts. Therefore, the idea of local embeddedness and path dependency have to be a starting point when investigating more contingent and multi-layered relationships between state and market.”

Yet, despite such theoretical openings and empirical enrichments, the literature remains remarkably metropolis-centric. Resistance to the Lefebvrian analytical shift from individual cities, conceived as clearly bound socio-spatial formations, to the worldwide production of urban space may be justified for research engaging with the locally experienced lifeworlds of urban dwellers (Prakash 2008:2). But it has certainly limited the field in its scope. Even when looking beyond the global West, studies overwhelmingly focus on a select sample of urban areas in which “global city functions” coexist problematically with “megacity conditions”, such as e.g. Sao Paulo, Johannesburg and Mumbai. Therefore, urban globalization research remains largely confined to a world of large and powerful cities, which not only occludes the planetary extent of contemporary urbanization but may also be failing to capture non-metropolitan world city formation projects and hence develop a more comprehensive theorization of such a neoliberal state project and its regional variations in actually existing (and path dependent) city transformations.

The Regional Economy: Overconcentration in Manaus

In the 2000s, Manaus consolidated its profile as one of the largest urban economies in Brazil. In 2008, though ranked in the sixth position nationwide, the gross internal product (PIB municipal) of Manaus (38 b. R\$) trailed only significantly behind those of Sao Paulo (357 b. R\$), Rio de Janeiro (155 b. R\$) and Brasilia (118 b. R\$), comparing more closely to Curitiba (43 b. R\$) and Belo Horizonte (42 b. R\$). Yet, the comparison looks strikingly different at the regional and even metropolitan scales. Based on data from a national study on the regions of influence for major cities (IBGE’s Regioes de Influencia das Cidades 2007), Table 1 shows that both Curitiba and Belo Horizonte have much more populous and economically developed regions of influence - which are not only larger than Manaus’ but also less unevenly developed and concentrated within a single urban core. Notice that contrasts would be starker had the study taken comparable definitions for urban cores, which in the two other cases represent metropolitan areas but are restricted to the city’s jurisdiction (município) for Manaus. The reason for this discrepancy is that there was no official definition for the extent of Manaus’ metropolitan area until 2007.

Overconcentration is apparent at the metropolitan scale too. With this regard, a revealing contrast appears with Belém, the other preeminent metropolis in the Brazilian Amazon and historical gateway to the river basin. A comparison between the two cities reveals that Manaus is clearly more populous: 1.8 million residents, or 500,000 more than Belém in 2010. Yet, Table 2 shows that figures for both metropolitan areas are much closer tie, at around 2.1 million. This indicates higher demographic concentration in the AM capital, which has only recently begun to experience the metropolitan expansion and decentralization that has been occurring in Belém for decades. The economic density gradient is even steeper. While the metropolitan area of Manaus occupies an area comparable to that of South Korea, more than 95% of its economic activity concentrates in the central municipality, equivalent to less than two times the area size of Seoul

Special City district.

Hence, the territorial configuration of the city-region is singular, with Manaus functioning as the hyper-urbanized and increasingly linked core of a vast functional region (in fact occupying 25% of Brazil's land area) with very low demographic and economic densities that is for the most part composed of rain forests and poorly connected settlements along rivers and a few roadways. AM is in fact the least deforested Brazilian state and retains 98% of its primary forests intact. While this outcome is increasingly being framed as an intended policy consequence, historical records indicates more complex processes of failed roadway construction and governmental neglect for a remote region with more challenging conditions for resource-based economic expansion.

Manaus has occupied a position of preeminence in AM throughout the state's historical development. It was the commercial center and springboard for extractive forest colonization during the rubber cycle roughly booming between 1880 and the beginning of World War I. During this era, merchants and landowners amassed enormous fortunes by controlling commodity chains and distribution networks from the strategically located city and port. The baroque Teatro Amazonas opera house still stands as the most tangible product of the rubber barons' follies and their superprofits. After decades-long decline, caused by the loss of monopolic control on world markets for rubber and its increasing substitution for synthetic latex, the regional economy began growing once again in the late 1960s. Policies undertaken by the military regime in a later, more complex, phase of import-substituting industrialization infused dynamism into the economy, particularly through the creation of MFTZ in 1965, which heavily centered its developmentalist push in the city. Seráfico and Seráfico (2005) notice that despite being one of the earliest experiments with economic extra-territoriality at the service of transnationalized capital, MTFZ differs in its domestic market orientation from the majority of free-trade zones around the world, particularly the better-known export-processing zones of the dynamic Asian Pacific region. While promoting industrial growth in the relegated region, MTFZ allowed national elites to explore further engagements with foreign companies beyond the heavily regimented structures imposed in the country's industrial core.

Yet overconcentration shows no sign of receding in the two decades passed since Brazil abandoned its previous protectionism and embraced market-centric transnationalism more assertively. While the MTFZ model had to be restructured thoroughly after the initial crisis brought about by neoliberalization, the manufacturing cluster continues thriving and remains the main economic underpinning for Manaus, AM and the city's wider region of influence. Yet a new form of ecologically-themed urban entrepreneurialism is making its imprint on the city's social space during this period. A new turn in the Janus face destiny of Manaus is being worked out with attempts to enhance its global competitiveness through a reassertion of its regional embeddedness and the specificities of being a major metropolitan agglomeration located at the core of the standing rain forest of the Amazon Basin. Before engaging with the implications of this new form of growth, it is first necessary to reflect on its origins in the early 1990s.

Neoliberalization and Ensuing Urban Restructuring

In the 1980s Brazil was plagued by hyperinflation and economic stagnation. A neoliberal solution was attempted at the beginning of the following decade in order to attract foreign capital

and regain growth. Reform packages included massive privatization and the opening of the country's markets to foreign imports - tariffs were imposed during the import-substituting industrialization era in order to protect domestic production. The latter dealt a major blow to manufacturers in Manaus, who used to draw a comparative advantage to the rest of the country from the subsidies provided to the city in the form of import tax exemptions. Industrial goods made overseas could be assembled in Manaus and sold to the rest of the country cheaper than those fully produced in industrial regions such as Sao Paulo. Yet, with lower import barriers across the board, long distances from the largest consumer markets and associated transportation costs a much less competitive position for the city.

Restructuring impacted on MTFZ heavily. The revenues of associated firms fell from US \$8.3b. in 1990 to US \$4.5b. in 1992, and industrial employment was almost halved from 76,000 to 40,000 jobs (Pereira 2005: 20). As unemployment rates staggered in the early 1990s, new forms of regional development began to be considered in AM (Browder and Godfrey 1997: 141). Yet, before discussing these, it must be noted that even the wave of neoliberalization, the federal government did not abandon MTFZ. Successive renewals extended tax exemptions and other fiscal incentives until 2023. Local production requirements were made even laxer - which resulted in industrial restructuring and more competitive industries albeit at high social and fiscal costs. Moreover, federal investments were committed to upgrade urban and regional infrastructure such as e.g. paving hundreds of kilometers of the BR-174 roadway from Manaus to the Venezuelan border in order to facilitate exports through the connection with the neighboring country's road infrastructure and Caribbean ports (Kanai and Silva Oliveira 2011). With reforms in place, MTFZ began to regain growth. Industrial revenues had stabilized by the year 2000, and showed steady growth over the next decade. In 2001 MTFZ had a record year with US \$ 35.1 b. in industrial revenues.

At the same time, the city continued expanding, both demographically and in terms of its built environment. Particularly in the late 2000s, Manaus evidenced a real estate boom and major construction occurred throughout the city. Along with housing development, major infrastructure projects appeared, many undertaken by the AM state government. While such capital investments were made in the city, AM policy discourses emphasized the new to develop the rest of the state, while increasingly seeking to leverage the value of standing of forests and their environmental services. The next section begins a discussion on the difficulties to reconcile both policies despite the ecological discourse of the entrepreneurial regime intent to place Manaus on a global map of thriving cities. While my initial engagement with the region was through the consequences that changes in Manaus pose for neighboring Roraima state (Kanai and Silva Oliveira, forthcoming), over two rounds of Summer fieldwork (Summers of 2009 and 2010) I began noticing that it was not only federal policies that articulated a project of world city formation. This goal was also localized and particularly articulated by the AM state government. I was also noticed tensions between such project and the stated policy goal to develop the vast,

sparsely populated and lowly developed state interior. The following items indicate issues I am still researching at the intersection between global designs for Manaus and the increasing attention paid to the value of the “standing forests”, particularly in what concerns the leveraging of capital through global carbon-credit markets. I conceptualize these tensions as the emergence of a place-specific regime of ecologically-themed urban entrepreneurialism.

- Over the past decade several policies have been focused on “revitalizing” Manaus relying on credits from multilateral organizations such as the IADB. Yet, these have been concerned mainly with the physical infrastructure and urban design of the city’s core. While environmental conditions have improved, particularly in sensitive areas adjacent to the many river streams crossing the city, there has also been a displacement of lower income populations to peripheral areas to the east and north. The historical city center is increasingly beautified recalling critiques of “urban museums” dedicated to outside tourists that have been articulated in other parts of Latin America (e.g. Cartagena de Indias in Colombia).
- While highly innovative, programs seeking to preserve standing forests through carbon credits remain limited in the amount of resources that they transfer to peripheral populations to pursue sustainable paths of development and appear more intent to increase the visibility and specificity of Manaus as the global city at the heart of the world’s largest rain forest.
- State investments have been made in major convention centers, multi-purpose halls (as e.g. the Center for Indigenous Peoples of the Amazon), and sports arenas (e.g. the Amazonas stadium where FIFA World Cup games will be held). These increase Manaus’ standing within the highly competitive transnationally-oriented Brazilian urban scene but also its overwhelming preeminence at the regional scale.
- Other spaces geared to what Guido Martinotti calls “city users” have emerged in the city and are becoming more conspicuous. These include five-star international hotel chains to high-class restaurants and glitzy malls as well as international retail franchises, private gyms and various advanced personal service providers. While many of these are wrapped in the semiotics of transnational allure there is also an increased tendency to reframe the locality within the same terms, alluding to its cultural history and environmental qualities but through framings that are clearly oriented to selective publics with large participations of outsiders.
- Local academics (Oliveira and Schor 2009) notice the deepening of socio-spatial inequalities that has occurred with Manaus’ development as a global city. Such inequalities and unlivable conditions in the city’s peripheries are translating into a political discontent mainly capitalized by an opportunistic populism that has taken hold

of the municipal government. Inter-governmental conflicts over jurisdiction and urban decision-making are part of an emerging politics of scale, which threaten the order achieved in the 2000s by the entrepreneurial regime articulated by then governor and now federal senator Eduardo Braga.

Conclusions

This introduction to the process of world city formation in Manaus sought to demonstrate the wide variety of urban entrepreneurialism emerging in the contemporary era of globalized capitalism beyond the better studied global cities of the North and South. Broadening the field's comparative scope does not only make for more robust theorizations but also allows contemporary "urban" studies to engage more directly with pressing issues, such as e.g. conservation and sustainability, of the world today.

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