



## Article

### Financial globalization, dependency and institutional changes: economic and political notes on the reforms in Brazil

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#### Abstract

The text seeks the understanding of the reform of the state apparatus in Brazil and the resulting reforms of republican institutions and the regulatory processes and control of society in a frightening globalized context. It tries to show economic and political dimensions of the structural changes in the state university, the research and the science of the country, considering the relations center-periphery.

#### Resumo

O texto busca o entendimento da reforma do aparelho de Estado no Brasil e das decorrentes reformas das instituições republicanas, bem como os processos de regulação e controle da sociedade, num contexto globalizado assustador. Busca mostrar dimensões econômicas e políticas das mudanças estruturais na universidade estatal, na pesquisa e na ciência do país, considerando as relações centro-periferia.

**Keywords:** State University in current Brazil, Globalization, Dependency, Underdevelopment.

**Palavras-chave:** Universidade estatal no Brasil atual, Mundialização, Dependência, Subdesenvolvimento.

Understanding the reforms of the State apparatus in Brazil and the new legal system that has been based on it, imposing the reforms of the republican institutions, as well as the processes of regulation and control of society, requires a comprehension of the political and economic dimensions. They are crucial to study what happened at the state university, research and science in the country. It highlights the need for better understanding of the center-periphery relations to explore how our dependent past is updated at the moment.

When referring to the reform of the State apparatus initiated legally with the 1995 State Apparatus Reform Master Plan, we must find many elements in the world context that has been changing from the 1970s to the present. The regime of financial predominance is its immediate reason. Nevertheless, the historical specificities of peripheral and dependent capitalism are equally relevant. Although, due to the strong impact of financial globalization on Brazilian institutions, it is necessary to consider the structural conditions of the Capitalist State as well as Brazilian capitalism for a more complete

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understanding of what has happened in the country since the beginning of the 1990s.

The relations between capitalist State and private property require more detailed exposure. This imposes the understanding of the mutations of individualized private property, eliminating the ownership / right of usufruct and establishing a socioeconomic space of predominance of capital for sectors never seen in the history of capitalism, such as ownership of knowledge, financialization of education, health, of security, even of the water we need to live, that could never be under the alienation of a few to the detriment of the rest of humanity, in the condition of individualized property.

It is important to defer individual appropriation of something for usufruct and individual private ownership of that same thing. Something, something that can be a chair, computer, etc. When there is someone's appropriation of the chair for usufruct, it is not possible for another person to occupy the chair at the same time as the first and the purpose of this appropriation is a need of the one who occupies it. Sometimes the usufruct allows the use by several people at the same time. Listen to music from the same audio or watch television. Use the street at the same time as many other people do, although there is a limit imposed by the materiality of the existence of the street, and everyday examples multiply by the neighborhoods, squares and gazebos of the cities. Nevertheless, it is important to note here that the appropriation for usufruct is for the use of whoever appropriates at that moment of good. It is the appropriation of a common good, a state public good or not.

In contrast, individual private property gives the person the right to possession, regardless of whether or not the person is going to use it, whether it will yield to someone else for money or even sell what is their property. That is, individual property, by the force of constitutions and laws, can transform goods into merchandise.

Private property establishes the exclusive right to possession of a thing or process, whether it is actively used or not. At the root of commodity exchange lies the assumption that I actively do not want or need the commodity I offer for exchange. In fact, the very definition of commodity is this: something produced for the use of another person. Property rights confer the right to sell (alienate) what you own. (Harvey, 2016, pp. 47-48)

In the history of historical emergence and existence of capitalism, by the importance of government and State, arises the difference between *usufruct rights* - for the active use of the property - and the exclusive and permanent.

This difference was reproduced and permeated culture and sociability until institutionalized as a law or norm of conduct throughout the history of capitalism by virtue of the new economy that was consolidated. Indigenous peoples of North America, Africa, Australia used land as usufruct and left behind land that had been productive, migrating to other places where land still made production possible. However, the expansion of capital imposed the "reassortment of the Lands" in these places by force of the State and its coercive and legal power. Many populations were unable to migrate when they found fences and walls, indicating the transformation of land as a right of usufruct to the condition of private property of a national state. In this process

State and private property are constituting a brand-new social formation, in which the legal order guaranteed by a State is the keystone of its composition.

What is important to mark with this argumentation is the construction of the legal apparatus itself. The emergence of capitalism produces, in a coercive and persuasive way, the condition of private property to that which is productive, to which it adds value. See what Locke in his *Civil Government Treaty* writes about property:

One who fed on acorns he harvested under an oak, or the apples he caught from the trees in the forest, certainly appropriated them for himself. No one can deny that the food is his. So I ask: When did they begin to belong to him? When he digested them? When he ate them? When he cook them? When he took them home? Or when he caught them? It is quite obvious that if the first act of catching them did not make them their property, nothing else could do it. That work made a distinction between them and the common good; he added to them something beyond what nature, mother of everything, had already done, and so they became his private right. Can anyone say that he had no right to those acorns of the oak or to those apples he appropriated because he did not have the consent of all mankind to do so? Could it be called robbery to appropriate something that belonged to everyone in common?  
(43)

Locke, unsuspected classical liberal, argues that property rights emerge from the production of something accomplished by human labor. At another time, the author argues about his doctrine *res nullius*, according to which "the private property of the land that produces value (that is, that involves application of social work for the production of merchandise is considered legitimate." (Harvey, 2016, p. 49). We can cite Marx's *Rhenish Diet*, five texts written about the "Law of Theft" in the Rhenish Gazette in which the young author commented about the progressive process of transformation of the private appropriation of nature and of the which were known socially, produced cooperatively and in the condition of usufruct of the land. Many examples can be found in the history of the consolidation of capitalism in which the founding axes of the new social formation are dialectically embraced, the State and private property. I turn again to Harvey (2016) on the question:

Nevertheless, between usufruct and private property rights, there is an abundance of common or customary property, usually confined to a collectivity (such as a rural community or, more broadly, a whole cultural regime). These rights are not necessarily accessible to all but presuppose shared and cooperative forms of government among members of the political entity. The end of usufruct rights and the infamous process of enclosing common property led to the predominance of an individualized system of private property rights, backed by state power, as *the* basis of exchange and trade relations. This is the form consistent with the accumulation and circulation of capital. (p. 49)

Nonetheless, within the framework of rationality of capital, the system of individualized private property is consolidated. This is necessary construction, without which neither the exchange value nor the money would have any meaning and would be legitimate according to rights originating in the State.

It is important to realize that the process of production of capital imposes the continuity of changes in forms of state so that the expansion of the regime of private property always expands in space, time and in social places where it has never been. This is the case of knowledge, health, security, education, human formation in public spaces through daily practices, all spheres that have been achieved by the individualized private property regime.

In this same text, when dealing with the regime of financial predominance, we observe the institutional and economic change experienced in Brazil in face of its adherence to the current regime of capitalism and the threat it poses to the Planet and to all humanity.

The entry of foreign direct investment (FDI) has substantially altered the Brazilian economy, requiring the expansion of individualized private property, but in ways different from those that existed and fetishized something new required in the fantastic era of globalization. Marx in his work wrote that this process of expansion of this regime is a constant in capitalism. Considering that, without the regime of individualized private property, there is no exchange value and no money in the framework of the reproduction of capital. The globalization of capital takes place through the predominance of capital bearing interest on capital in function and on capital that produce value.

The vertigo of making money on the basis of money itself without the mediation of work has brought a compression on social work and on living labor. That is, the financialization of the world economy imposed the need and the construction of new spaces for the realization of capital-paper, the titles that are nothing more than promises of payment and a bet that the capital-money would be valued in the future. Capitalism has become a global roulette. This fact has brought structural vulnerability to the globalized economic system. Therefore, the urgent need for real-time control of many work processes, the world monetary system and the extension of services in the sphere of the circulation of capital that is expanding and demands organizational systems, information technologies, inaugurating a large space for the industry of new technologies.

Though, this process precedes the state guarantees and institutions to guarantee the entry of financial capital and FDI in Brazil and economic stability so that the return is guaranteed with repatriation of profits, leaving in the country the smallest part that is still carried for the payment of national and international public debt as well as its services in the form of interest.

It should be noted, yet, that the greatest need for the country in terms of adherence to financial predominance is the structural production of new spaces for individualized private ownership. A fact of structural reason that requires the change of the form of the Brazilian State for two reasons.

The first is the institutional construction of rights to new forms of property. At this point, Bresser-Pereira revealed his acute intellectual capacity in his intellectual production in the service of the creation of such institutionality. He traveled to the United States and there studied and researched the economic theories for Latin America and the institutional reforms carried out in that continent. He writes the the book that would constitute the academic-

theoretical basis of *the Master Plan for the Reform of the State Apparatus - Economic Crisis and State Reform in Brazil: Toward the New Interpretation of Latin America*, originally published in English in 1995 in the United States and translated and published in Brazil in 1996 by Editora 34 with the title “*Crise econômica e reforma do Estado no Brasil para uma nova interpretação da América Latina*”.

In this book, given to the public after the political document, Bresser-Pereira produced the necessary alliance with the Brazilian academy, and at the same time, gained political legitimacy for the reforms of Brazilian republican institutions. The whole design of the reform of the State apparatus and the republican institutions is very well done and with rigorous theoretical production, although it is subject to many criticisms as can be seen. But here, the author shows the institutionality and necessary construction of the new forms of individualized private property, a requirement of the process of adherence of the country to the regime of financial predominance.

The second is imbricated in the first and operationalizes the creation of the aforementioned space. The construction of the institutionality of the new forms of individualized private property became, at the same time, its operationalization. Bresser-Pereira, by creating two exclusive nuclei of the State and two non-exclusive sectors of the State or competitive, produced the reduction of State participation in the public sphere, leaving financial capital a huge space for the expansion of private individualized property. (Silva Jr, 2017)

This is also the transformation of *social rights into individual property rights*. Fantastic theoretical prestidigitation of the magician Bresser-Pereira. With the reform of the apparatus, he modified the rationality of public management in the country, making it managerialist in the mold of the management of a private corporation. In fact, the State became an office for the management of Brazil as a platform for production of value as we have been arguing in other works (Silva Jr, 2017). Such rationality was for all republican institutions, specifically for the state university. What has been summarized here is found in the other works of the author and fellow researchers of Rede Universitas / Br. However, before moving on to this construct, it is necessary to address the specificity of Latin American capitalism and its peripheral structural condition. (Silva Jr & Sguissardi, 2001; Silva Jr, 2011; Catani & Oliveira, 2006; Sguissardi & Silva Jr, 2009; Mancebo, Silva Jr, & Schugurensky, 2016; Silva Jr, 2009; Silva Jr 2017)

The expressions pre-capitalism and late capitalism, as examples, are the result of analysis of Marxist extraction that find a place within an exacerbated orthodoxy or that fail to tame the complex reality with Marx's categories. In the latter case, the empirical descriptions run out of theoretical rigor, while in the former the explanations exacerbate the theory, leaving reality in a submissive position, the analysis falling into abstractionism or epistemological eclecticism.

Both of these expressions are in fact capitalism on the periphery of the world, which runs in a singular way. So, if to understand a simple category one must understand the more advanced, its contradiction is also true. The full understanding of the simple category enriches the understanding of the most developed category. It is essential to consider that if one event has changed into another historically, there is the presence of the old in what happened to the old. Nevertheless, it is fundamental to understand the originality of the new.



This methodological imperative of historical materialism is fundamental to understand the dependence of the peripheral historical formations, here, Latin America, as well as the intellectual production, according to this theoretical tradition, in the countries of this continent and their structural *dependence* when they enter into capitalism through foreign trade.

It should be noted that, in the case of foreign trade, it must also be understood as the expansion of capitalist contradictions to the peripheral nations and that strongly impact the historical forms of such peripheral formations and organize their class configurations and their relations with private property. There is an inseparable relationship between the state and private property and, consequently, they form the way in which class relations are made. From what follows, the state in peripheral formations has singular characteristics when compared with the historical form of the state in the central capitalist formations and its relation with those of the capitalist periphery.

Latin America, particularly Brazil, enters into globalized capitalism, and with this movement, advances in its own capitalist development. This adherence is made when the central economies began their process of industrial expansion. At the center there is, therefore, an increase of the urban population due to the increase of the industrial workers and those of the service sector. This brings two problems for capitalism at its center. The rural population decreases, increasing the urban, which will impose the shortage of supply and increase the demand of primary goods (food, clothing, etc.) and raw material for an expanding industry.

In the same period, Latin America has its historical and economic cycles that will regionalize the countries of the continent and, at the same time, configure the classes in each of the countries according to their historical specificity. Brazil (see Furtado, 2007) had three long cycles, from sugar cane, gold and coffee.

The first cycle will move mainly the Northeast, the second, the Midwest and Minas Gerais and also São Paulo. The coffee cycle will influence the social formation of São Paulo and Minas Gerais. But what matters here is the relations between Brazil and the economies of the center of capitalism. The country begins its relations with the central countries through foreign trade (import and export). We exported primary goods and imported manufactured goods. In each region this process was done in a different way from the other and established different relationships at the national level. That is, there is a difference between the ways in which the classes have linked themselves to the international bourgeoisie. But it is fair to say that all of them established relations with the international bourgeoisie with the economic base of foreign trade before they even formed a national bourgeoisie (Marini, 1973, Fernandes, 1973 and Furtado, 2007). This implies that the class relationship in Brazil was established under an asymmetrical relationship with the central economies and, therefore, will suffer the consequences, according to Marini (1973): *Dependence of the peripheral countries*.

The central argument lies in international exchange relations. The central countries perceived an increase of their productivity through the technological and organizational innovations and began to import the primary goods. In these relations, there are advantages to the central economies, since they could impose a price for manufactures that was superior to the social value of labor embodied in the commodities that Brazil imported. While Brazil, in the

production of sugar cane, gold and coffee, exploited directly the workforce in the field, predominantly. The national bourgeoisie accepted the unequal and asymmetric exchange imposed by the center's economies. This fact will define how to produce in the country and how the economic and political dependence between the center and Brazil was established, marked by an asymmetric relationship and dependence (Marini 1973), Furtado 2007). In the international exchange we transferred the value obtained by the Brazilian social work produced by the exploitation of the work and by the possible increase of productivity that we had in the country.

What has been explained above allows us to affirm that the reduction of the social cost of labor in Brazil corresponds to the same in the central economies. That is, by transferring value - through living labor and increased productivity - we also reduced the social cost of labor in the core economies. Thus, the country's exports were configured as "overexploitation of Brazilian labor". This fact is structural in the economies of Latin America and, particularly, in Brazil. This trait will mark, in a structural way, Brazilian capitalism, the relation between classes and the formation of the State, as we argued earlier when analyzing the relations between State and private property.

Another aspect that should be highlighted here is that productivity growth is also marked by this feature of peripheral capitalism in Brazil. This implies that new technologies and scientific advances already emerge in the country inextricably linked and, in some way, dependent on the asymmetrical relations that have been established since the beginning, when capitalism is consolidated in Latin America and specifically in Brazil. This will continue, more sharply, in the globalization of capital.

Sader states that:

The capital accumulation model of Latin American dependent societies is focused (by Marini) on their dual optics, both intrinsically articulated: it provides factors of production that allow the reproduction of capital in the central economies of capitalism and, at the same time, conditions the bourgeoisie of the periphery, inferiorized in the competition for the international market, to induce in our formations the process of **super exploitation of work**. Thus, the process of accumulation on a global scale and accumulation process at the national level, with characteristics typical of the extraction of the surplus that characterizes it, is integrated. (Sader, 2009, p.31, emphasis added).

This process analyzed by Marini (1973) becomes equally or more important in the period of globalization of the economy under the dominance of the interest-bearing capital, when the bourgeoisie internationalize and leave the domestic market and governments, under pressure from the International Monetary Fund (IMF) accompany the same movement. This is done through the emphasis on export and domestic consumption of the elite sectors in the country, adding to the finances, that is, the many national and international financial products. The immediate consequence of this is the regression of the country to the export of primary goods and the profound Brazilian deindustrialization since the real plan.

The other consequence, articulated to the first, lies in the overexploitation of labor, now attacking workers' rights. Next, a third consequence is the search for technological innovation for a country in the accelerated deindustrialization process. Universities and research centers act strongly in this area, but for whom? For the global corporations that have their branches here in the country. Again, increased productivity from new technologies becomes value for core economies. Or, they reduce the social cost of labor in the central countries that face very high unemployment rates, at the expense of the overexploitation of labor in Brazil. Sader says about labor rights:

Labor rights, barely won by long struggles of the trade union movement, were hit in a privileged way by neoliberal policies, revealing their classist character in the crudest way. As one of its results, in Latin America most of the workers do not have a formal contract (...) or they no longer have. Thus, they are not citizens, in the sense of being subjects of economic and social rights. They cannot associate, they cannot appeal to the labor courts, they do not have basic rights, such as a minimum level of salary, vacation, thirteenth salary, maternity leave and all social security and welfare rights earned in previous decades. (Sader, 2009, p.35)

It is important to register that this text mentioned above is from 2009. Therefore, the precarious conditions of the labor relations and their intensification were already given more time ago and the left in Brazil and in the world found itself weak, while much of the academic intellectuals were plunged into the fetish of the search for new technologies and new forms of entrepreneurship for the workers. The analysis of financial predominance here gains the clarity of detail on the periphery of capitalism. This allows us to better understand globalization and its consequences for Brazil characterized by peripheral capitalism and under the heel of *Dependency*. The reform of the apparatus of the state will follow this rationality, at the same time that it will operationalize the *dependence* to the capitalist center, especially to the financial capital.

Given the conditions which, on the basis of the reform of the state apparatus, as well as universities and education in general, made possible all the laws that institutionalized the termination of labor rights, which privatized, commodified and ideologized higher education and research as seen to happen in the Temer government and what is already foreshadowed in a striking way in the troubled but precise program of the president-elect's government in 2018.

It is impossible not to refer to Michael J. Roberto's book *The Coming of the American Beremoth*, in which the author clearly shows that the heart of fascism is closely articulated with monopoly-financial capitalism, becoming a perverse reality under the epiphany of free market initiative and individualized private property. A well-informed Brazilian is quick to see the reality of his country and to associate it with the political and economic tendencies set in motion by the group of world political leaders Trump, Makron, Macri, Theresa May, Putin, and others to come, in the Germany, with Angela Merkel's farewell to politics in Germany and across Europe.



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