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**ECONOMY OF THE AMAZON: THE ACTIONS OF THE STATE TO  
SUSTAINABLE AGRIBUSINESS**

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Historically, the economy of the Brazilian Amazon, since the colonization until the present century, has occurred due to the action of the State, in the colonial period, is the Portuguese, after the independence. In the colonial period two commercial institutions were created with that goal. The first was the Company of Commerce of Maranhão and Grão-Pará (1682-1685), to market the "drugs of interior" (cocoa, vanilla, cinnamon, cloves, *Smilax* spp, roots, herbs, etc), and also the production of sugar and cotton.

She was accused of devaluing the goods that should acquire, charging in excess of the goods of the metropolis, defraud the weights, refuse to carry products little profit, break the regularity of the fleets, which spoiled products stored awaiting shipment, besides not making the African slaves as agreed.

The complaints led to the outbreak of the Revolt of Bequimão, in 1684, led by Brothers Manoel and Tomás Beckman, owner of sugar-mill in Maranhão, with the participation of other owners and marketers who are dissatisfied with the government, which attacked the warehouses of the company. It was extinct in 1685 (MEIRELES, 2001: 123-129).

The second, General Company of Trade of Grão-Pará and Maranhão (1755-1778) monopoly firm created by the Marquis of Pombal was intended to control and promote commercial activity with the state of the State of Grão-Pará and Maranhão strengthening the practice of mercantilism in the kingdom. It brought great benefits to São Luís, the trade before incipient, flourished. Before sending a ship per year for the metropolis, between 1760 and 1771, had 71 ships leaving for the kingdom, carrying

cotton, rice, cocoa, ginger, wood and other products. With the fall of the Marquês de Pombal and the change in the economic policy, the queen of Portugal, Maria I extinguished the monopoly of the company taking it to the end in 1778 (SIMONSEN, 1977: 335).

In the Empire, the extraction of latex from rubber trees (*Hevea* spp.) sponsored the first economic growth of endogenous character in the region in the period from 1850 to 1912, having its economic peak between 1880 and 1912. With the production of rubber trees planted, in southeast Asia, and lower cost of latex than the Amazon, the region entered into stagnation and decay without any support or economic policy on the part of the Brazilian State, which can revert the crisis of its economy.

At this point the process of economic occupation of Brazilian territory had been based on alternative forms of production that each region was to be bound to the international market. This is because the productive structure of the country was essentially primary, with little occurrence of industrialization, and, therefore, geared to the foreign market, time of predominance of the so-called primary sector-exporter.

There were other regional economies, being that in the early twentieth century, two were dominant: coffee in São Paulo, and rubber in the Amazon. Each one with its own internal economy, not forming a national market integrated internally, which some authors started to call "archipelagoes" of regional economies (OLIVEIRA, 1977, 1980; CANO, 1985; CARVALHO 1999; ARAÚJO, 2000; DINIZ, 2001). Therefore, there wasn't a design of public policies that had to deal with regional issues, in this case occurred with decay of the economy of rubber in the Amazon.

From 1930, with the industry already concentrated in São Paulo, the industrialisation is overlapping to produce primary-exporter, guaranteeing the predominance of the variable investment in expansion of the sector, since the maker had its price to fall due to the economic crisis of 1929 that took place in the economy of the United States of America, and also by the excess of national production.

Consequently, the dynamic center of the economy came to be the internal market, this has ensured the preponderance of the sector related to this market in the process of capital formation, in case the industrial sector. The integration of the national market was the only option to changes in the model of "growing inside" of the Brazilian economy, put into practice from the beginning of the process of industrialization "restricted"<sup>1</sup>

Only then, was that the regional inequalities started to be the target of government policies. These actions begin with Government of Getúlio Vargas, in New State (1937-1946). This in 1938 establishes a program march for West, which sought the economic integration rationale from the colonization of regions considered "remote and uninhabited".

In the discourse of the Amazon river given by Getúlio Vargas, in Manaus, on 10 October 1940, the President refers to the region saying: "In the same way as the image of the river-sea is for Brazilians to measure of the greatness of Brazil, your problems are, in summary, the throughout the country. Need thickening the stand, in addition to the crop yields, aparelhar transport" (VARGAS, 1942: 259).

In the 1940s was already denied the notion that without the interference or adoption of specific policies geared to regional development, the national periphery was doomed to remain underdeveloped, marginalized from economic dynamics resulting from the capitalist accumulation in the country.

At the end of this decade the North, Northeast and Midwest had 30.7% of the national population. But only contributed with 21.5% of the national product; the Southeast, with 38% of the population, was responsible for almost two-thirds of the national product (IBGE, 1993 a). This growth differentials between regions was accentuated in the 1950s, having increased its participation in the Southeast in the national product, while the national periphery decreased their participation.

From this period the State began to dedicate to the Amazon policies that seek to regional development, the diagnosis was that this region did not have an economic activity sustained itself (it did not consider it more the economic viability of extraction) and also presented as another obstacle in the emptiness of the population (BRITO, 2001:135).^

The Federal Government created territories subsequently transformed into States, superintendence of development, regional bank, institutions of research and teaching programs, with funding subsidized, transport infrastructure and communication, and the redefinition of the region with the establishment of the Legal Amazon, incorporating part of the states of Maranhão, Mato Grosso, and Goiás, Tocantins today. Process that was expanded from the 1960s.

However, the state intervention was not sufficient to promote economic development, sustainable and autonomous region, which today already has population of approximately 30 million inhabitants, since it promoted the region as the author of

your development process in databases. This is because the actions of the State responded more to circumstances of will or political situation, in addition to other factors not relevant to this analysis, which expressed a strategy of regional development of medium and long term. Like examples we have the demutualisation of SUDAM and permanent renewal of grants awarded by the Manaus Free Trade Zone, for the maintenance of the industrial pole in the Amazon.

The region has presented his great cycle of economic growth, based on a product amazonian extractive, in the period from 1850 to 1912, known as the rubber boom. The extraction of latex was rehabilitated by the interest of this raw material by the USA through the agreement of Washington, the 1940s. Again this production comes in 1988 with the Extractive Reservations (RESEX), but with an expression cost reduced.

The planting of rubber trees had the participation of private capital from American industrial, Henry Ford, from 1927 to 1945, with plantations of Belterra (PA). In the 1970s, with encouragement from the Federal Government, through the program of incentives for the production of rubber plant species - Probor I and II, domestic producers also planted rubber trees in the region. Both initiatives have not achieved the desired results for the rubber tree plantation in the Amazon. The causes of failures are many, mainly agronomical and infrastructure, and says it is not in the scope of this paper. The leadership of the production of natural rubber in the country today is the State of São Paulo.

With all this state action promoted in the Amazon to promote development, there is still a kind of vicious circle of poverty in the region, where all the initiatives always result in places it in a situation of poverty. Why? The economic theory explains that this occurs because domestic savings is insufficient due to the low level of real income, which is a reflection of low productivity, which in turn stems from the lack of capital, due to the low level of saving (Nurkse, 1957: 7-8).

However, in the case of the Amazon, the vicious circle of poverty is not tenable only by the low level of internal savings, since the state has provided with financing of productive sectors through programs PROTERRA, Probor I and II, FNO; and with the tax incentives of the SUDAM, of the SUFRAMA ando of the Carajás Great Plan (PGC). The latter, with institutional structure of government own went on to conceive also tax-free, mainly from income tax, similar to what was granted by the SUDAM for enabling basically mineral industries in the region (BRASIL, 1980).

It so happens that the national standard that developmental fomentava the model for national development until the mid-1980s, not more justified, hence the planning of regional development also varies in function of the emergence of a new standard of funding at the global level and the Real Plan in 1994.

As for the new standard for financing, the pillars that support economic growth began to rely on investments made primarily by private company, mainly of foreign capital (CARNEIRO, 2002; SALLUM JÚNIOR, 1998).

With regard to the Real Plan, this does not constitute, only and exclusively, in a program of economic stabilization. It was, moreover, and above all, a project of redefinition of the Brazilian economy and of their insertion in the world market globalized, along the lines drawn by the "Washington Consensus"<sup>2</sup>. Its application has made a series of structural reforms in the economy and in the Brazilian society that has redesigned the structure of the Brazilian State, in its way of working in the economy and the formatting of public policies. So, no more would be beneficial to expend efforts to form dispersed or widespread and nor, continue prioritizing the regional policies of compensatory nature.

In this way, political allowances adopted to tackle the regional inequalities in the country, since the 1960s, remained in the background, no more having to traditional mechanisms for regional development (ARAUJO, 2000; RODRIGUES, 2003).

Begins to run a space policy selectively favoring or prioritizes regional areas or specific areas more promising from the point of view of global competition, predominantly the criterion of efficiency in detriment than has existed previously, the regional homogeneity (AMARAL FILHO, 1995). That said, the model of regional planning, under which was seated the SUDAM ceased to have strategic importance for national development, as well as for the scenario of the global economy.

In this new model, it is not seeking more build and/or maintain a productive structure nationally integrated, located in various areas of the market, and toward the wider productive sectors, with a view to ensuring the national space the production demanded by the internal market, but, preferably, preserve and promote those segments that are able to compete openly in the global market.

In the middle of the dominance of global relations, strategic decisions of corporations capitalists, whether national or transnational, determine that any of its regional subespaços if set up in the appropriate space for internationalisation of capital

investments, desestruturando is thus the internal politics of differentiation of regional spaces.

Faced with this new situation was created the Commission for the Evaluation of Tax Incentives – COMIF (Decree No. 91,158, of 03/18/1985), with the goal of to make the economic evaluation and financial, and offer currents suggestions on tax incentives and regional sector.

The commission has concluded that the Regional Funds have been constituted in a preponderant factor in inducing investments in North and Northeast regions, but were insufficient to modify the gap economical and social that separates these two regions of the richest in the country (COMISSÃO, 1992). Since then there have been laws that affected the performance of regional incentives and also managing the FINAM.

Therefore, it is structured in the country, during the 1990s, a policy that selective, indirectly, has tended to regions and local authorities are most promising from the point of view of global competition, which has characterized the substitution is at the discretion of regional homogeneity by efficient regional (AMARAL FILHO, 1995: 332-333). Because of this, it has been demonstrated with great clarity, in recent years, a genuine lack and atomisation of the regional development policy in the country

In this new economic scenario, the agricultural economy, it is essential to break the vicious cycle of poverty because of their great capillarity, and by presenting commodities included in the global market, and with growing demands, has a key role in regional development. In addition to that, is the rational way of productive occupation of the deforested areas in the Amazon.

However, with the exception of Mato Grosso, the region of MATOPIBA – South of the Maranhão, Tocantins, Southwest of Piauí and West of Bahia – And in other scattered areas, the agricultural economy in the Amazon is established in production systems of low productivity, And more, without sustainability, and set out, in their majority, with empirical techniques. In this condition it does not contribute to the disruption of this vicious cycle, therefore does not allow the formation of internal savings.

It so happens that today there are production systems that respond positively to these two aspects, with technologies generated by research present in all states of the Legal Amazon. These production systems are already being implemented, need greater acceleration and magnitude in its adoption.

The new production systems incorporate new technologies which have emerged from the 1980s. These because they increase the productivity make attractive new investment projects. The influence of this factor is analogous to an increase in the amount of the profits which, during a given period, makes the investment projects in general more attractive than they were at the beginning of this same period (KALECKI, 1983: 133-134). In other words, each new technology, in the same way that each increase of profits, causes certain additional decisions on investment.

But, the problem is located in the other factors: infrastructure, logistics, level of the entrepreneur and the leadership public and private policies. These do not work in the sense of providing the respective states of the Legal Amazon of agricultural policies and development capable of giving a new direction in the formation of internal savings and the modernization of the productive sector in line with the current stage of the dynamics of capitalism.

Another economic segment that proposes to contribute to the economic development of the Amazon is receiving the title of "green economy" – sustainable extractivism, ecotourism and environmental services.

It is obvious that there is space for these activities, however it is necessary that some considerations will be made as to its real contribution. The extractivism has its limitations because of the productivity does not meet a growing demand. Ecotourism is still incipient in the region and its growth is a long term perspective, which also arises for the payment of environmental services, up to now only contained in international agreements.

The Amazon reaches the second decade of the 21st century still in pursuit of development that integrates a share exchange ratio balanced with the national economy, because their participation in the national product is up to now, very small, corresponding to 7.53%, while the population is approximately 14.49% (IBGE, 2017: c, d).

There are technologies, and also the implementation of production systems with productivity and sustainability capable of promoting a sustained economic growth, an important factor to liberate the region of tutelage of the State, making it responsible in promoting its development from its endogenous conditions. The examples of the areas before cited prove this assertion.

The agricultural economy, as example of coffee in São Paulo in the late 19th century and early 20th century, and also what she has been providing in various

locations in the Amazon, shows their condition to contribute to the formation of domestic savings necessary to economic development in their own bases in the region.

It is concluded that the Amazon does not live the conditions when the implementation of institutions and programs mentioned here. Now presents a differentiated demand and dependent on the integration process of the national economy in the global economic system. The urgent need is to achieve adequate conditions of competition in the global market, with the effort to ensure spaces, as subespaços of global competition, structural conditions for a better appreciation of capital formed in the region in relation to subespaços more developed in the domestic market and global.

## NOTE

1 In the industrialization restricted the technical bases and statements of the accumulation of capital were insufficient to deploy sequentemente the fundamental core of the industry of production goods, so it occurred during the period 1933-1955 was a "industrialisation restricted", restricted as a result of the nascent domestic production of goods of production and of the dependence of the primary sector exporter in to determine the ability of import of the goods of production necessary for its expansion (MELLO, 1984: 110).

2 Was intended to identify the policies that the principal institutions in Washington, as the U.S. Treasury, the International Monetary Fund, the World Bank and the Inter-American Development Bank agreed as fundamental to the restoration of growth in Latin America (KUCZYNSKI, 2004: 21).

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