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Financial Globalization, Dependency and Institutional Changes: Economic and Political Notes on the Reforms in Brazil¹

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ABSTRACT

This text seeks to understand the Reform of the State Apparatus in Brazil and the resulting reforms of republican institutions, as well as the processes of regulation and control of society, in a frightening global context. It seeks to show the economic and political dimensions of structural changes in the state university, in research and science in the country, considering the center-periphery relations. Through the diagnosis of reality, we based on Locke and Sader on the cyclical reading of capitalist dynamics in Latin America and Harvey to infer the changes in world capitalism that increasingly leads to reforms. It concludes with important observations on the new forms of overexploitation of work that countries of peripheral capitalism endure economic dependence.

KEYWORDS: Underdevelopment. Dependency. Globalization. State-run universities in Brazil today.

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Globalización Financiera, Dependencia y Cambios Institucionales: Notas Económicas y Políticas Sobre las Reformas en el Brasil Actual

RESUMEN

Este texto busca comprender la Reforma del Aparato de Estado en Brasil y las consiguientes reformas de las instituciones republicanas, así como los procesos de regulación y control de la sociedad, en un contexto global aterrador. Busca mostrar las dimensiones económicas y políticas de los cambios estructurales en la universidad estatal, en la investigación y la ciencia en el país, considerando las relaciones centro-periferia. A través del diagnóstico de la realidad, nos basamos en Locke y Sader en la lectura cíclica de la dinámica capitalista en América Latina y Harvey para inferir los cambios en el capitalismo mundial que cada vez más desembocan en reformas. Concluye con importantes observaciones sobre las nuevas formas de sobreexplotación del trabajo que los países del capitalismo periférico soportan la dependencia económica.

PALAVRAS CLAVE

Subdesarrollo. Globalización. Dependencia. Universidad estatal en el Brasil actual.

Mundialização Financeira, Dependência e Mudanças Institucionais: Notas Econômicas e Políticas Sobre as Reformas no Brasil Atual

RESUMO

Este texto busca o entendimento da Reforma do Aparelho do 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. Por meio do diagnóstico de realidade, baseamos em Locke e Sader na leitura conjuntural da dinâmica capitalista na América Latina e Harvey para inferir as mudanças no capitalismo mundial que induz cada vez mais reformas. Finaliza com observações importantes sobre as novas formas de superexploração do trabalho que perduram países do capitalismo periférico a dependência econômica.

PALAVRAS-CHAVE

Subdesenvolvimento. Dependência. Mundialização. Universidade estatal no Brasil atual.

Introduction

Understanding the reforms of the State system in Brazil and the new legal structure that has emerged from it, imposing the reforms of republican institutions, as well as the processes of regulation and control of society, requires an understanding of the political and economic dimensions that are essential in order to study what happened in the state university, research and science in the country. The need for a better understanding of center-periphery relations is emphasized in order to explore how our dependent past is updated in the present moment.

In referring to the reform of the state apparatus that began, legally, with the 1995 *Master Plan for Reform of the State System*, 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. However, the historical specificities of peripheral and dependent capitalism are equally relevant. However, of the strong impact of financial globalization on Brazilian institutions, we must consider the structural conditions of the capitalist state as well as of Brazilian capitalism for a more complete understanding of what has happened in the country since the early 1990s.

The relations between the capitalist state and private property demand a more detailed exposition. This imposes the understanding of the mutations of individualized private property, ending ownership/right of usufruct and establishing a socioeconomic space of predominance of capital for sectors never seen before in the history of capitalism, such as the ownership of knowledge, the financialization of education, health, security, even 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 enjoyment and individual private ownership of that same thing. Something, something that can be a chair, computer, etc. When someone appropriates the chair for enjoyment, it is not possible for another person to occupy the chair at the same time as the first one, and the purpose of this appropriation is a need for the person occupying it. Sometimes the usufruct allows the use by several people at the same time. Listen to music from the same audio or watch television. Using 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 the daily examples are multiplied by the neighborhoods, squares, and corners of cities. However, it is important to fix here that appropriation for enjoyment is for the use of those who appropriate themselves at that moment of good. It is the appropriation of a common good, a public good or not.

Differently, individual private property gives the person who owns it the right of ownership, regardless of whether or not that person will use it, give it to someone else for some money, or even sell what is his or her property. In other words, individual property can, by virtue of constitutions, laws, turn an asset into merchandise.

Private property establishes the right of exclusive possession of a thing or process, whether actively used or not. At the root of the exchange of goods lies the assumption that I actively do not want or need the goods I offer for the exchange. In fact, the very definition of merchandise 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 the emergence and historical existence of capitalism, due to the importance of government and the State, there is a difference between the rights of usufruct - of active use of the good - and the right of exclusive and permanent property.

This difference has been reproducing and permeating culture and sociability until it became institutionalized as a law or norm of conduct throughout the history of capitalism due to the new economy that was consolidating. Indigenous populations of North America, Africa, and Australia used the land as a usufruct and left behind the land that had been productive, migrating to other places where the land still made production possible. However, the expansion of capital imposed the "seizure of the Lands" in those places by force of the State and its coercive and legal power. Many populations found it impossible to migrate when they found fences and walls, indicating the transformation of the land as a right of usufruct to the condition of private property of a national state. In this process, the state and private property constitute a brand new social formation, in which the legal system guaranteed by a state is the foundation of its composition.

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

He who fed on acorns that he harvested under an oak tree, or on the apples that he took from the trees in the forest, certainly appropriated them for himself. No one can deny that the food is yours. So I ask: When did they start to belong to you? When did you digest them? When did you eat them? When did you cook them? When did you take them home? or when did you pick them up? And it is clear that if the first act of catching them did not make them your property, nothing else could. That work made a distinction between them and the common good; it added something to them beyond what nature, the mother of all, had done, and so they became his private right. Can anyone say that he has no right to those oak acorns or those apples he appropriated because he didn't have the consent of all mankind to act in that way? Could it be called theft the appropriation of something that belonged to all in common? (43)

Locke, unsuspected classic liberal, argues in favor of property rights emerging from the production of something accomplished by human labor. At another point, the author argues about his *res nullius* doctrine, according to which "private ownership of land that produces value (i.e., that involves the application of social labor for the production of goods is considered legitimate. (HARVEY, 2016, p. 49). We could cite Marx's *Diet Renana*, five texts written about the "Law of Theft" in *Gazeta Renana* in which the young author then reflected on the progressive process of transformation of the private appropriation of nature and of what was socially known about it, knowing produced in a cooperative way and in the

condition of land use. There are many examples to be found in the history of the consolidation of capitalism in which the founding axes of the new social formation are embraced in a dialectic way by the State and private property. I turn again to Harvey (2016) about the issue:

However, between usufruct and private property rights there is an abundance of common or customary property rights, usually confined to a collectivity (such as a rural community, or, more broadly, an entire cultural regime). These rights are not necessarily accessible to all, but presuppose shared forms of government and cooperatives among members of the political entity. The end of usufruct rights and the infamous process of enclosure of common goods have led to the predominance of a system of individualized 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)

However, within the framework of the rationality of capital, the system of individualized private ownership is consolidated. It is a 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 the forms of the state so that the expansion of the private property regime 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 reached 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 represents to the Planet and all humanity.

The entry of foreign direct investment (FDI) has substantially altered the Brazilian economy, requiring the expansion of individualized private property, but in forms different from those that existed and fetishized of 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. Since, 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 is achieved through the predominance of capital bearing interest over capital in function and over capital producing value.

The vertigo of making money on the basis of money itself without the mediation of labor has brought a compression on social work and on living work. In other words, the financialization of the economy worldwide has imposed the need and construction of new spaces for the realization of capital-paper, of securities that are nothing more than promises of payment and a bet that capital-cash would be valued in the future. Capitalism has become a global roulette. This fact brought structural vulnerability to the globalized economic system. For this reason, the urgent need for real-time control of many work processes, of the world

monetary system and the extension of services in the sphere of the circulation of capital that expands and demands organizational systems, information technologies, inaugurating a large space for the industry of new technologies.

However, this process is preceded by state and institutional guarantees for the entry of financial capital and FDI in Brazil and economic stability so that the return would be 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.

However, the greatest need for the country in the face of adherence to financial predominance is the structural production of new spaces for individualized private property. This is a fact of structural reason and requires a change in 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 its acute intellectual capacity in its intellectual production at the service of the creation of such institutionality. He traveled to the United States and there studied and researched economic theories for Latin America and the institutional reforms carried out in that continent. She wrote the book that would become the academic-theoretical basis of the Master Plan for Economic Crisis and State Reform in Brazil: Toward a 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 under the title Economic Crisis and State Reform in Brazil: Towards a New Interpretation of Latin America.

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, achieved the political legitimacy for the reforms of the Brazilian republican institutions. The whole design of the reform of the state apparatus and of the republican institutions is very well carried out and with rigorous theoretical production, although it is subject to much criticism, as can be seen. But here, the author shows the institutionality and necessary construction of new forms of individualized private property, a requirement of the country's adherence to the regime of financial predominance.

The second one is imbricated in the first one and makes the creation of the alluded space operational. 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 or competitive sectors, produced the reduction of the State's participation in the public sphere, leaving the financial capital an enormous space for the expansion of individualized private property. (Cf. SILVA JÚNIOR, 2017).

This process is also the transformation of *social rights into individualized 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 molds of the management of a private corporation. In fact, the State became an office for the management of Brazil as a platform for value production, as we have been arguing in other works (Cf. SILVA JÚNIOR, 2017). Such rationality became for all republican institutions, specifically for the state university. What was presented here is summarized in the other works of the author and fellow researchers of the 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 (CF. SILVA JÚNIOR; SGUISSARDI, 2001; SILVA JÚNIOR, 2011; CATANI, OLIVEIRA, 2006; SGUISSARDI; SILVA JÚNIOR, 2009; MANCEBO, SILVA JÚNIOR, SCHUGURENSKY, 2016; SILVA JÚNIOR, 2009; SILVA JÚNIOR, 2017)

Pre-capitalism and late capitalism, as examples, are the result of Marxist analysis of extraction that finds place in an exacerbated orthodoxy or fails to tame the complex reality with Marx's categories. In the latter case, the empirical descriptions run away from theoretical rigor, while in the former the explanations exacerbate the theory, leaving reality in a submissive position, dropping the analysis 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. Thus, if in order to understand a simple category it is necessary to understand the most advanced one, its contradiction is also true. The full understanding of the simple category enriches the understanding of the most developed category. It is fundamental to consider that if an event has been transformed into another historically, there is the presence of the old in what has succeeded the old. However, it is fundamental to understand the originality of the new. This methodological imperative of historical materialism is fundamental to understand the dependence of peripheral historical formations, here, Latin America, as well as intellectual production, according to this theoretical tradition, in the countries of that continent and their structural dependence when they enter capitalism through foreign trade.

It is important to emphasize that in the case of foreign trade, it is also necessary to understand it as the expansion of capitalist contradictions to peripheral nations, which 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 class relations are made. It follows that the state in the peripheral formations has unique characteristics when compared to the historical form of the state in the central capitalist formations and its relationship with those of the capitalist periphery.

Latin America, particularly Brazil, is entering a globalized capitalism, and with this movement, is advancing in its own capitalist development. This adherence occurs when the central economies begin their process of industrial expansion. In the center, therefore, there is an increase in the urban population due to the increase in industrial workers and in the service

sector. This brings two problems for capitalism in its center. The rural population decreases, increasing the urban population, which will impose a shortage of supply and an increase in demand for primary goods (food, clothing, etc.) and raw materials 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, of sugarcane, gold and coffee.

The first cycle will mainly move 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. However, what is important to retain here are the relations between Brazil and the economies of the center of capitalism. The country starts 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 relations at the national level. That is, there is a difference between the ways in which the classes linked to the international bourgeoisie. But it is fair to say that they all established relations with the international bourgeoisie with the economic base of foreign trade even before they were configured with a national bourgeoisie (MARINI, 1973, FERNANDES, 1973 and FURTADO, 2007). This implies that class relations in Brazil were established under an asymmetrical relationship with the central economies and therefore will suffer the consequences of this, according to Marini (1973): the dependence of peripheral countries.

The central argument is placed on international relations of exchange. Central countries saw an increase in their productivity through technological and organizational innovations and began to import primary goods. In these relations, there are advantages for the central economies, since they were able to impose a price on manufacturing that was higher than the social value of labor incorporated in the goods Brazil imported. While Brazil, in the production of sugarcane, gold and coffee, directly exploited the labor force in the field. The national bourgeoisies accepted the unequal and asymmetric exchange imposed by the economies of the center. 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 asymmetrical and dependent relationship (Marini, 1973; Furtado, 2007). In the international exchange we transferred the value gained by Brazilian social work produced by labor exploitation and the eventual increase in productivity that we had in the country.

The above allows us to affirm that the reduction in the social cost of labor in Brazil corresponds to the same in central economies. That is, by transferring value - through hard work and increased productivity - we also reduced the social cost of labor in the central 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 relationship between classes and the formation of the state, as we have argued before when analyzing the relations between state and private property.

Another aspect that should be highlighted here is that the increase in productivity is also marked by this trait of peripheral capitalism in Brazil. This implies that new technologies and scientific advances are already emerging in the country inextricably linked, and in some way dependent, on the asymmetric relations that have been established since the beginning, when capitalism is consolidated in Latin America and specifically in Brazil. This will have continuity, in a more accentuated way, in the scope of capital globalization.

Sader states that:

The capital accumulation model of Latin American dependent societies is focused (by Marini) on its dual viewpoint, both of which are intrinsically articulated: it provides factors of production that allow the reproduction of capital in the central economies of capitalism and, at the same time, it conditions the bourgeoisie of the periphery, lowered in competition by the international market, to induce in our formations the process of overexploitation of labor. The process of accumulation on a world scale and the process of accumulation on a national level are thus integrated, with characteristics typical of the extraction of the surplus that characterizes it. (SADER, 2009, p.31, emphasis added)

This process, analyzed by Marini (1973), becomes as relevant or more relevant in the period of globalization of the economy under the predominance of interest-bearing capital, when the bourgeoisies become internationalized and leave the internal market and governments, under pressure from the International Monetary Fund (IMF) follow the same movement. This is done through the emphasis on exports and domestic consumption by the elite sectors in the country, adding to their finances, that is, the many national and international financial products. The immediate consequence of this is the country's regression to the export of primary goods and Brazil's profound deindustrialization from the real plan.

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

Labor rights, won at hard cost through the long struggles of the trade union movement, have been favorably affected by neoliberal policies, revealing their classist character in the crudest way. As one of their results, in Latin America most workers do not have a signed work permit (...) or no longer do. Thus, they are not citizens, in the sense of being subjects of economic and social rights. They cannot join, they cannot resort to labor justice, they do not have basic rights such as a minimum wage, vacation, thirteenth salary, maternity leave and all the social security and welfare rights they have earned in previous decades. (SADER, 2009, p.35)

It is important to note that this text is from 2009. Therefore, the conditions of precarious labor relations and their intensification had already been given for more time and the Brazilian left and in the world was fragile, while a large part of the academic intellectuals were immersed in the fetish of the search for new technologies and new forms of entrepreneurship for workers. The analysis made about financial predominance gains here, the clarity of detail in the periphery of capitalism. This allows a better understanding of globalization and its consequences for Brazil characterized by peripheral capitalism and under the heel of Dependence. The reform of the state apparatus will follow this rationality, at the same time as it will operationalize dependence on the capitalist center, especially financial capital.

Given the conditions that, based on the reform of the state apparatus, as well as for universities and education in general, made possible all the laws that institutionalized the end of labor rights, that privatized, commercialized, and ideologized higher education and research as was seen happening in the Fear of government and what is already predicted in a sharp way in the trouble, but precise program of government of the elected president 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 linked to monopolist-financial capitalism, making itself a perverse reality under the epiphany of free initiative of the markets and individualized private property. A well-informed Brazilian does not delay to see the reality of his country and associate it with the political and economic trends set in motion by the group of world political leaders Trump, Makron, Macri, Therese May, Putin, and others that are to come, in Germany, with Angela Merkel's farewell to politics in Germany and throughout Europe.

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