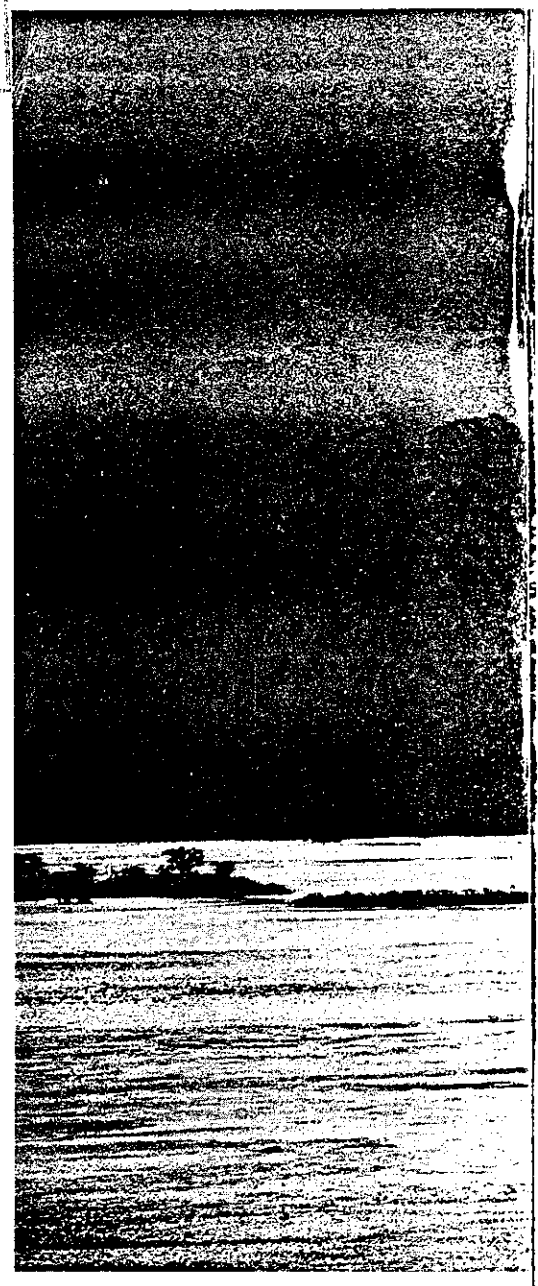


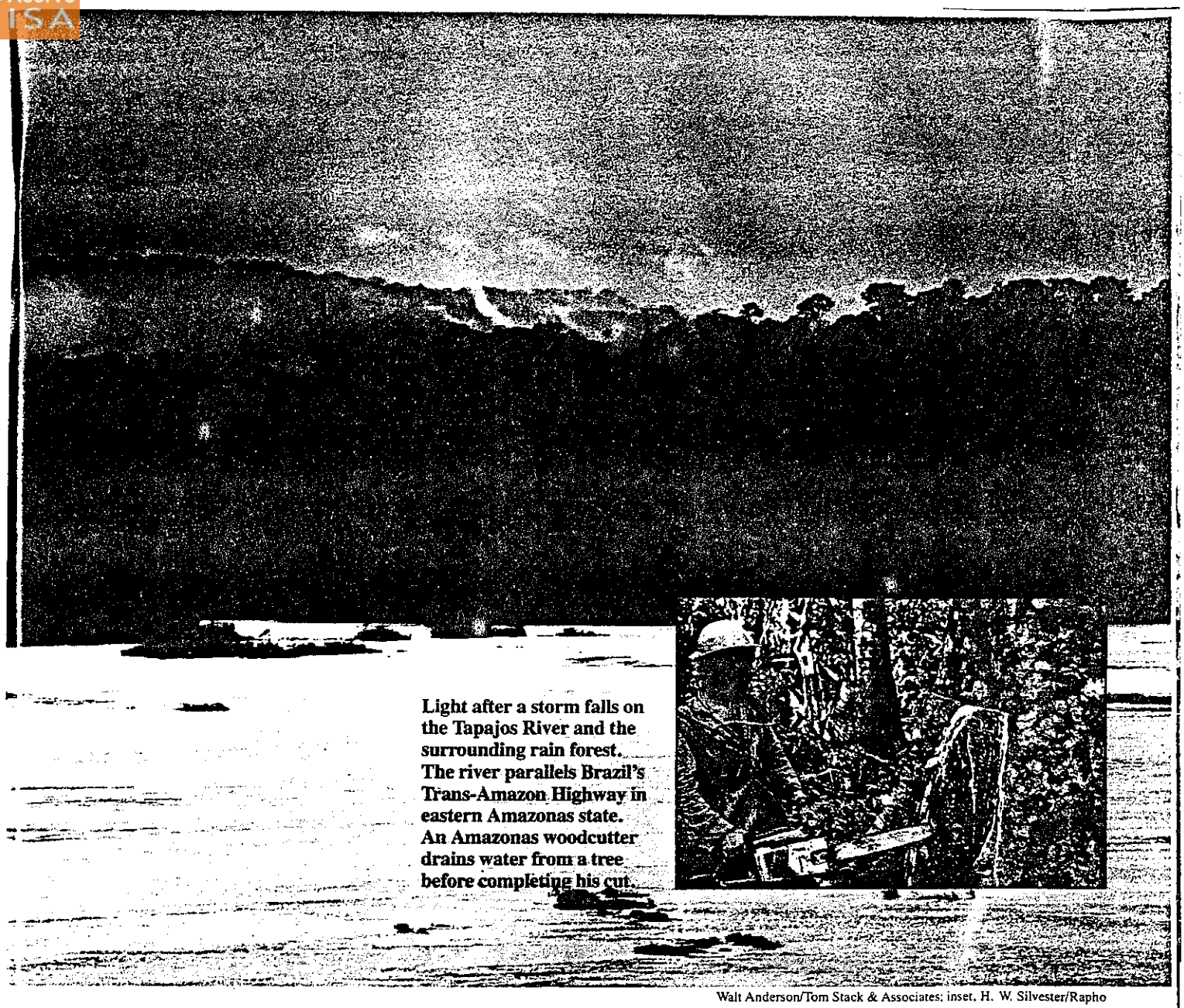
Debacle in the Amazon

In Brazil, development backed by U.S.-dominated multilateral banks is destroying part of the world's greatest rain forest

by Pat Aufderheide and Bruce M. Rich

DEEP in the rain forest of the the upper Amazon, miles from a newly paved highway, an Indian of the Uru-eu-wau-wau tribe delicately fingers an odd piece of ridged metal. It is the top of a soda-water bottle, discarded by the child of a local settler. He takes it back to his village to amuse his son, who is coughing with a disease that has no name.

Nearby in a small clearing, a farmer looks despondently over his wilted field of rice. The crop should be ready for harvest, but in only the second season it has failed even to yield enough for the family's needs. When he moved with his wife, four children and a cousin to the state of Rondonia, the government promised him a homestead title in exchange for five years on the land. Now he is



Light after a storm falls on the Tapajos River and the surrounding rain forest. The river parallels Brazil's Trans-Amazon Highway in eastern Amazonas state. An Amazonas woodcutter drains water from a tree before completing his cut.

Walt Anderson/Tom Stack & Associates; inset, H. W. Silvester/Rapho

hoping he can stake a new homestead in virgin rain forest farther up the Amazon basin.

Each day, as chainsaws and tractors push into one of the world's last great reserves of biological diversity, Indians and farmers are playing out roles in a tragic scenario. But they are not alone. There is a leading actor missing from this picture: a development bureaucrat.

The development bureaucrat has long been a shadowy figure behind the bulldozers and bank loans that are deciding the fate of the Amazon rain forest and its inhabitants. But over the last two years, a campaign has been waged in a world financial center—Washington, D.C.—to put development economists and planners back into the picture. The campaign, involving environmentalists, supporters of Indian rights, members of Congress and Reagan administration officials, seeks to enlist them in defense of the environment.

Ecologists have long been alarmed over destruction of the world's tropical rain forests, which are biological banks for the future and home to some of the most ancient and ecologically wise human cultures. As Catherine Caufield notes in her new book, *In the Rainforest: Report from a Strange, Beautiful, Imperiled World,* man already has destroyed half of this irreplaceable resource. Most of the destruction has occurred since World War II.

Brazil alone has a third of what remains. And in Brazil the dramatic danger to this lush-looking but all too fragile ecosystem can be seen vividly. There, brazil-nut and mahogany trees, turtles and tapirs can be counted among perhaps a million plant and animal species. Biologists have barely begun to probe the forest's diverse biological riches, and they are racing against time, because in the Amazon basin a war against the future is going on in the guise of what the Brazilian government proudly calls "the largest agrarian reform project ever attempted." The Brazilian government, saddled with one of the world's largest international debts, has been promoting the Amazon basin as a new frontier, especially for large-scale and capital-intensive development schemes—huge dams for generating electricity, cattle-ranching, mining, cash-crop farming.

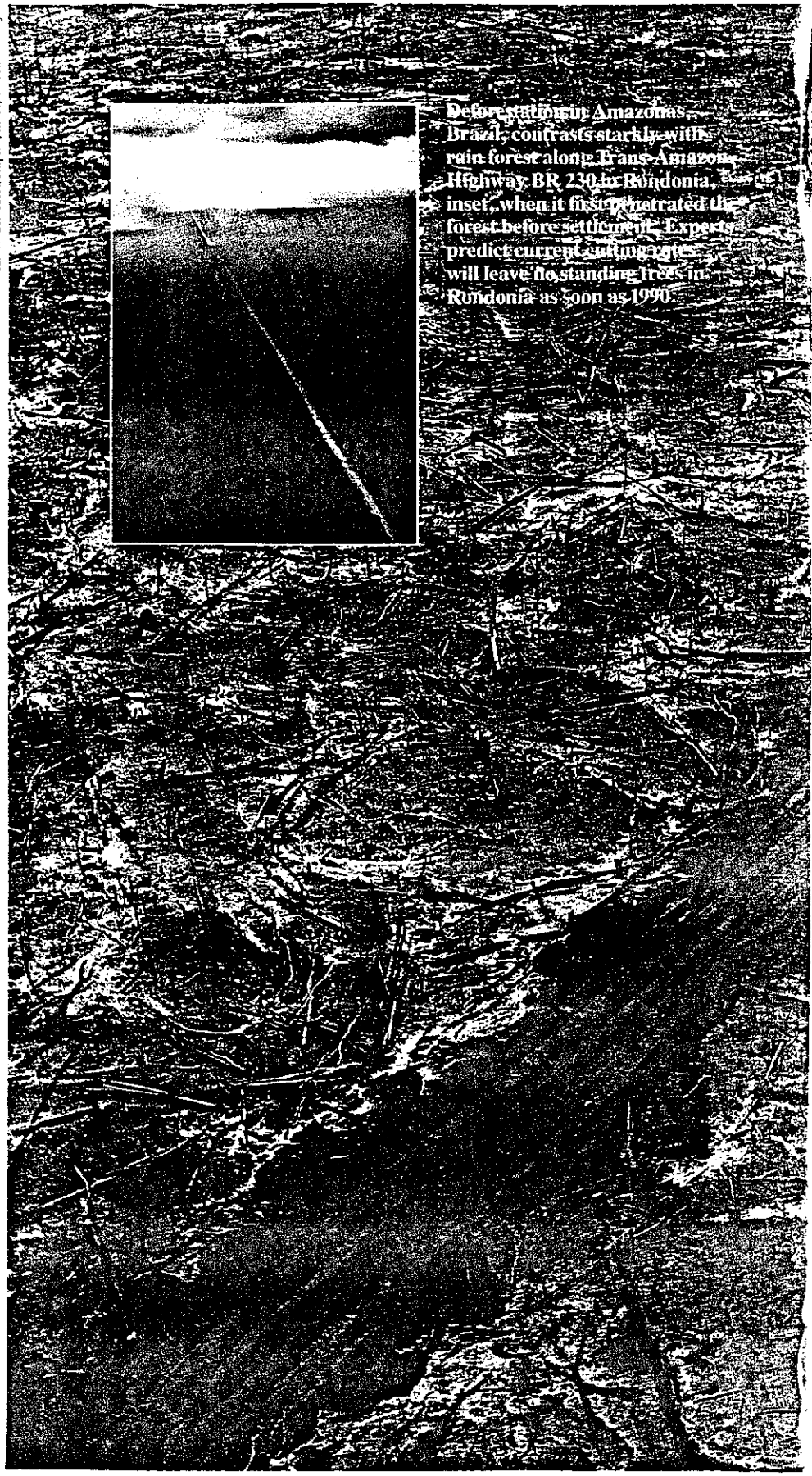
Standing in the way of development dreams are miles of trackless forest. With slogans such as "The Bold Ones March Westward," the government in the last decade has launched an unprecedented assault on the forest. And the assault has been so successful that one noted ecologist, Dr. Philip Fearnside, has estimated that at the present rate not a single tree will be left standing in the state of Rondonia—an expanse the size of West Germany—by 1990.

Many environmentalists believe that Brazil is not only jeopardizing world ecology but also robbing its own economic future. Therefore they point with alarm to the key role played in large-scale ecological and economic transformation by multilateral development banks.

These huge banks, which began after World War II when the World Bank was founded to bankroll European reconstruction and Third World development, are funded by national governments, with the United States contributing the biggest share of any country. Of the existing four institutions, the World Bank and the Inter-American Development Bank (IDB) are essential to Latin American development projects. The United States contributes 20 percent of the World Bank's funds and 35 percent of the IDB's funds—and gets a corresponding share of the votes in the institutions' decisions. The two banks in 1983 alone contributed $6.46 billion to Latin American projects, and since the banks deal only in million-dollar figures, the money typically goes to expensive projects such as hydroelectric and large-scale agricultural schemes. Once these banks approve a loan, private bankers leap in to fund a project; private capital often matches development-bank investment at a three-to-one ratio. The multilateral development banks' money, in short, is the motor behind big Third World development.

But is it development or is it debacle? The doubts of environmentalists and supporters of Indian rights are spreading to the halls of Congress and even into the plush offices of the Washington, D.C., headquarters of the banks, as the results of one huge and disastrous project come in. The Northwest Regional Development Project, known in Brazil as Polonoroeste, involves some 100,000 square miles of tropical forest in Rondonia

H. W. Silvester/Rapho; inset, Loren McIntyre



Deforestation in Amazonas, Brazil, contrasts starkly with rain forest along Trans-Amazon Highway BR 230 in Rondonia, inset, when it first penetrated the forest before settlement. Experts predict current cutting rates will leave no standing trees in Rondonia as soon as 1990.

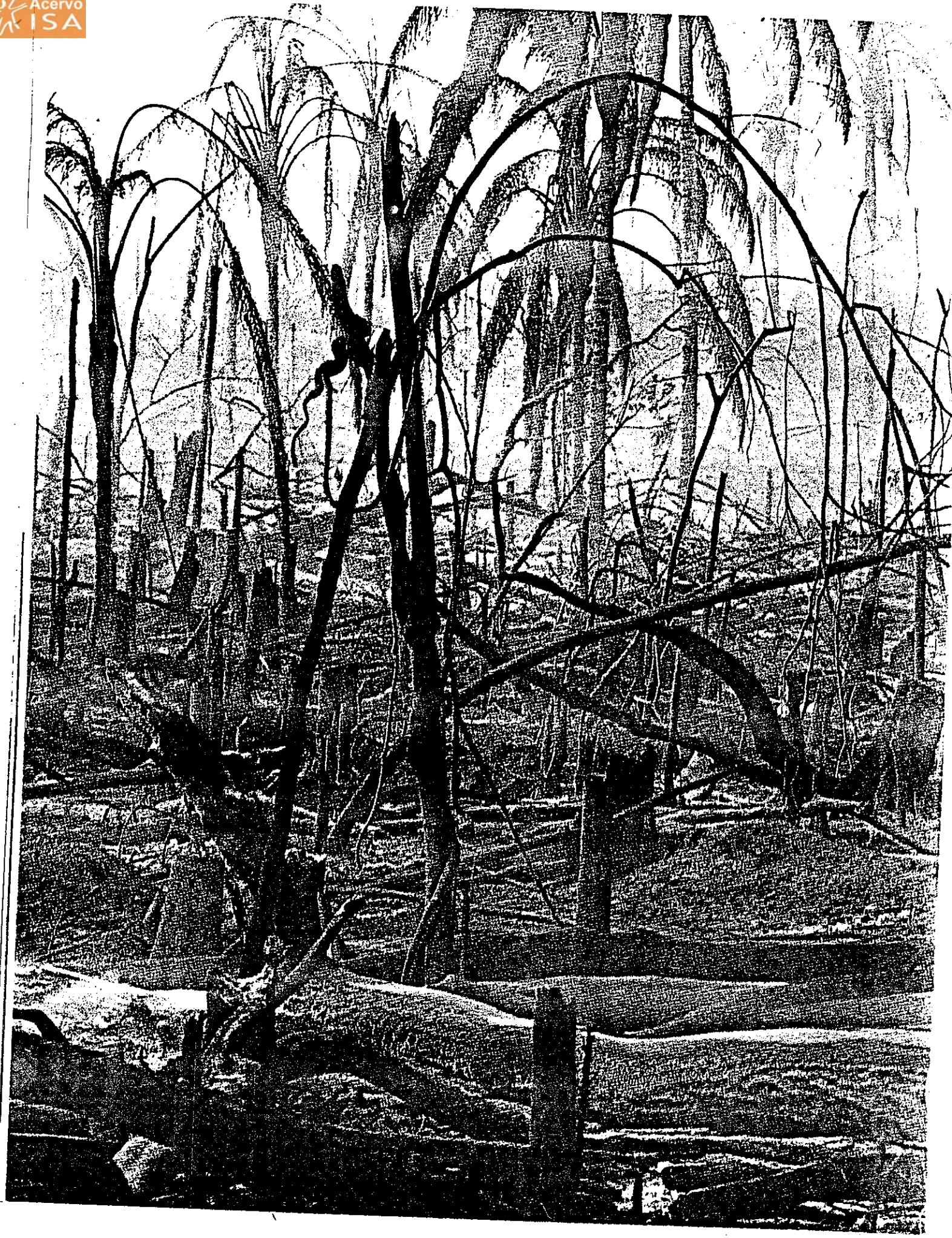
and western Mato Grosso, where the Brazilian government has already cut a 900-mile road called BR-364. The government has invited hundreds of thousands of poor, landless peasants from other parts of Brazil to settle there, promising them some 39 towns where the settlers can sell their crops, send their children to school and get medical help for endemic malaria and other diseases.

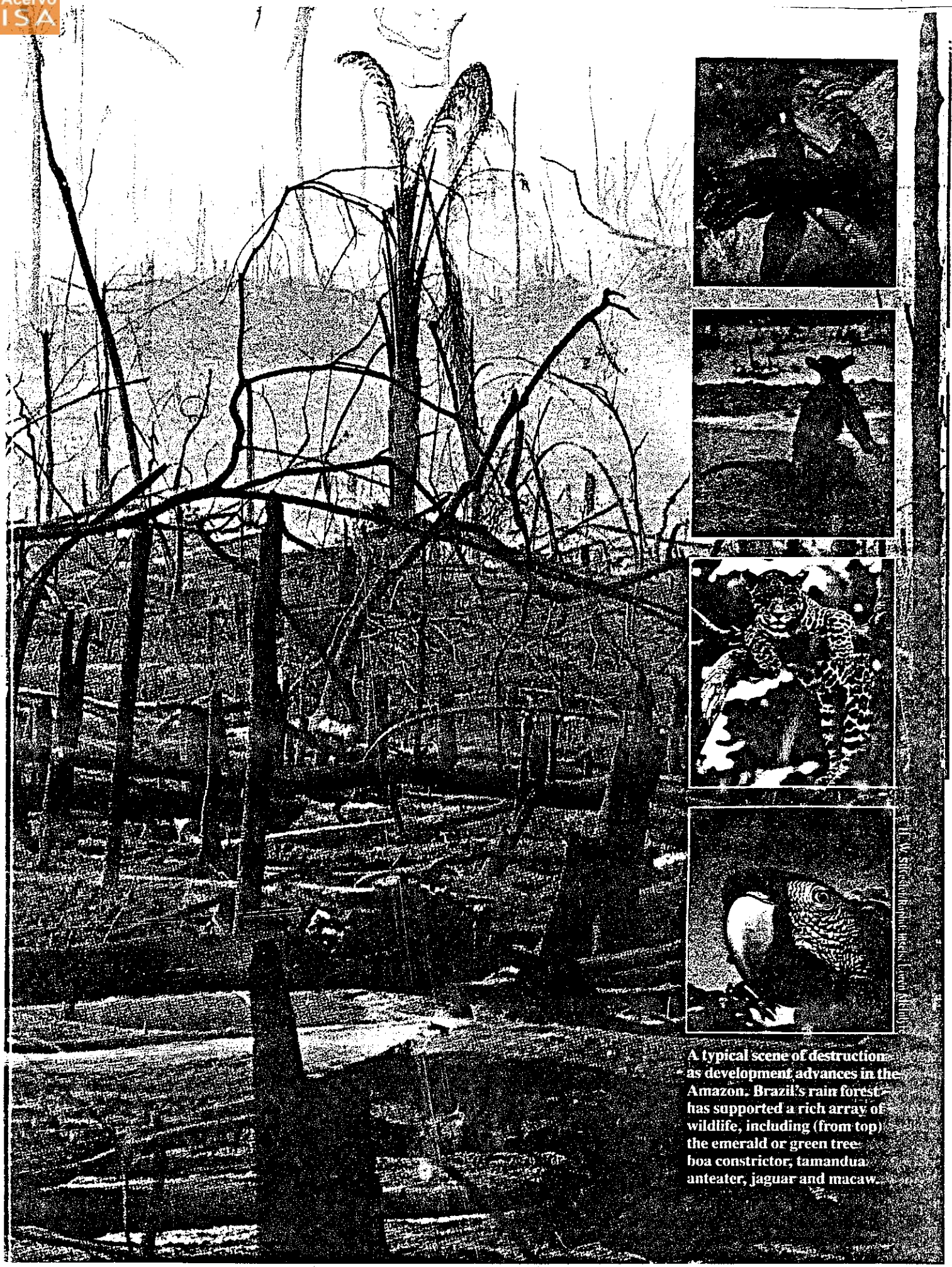
The colonization plan limped along for years, until the government in 1979 asked the World Bank for a huge loan to help pave BR-364. But the bank was not blind to the region's problems: reports that the land was too poor to farm, that settlers were invading traditional Indian lands, that failing farmers were clearing huge strips of forest to prepare the land for cattle-ranching. Over the last 15 years, the bank has become increasingly aware of environmental questions, and it now has an office of environmental affairs. The office, however, employs only five of the bank's more than 6,000 staffers, and only one of them is a trained ecologist.

The bank's conditions for approving the Polonoroeste loans—which amount to 30 percent of the multi-billion-dollar investment—were several. The bank insisted on setting aside funds for biological reserves, a national park, four ecological stations and some national forest area. It also required the government to allot lands for 15 Indian parks and to protect the Indians' health. Finally, it demanded that farmers be given homestead land on fertile soil that did not threaten Indian lands or the health of the forest.

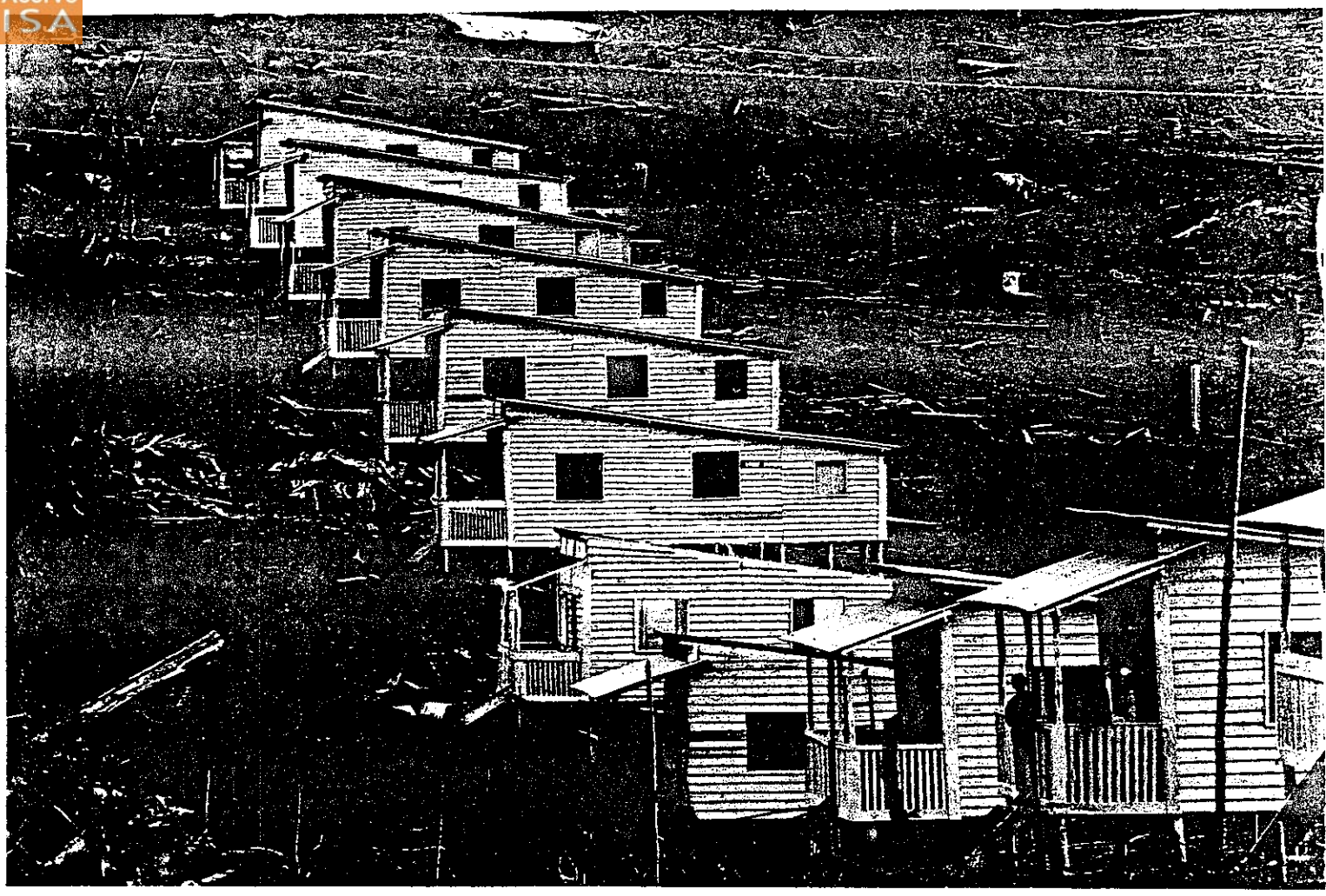
Five years later, the bank has committed nearly $500 million, in seven loans, to Polonoroeste. More than half that money has gone into paving the road—the only part of the project that has been completed.

"Empty-handed, they were arriving, ready to conquer the jungle. And they did it," boasts a Brazilian government brochure featuring the large family of Raul Ribeiro posed in front of a small house in the forest. From all over Brazil, people have arrived, desperate for a plot in a country where 43 percent of the farmland is owned by one percent of the people. And they have been showing up in ever-greater numbers since the bank pitched in to help Polonoroeste become Brazil's new frontier. In the





A typical scene of destruction as development advances in the Amazon. Brazil's rain forest has supported a rich array of wildlife, including (from top) the emerald or green tree boa constrictor, tamandua anteater, jaguar and macaw.



years between 1978 and 1983, more than 275,000 settlers flocked to Rondonia. In 1984 up to October, more than 115,000 new settlers arrived.

Most did not have the happy experience that the Ribeiro family did. Many discovered instead that cash crops like rice and coffee need more than a tropical rain-forest environment has to offer. The tropical rainforest soils are, in fact, among the poorest in the world. High temperatures and high rainfall combine to leach away minerals. They also break down clay in the soil so that it cannot hold these nutrients. The richness of the forest is all above the ground, in the trees and other vegetable matter. When the settlers slash and burn, the ashes float downriver along with the settlers' hopes.

The settlers also discovered that the promised towns and services were less than idyllic. At a demonstration to protest lack of government credit to small producers in Rondonia's capital, Porto Velho, last year, one settler said of his "urban nucleus": "We have lots of kids there, and people who need medical treatment, and the clinic is closed for lack of personnel."

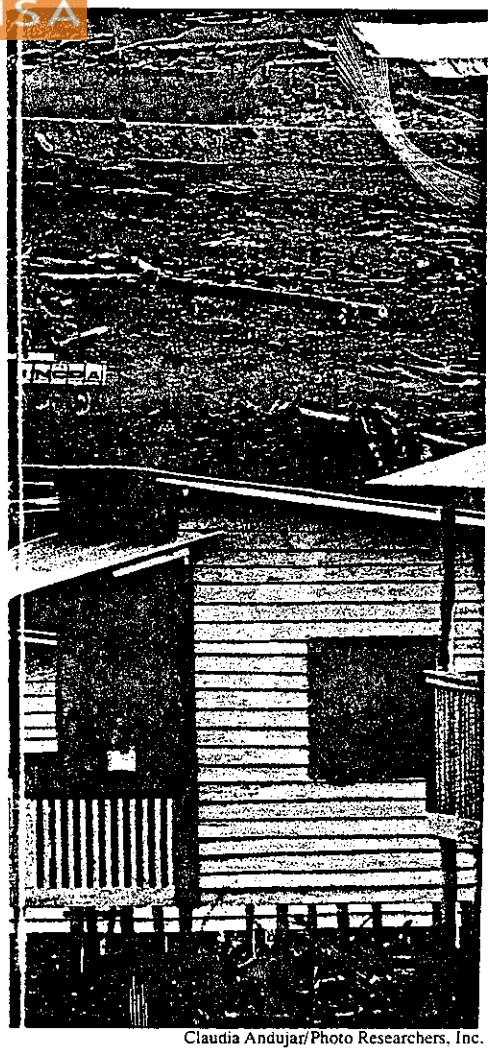
"There is precious little education up here," said another.

The settlers' options were so few on the poor soil, some pointed out, that many had taken to producing charcoal—the only saleable item. One man asked in indignation how he would be compensated for his claim when a nearby hydroelectric project flooded his land.

The World Bank has paid an expensive price for these settlers' bitter experience. According to one estimate the bank's investment in every family so far is $12,000 in current dollars—a figure that baffles many settlers who find themselves poorer after two years of farming than they were before.

The bank might have guessed that settlement was at least chancy, given earlier experience in the Amazon. In the Peruvian Amazon, a study of six earlier settlement projects found desertion rates up to 92 percent. In Brazil itself, an earlier such project proved a spectacular failure. The Trans-Amazon highway constructed in the 1970s was the centerpiece of a government plan to settle 5 million people south of the Amazon River. The project benefited indirectly from large multilateral bank loans for highway construction elsewhere in Brazil. Most of the settlers found they could not make a living off the land, and long stretches of the highway have been abandoned. Today a sign dangles from a tree along the road: "Next gas station, 980 kilometers. Beware of Indian arrows; drive with windows closed."

The Brazilian government, far from losing heart, keeps plowing on into the forest. It has already bulldozed a continuation of BR-364 into the neighboring state of Acre—an almost untouched expanse the size of Virginia where perhaps 5,000 Indians live. The road offers, for the moment, an escape route for failed farmers with nowhere to go back to. And as they abandon homesteads, more come to take their places. The government land agency, INCRA, has run out of land titles, and there are waiting lists two and three families deep for abandoned plots. Yet the government still



Claudia Andujar/Photo Researchers, Inc.

Stephan Schwartzman

H. W. Silvester/Rapho

Ranchers drive cattle in Amazonas. Cattle-raising in deforested areas is highly destructive because it prevents regrowth of vegetation. The Brazilian resettlement colony, above left, is typical of those found along BR 364. A frontier town at the forest edge, top, is called a bang-bang for its wild-West atmosphere. Some 400,000 settlers who came to Rondonia between 1978 and September, 1984, found mineral-poor soil unable to support cash crops.

encourages new arrivals. At a demonstration in the south of Brazil where landless peasants gathered to protest their plight, an unmarked car pulled up and out of it were thrown hundreds of leaflets promoting settlement in the Polonoroeste region.

The Inter-American Development Bank apparently shares the Brazilian government's optimism. It recently approved a $73 million loan to help pave the continuation of BR-364 into the state of Acre.

On paper, Polonoroeste is a celebration of the yeoman farmer. But when farms fail, the one-time rain forest quickly becomes a field for cattle ranchers and land speculators. The majority of small farmers own no cattle at all, but already 80 percent of them have cleared forest for pasture, hoping to increase the land's sale value. The problem, according to Brent Milliken, an environmental expert who performed an independent evaluation of the World Bank program in the area last year, is twofold: the clearing erodes the soil, and land is also quickly invaded by noxious weeds, which cattle cannot use as fodder. But many potential purchasers do not care. Speculation is often more lucrative in the short run than productive use of the land.

Cattle-ranching in the Amazon is one of the nightmares of an ecologist like the World Bank's Robert J. A. Goodland, who points in exasperation to the Amazon's wealth of forest animals and fish as much better—and renewable—development resources. Some economists argue that only government subsidy makes cattle-ranching temporarily profitable on tropical soil. But even when it is viable, cattle-ranching produces few jobs and destroys the potential for a rain forest to return.

Yet cattle-ranching has been one of the favorite investments of multilateral development banks over the last two decades in Latin America. According to distinguished Mexican sociologist Ernst Feder, no single commodity in the Third World has received such extraordinary outside subsidy as livestock in Latin America. More than half the World Bank's cumulative agricultural lending in Latin America through 1980 went for livestock activities, according to economist Cheryl Payer.

Stephan Schwartzman

Loren McIntyre

Adrian Cowell/Transworld Features (UK) Ltd.

Manioc is transported by Indians of the Amazon basin. Some natives recognize 18 kinds of this staple food. The tribal chief of a Cinta Larga (big belt) tribe wears traditional garb. Amazon Indians are being decimated by disease because medical treatment often is not given in time. A professional hunter shows off a highly valued ocelot skin. He will try to kill 40 to 80 ocelots on each trip to the jungle.

In thatched-roof hamlets dotting the rain forests live peoples who may have the answer on how to live in the forest for the long haul. They are the thousands of Indians—6,700 counted in the Polonoroeste project area alone and more as yet uncontacted—in dozens of highly distinctive tribes. Most of the known tribes are gardeners as well as hunters and have a deep traditional knowledge of soil fertility. Unlike cash-cropping settlers, they plant gardens rich in crop variety. Their typically small patches are usually cultivated for only two or three years before the forest is allowed to reclaim the land. The Indians may be the only experts capable of identifying the forest's astounding biological diversity. One tribe recognizes 18 different varieties of manioc, the staple crop of the Amazon, while only two varieties are yet recognized in biological taxonomy.

Many of these peoples have already paid the price of progress, in initial contact that devastated a tribe like the Surui, which in three years lost half its 600 members to new diseases such as measles and influenza. Those who survive face a new threat: the invasion of their lands by settlers desperate to stake a claim on land good enough to farm.

The Polonoroëste program, thanks to World Bank pressure, included from the start the marking off of land to be reserved for Indians. But most of the demarcation has yet to be done, and it gets more expensive to do with every new claim from settlers or—more likely—speculators. The consequences can be dangerous for everyone. In one place, the Lourdes Indian reserve, more than 750 settler families have moved into Indian land. In an attempt to dramatize their crisis, the Indians finally seized a dozen hostages for several days. The effort netted them newspaper articles, but no government action. In the Aripuana Indian park, conflict erupted when a 9-year-old girl of the Cinta Larga tribe was raped by workers on a hydroelectric project. The chief of the tribe threatened to kill the invaders. In other areas, settlers have lost their

IS ACRE'S TURN NEXT?

Another Amazon state is on the verge of disastrous de-greening

by Stephan Schwartzman

EVEN as northwest Brazil's huge Polonoroeste project area experiences disastrous deforestation from World Bank-financed development, the same process may be unfolding in the neighboring state of Acre. This time the multilateral bank involved, the Inter-American Development Bank (IDB), is taking a different tack. But environmentalists are asking whether the end result will be the same or even worse.

Acre, about the size of Virginia, embraces some 92,000 square miles at Brazil's western extremity. Until the mid-70s it was known best as a remote but profitable rubber-producing region. The rich Acre rain forest then remained 97 percent untouched. But with the arrival of agribusiness, speculators and growing throngs of migrants, deforestation is accelerating. If it continues at the present rate, say informed scientists, in another decade no forest will be left.

BR-364, paved through World Bank loans, is bringing 13,000 people a month into the state of Rondonia. But Rondonia has no more land for settlers. Authorities plan to send them on to Acre, to the adjoining state of Amazonas and to Roraima Territory farther to the north. This migration will be greatly aided by a newly approved $58.5 million IDB loan for paving some 300 miles of BR-364 from Porto Velho, capital of Rondonia, to Rio Branco, capital of Acre.

The main problem with the BR-364 project is that a detailed environmental-protection plan will be prepared only as the present dirt road is actually being paved. The bank claims that it will impose strict conditions on later loan disbursements. "But this will amount to closing the barn door after the horses have been stolen," says Bruce M. Rich, attorney with the Natural Resources Defense Council. Rich and other environmentalists, along with supporters of Indian rights, contend that the project will spawn unsustainable land use, deforestation, invasion of Indian lands and land conflicts. They point out that in Rondonia's Polonoroeste project, protection plans were prepared much earlier and were more comprehensive but still did not work.

Already, conflicts over land have flared in Acre, and some fear that increased migration will cause these to multiply dramatically. Last year, a senator from Acre appealed directly to Brazil's President Joaó Figueiredo to halt the influx. In December, Acre Governor Nabor Junior called the present level of migration unsustainable. Yet the governor wants the road paved to bring in supplies and to take cash crops to market. Approximately half the land in the state already belongs to interests in the industrial south, many of them speculators. A paved road would increase the value of their holdings. And the contractors whose heavy equipment paved BR-364 as far as Porto Velho have a considerable interest in keeping that equipment moving westward.

A report from Brazil's Indian protection agency, FUNAI, predicts that the road eventually will affect more than 8,000 Indians as settlers spread up and down the river valleys it crosses. None of the 29 areas in Acre where FUNAI knows that Indians live is yet officially demarcated, which means that their lands are unprotected against invading settlers and land speculators. Since the mid-70s, violent confrontations between Indians and big landowners or the military police have been common. The IDB-financed paving project will greatly increase the threat to the Indians' future.

No one expects that the road will stay unpaved indefinitely, but the Brazilian government and IDB planned the project so hastily that many outside observers have become alarmed about its consequences. This past January, NRDC, other environmentalists and Indian rights advocates requested and obtained an unprecedented meeting with bank policy-makers. They emphasized the possibility of a repetition of the Polonoroeste debacle and suggested modifications of the loan agreement—including prior demarcation of Indian lands—aimed at preventing potential problems.

The bank managers listened. Although insisting that the bank's concern with the environment predated the meeting, an IDB spokesman later declared: "The meeting with representatives of a spectrum of the environmental community on the Brazil project was the first of its type, and we believe it was helpful." What steps will actually be taken on behalf of the environment and the Indians, however, remain to be seen.

Meanwhile, NRDC Attorney Rich called the attention of the U.S. Treasury Department to the environmental problems of the project. As a result, loan approval was delayed for several weeks. When the loan finally came up for a vote on January 23, U.S. Executive Director Jose Manuel Casanova abstained on instructions from then Secretary of the Treasury Donald Regan—the first time a U.S. executive director of a multilateral bank has withheld endorsement of a loan on environmental grounds.

Because of the abstention, $14.5 million from the bank's Fund for Special Operations was blocked, reducing the $73 million slated for the loan by that amount. Commenting later, a Treasury spokesman said, "On balance, we felt the economic gains did not justify the costs. In short, the project was not a good investment for the IDB." Cited among the costs were "the unsustainable nature of the agricultural development likely to take place on the poor soils in the region and the heavy deforestation expected with road construction."

Some observers believe that, coming on the heels of the criticism of Polonoroeste, this will help set a new tone for multilaterally financed rainforest development. Certainly it is encouraging that government officials

See ACRE, page 43

Vincent Carelli

A mother and her children of the Nagarote Nambiquara tribe, one of dozens of tribes in the Polonoroeste area vulnerable to the influx of settlers. Pleas to Brazil's government for protection of Indian lands have gone virtually unheeded.

lives to angry Indians, and one 7-year-old settler boy was captured and later killed. But many more Indians are dying as a result of colonization.

The World Bank, itself under pressure from supporters of Indian rights in both the United States and Brazil, repeatedly has urged the Brazilian Indian agency to protect the Indians' land. One group of the Nambiquara has seen a shrunken version of its land claims validated with demarcation. A few clinics and other health projects have dramatically improved the health of surviving Indians. But most tribes have continued to see their ancestral lands invaded, with no security for the future. And far from demanding that the Brazilian government comply with its explicit requirement to demarcate Indian lands before releasing the next installment of its loan, the bank has actually speeded up payments to keep up the progress of road paving. The IDB's loan to help pave the continuation of BR-364 into Acre will put in jeopardy the lands and lives of the thousands of Indians living there now.

"With the extinction of each indigenous group," says anthropologist Darrell Posey, "the world loses millennia of accumulated knowledge about life in and adaptation to tropical ecosystems."

The destruction of the forest, remarks Dr. José Lutzenberger, goes hand in hand with destruction of cultures. "The loss of these cultures," he says, "is just as irreversible as the loss of a species."

The crisis far away in the Amazon rain forest became the subject of public debate in the halls of Congress in 1983. The process was set in motion by representatives of three environmental groups—the Natural Resources Defense Council, National Wildlife Federation and Environmental Policy Institute—that shared a concern about ecological devastation promoted by development projects. Prompted by their alarm, longtime conservationist Representative Mike Lowry (D-Washington) moved to introduce an environmental-action amendment into legislation authorizing funds for multilateral development banks. Then-Representative Jerry Patterson (D-California) instead suggested holding hearings on the issue. The House subcommittee he chaired, which deals with international development finance, held a series of five hearings in 1983 and 1984. Information long buried in private bank evaluation reports became public record.

"We are not singling out the multilateral development banks as villains or assigning blame," testified the National Wildlife Federation's Barbara Bramble on the first day of hearings. "We do see serious problems they are causing or perpetuating through lack of environmental planning." She pointed out that sound economic development is essential to long-term resource conservation, but said her organization was alarmed that "this invaluable resource, which is a tropical forest, is being cut and degraded for short-term use."

The next day, David Price, who had worked as an anthropological consultant to the World Bank, soberly warned members of Congress that Indians' lives and health were endangered. "One cannot help but feel," he said as he summarized his frustrations, "that the World Bank is much

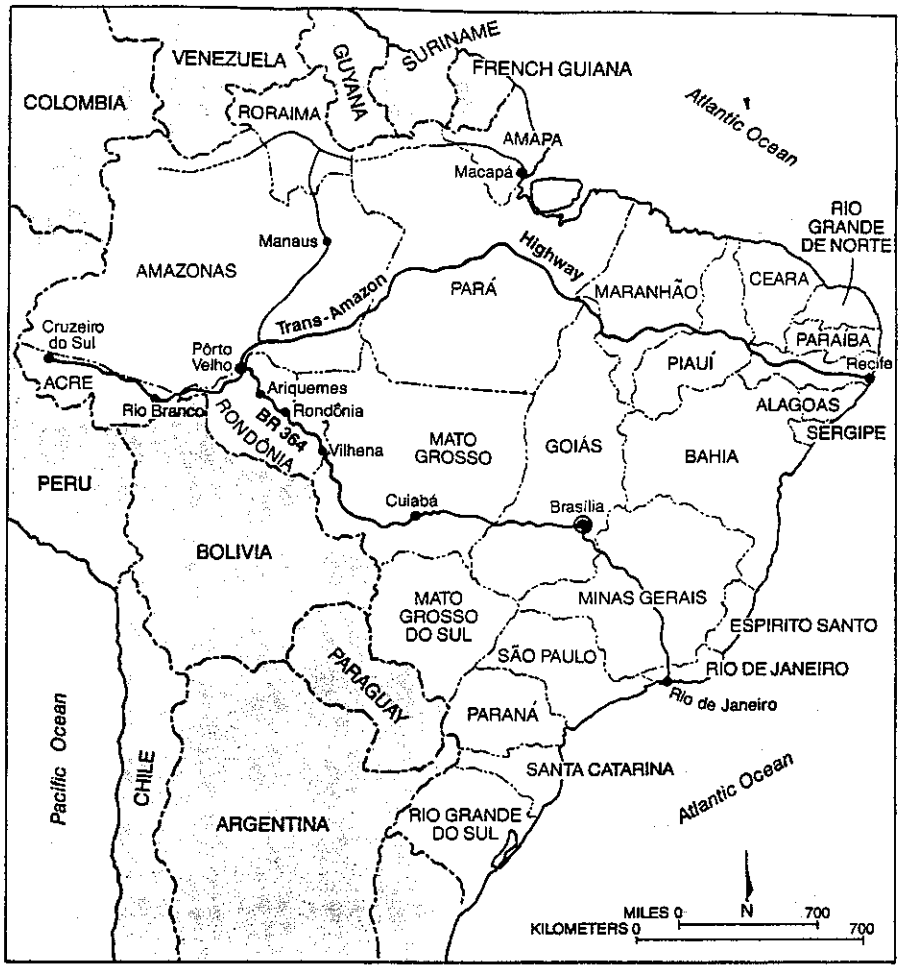
more concerned with images than with the welfare of the native minorities."

As the hearings proceeded to examine health issues and to expose hazards of pesticide use in Third World development projects, Congressman Patterson asked Secretary of the Treasury Donald Regan to get some explanations for the World Bank's actions. The result was more than a thousand pages of information that provide the most detailed public evidence to date on the bank's environmental policies.

The connection between development banks and the future of rain forests was also made when the Natural Resources Defense Council, on behalf of seven environmental organizations, testified at Senate hearings held in February, 1984, to consider appropriating money to one division in the World Bank, the International Development Association. Senator Robert Kasten (R-Wisconsin), the subcommittee chairman, had long been critical of international development lending. Worried about the bank's bottom line, World Bank President A. W. Clausen agreed to environmentalists' requests for a meeting before the hearings. "Don't hold IDA hostage to the environment," he begged them, arguing that the bank's environmental concern was greater than its reputation suggested.

When environmentalists testified before Senator Kasten's subcommittee, they did support funding of the bank. They also suggested ways to make sure the bank would at least observe its own environmental conditions on loans. The committee agreed with them, adopting their recommendations and also directing the Treasury Department—which tells the bank's U.S. representative how to vote—to monitor environmental issues. It also required the bank to report back within a year to demonstrate improvement in its environmental record.

When the five Patterson subcommittee hearings finally wound to a close last September with a review of recommendations to improve World Bank environmental policy, the Treasury official responsible for development issues, James W. Conrow, was there. "In appearing before you in June, 1983," he said, "I could honestly say that I was unaware of particular problems." Calling the testimony he had heard "surprising and distressing," he went on to say that he had checked it for accuracy. "We found substantial corroboration of the information presented by most of the witnesses," he said. He also endorsed most of the recommendations, which included boosting the environmental staffing for banks and starting environmental training programs in the Third World, as well as involving environmentalists and indigenous peoples in development project planning from the start.



Bob Pratt

Of key importance was one committee recommendation: that U.S. representatives to multilateral development banks actively promote environmental concerns. The Treasury Department, the agency to which they answer, will be reporting back to Congress on their progress.

Polonoroeste itself took center stage in a House of Representatives hearing last September. Representative James Scheuer (D-New York), head of an agricultural research subcommittee, had found environmentalists' testimony in other hearings deeply disturbing. He scheduled a hearing in which the agricultural implications of the Polonoroeste case were explored.

The unlikely star of the hearing was Brazilian agronomist José Lutzenberger, a gentle, middle-aged man who had left a job with a chemical company to devote his life to environmental issues. He had helped an English filmmaker, Adrian Cowell, produce a film chronicling Amazon development called *Decade of Destruction*. Following a clip from the film showing a hellish red-gray fog arising from forests burning for profit, he spoke on behalf of Brazilian environmental groups.

He argued that the government's promotion of "green revolution" strategies—high-yield, capital-intensive agriculture—had paved the way for this disaster just as surely as the new road had. It had thrown peasants off good farmland in the south of Brazil, while making the fortunes of a few. Polonoroeste, he charged, has one main objective: to transplant the agricultural poor. "There are at least 2.5 million landless poor in Brazil today," he told the committee, "and the

Polonoroeste project is designed as a safety valve for the political and social pressures caused by them." Worse, he added, "it transfers them from rich soils, in a subtropical climate, which can recuperate relatively quickly, to poor tropical soil where deforestation does permanent damage."

Lutzenberger's testimony bridged the gap between the banks and the rain forests in another way as well. His appearance in Congress made nightly TV news in Brazil. His comments, as well as the film's glimpse of rain forest devastation, reached at least 30 million viewers there. Ironically, Brazilian television had balked at covering the same story, with the same footage, when Lutzenberger had made it available earlier.

The original core group of environmentalists had grown in the meantime. Representatives of 31 organizations—including the National Audubon Society, American Anthropological Association, European and Brazilian environmental and Indian rights groups and political parties in Brazil and West Germany—signed a letter submitted by the Natural Resources Defense Council directly to World Bank President Clausen. The letter cited reasons for immediate environmental action and proposed specific measures the bank could take. It reached Clausen's office the same day that the New York *Times* carried a story on the Polonoroeste project headlined, "World Bank Urged to Halt Funds for Amazon Development."

But bankers are used to operating behind closed doors, and the World Bank is not accustomed to pressure from outsiders regarding its loans. The letter drew a reply familiar to those who had listened to the bank's 1981 assurance that whatever it contributed to the Polonoroeste project would be better than nothing. A bank official assured the signers in a short paragraph that the bank realized the situation required close attention and that it had met with the Brazilian government. "You can be sure that the bank is continuing to monitor the situation closely, and that your concern will be considered as Polonoroeste continues," it ended.

Senator Kasten was outraged. "It is difficult," he said, "to appropriate money to the World Bank when it has offered a response that is basically insulting to environmental organizations that are its natural supporters." And he followed his words by submitting the substance of the environmentalists' letter to the Secretary of the Treasury, this time asking for a full reply from the bank. He also asked to see key bank documents explaining the reasons behind the original loan approval.

He is not the only one who is watching the World Bank's future environmental policy closely. The Treasury Department now expects regular reports, and State Department officials concerned with international development have met with environmentalists and Indian rights supporters.

Back in the rain forest, pressure is building. Impoverished settlers and embattled Indians come ever closer to violent conflict, while forests continue to be stripped and burned each day. But now, pressure is building in meeting rooms in the banks as well, where canceling future loan installments to Polonoroeste has become an uncomfortable subject of discussion.

If closer attention is paid to environmental and indigenous peoples' concerns at the outset of such loans, the banks may yet play the positive ecological role that they so long ago assumed as their responsibility. □

Pat Aufderheide is a Washington, D.C., writer who has lived with the Krenakore Indians in Xingu National Park in Brazil's Amazon basin. Bruce Rich is an attorney with the Natural Resources Defense Council in Washington, D.C.

How You Can Help Stop Amazon Deforestation

LAST FALL the House Banking Subcommittee on International Development Institutions and Finance urged a number of actions by multilateral development banks to give greater emphasis to environmental factors in loan decisions affecting developing nations. The Treasury Department agreed to help promote the recommendations through the U.S. executive directors of the banks.

Among steps the banks should take, the subcommittee said, are:

- Increase environmental staffing, including assigning a full-time environmental staff member to each of the World Bank's six regional offices and establishing a central environmental office in the Inter-American Development Bank.
- Involve nongovernmental conservation organizations and indigenous peoples of developing countries in planning and carrying out projects.
- Actively involve the ministers of environment and health of developing countries in formulating policies.
- Make plans and strategies conform to the 1980 World Conservation Strategy.
- Commit staff and money to carrying out the pledges made in the banks' 1980 Declaration of Environmental Policies and Procedures Relating to Economic Development.
- Refuse to finance projects that will result in use of natural resources at unsustainable levels, threaten species extinctions, degrade protected natural areas or degrade the land and resource base on which indigenous peoples depend.
- Devote more resources to small-scale appropriate technologies instead of giant dams, highways and similar large-scale, capital-intensive projects.
- Cease financing roadbuilding and settlement projects in tropical forests.

To help curb rain-forest destruction in Brazil and other Latin American nations, write to the following urging immediate implementation of the House Banking Subcommittee's environmental recommendations:

A. W. Clausen, President
World Bank
1818 H Street, N.W.
Washington, DC 20433

Antonio Ortiz Mena, President
Inter-American Development Bank
1808 Seventeenth Street, N.W.
Washington, DC 20577

Also write the U.S. executive directors of the two banks, James B. Burnham, World Bank, and Jose Manuel Casanova, IDB.