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# FRONTIERS AND ECONOMIC INSTITUTIONS IN BRAZIL:

AN APPROACH FOCUSED ON THE NEW INSTITUTIONAL ECONOMICS

## FRONTEIRAS E INSTITUIÇÕES ECONÔMICAS NO BRASIL:

UMA ABORDAGEM CENTRADA NO NOVO INSTITUCIONALISMO ECONÔMICO

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**A B S T R A C T :** The present article seeks to discuss the meaning (s) of frontiers in Brazil and the role of institutions in the process of economic development through the new institutional economics. Any pattern of collective behavior characterizes an institution, and as such determines the “rules of the game”. The frontier represents a socio-economic relationship of production because the structure of society in building a frontier is dominated (in)directly by capital. In Brazil, the movement to occupy land on the frontier does not usually occur through contingent smallholders, but rather through a mixture of different social segments, such as: migrants, “landless” males, farmers and entrepreneurs, all seeking land to occupy, to produce and to speculate. The main conclusion is that a developed institutional system may help to promote economic development by structuring the surrounding environment and stimulating the process of cooperation, innovation and learning in the frontier regions of Brazil.

**K E Y W O R D S :** frontier; institutions; new institutional economics; capital; Brazil.

**R E S U M O :** *O presente artigo procura debater o(s) significados(s) de fronteira no Brasil e o papel das instituições no processo de desenvolvimento econômico através do novo institucionalismo econômico. Qualquer padrão de comportamento coletivo caracteriza uma instituição, e, como tal, determina as “regras do jogo”. A fronteira representa uma relação socioeconômica de produção, pois a estrutura da sociedade em construção de uma fronteira é dominada (in)diretamente pelo capital. No Brasil, o movimento de ocupação territorial da fronteira não costuma acontecer por meio de contingentes de pequenos lavradores, mas sim através de um mix que envolve diversos segmentos sociais como migrantes, homens “sem terra”, fazendeiros e empresários – todos em busca de terras para ocupar, produzir e especular. A principal conclusão é a de que um sistema institucional evoluído pode ajudar na promoção do desenvolvimento econômico ao estruturar o entorno e estimular o processo de cooperação, inovação e aprendizagem nas regiões de fronteira do Brasil.*

**P A L A V R A S - C H A V E :** *fronteira; instituições; novo institucionalismo econômico; capital; Brasil.*

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## INTRODUCTION<sup>1</sup>

From a historical viewpoint, the socio-spatial formations in the Brazilian Amazon were first occupied by settlers, soldiers and religious missionaries, who played an important role in the catechesis and submission of the indigenous communities, in gathering extractive products and in the cultivation of subsistence goods.

To a certain extent, during this stage of history, economic, social and political relations were marked by the movement brought about by demographic and economic expansion across either unoccupied or partially occupied land along the frontiers. The Brazilian frontier regions present traits and occupation processes that characterize and differentiate them from other areas outside the national territory.

On the frontier, while in practice access to land is not fully available to all immigrants, in the collective imagination of social groups, and of those who have been deprived of their means of producing, the ideology of an “open frontier” symbolizes an opportunity to improve their living conditions.

From a theoretical viewpoint, the new institutional economics seeks to explain the role of institutions in determining the social, economic, political and environmental outcomes of a society. Hence, any pattern of collective behavior represents an institution, and as such determines the “rules of the game” within a society.

There is no homogeneous chain of economic thought regarding the new institutional economics. However, one common viewpoint is the critique of neoclassical thinking, which advocates economic rationality as the only decision-making element alongside the idea of perfect equilibrium in the economic system.

In these terms, the process of economic development is also a development process of the institutions, and one that should be added to the models of economic development. This new theoretical approach reaffirms the importance of reflection and of developing the theory of new institutional economics for the (improved) economic, political, social and environmental performance of a country.

Thus, it is of paramount importance to situate the proposed discussion through the frontier theory and the theory of institutional economics as a theoretical framework with which to understand the phenomenon of capitalist expansion along the Brazilian frontier. As such, the frontier should not be regarded as an area for occupying relatively unoccupied territory in demographic terms, in which the public institutions responsible for maintaining law and order – with a view to establishing the “rules of the game” by which the private institutions function – perform poorly in terms of complying with the laws of a democracy.

Thus, the aim of the present article is to discuss the significance of frontiers and the role of institutions in the development process of a market economy, through an approach focused on the new institutional economics. Accordingly, with the inclusion of this introduction, the article is organized into four sections, as follows: the second section discusses the frontier and its significance from a historical and theoretical perspective; the third section presents the theoretical framework, based on the new institutional economics, particularly the understanding of the frontier as an economic institution; and finally the concluding section presents the final considerations.

## FRONTIER AND ITS MEANING(S): A PROPOSAL FOR A HISTORICAL, THEORETICAL DISCUSSION

One of the most important historians and theorists involved in the debate surrounding the frontier theory is Frederick Jackson Turner. Although the object of Turner's research (1961) was the frontier in the United States of America (US), he also referred to the frontier as a stage in the general process of development, the significance of which in the formation of other societies should be investigated.

In his essay, *The Significance of History*, Turner (1891, p. 230) warns that "the conceptions of history have been almost as numerous as the men who have written history". In the words of Turner (1961, p. 26):

History, I have said, is to be taken in no narrow sense. It is more than past literature, more than past politics, more than past economics. It is the self-consciousness of humanity – humanity's effort to understand itself through the study of its past. Therefore it is not confined to books; the *subject* is to be studied, not books simply. History has a unity and a continuity; the present needs the past to explain it; and local history must be read as a part of world history.

This quote clearly demonstrates the importance of knowing the local history of the frontier, both in terms of national history as well as the world history of any nation. Turner's works on the history of frontiers are significant not only because they provide valuable empirical material, where the object of study is the North American Western Frontier, but above all because they offer arguments that allow a historical-theoretical discussion on this topic.

Indeed, there are several passages in his book entitled: *Frontier and Section, Selected Essays of Frederick Jackson Turner*, where he suggests the need to investigate the frontiers in certain countries of Europe and Africa as well as Latin America. Within this context, the frontier should be understood as the outer limit of the territory already occupied by social, economic and political institutions. In Turner's View (1961, p. 38):

In this advance, the frontier is the outer edge of the wave – the meeting point between savagery and civilization. Much has been written about the frontier from the point of view of border warfare and the chase, but as a field for the serious study of the economist and the historian it has been neglected.

For Turner (1961) North American democracy is based precisely on the experience of the North American Western Frontier, i.e., the most important effect of the frontier is related to promoting democracy in the US. In Brazil however, the agricultural/livestock frontier has advanced within the logic of capitalist accumulation.

Nevertheless, the institutional elements contained within the interests and conflicts that pervade the process of economic occupation along the frontier region cannot be ignored. In the concept of Turner (1961), who studied the economic frontier of the West in order to discover its contribution to the formation of institutions in American society in the nineteenth century, the role of the frontier in forming institutions and the US nationalist sentiment is presented differently from

the dominant perception of other traditional historians in the east (south and north), who left the process of occupation and research on the border of the west somewhat in the background. Thus, Turner (1961, p. 206) maintains that:

The West, at bottom is a form of society, rather than an area. It is the term applied to the region whose social conditions result from the application of older institutions and ideas to the transforming, influences of free land. By this application, a new environment is suddenly entered, freedom of opportunity is opened, the cake of custom is broken, and new activities, new lines of growth, new institutions and new ideals, are brought into existence.

Hofstadter and Lipset (1968) observe that Turner was aware of the importance of the advancing frontier, not only from the viewpoint of conquering empty territories from a demographic perspective, through the socio-economic occupation to the formation of the North American continental nation, but also through the role it played in forming institutions in the US.

For Turner (1961), the vast stretches of “free land” waiting to be occupied, were probably the main driving force of the first pioneering farmers to penetrate the North American frontier. In other words, the advance of expanding economic fronts across the frontier regions allowed the formation of appropriate institutions for the economic, social and political development of the US.

From this perspective, it is clear that the economic frontier exerts significant influence over the historical development of the social, political and economic institutions of a nation. The advance of the expanding front on the North American Western Frontier was due to the families of small farmers, followed by the agricultural industry, and then finally, the manufacturing industry. On the other hand, the southern US frontier experienced greater insertion due to the large cotton plantations and, later, to the power of the textile industry and livestock. Finally, despite the distances involved, these frontiers traded goods with one another, which helped to reduce the number of goods imported from Europe, especially England.

Thus, the growth of the North-American nationalistic sentiment and the development of its institutions received direct participation from the frontier. The constitutional legislation that defined the independence of the three powers, and the freedom to create business institutions was strengthened by societies on the Western Frontier, and consequently the advance of the frontier led to the creation of new states and municipalities that are now part of the United States of America.

By analyzing the behavior of frontier population groups far from the US, Arthur Scott Aiton and Ligia Osório Silva sought to highlight certain similarities and differences. For Aiton (1994) *apud* Silva (2001, p. 03, author's translation), there existed a common point between the US and Latin American frontiers regarding the virtues of frontier people, among them: “individualism, self-reliance, initiative, democracy and the willingness to experiment (or an attraction to experiment).” According to Silva (2001, p. 03, author's translation):

In reality, there was not just one frontier on the Latin American continent, but several; there was a succession of productive frontiers throughout the centuries: those of cattle,

precious metals, agricultural frontiers (sugar, coffee, cotton, etc.) and the frontiers of gathering (rubber, herbs from the hinterland or Amazon forest, etc.). Perhaps this is why the influence of Turner's work was very uneven throughout the different national histories. [...] As a result, initially it was essentially the American historians who attempted to apply the Turner thesis to the Latin American frontiers.

Hennessy (1978) observed that Latin American societies are still at the historical stage of the frontier and in Latin America, as Foweraker (1982) indicated, the last great frontier is the Brazilian Amazon. Bolton (1991) emphasized the need to link the study of the Spanish-American frontier with Turner's view, when highlighting the importance of missionary activity within the frontier environment.

Because of this, Silva (2001, p. 03, author's translation), based on Bolton's studies, recalls that "the colonial systems and the experience of the Spanish, Portuguese and English in the Americas were similar." In Bolton's concept (1996 [1921]) *apud* Avila (2009, p. 87, author's translation):

The experience of the American frontier did not only apply to the territories adjacent to indigenous lands, but also to those that bordered Hispanic America, in the southwest of the country. To avoid confusion between these two areas, however, he developed the concept of borderland, in his famous book *The Spanish Borderlands*, 1921) [...] to those areas where the "Anglo-Saxons" and "Spanish" were found.

Bolton (1932, p. 452) *apud* Avila (2009, p. 88, author's translation) observed that "the significance of each local history would be extended if studied in the light of the others, i.e., all American history (and not just North American)". In this case, with Bolton's analysis, the frontier may be understood through two fundamental categories for the colonization process: the presence of a significant population group and primarily, of the churches and their religious missions.

Acruche (2014, p. 14, author's translation) establishes a connection between Turner and Bolton when he states that:

When comparing both studies, we observe that state actions are the touchstone for understanding the forms of colonization, because while Turner observed the expansion undertaken by the common man, Bolton analyzed the construction of the frontier from the viewpoint of the State, represented by the Catholic Church.

Below, further topics are presented in order to understand the frontier debate, aiming to provide greater historical and theoretical support, such as: the meaning of the frontier in Brazil; critical considerations on Turner's frontier thesis; the dynamics of the frontier movement in Brazil; and "Operation Amazon" and the institutional federalization process on the frontier of the Brazilian Amazon.

## THE MEANING OF FRONTIER IN BRAZIL

Furtado (1974), when discussing the underlying economics of the occupation of Brazil, seeks to distinguish between the settler colonialism on North American territory by the British, and the exploitation colonialism on Brazilian territory by

the Portuguese. In Brazil, the colonies of sugarcane and coffee plantations played an important role acting as an agro-mercantile company exporting products to European countries, especially Portugal and England, at the end of the colonial era.

However, other modalities of commercial structures were responsible for extending the Brazilian frontier beyond the boundaries of the plantations, as in the case of the economic organizations of the religious missions in the Amazon during the “hinterland drugs” cycle. The significance of the frontier as a systematic process of geographic occupation has led many scholars of the frontier in Brazil, such as Morse (1965), Velho (1976), Hébert and Marin (2004), to replace the notion of frontier with the pioneering front, in which the notion of “pioneer” explains the idea of the families that arrived here in the first moments.

This notion has a strong connotation with Turner’s (1961) general theory on the pioneer of the North American Western Frontier, viewed as an important safety valve in forming the nationality of the country’s people. In Brazil however, the frontier is viewed as being much more than a safety valve. It is looked upon rather as a kind of exhaust valve for relieving the social tensions in the Brazilian agricultural regions by preventing an increase in the bloody conflicts in the struggle for land between the big landowners and illegal land grabbers against the rural workers and Indigenous populations of the region.

In the Amazon, this “Brazilian direction” may be observed, where these types of agricultural developments clearly appear, giving rise to a mixed pattern of occupation, which on one side is the bourgeois occupation of the land, where the capitalist is transformed into landowner, as in the case of the large agribusiness companies encouraged by the Superintendency for the Development of the Amazon (SUDAM).

On the other side, the form of occupation is founded in directed colonization, which was implanted by the National Institute of Colonization and Agrarian Reform (INCRA), based on smallholder colonists in order to form a rural middle class, with the priority function, in fact, of engendering a process of colonization and consequently, expanding the frontier.

By contrast, there are also the various forms of traditional properties, as in the case of the large landowners with rubber and nut plantations, living side by side with rural workers – owners, partners, tenants and squatters – both with the perspective of being either maintained or transformed into large, medium or small companies.

Morse’s (1965) historical view distances itself from Turner when he states that the frontier is neither a line nor a limit, nor is it an advance of civilization, nor a unilateral or unilineal process. From Morse’s (1965) perspective therefore, to understand the Brazilian process of occupation signifies perceiving the frontier more as an interpenetration rather than an advance; more like a relationship with the environment than a projection onto it; more like an intermittent search for a garden of delights, more than a systematic construction of one.

For Turner (1961), the North American Western Frontier was an “open frontier” in the sense that its occupation occurred democratically, supported by the Homestead Act of 1862, on free land for farmers, i.e., for smallholder families. Sandroni (1999, p. 285, author’s translation) describes these legal, institutional measures in detail:

In short, the Homestead Act established that ownership of land could be achieved



by anyone who was able to demarcate the land in one day, thus legitimizing the land of which the farmers took possession as they tamed the West. The act represented a powerful stimulus to colonize the western United States, and attracted huge migration flows to that country.

In general, the history of agricultural development has varied between nations, according to the strategy that capital has established in order to impose its domination over agriculture. However, with the penetration of capital into the Brazilian Amazon frontier, all and everything has changed regarding the treatment of land as a fictitious commodity or a highly liquid asset.

With the expansion of the frontier, it was suddenly not possible to know who the land belonged to, since capital had separated man from the land, and therefore from nature, with all its natural resources. This process of appropriating land through violent means, which ended with the expulsion of independent producers from their lands, is what Marx (1984, Ch. XXIV, p. 261) called the primitive accumulation of capital, “an accumulation not the result of the capitalistic mode of production, but its starting point”.

The notion of pioneer – representing free men who occupy free land in the march towards the North American West – as seen through Turner’s explanation, has come to constitute the ideological foundation of a theory of history and of the US nationalist identity. However, the social movements of frontier occupation have come about very differently from those described by Turner, since the men were not traditionally free, and the land even less so.

Within this context, it is very important to mention the contribution made by Martins (1975), who, expanding on the notions of geographic and economic frontiers, managed to formulate a theoretical model in order to improve our understanding of the dynamics of the ongoing absorption process of the frontier regions by the market economy, based on the social movements that he called the expansion front and the pioneering front. In reference to this issue, Martins (1979, p. 59, author’s translation) offers the following contributions:

In 1850, the Land Law established a new ownership system in our country, which has been in effect until today, even though the social and historical conditions have changed considerably since then. Contrary to what took place in American pioneer areas, in Brazil the Land Law established captive land – wherein land was not and is not free, but captive under Law 601, which established in absolute terms that the land could not be obtained by any means other than purchase. The man who wished to become the owner of a plot would have to buy it from the powerful landowner. Being a poor immigrant, as was the case with most “tenants” on the large farms, he would have to work in advance in order to pay the big farmer.

In the areas where these characteristics were not imposed, such as the sugar plantations in the Northeast and coffee in the Southeast, or where there were no official colonization programs, as in the south of Brazil, the institute had little effectiveness.

In Martins’ concept (1980, p. 73-74, author’s translation) it was precisely “in these relatively free areas such as the Midwest and North Brazil, that the possession



system and the economy of the settlers extended beyond the limits of the territories already occupied by the large sugarcane, coffee and livestock farms.” Martins (1980, p. 74, author’s translation) further states that:

Traditionally, the settlers acted as territorial trailblazers, taming the land. The truth is that, pressed by capitalist companies interested in dislodging them from their lands, they were often used to displace indigenous groups in order to advance into their lands, dislodging the natives because they were dislodged by capital.

This process was recently observed in the case involving the occupation of the Brazilian Amazon frontier, perforce, when capital-holding corporations with financial support from the state began to advance onto the lands of settlers and natives. In the Brazilian Amazon, we are facing two different movements and combinations involving complex forms of conflicts in the process of territorial occupation, and it has been through the movement of settlers that the national society has expanded into this part of the Brazilian territory occupied by natives.

Martins (1979) refers to this front of territorial occupation led by settlers as an expansion front. The economy of the expansion front is a surplus economy, in which families who make part of the front produce primarily for subsistence, and secondarily in order to exchange their surplus products for whatever they might need from the market.

Meanwhile, the pioneering front was expressed as an economic movement, the immediate result of which was the incorporation of new lands from the frontier regions to the market economy on a capitalist basis. The pioneering front should be viewed as an economic frontier, being in reality a precursor, from the viewpoint of capital, since it is a capitalist front of territorial occupation represented by the big landowners, agricultural companies, banks, trading firms, roads and all the institutional apparatus of the state that stands to mitigate conflict. As Martins states (1980, p. 71, author’s translation):

It is on this front that appears what we unduly call in our country today, the pioneers. They are actually the pioneers of social and economic forms of exploitation and domination linked to the ruling classes and the state. This pioneering front is essentially expropriation, because it is socially organized based on a fundamental relationship, although not exclusively, which involves those who buy and sell the workforce.

What characterizes the penetration of capital into the rural areas is not so much the establishment of socio-economic relations of production based on the work of others, but rather the establishment of private property, i.e., the mediation of income from the land capitalized between the agricultural producer and society in general. In Brazil, there are several forms of appropriating land: private family ownership of smallholders; capitalist private property; the communal property of the indigenous peoples; and the taking of possession by squatters.

When capital appropriates the land as a means of production, it becomes business land, i.e., land for the exploitation of other people’s work, and at the moment when the capitalist appropriates the land, it is transformed into a profit-making object or one for renting. Martins (1980, p. 61, author’s translation) states

that, “this kind of capitalist private property belongs to the pioneering fronts”.

When the expansion fronts confront the pioneering fronts, there is a struggle for land, which becomes a struggle against the capitalist ownership of land, and which also becomes a struggle of the working land against the business land. The trend of this debate, which culminates in the struggle for land, is the expropriation of independent producers who have no economic, political and legal protection regarding their lands occupied by large companies who decide to occupy and expand their capitalist activities across the region.

In other words, the economic facts are examined within a larger context, involved with (or through) technical, political and social conditions, thus composing a general socioeconomic scenario that acts as a conditioning factor, sometimes a determining factor, depending on the degree that labor is dominated by or subordinate to capital at different historical moments.

### CRITICAL CONSIDERATIONS ON TURNER’S FRONTIER THESIS

Turner’s thesis on the history of the North American Western Frontier is seldom mentioned in studies on the history of the Brazilian frontier and the reason for this, as Moog (1969, p. 231, author’s translation) observes, “is justified by the cultural and religious differences brought by the colonizers: the Portuguese (Brazil) and the Anglo-Saxons (US)”. Moog is one of the pioneering authors on frontier studies in Brazil, and considers that the main cultural differences between the pioneering colonizers in the US and those in Brazil reside in the religious sphere: Protestantism, especially Calvinism, in the US, and Catholicism in Brazil.

Moog (1969) defends the thesis that the main differences between the men of the North American Western frontier and the Brazilian pioneering *bandeirantes* reside in the motivations and ideals of the “pioneers” during the colonial period. In the US, the British and American settlers headed towards the Western Frontier motivated by the desire of possessing land in order to develop agriculture and establish a home for their families.

In Brazil, on the other hand, the chief motivation for the pioneers to go to the frontier was to make money quickly through discovering gold, diamonds and other precious stones, and then to return to their home environment. They did not consider the rural and urban occupations worthy, judging them to be more suitable for slaves and wage-earning workers. Hofstadter and Lipset (1968, p. 11) emphasize that “these differences were linked to different cultural traits and motivations in the pursuit of wealth or work at the frontier.”

Although Moog’s (1969) perception may be correct in his approach to the *bandeirantes* – as pioneers of the Brazilian colonial period – it loses its explanatory power when addressing the current process of occupation on the Brazilian Amazon frontier, where we encounter mining fronts searching for wealth, “landless” fronts searching for land to work on, and capitalist fronts from agriculture and mining searching for land in order to accumulate capital.

While Lattimore (1962) considered Turner a perspicacious historian, he also considered that he committed an observational error when he viewed the frontier as being an influence over American society, when, in fact, it was the very opposite, i.e., society influenced the frontier. Velho (1976) mentions that the strongest

argument in favor of this thesis seems to come from comparative studies and from the recognition that in other countries the frontier seems to have had the desired effect, as viewed by Turner.

A generalization of the Turner model supposes the presence of industrial capitalism in the north, slave-mercantile capitalism in the south and a family-based small-scale agricultural production system as forming society in the North American West. The author makes no mention of either peasantry or peasants in his analysis of the North American Western Frontier, since he considered this more appropriate to the time of European feudalism.

Otávio Guilherme Velho observes that Turner's vision of the frontier, as an ideology related to the formation of the individualistic character of the North American people, is linked to the ideology of forming the petty bourgeoisie in the field and in the city. In Velho's opinion, the "landless movement" at the frontier does not signify that the economic frontier is the necessary element for such a predominance to occur, hence there is no need to reify the frontier. In Velho's words (1976, p. 31, author's translation):

In part, this is also clearly due to the "unique" significance that the frontier farmer acquired in the US. It formed the basis of a very persistent ideology that has only recently been more seriously threatened now that capitalism in its monopolistic form tends to alienate the masses that represent democracy in a way that is increasingly difficult to conceal ideologically or through compensation that tend to become increasingly more unsatisfactory. Although the main force of the "petty bourgeoisie" involved was the farmer of the West, it is also true that small urban and rural producers in the east, along with professionals such as journalists, lawyers, played an important role in the process [of achieving democracy].

In political regimes of authoritarian capitalism, the frontier becomes a useful resource for authoritarian governments to reduce social tensions within the country, and mitigate the rural exodus to urban centers. Thus, according to Velho (1976), there is a third type of frontier called a controlled open frontier, which is a frontier on which the process of land occupation is subject to the command and control of the state through legal institutions and government bodies set up for this specific purpose. This occurs because all social segments that migrate to the frontier do so in search of land as a limited resource.

José de Souza Martins is critical of those who adopt the Turner frontier thesis to explain the dynamics of the frontier expansion front in Brazil. Martins (2009, p. 32-33, author's translation) justifies his opposing position to explain the history of the occupation of the Brazilian frontier, particularly the Brazilian Amazon frontier, as follows:

It is exactly because he omitted to mention the struggle for land and the invasion of indigenous territories in his own society that Turner is certainly not the best reference for contemplating the complicated conflicts of the frontier. In the same vein, the case of the Brazilian expansion front, as is probably the case in other countries, most certainly does not correspond to the idyllic assumption that the frontier is a place of democratic concepts and practices of self-management and freedom, in that the frontier man would

be less subject to the constraints of the law and of the state, and more to his own initiative in defense of his person, his family and his property.

This statement is perfectly correct, especially since the basis of his argument is founded on the best-known Turner text, *The Significance of the Frontier*. However, while Martins is correct regarding the inadequate attempt to transpose Turner's theory on the North American frontier to explain the dynamics of the Brazilian frontier, it is necessary to remember that there are other Turner essays, such as: *The Significance of the Section and Social Forces in American History*, where other forms of conflict are exposed.

In this case, Turner's objective was simply to insert and highlight, in a historical context, the importance of the various families of the western frontier in forming the entrepreneurial spirit and trailblazing part of the US territory, since the orthodox American historians sought only to emphasize the history of capitalism of an urban-industrial north related to typically capitalist productions and a rural-agricultural south related to slaveholder productions. Even so, Velho (1976, p. 33, author's translation) recognizes Turner's importance:

There are still many problems to be faced, such as the question relating to the multiple roles of the frontier in each specific case, that neither Turner nor his opponents seem to have noticed. When we attempt to do so, it will be observed that the study of the American frontier and the work of Frederick Jackson Turner have constituted an important step towards that direction.

#### THE DYNAMICS OF THE FRONTIER MOVEMENT IN BRAZIL

In Brazil, the land occupation movement on the Brazilian frontier did not (and does not) occur exclusively through contingents of smallholders – family production units – but rather through a mixture involving different social segments: small family-based producers, entrepreneurs, farmers and “landless” men, all in search of land to occupy, to produce or to speculate.

In truth, the historical national integration movement of the continent-sized Brazilian nation has occurred and continues to occur, through the advance of the agricultural frontier. The agricultural frontier was seen as the institutional link between on-going capitalist development and empty spaces – with a large amount of available land – that was soon transformed into economically occupied regions with low levels of legal-institutional frameworks and domains of accumulated mercantile capital.

However, the movement of the agricultural frontier based on large plantations left little room for the formation of free peasantry outside the plantation lands because they monopolized control of the land. In the case of the livestock expansion front, for example, the results resemble those of the *bandeirante* expansion front, with regard to the search for land in the Brazilian hinterland, because initially cattle raising in Northeastern Brazil was based in the plantation areas.

In Brazil, occupation of the frontier land, with the exception of the state of Acre, has taken place within the limits of the Brazilian frontier with neighboring countries. The economic frontier in this case is the territorial locus of an economy in the process

of formation, and the national integration of its productive structure of goods and services within the internal boundaries of one of the national states.

Outstanding within the concept of an economic frontier, is the agricultural frontier, in which homogeneous crop activities appear in the form of large plantations, much like the large coffee plantations in the north of Paraná and, more recently, the soybean and wheat plantations in the Midwest. It may be perceived that the advancing agricultural frontier not only brings pioneering investors with it, but also a workforce through migration from densely-populated regions.

The progress of the frontier directed towards the occupation of empty territories was guided by the state, especially by the New State. Velho (1976, p. 145, author's translation) argues that "the main objective of the agricultural frontier advancing towards the midwest of Brazil, during the government of (former) President Getúlio Dornelles Vargas, was the demographic and economic integration of the territory in the Brazilian Midwest region".

At the time of Vargas, from a federal viewpoint, Brazil was seen as a political unit, but not as an integrated economic unit. Despite Vargas' ideological rhetoric regarding the "March to the West", there are no concrete indications that Vargas believed in the success of the agricultural production of the open Midwest frontier with regard to food supplies for the large urban centers of the country, as highlighted by Holanda (1957).

Even so, Vargas believed in the role of the economic frontier as an important institution for carrying forward the formation of a national economic market, since there was a massive movement of migrants, especially of small producers, who finally occupied and nationally integrated the Midwest with the rest of the Brazilian economy.

#### **"OPERATION AMAZON" AND THE INSTITUTIONAL FEDERALIZATION OF THE FRONTIER IN THE BRAZILIAN AMAZON**

The institutionalization of "Operation Amazon" took place in three stages: the first, in December 1965, when all tax and credit incentives were extended to *Amazônia Legal*; the second, from September to October 1966, when the basic laws were voted in; and finally, in February 1967, when the Manaus Free-Trade Zone was created through Decree-Law No. 288.

According to Campos (1994), the institutional federalization of the region – viewed as an apparatus of laws, decree-laws and the creation of federal agencies to act in the Amazon – was announced in a speech given by (former) President Humberto de Alencar Castelo Branco, on December 1<sup>st</sup>, 1966, on the territory of Amapá.

Law No. 5.173, on 27<sup>th</sup> October 1966, defined the objectives of the institutional federalization, which gave rise to *Amazônia Legal*, and included the states of Amazonas, Acre, Pará, Amapá, Roraima, Rondônia, Mato Grosso, Maranhão, Goiás and Tocantins. To permanently mark the presence of federal action in the Amazon – through Law No. 5.173 – the Superintendency for the Development of the Amazon (SUDAM) was created.

Furthermore, through Law No. 5.122, on 29<sup>th</sup> September 1966, the federal government also decided to transform the Banco de Crédito da Amazônia S/A into the Banco da Amazônia S/A (BASA). To support the policy of occupation and development in the Amazon, the military government established – through Law No. 5.174 on 27<sup>th</sup> October 1966 – the fiscal and financial incentives policy that

would constitute the main instrument for sanctioning resources to support investors in the Brazilian Amazon.

For Carvalho (2005), the intention of “Operation Amazon” was clearly to militarize the planning of regional development in the region, and was a geopolitical product of national security engendered by General Golbery do Couto e Silva. It is of little surprise that the military intervention strategy in the Amazon was founded in the binomial: security and development.

Within this context, in order to facilitate the actions of the state, over and above the interests of the sub-national states, the Federal Government established a federation of regions in Brazil: the Northeast, the Amazon, the Midwest and the South, all with their respective regional development agencies, like SUDAM; the Superintendency for the Development of the Northeast (SUDENE); the Superintendency for the Development of the Midwest (SUDECO); and, finally, the Superintendency for the Development of the South (SUDESUL).

Thus, institutional invention in the Amazon allowed the state, as the main agent, to plan and execute its policy of occupation and development, thereby going above the interests of the actors in the Amazon region. In addition, so as to submit the state and local governments to the interests of the federal government, new regional institutions were created, and the geoeconomic and geopolitical roles that the federal government and the private sector would take on were redefined.

The new institutional structure set up by the Federal Government so that these federal agencies would act in the Classical Amazon – which was geographically entangled with the North – required the invention of a new Amazon: *Amazônia Legal*. Thus, the creation of *Amazônia Legal* served the interests of the military government, providing budget resources and fiscal incentives, in any manner it so desired, and maneuvered the national policy of Amazonian integration towards the capitalist center: the Southeast.

In short, national planning for regional development was institutionalized as a political-ideological instrument, through which the military government imposed a new strategy of occupation and development onto state governments and society. In this case, the occupation and development strategies of the Brazilian Amazon were constantly adapted to the changes in economic conditions and to preserving the military power that represented an alliance between the industrial and financial bourgeoisie from the center, and an oligarchy from the regional periphery representing the local mercantile capital.

## THE THEORETICAL BASIS OF THE NEW INSTITUTIONAL ECONOMICS

Institutions are understood by institutionalists as any pattern of collective behavior, constitutive from the cultural universe of a society. This notion of institution therefore not only includes organizations created by governments, administrative agencies or the private sector for specific purposes – schools, banks, families, but also a set of customs, laws and codes of conduct – religion, modes of thinking, habits and sacred conventions.

The first positive aspect from adopting the new institutional economics as a



theoretical reference mark is linked to the critique directed towards neoclassical economics, i.e., the so-called mainstream contemporary economics, which advocates immutable laws in the economy and the idea of balance in the economic system. The second aspect of a practical nature, is that the new economics admits the possibility of state intervention to reconcile the competitors, through economic policies to ensure that the economic system functions as it should.

The new institutional economics, led by Douglass Cecil North and Oliver Williamson Eaton, aims to develop an economic theory of institutions in order to provide a set of historical evidence on how institutions affect the development of countries. The theoretical proposal of the new institutional economics is to introduce the institutions as constraints that, alongside the usual restrictions studied by economists in general, guide the actions of individuals.

Williamson (1985) is an institutionalist who rejects the old idea of a harmonious social order, and recognizes the existence of conflicts of interest between groups and inherent maladjustments within economic life. In view of this, based on the theoretical assumptions of North (1990), institutions may be formal, much like laws, decree-laws and state regulations that guide the behavior of members of a society, and informal as in conventions and codes historically created by society.

Formal institutions interact with the informal, and this action may complement or improve the effectiveness of previous actions, or even modify or replace them over time, since these changes consist of marginal adjustments to the complexity of rules, standards and regulatory constraints that make up the institutional structure of a country. Thus, disruptive and discontinuous institutional changes, such as revolutions and invasions are infrequent cases, even though they are not exempt from the effects of informal institutions.

Another important issue related to the theoretical movement of the new institutionalism, based on North's (1990) studies, involves the following characteristics: 1<sup>st</sup>) it recognizes that the real world is far from the perfect competition of the neoclassical economists; 2<sup>nd</sup>) it provides for the construction of an idealized, functional model of an institution, which on the limit, recreates favorable conditions for free competition; 3<sup>rd</sup>) the Anglo-Saxon model of a market economy is described as the closest to this model and is evidence of how important these institutions are for development; and 4<sup>th</sup>) underdevelopment stems from the existence of institutions that inhibit economic relations, and these institutions persist because they follow a political rationality of noncompetitive groups entrenched in the state.

Moreover, North's institutionalism (1990) is not exactly institutional determinism, but rather a supposition that the path of economic development is shaped by institutions embedded in the economy. Therefore, understanding the economic institutions of hodiernal capitalism poses profound, long-lasting challenges for the modern economy.

In the ensuing section, the following items will be discussed: the frontier as an institution from the perspective of the new institutional economics; and an analysis of the institutions, the state and the capital on an economic frontier.



# **THE FRONTIER AS AN INSTITUTION FROM THE PERSPECTIVE OF THE NEW INSTITUTIONAL ECONOMICS**

The theoretical interpretation of the frontier and of the expansion of the economic frontier in Brazil, and within it of the colonization, as one of its institutional forms, cannot be undertaken without reference to the new organization of the globalized world in geopolitical and geoeconomic terms. For Alston, Libecap and Mueller (1999, p. 8-9):

Frontiers have the potential to provide for the improved economic and social welfare of settlers, but whether or how they will do so depends upon the property rights regime and how flexible that regime is to fluid, new economic conditions that emerge. If property rights are clearly assigned and enforced, individuals can exploit frontier resources in ways that maximize their wealth and that can reduce environmental problems. Frontier also have the potential to be the site of conflicts over property rights and associated wasteful practices because, by definition, they are a place where formal legal and government institution are largely absent.

However, when the systematic occupation of free land on a frontier with natural resources and an abundance of land, as in the case of the Brazilian Amazon, begins to arouse the economic interest of a bourgeois elite, the institutionalization resulting in the expansion of the frontier is accompanied by specific laws and, concurrently with the establishment of public departments that meet the dynamics of the occupation of the economic frontier on a capitalist basis. On this issue, Becker (2001, p. 09, author's translation) states:

In contemporary times, the use of state territory in a general manner, and its political frontier in a specific manner, largely seems to be the result of flows and pressures generated not only from within but also increasingly, from outside and that in a certain manner, escape control of its institutions and traditionally prepared territorial regulations. [...]. Therefore, it cannot be overemphasized that the treatment of the frontier issue in the Amazon is linked to the wider process of development and occupation of the region.

It is apparent, therefore, that the organization of the Amazon region and the extensive limits of the frontier with the Pan-Amazonian countries, largely refers to the geopolitical influence of the Brazilian state, associated with a national sovereignty policy, and also to the influence of the internal and external geoeconomics associated with the influence of international relations. However, the expansion of the economic frontier in Brazil is much more a reflection of the dynamism of the Brazilian economy from inside the pivotal point that concentrates and centralizes industrial and financial capital: the state of São Paulo.

In other words, it is the imperatives from the accumulation process of capital within the country that finally determine the transition from the expansion fronts to the pioneering fronts on the economic frontier. In the conception of Hébette and Marin (2004, p. 75-76, author's translation): "Similarly, it is also the imperatives from the incessant need to accumulate capital that end up determining the forms of

occupation – among which we highlight the practices of spontaneous colonization, business and government – on the Amazon frontier.”

Within this scenario, it may be stated that the rate of occupying free land on the frontier may be of interest to both the capital for which free land is disputed (or not) and also to how third-party land is expropriated through violent processes or fraudulent primitive accumulation; and consequently, a rise in the number of conflicts surrounding the struggle for land.

Velho (1976) also admits to the existence of a third type of frontier: a controlled open frontier. The frontier, when open – with or without state restrictions – opens the possibility for a variety of social actors to penetrate, such as peasants, farmers and businesses, after all, everyone views the frontier as a place with unlimited land, even though the land is limited in physical, legal and economic terms from the viewpoint of using it for agriculture, for example.

Along Velho's guidelines (1976, p. 100, author's translation), “the ‘unlimited’ locus par excellence of the land is obviously the frontier.” While in practice, even on the frontier, land is not open to everyone on an unlimited basis, within the collective imagination of the “landless” families the land represents this ideological image, when contrasted with the social situations in which the small agricultural producers actually live; or even those dispossessed of the means of production, who live in poor social conditions in the nearby frontier towns.

For these families, the frontier represents the possibility of upward social mobility and a way out of the formal subordination of labor to capital, as observed by Velho (1976). For all this, the economic frontier is an important place for these development models – the model consists of the expansion fronts and the pioneering capitalist fronts – hence the state's interest in controlling the frontier movement in the region. In the perception of Martins (2009, p 135-136, author's translation):

The concept of the pioneering front implicitly includes the idea that the frontier creates something new, a new sociability, based on market and on the contractual nature of the social relations. Basically, therefore, the pioneering front is more than the displacement of the population over the territory in Brazil, since it terminates as a spatial and social situation that invites/induces modernization, the formulation of new conceptions of life, and social change.

Joe Foweraker takes the concept of a pioneering frontier into a different direction from those associated with the cyclical nature of economic growth and land occupation in Brazil. In the view of Foweraker (1982, p. 31, author's translation):

The pioneering frontier, by contrast, has expanded in response to the demands of the domestic market and due to the economic accumulation within the national economy since 1930. The pioneering frontier in these terms is a specific historical process of occupying new lands.

Overall, the period of occupying new lands on the frontier corresponds to the phase when the highest industrialization and urbanization rates occurred in Brazil, and begins at the moment when the Brazilian economy experiences a large surplus of labor that, with the meager employment opportunities in urban centers, is directed towards occupying new lands.

Soon, just as the Brazilian economy grows “in depth” in structural terms in the industrial and financial centers, there is also an increase “in width” through the expansion of its agricultural and livestock frontiers. In short, the frontier does not express all or any economic activity, the production of which is geared towards the overseas market, but rather a particular activity that integrates the unexplored regions with the national economy, where this process is driven by the forces and contradictions of an economy under development.

This is important because many of the usual mechanisms for accumulating capital on the frontier in certain situations may not be specifically capitalist in relation to the methods of “the formal subsumption of labor to capital or the real subsumption of other people’s work,” as described by Marx (1978, p. 66). On this, Carvalho (2015, p. 146, author’s translation) notes that “the labor process is subordinate to capital, and within this process, which is also a process of producing goods, the capitalist fits into it as a manager and the owner of capital”.

The aim of industrial and financial capital in an economic and spatial formation, already dominated by the social relations of specifically capitalist production, is to attempt to fix its territorial domain on the economic frontier through the intermediation of mercantile capital that, as is customary, employs violent forms of land expropriation and exploits the labor of others by primitive accumulation methods. It is within this environment of violence and institutional insecurity that government institutions fail to function appropriately in complying with the rules of the game.

#### **INSTITUTIONS, THE STATE AND CAPITAL ON AN ECONOMIC FRONTIER**

The market is customarily the institutional locus where market relations are processed through competition between companies, companies and consumers and sometimes, between companies and governments. Mészáros (2011, p. 120, author’s translation) goes further by stating that:

This is how the mythology of the *market* not only as the *sufficient* but even the *ideal overall regulator* of the social metabolic process arises. Later on this view is carried to the extreme, reaching its climax in the grotesquely apologetic theories of the twentieth century in the form of the ideology of ‘rolling back the boundaries of the state’ when the actually unfolding transformations point in the opposite direction. Yet, the greatly varying role of the market in different phases of development of the capital system, from its phase of limited local interchanges to the fully completed *world market*, is totally incomprehensible without relating it to the other side of the same equation: the likewise changing dynamics of the state as capital’s totalizing political command structure.

It may be noted that there is a set of institutions that mediate economic relations located both in the simple setting of buying and selling between producers and consumers, and in the complex institutional environment where transactions are carried out through purchase and sale contracts between companies, between companies and consumers, and between companies and governments.

The institutional environment of transactions is inter-capitalist competition. This means that institutional dynamics are subject to the impulses of the laws governing

the movement of capital, i.e. to the movements of accumulation, concentration and centralization of capital in the context of competition. Mészáros (2011, p. 100, author's translation) states that:

[...] the capital system is *expansion-oriented* and *accumulation-driven*. Such a determination constitutes both a formerly unimaginable dynamism and a fateful deficiency. In this sense, as a system of social metabolic control capital is quite irresistible for as long as it can successfully extract and accumulate surplus labor – whether in directly economic or in primarily political form – in the course of the given society's *expanded reproduction*.

Faced with this question, capital imposes the need to dominate new territories – whether peripheral or not – especially since it respects neither limits nor frontiers. Lênin (1980), based on the best available statistics in the US at the time, sought to demonstrate how capital subordinates and transforms, at will, the various forms of land ownership, including that of the small family-based farmers.

In fact, the aim of the abovementioned work was to demystify some of the ideas of the time, for example, that the vast majority of agricultural establishments in the US were formed by small family farms, and that American capitalist agriculture was in decline. Lênin (1980, p. 51, author's translation) demonstrated, using research methods and adequate exposure, that all these statements on the subject were “monstrously false and contrary to reality.”

In 1981, this same issue came to the fore with a publication by Nakano (1981) and also by authors such as Aidar and Perosa Júnior (1981), which sought to relate the relevance of family farming and the limits on large companies in the rural areas of developed countries. Based on the most recent census data from the US agricultural economy, these studies confirmed the contemporary version of the myth created by Turner on agrarian democracy.

Within these terms, the myth that “Small is beautiful” or of “The small family farm”, apart from creating an illusion that agrarian democracy would remain intact in the US, allowed large corporations to continue obtaining state subsidies, under the pretext of supporting agriculture, in the form of privatized social resources. In Brazil, the (former) President Getúlio Dornelles Vargas believed in the role of the economic frontier as an important factor for furthering the formation of a national market. Vargas (1943, p. 285-286, author's translation) insisted that:

We need to push this forwards, in every respect and with all available methods in order to suppress the demographic vacuums within our territory and make the economic frontiers coincide with the political frontiers. This is our imperialism. We do not aspire to one scrap of territory that is not ours, but we need expansionism, which signifies growing within our own frontiers.

The first impression that emanates from Vargas' colonization project, aimed at occupying the frontier along the state of Mato Grosso and Goiás, is that his land policy was democratic by facilitating the right to ownership and the use of land by new migrant settlers. Closer investigation however, does not confirm this first impression, because according to Lenharo (1986, p. 47), “the actions of the Vargas government yielded more political dividends, since the real needs of the workers

of land for autonomous agricultural production fell well short of the government's policy promises.”

In any event, Ricardo (1942), who wrote *Marcha para o Oeste* (March to the West), argues that the advance of the agricultural frontier in the Midwest – during the period of the Vargas dictatorship – played a similar role to that suggested by Turner in the case the US frontier, when many myths were created surrounding the advance of the economic frontier at the time, especially those concerned with establishing the ideology of a national identity.

In spite of this, it is clear that the Turner thesis is not enough to explain the dynamics of occupation on the frontier in Brazil. Nevertheless, as Mello stated (1982, p. 110-111, author's translation), “it is an undeniable fact that more recently, the advance of the soybean and livestock frontiers in the states of Mato Grosso and Goiás has managed to stimulate a rapid development of the agribusiness in the Midwest, which from among many reasons, was due to its proximity to a more industrialized and urbanized region of the country, the Southeast.”

In Brazil, the national integration policy conducted by the state – especially in periods of authoritarian governments – to advance the economic frontier has always been supported by the fundamentals of geopolitics adapted to internal geopolitics. With the end of the Vargas dictatorship, a new agricultural frontier expansion cycle got underway in the wake of the coffee expansion towards the north of Paraná, especially in the fifties when the areas around the Paraná State border were occupied by coffee farms and timber firms who opened up the way for coffee.

Within this context, the remaining small agricultural production involved a violent struggle for land in the states of Goiás and Maranhão. Until then, despite the agricultural colonization experiences in the state of Pará, such as the colonization of the Bragantina Zone, the phenomenon of frontier expansion based on capitalism had not yet occurred, as certified by Hébert and Marin (2004).

This dynamic was modified with the construction of Brasília and the Belém-Brasília highway, which established the foundations for a genuinely economic integration of the Eastern Amazon with the rest of Brazil during the period of the democratic government of (former) President Juscelino Kubitschek de Oliveira.

From an economic viewpoint, the Belém-Brasília highway<sup>2</sup> eventually deactivated all the old cities situated along the banks of the Tocantins River, with the exception of Imperatriz, in the state of Maranhão, which in compensation benefited from it and resulted in the creation of many small settlements within the vicinity of more than 2.000 km<sup>2</sup> of the Belém-Brasília highway.

It may be perceived that the functionality, for the purposes of mercantile transactions, justifies the emergence of organized markets as institutions governed by laws and regulations that limit the emergence of fraudulent opportunist forms and mitigate the effects of behavioral uncertainty. Such institutional frameworks are characterized by ensuring the effectiveness of different institutional contexts in which economic agents act within relationships of mutual trust where lines of communication and codes of conduct are developed to mitigate potential conflicts, and ensure the smooth adaptation to new contingencies inside and outside the firm.

Thus, the institutional form of dealing with the relationship between the market and the state exceeds the old dichotomy that positions the market in opposition to the state, and vice versa. Przeworski (1998, p. 39-40) observes that the phrase “the

<sup>2</sup> Also called BR-010 or the Engenheiro Bernardo Sayão Highway.

market is subject to state intervention” is misleading. In fact, state intervention in a market economy known as regulation, it is not easy to analyze, neither in theory nor in practice. For Przeowski (1998, p. 40-41, author’s translation):

The problem of an institutional structure is no longer simply the opposition between the market versus the state, but rather new specific institutions that may induce individual actors – economic, political or bureaucratic actors – to behave in a beneficial manner to the community. The neo-institutionalist economic theory demonstrates that “markets are not so efficient and that state intervention can improve market solutions. The state has an important role to play not only with regard to guaranteeing material security for all and to pursue other social goals, but also promoting economic development.

When it is understood that markets are incomplete social institutions and that the economic agents that obtain access to different information have to pay, this implies that the markets as they are, only exist as economic systems organized in different ways.

## FINAL CONSIDERATIONS

Institutions form social conventions that define the behavior patterns of the members of a society, and behavior patterns are associated with social norms that guide what people should or should not do, and/or think about certain social media. These social norms can be applied by formal (legal) organizations or may be applied by informal sanctions resulting from the approval or disapproval of the members of an organized civil society.

In other words, the new institutional economics helps to understand how the members of a community build cooperative solutions to focus on the formal and informal rules that hinder or facilitate collective action, such as local councils, associations, government agencies, legislation, agreements and contracts, among others.

The starting point for conducting a historical-theoretical discussion on the frontier involved the work developed by Turner. Nevertheless, given the inherited historical and institutional differences between Brazil and the US, it has been demonstrated that the significance of the frontier in the Brazilian socio-economic formation gains unique contours that differentiate them from other countries, and which has therefore enabled us to discuss the various significances of frontier until reaching the concepts of the “expansion front” and the “pioneering front” as economic models of occupation on the frontier in Brazil.

In Brazil, the result of incorporating previously inaccessible or relatively unpopulated areas with agricultural/livestock activities has represented an advance for the economic frontier. In the specific case of the economic frontier of the Brazilian Amazon, the expansion of agricultural/livestock activities has counted on the support of regional institutions and organizations set up by the military government, especially the legislative apparatus contained in “Operation Amazon”, which gave rise to *Amazônia Legal*, SUDAM, BASA and also INCRA.

The fact that the Federal Government, through SUDAM and BASA, directs and concentrates its expenditure on economic support infrastructure towards large



capital reveals its position, in the face of massive national and transnational capital, as the main developing agent of the social productive forces in the process of occupying the frontier of the Brazilian Amazon.

However, the effects of this strategy, provided by state organizations, have created various social conflict zones in the struggle for land between the expansion fronts and the pioneering fronts of capitalist expansion (agriculture/livestock). Thus, the frontier has also been an institutional product created by the state, from the moment that the military government launched “Operation Amazon” – to create *Amazônia Legal* and all the institutional-economic apparatus – which helped transform it into a true economic frontier, and because of this the locus of conflicts in the struggle for land.

In this respect, it is essential to be aware that the Amazon frontier is part of the Brazilian socioeconomic totality, and not to become distracted from the fact that the frontier as a society in formation is not structured as an autonomous phenomenon – not in its pioneering stage, and even less during its expansion phase. Hence, it is not possible to study the frontier without considering it part of Brazilian society in expansion.

The frontier is not necessarily a distant region or an empty territory in terms of population density. In the vision of Graziano Da Silva (1981, p. 114, author’s translation), “this is the frontier from the viewpoint of capital, i.e., as a social relation of capitalist production”. Thus, the economic frontier is a social relation of production because the structure of society under construction within the territory of the frontier is dominated (in)directly by capital.

Mészáros himself (2011, p. 67, author’s translation) reinforces this condition to highlight that capital “is a relationship of property – the means of alienated production incorporated into private or state-owned property – historically created (and historically transcendible), which counteracts each producer and governs everything.”

From the institutional viewpoint, the frontier is very often the locus of noncompliance with the laws within an organized and democratic civil society, i.e., it is the place where the normative and coercive apparatus of the state is absent and when it is present it serves capital. By contrast, an economically developed and structured institutional system may help to promote economic development to structure the environment and stimulate the process of cooperation, of innovation and also of learning in a frontier region, and this process is underway in the Brazilian Amazon.

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