

The financialization of Brazilian State spaces

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This paper is aimed at generating a deeper understanding of how the territorial intervention and organization of the Brazilian State, at multiple scales, has been shaped – especially from the 1990s onwards – in function of projects and strategies that are increasingly articulated with interests of (public and private) agents (alike) that operate within the real-estate/financial complex¹.

Besides, we aim to discuss the challenges that these changes have generated for the Brazilian agenda of Urban Reform. The underlying hypothesis is that this agenda has distanced itself from the original right-based approach, and has increasingly been filled in according to a project of financialization and competitiveness. Brazilian Urban Reform represents an arena that is contested by actors that strive to fill it in according to their own (frequently conflicting) projects.

The starting point is to review the (inter)national debates on the “financialization of space”², and explore possible connections with State Spatial Theory as developed by Neil Brenner and others. As known, the latter approach was framed around an articulation between historical and geographical materialism – Harvey and Lefebvre, among others – and state relational theory according to Jessop and others. On the basis of this perspective, *state spatialities* (the various forms of territorial organization and intervention of the state, at multiple scales) are not static, but change in light of a

¹ Aalbers (2008 e 2009) proposes a new metaphor that can help to centre attention on the connection between real estate, finance and states: the real estate/financial complex, akin the military/industrial complex. Both complexes should be seen as triangles since states are also part of the equation.

² See, for example: Harvey (1989, 2006, 2009), Aalbers (2008 e 2009), French et al (2011), Gotham (2009), Keil (2010).

continuous restructuring of the accumulation regime as well as the contestation of actors over the direction of public strategies and projects.³ Over time, this interaction has generated state selectivity in relation to spaces and prioritized social groups.

This theory has shown that state spatiality has evolved since the crisis of the Welfare State, particularly in Western Europe and the United States. For example, authors such as Brenner have stressed a transition from Spatial Keynesianism⁶ – based on redistributive projects and strategies coordinated at the national scale – to a rescaled and competitive regime. Generally speaking, the latter is characterized by the emergence of projects and strategies structured around an agenda of urban-regional competitiveness and the strategic presence of other scales (both supra-national and local) mediated by the Nation-state. This transition has not been linear, however, and it has been characterized by continuous and contradictory movements of de-regulation (roll-back) and re-regulation (roll-out) of the state.

In relation to multi-scalar state policies in the US and Europe aimed at the financialization of space, several issues have been stressed by the specialized literature, such as: the promotion of secondary mortgage markets, mortgage-backed investment funds (articulated at the national scales but reinforced by the “local growth machines”) and public-private partnership operations around land use at local-metropolitan scale. Some of these tendencies have also received active support from international agencies such as the World Bank and the Inter-American Development Bank.

Embedded within this international debate on financialization, this Research Project aims to analyse the Brazilian scenario in terms of a rescaling and restructuring of the National Developmental State (as discussed by Klink, 2014 and Barcellos de Souza, 2012). It is stressed that, different from a perspective of a rather clear transition from a Welfare State to a financialized and rescaled regime in Western Europe and

³ An important aspect is the relational approach, that is, both state spatial projects and strategies are shaped but also influence changes in the accumulation regime.

⁶ Spatial projects are related to the internal territorial organization of the state, such as the geographical divisions, tendencies of centralization/decentralization and homogenization/differentialization of space. Spatial strategies of the state are associated with effective territorial interventions, such as explicit urban regional policies or its indirect spatial side-effects.

the USA, the contemporary process in Brazil reinforces a historical pattern of socio-spatial selectiveness and exclusion. Moreover, the objective is to articulate thinking on the restructuring-rescaling of the national-developmental state with the main strands of Brazilian debates on financialization of space, a process that has been set in motion since the macroeconomic stabilization plan of 1994 (the *Plano Real*).

Some of the dimensions that are expected to be explored along these lines are: public-private partnerships operations around land use at urban-metropolitan scale (*operações urbanas consorciadas*); the restructuring of the national regulatory framework that surrounds capital markets and resource mobilization in the housing and real estate sector; the federal housing program *Minha Casa Minha Vida* and its linkages with Initial Public Offerings of Real Estate firms as well as the intense escalation of real estate and land prices (and asset price escalation of real estate funds).⁷

The research is expected to contribute to increase the understanding of the impasses that surround the contemporary Brazilian Agenda of Urban Reform. The hypothesis is that the original more radical project (as inspired by providing direct access to land, the right to the city and a redistributive agenda) has been hollowed out and distorted through actors that have filled it in according to a project of competitiveness and financialization. This implies that the prevailing analysis of Urban Reform in terms of the effectiveness and efficiency of the planning instruments are insufficient. Instead, our understanding of the challenges of Urban Reform is based on how public and private actors alike have used these instruments in order to implement their own specific projects and interests.

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⁷ See, for example: Rolnik (2013), Royer (2009), Shimbo (2010), Fix (2004, 2011), Klink e Denaldi (2014).

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