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RESEARCH ARTICLE

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## THREE MODELS OF URBANIZATION IN BRAZIL: RETROURBANISM

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### ABSTRACT

In this article we will demonstrate the process observed in contemporary Brazilian cities, from the perspective of the implementation of the Urban Agenda and the political processes that culminate in an unfinished agenda. We also strive to understand the influence of the real estate and financial markets on the city's production. In this context, we will identify the form of action of public, private and social movements in the production of the contemporary city, analyzing it from the point of view of its urbanization scales, in order to understand its role as a business and the role of neoliberalism in the urbanization processes in the cities of the global south, specifically in Brazil. We will conclude this text defining the three models of urbanization observed in the contemporary Brazilian cities.

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## INTRODUCTION

The urbanization process observed in Brazil today comes from an attempt to change established by the 1988 Constitution, through a chapter dedicated to Urban Policy. Several attempts came to regulate this chapter, which only happened with the City Statute (Brazilian Federal Law), Law 10,257, of July 10, 2001. The context observed in the 1980s is marked by a period of profound economic and social degradation and, consequently, the reflexes of this crisis in Brazilian cities. The excess of vehicles on city streets, the lack of investments in public transit, socio-spatial segregation, increased urban violence, among others, were immediate reactions that were seriously felt in this period, as a result of inefficient public policies taken in previous times. In the same period, the process of economic globalization intensifies, since the bipolarizing effect of the world is undone and neoliberal policies are established. The intensification of the use of Information and Communication Technologies (ICT), from the 1980s onwards, and its popularization in the following decade, begins a new period of world civilization that is known as the globalized world. One of its main characteristics is the global economy, which according to Castells (1999), was only possible due to the new infrastructure provided by information and communication technologies.

With the return of Brazil to democracy, the Collor government (1990-1992) started a cycle of modernization of the country, with the opening of the national market to imports and the beginning of the privatization of national companies. This president was removed in 1992, due to an impeachment process motivated by allegations of corruption. The country was plunged into an economic crisis, with inflation out of control. Still in 1992, the Rio-92 conference, promoted by the United Nations (UN), took place in Brazil. The conference had as its theme the Environment and defended the democratic management of the city, the right to citizenship and the social function of the city and property, themes also addressed in the 1988 Constitution. The territorial exclusion process established over the 1970s had serious results made explicit in the cities in the late 1990s. Maricato (2001) highlights two consequences of this process, one of which is what the author calls environmental predation, due to this dynamic of housing exclusion and spontaneous settlements, and the increase in urban violence, felt most intensely in areas marked by homogeneous poverty, in large cities. Collor's vice president, Itamar Franco (1992-1994), assumes executive power in the country, and begins a process of implementing yet another economic stabilization plan, through the reduction of inflation, which was called Plano Real. The success of this plan and the

hope of the Brazilian people in the measures taken by Itamar Franco, contributed to the election of Fernando Henrique Cardoso, then Minister of Finance, as the country's head of government, in 1994. From then on, President FHC (1995-1998, 1999-2002) ruled the country for two terms and continued President Collor's privatization program. The country's stabilization was a priority. Therefore, the initial success of Plano Real ensured Cardoso's election. A moment of euphoria and growth in consumption levels of the Brazilian population was felt at that time. Brazilian families started to enjoy the advantages of economic stability, with low levels of inflation. However, the maintenance of this low inflation was subject to measures that were often unpopular, but important for the economic stabilization of Brazil. The success of the Plano Real also went through instabilities. Several crises surfaced in Brazil during the Cardoso government years. The cost of stability was high. The 1999 crisis caused the country to fear hyperinflation again, the free exchange rate was implemented, a year without growth was experienced, but the government's inflation targets worked. After the return of growth in 2000, we lived in the shadow of crises and again in 2001, through the energy crisis and the reflexes of the economic paralysis in the United States due to the attacks of September 11<sup>th</sup>. The country's growth after the implementation of the Plano Real saw barriers on the energy issue. Brazilians had several televisions, washing machines, microwave ovens or new refrigerators at home. Companies needed to grow to keep up with the new national demand. However, even with the high price paid for maintaining low inflation, the country observes political stability, with the maintenance of fundamental rights and guarantees and economic stability.

At the end of Cardoso's mandate, Brazilian policy gains a specific law for urban policy, important for implementing the necessary changes for the planning of Brazilian cities. The City Statute, as Law 10.257 of 2001, July 10<sup>th</sup> became known, regulates the urban policy chapter of the 1988 Constitution. The structure of this law is made up of articles that regulate general guidelines, urban policy instruments, the plan director, the democratic management of the city and general provisions of the law. At that time, the planning of our cities gained an important legal ally for the implementation of policies capable of improving the quality of life of the Brazilian population living in urban spaces, the result of so many historical reactions that reflect on their social and economic structure. Still in the same year, journalist Moreno (2001) discusses the transformations that society has undergone in the last decades and the emergence of new ways of life and, consequently, new urban forms that occurred due, according to the author, to the exhaustion of the economy industrialization, financial globalization, cultural diversity, transformation of family composition and advances in information technology. At this moment, the author sees that the City Statute creates:

“(...) conditions for the general population to participate in defining the future of our agglomerations, through collegiate bodies, [...] conferences and the popular initiative of bills and urban development plans, programs and projects”. (MORENO, 2001. p. 14-5).

The election of President Luís Inácio Lula da Silva (2003-2006/2007 2010) takes place amid the population's desire to maintain economic stability, achieved by the previous government, but also the need for urgent improvements in social policy. The country is experiencing great euphoria. Its poorest population begins to identify itself with the new

president, of worker origin and social discourse. The markets, obviously, are attentive to the changes, since Lula had a leftist speech that caused discomfort years ago. However, its policy was responsible and of continuity, maintaining the country's inflation and growth targets, based on investment in infrastructure. His first act as president was the launch of the Zero Hunger program, which aimed to remove thousands of people from the country from the poverty line. In pursuit of urban policies initiated in 2001, with Law 10.257 (City Statute), Lula implements, in his government, the Ministry of Cities. According to the ministry's own website ([www.cidades.gov.br](http://www.cidades.gov.br)), its creation sought to be innovative in urban policies, integrating sectorial policies for housing, sanitation and urban mobility. The social movement formed by professionals, union and social leaders, Non-Governmental Organizations (NGOs), intellectuals, researchers and university professors, was fundamental for the creation of the Ministry of Cities. Also, according to the website, this movement has achieved several achievements in the last 19 years, such as the unprecedented insertion of the urban issue in the Federal Constitution of 1988, the City Statute, 2001, and the Medida Provisória 2220, also from 2001. According to IBGE (2010), more than 84% of the Brazilian population lives in cities. In this way, the Ministry of Cities occupies a void observed in the Federal Government's urban policy. The role of the ministry is also to define a policy in line with the other structures of the Federation (municipalities and States) and with the other powers of the State (Legislative and Judiciary).

In view of this quick retrospective, it is concluded that the Ministry of Cities tries, among many challenges to overcome, to institute a long-term policy. This policy would have continuity and be sustainable (as required by the continuous changes in the situation of large cities) and subordinate financing the guidelines of the urban development policy, seeking to avoid the mistakes of the past. The Growth Acceleration Program (PAC) was created in 2007, already in Lula's second term. Its objective was a set of measures programmed to accelerate economic growth through investment in infrastructure, basic sanitation, housing, transportation, energy, among others. In the first year of the election of President Dilma Rousseff (2011-2014 / 2015-2016), PAC 2 was launched, which included the PMCMV (My house my life housing Program). The first aimed to face the main challenges of large urban centers to improve people's quality of life and included Urban Mobility programs for large cities and medium-sized cities, including the so-called World Cup PAC, concentrated in the cities where would play games for the 2014 World Cup. Part of this program was implemented in large cities. Still part of PAC 2, the PMCMV fits in with the objective of reducing the housing deficit, boosting the civil construction sector, and generating work and income. The program, according to Maricato (2011, p. 67), “*resumes housing policy with an interest only in the number of houses, and not in its fundamental urban condition*”. The program, according to the author, despite having boosted the civil construction sector, contributed to the acceleration of the project of social segregation that occurred in Brazilian cities, mainly since real estate agents are defined without obeying public guidance. It happened that the locations follow trends in the real estate market and the land tenure problem in Brazilian cities worsens.

“(...) the increase in investments in housing without the necessary change in the land base has led, in a spectacular

way, to the increase in land and property prices since the launch of the PMCMV". (MARICATO, 2011, p.70)

Although social advances have occurred over those years in the country, the author says that cities have worsened. This is seen in the way the public policies of the last governments treat the city. In addition to the PMCMV, with the crisis triggered worldwide in 2008, the Federal Government lowered the Tax on Industrialized Products (IPI). This reduction raised the level of consumption of Brazilians in the so-called white line, such as the purchase of stoves, refrigerators and washing machines, without investing in manufacturing structure and energy to support this growth. The consequence was an increase in inflation. Another measure was the reduction of the IPI on new vehicles, creating a considerable increase in sales, mainly by the lower income class, allowing many citizens to acquire the first vehicle, indebting families and, mainly, resuming the incentive to individual vehicles, in return investment in public transit. The consequence of this is the explosive increase in congestion and pollution in Brazilian cities, including the increase in vehicle traffic in medium-sized cities, as also seen in Uberlândia-MG, Brazil.

"The situation of cities has worsened greatly in the last 30 years and will continue to worsen, even though investments in housing and sanitation have been resumed by the Federal Government since 2003. There was no change in the route that guided the construction of cities, especially metropolises. The lack of control over land use and occupation - a central issue to ensure social justice and environmental preservation - is evidenced by the occurrence of floods and landslides with hundreds of fatalities and thousands of homeless people, notable facts in cities across the country in the rainy season in the years 2007, 2008, 2009 and 2010" (MARICATO, 2011, p. 77).

As we can see, despite all the social progress that the country went through between 2002 and 2014, our cities got worse. Despite the decrease in social differences, our cities are even more segregated, made worse, especially, in recent years, by the implementation of the PMCMV, which imposed a form of segregation of space on the income classes served by the program. The year 2014 marked the re-election of President Dilma Rousseff and her new term, which began in 2015, was marked by an economic adjustment due to the large public expenditure previously made to combat the reflexes of the 2008 economic crisis in the country. This was reflected in rising inflation in early 2015 and investment cuts in some social programs. The beginning of his mandate was also marked by the worsening of the crisis at Petrobras, due to allegations of corruption, reflecting on the value of the company's shares and the fall in investments. The global rise in the US dollar was reflected in the country, which accompanied an even greater increase than the international market trend. The manifestations of agents opposing the government became more regular, reflecting the general dissatisfaction of the population with respect to politics and the national economy, which culminated in the impeachment of the president on August 31, 2016. In the government of Michel Temer (2016-2018), we observed a drop in public investments related to the social and urban policies of the previous period. Despite the quantitative increase, mainly in investment in social housing for lower income classes, cities have become even more segregated and the implementation of these investments did not observe the urban concern that the City Statute would

bring to national urban policy. In 2018, President Jair Bolsonaro was elected for the period from 2019 to 2022. His government plan was consulted through the official website ([www.bolsonaro.com.br](http://www.bolsonaro.com.br)). Reading the government plan of the current president of the republic demonstrates the lack of interest in themes related to the New Urban Agenda. Issues such as housing, sustainability and urban management are not mentioned in the plan. In this context, the Ministry of Cities, created in 2003, was extinguished. Already in the end of 2020, the year marked for the Corona virus spread, we saw the country enter in a profound economic crisis where millions are unemployed and none action about the urban agenda.

The PMCMV was configured, therefore, in the same way as the National Housing Bank (BNH) in previous periods, as a strategy for economic growth (STROHER, 2017). In this way, urban planning in the 1980s and 1990s passed to local governments and established, in this sense, the interests mainly of landowners of local elites. The power of local and regional elites, also dominating local politics, starts to establish the real estate guidelines of cities, through what Stroher (2017) calls the protagonism of the local scale. The author states that the PMCMV was the program that most contributed resources to the low-income population in the recent history of the country, however, despite the need to contain real estate appreciation, national urban programs and policies have made little progress, with the concentration of land ownership remained outside the center of discussions on housing policy.

"(...) the opportunity to associate the important return of large investments in housing and infrastructure with a universalizing territorial strategy was lost, which is associated with the novelty of improving income at the base of the social pyramid and policies of income distribution, power have contributed to a socio-spatial insertion, in addition to the insertion for consumption". (STROHER, 2017, p. 280)

What we see in this context was a reproduction of mistakes made in previous periods (what we call in other researches *Retrouurbanismo*), Despite the increase in the share of resources destined to the spatial issues of the city for the lower income classes, contributed to the increase in the socio-spatial segregation of Brazilian cities and the fragmentation of the territory. This was permitted, as we shall see later, by a profound association between the local political powers and the real estate market, or the financial agents involved in this process. Stroher's research (2017) for the metropolitan region of Curitiba, Paraná state capital, notes that the lower income class population looks for housing options where the real estate market has less interest. In this sense, there is an intense process of irregular occupations in uninteresting spatial structures for the real estate market. On the other hand, the uneven distribution of public and private investments in the metropolis of Paraná, generates an unequal appreciation and the so-called spatial differentiation in the establishment of social classes in the territory. The author describes that this scenario characterizes the urbanization of peripheral metropolises, what she calls "uneven and combined". The instruments of the City Statute become selective in their performance. The selectivity of the application of the master plans concerns the interests of public and private agents in its implementation. In this context, the case of Curitiba may be one of the exclusive patterns of Brazilian metropolises.

According to Stroher (2017), this case may be observing a disparity in the distribution of social classes in the territory, in the permanence of the housing deficit for the lower income classes and in the continuity of informal urban occupation processes, where the success of housing policy is linked to the need for continuous real estate valuation. Nascimento & Matias (2011) demonstrate that the State's action privileges the highest income classes and ignores the needs and interests of the general demands of urban inhabitants, contributing to the old way of reproducing the socio-spatial inequalities that exist in Brazil in the contemporary city, being that the legal instruments used do not seek to reverse this situation. The authors carried out studies in the city of Ponta Grossa (Paraná state, Brazil) and found the speculative dynamics of urban evolution in the city, revealed by the low percentage of occupation of the lots. The fragmentation processes of urban space in the city, through the creation of allotments separated from the urban network, contributed to the reproduction of a pattern of urban expansion that gives speculators the valuation of their areas at the cost of socio-spatial fragmentation and segregation. It was observed, therefore, in the pattern of urbanization in that city, a widespread pattern of growth in the city, an insufficient performance of the State in housing policies, generating a social disparity in the occupation of urban space, given by income groups. In Ponta Grossa (Paraná state), the authors also demonstrate that in the same urban process, the growth of irregular occupations that reached 17.6% of the urban population living in these locations in 2006 stands out. It is also noted that in the city, the slum's occupation pattern is due to areas considered more inappropriate, that is, uninteresting to the real estate market, indicators of segregation and social exclusion in the urban space, confirming urbanization patterns observed in the history of our cities.

According to Inostroza (2017), informality is a structural feature of urban development production in Latin America, difficult to resolve through the paths of urban legality. Carlos (2009), through his studies in the metropolis of São Paulo, launches the hypothesis that the reproduction of the urban space signals that financial capital is produced through a "real estate product", establishing a transition from industrial capital to the preponderance of financial capital that it produces space as a commodity, that is, a real estate product. In this context, it is observed that in the metropolis of São Paulo, as well as in other national urban structures, the passage of money from the industrial productive sector to the real estate sector. This process of integration with the logic integrated to globalized capitalism generates, on the other hand, an area outside the logic of the immediate reproduction of financial capital, which the author calls "disintegrated" in relation to the reproduction of capital, creating a deepening of inequality, strengthening the informal sectors, disintegrated from the globalized logic of capital. Although the author calls these informal areas as not integrated into the globalized sector of the economy, forming a complex, non-traditional periphery, since today the periphery also encompasses different income classes and industries, and is part of the reproduction of the real estate space. For Carlos (2009), as in Ponta Grossa, through the studies by Nascimento & Matias (2011), this portion of the population not included in the processes of capital globalization, occupies areas that are not interesting to the real estate market and even areas public areas or areas of environmental protection. We recall that in the case of urbanization of Indian cities, Roy (2009) defines this process of informalization of space as a

form of planning, interwoven by the State and real estate policies as included in the city planning processes. For Baltrusis (2010), this type of housing (informal, self-built and precarious) was fundamental for the economic development of the countries of peripheral capitalism. From the 1980s onwards, from the change in Fordist logic that had been going on until then, there was a dispute over a privileged location in the hierarchy of urban space, changing the logic of the territorial distribution of cities. As an example, abandonment in large cities of industries hitherto centrally located, abandoning and emptying urban spaces that were partially occupied by the poor, unemployed and with no place to live. On the other hand, abandoned areas also become the object of desire for the new economy established by the real estate market in a logic of meeting the new demands of capital and redesigning the city. According to the author, the new forms of contemporary living of the high income classes in Brazilian cities, established by closed, fortified enclaves, in order to avoid the other, was responsible for the process of fragmentation of the urban fabric that, together with condominiums of luxury and slums, accentuate the processes of socio-spatial segregation of Brazilian cities.

"(...) The growth of informality now passes, necessarily, through the commercialization of the space produced irregularly by or for the poor, often with the connivance or omission of the constituted public power, thus reducing the possibility of reducing inequality socio-spatial of our cities and contributing significantly to the consolidation of unsustainable metropolises". (BALTRUSIS, 2010, p. 239)

For Angotti (2013) the clients of these fortified or closed enclaves are the high-income extracts that bring with them ideologies and practices of separation and superiority that flow from Eurocentric cultures, with trends in copies of external models and urban design. These spaces arise through a philosophy of exclusion and neoliberal policies to reduce public spending and privatize spaces. In the next item, we will investigate the result of neoliberal policies applied in the last decades in the country, in relation to the emergence of a new real estate cycle, and the participation of the State in this process, allowed by the institutionalized public policies in the country in recent years, mainly those related to the housing policy.

## THE CITY AS A PRODUCT: THE MARKET

This item must understand the influence of the real estate and financial markets on the city's production. In this context, to identify the form of action of public, private and social movements in the production of the contemporary city, analyzing it from the point of view of its urbanization scales, in order to understand its role as a business and the role of neoliberalism in the urbanization processes in the cities of the global south, specifically in Brazil. In order to understand the constitution of the city as a product, it is necessary to understand how the market operates in contemporary times, in the social and urban transformations in question. Touraine (2010) demonstrated that there are fundamental elements of the society in formation after the crisis of 2007. For him, the economic globalization accentuates the autonomy between the actors and the institutions, having more and more autonomy of the economic system in relation to the institutions and the forms of social organization. In this sense, the author states that there is a rupture in the ties between economic history and

social history, and if globalization has destroyed the institutions and society itself in effect until then, only the individual remains alive in this field of change.

It is in this sense, therefore, that liberals defend the action of individuals in order to annihilate collective institutions and actions. This is true for Touraine (2010), that it is no longer work that liberates men, but consumption, thus realizing the foundations of individualistic freedom. Ianni (2006) demonstrates that the systemic view of international relations, also called globalization, is a functionalist approach where individual, collective or institutional actors stand out, being a synchronic approach, in which the international or world scenario must be understood in terms of its agents in a systemic whole. Dufour (2016) demonstrates that today the formation of the so-called "hyperclass" is observed, in a reduced number of people, in which wealth and the "hypoclass" are concentrated, which on the contrary is increasingly numerous, subject to poverty, realizing it increased financial income inequalities. For the author, the same crisis in which Touraine (2010) analyzes a change in society, reaffirms the conditions that the release of pleonexia caused the destruction of individuals, institutions and cities, through a financial bubble that occurred in the 2008 crisis.

The overcoming of this crisis occurs when the private sector, praised by liberalism and its financial practices, at the moment in crisis, observes the State's role in transferring debts from the private sector to the public sector, creating crises in nations in Europe, which started in Greece. Dufour (2016) states that despite the changes that have occurred with this crisis, the neoliberal logic has not been changed since greed is at the center of the system, passing:

"(...) from hyperclass to hypoclass. In short, it contaminates everything. What can we say like this: the desire for more of the financial oligarchy always generated the desire for more objects on the part of individuals, thus reduced to pure and simple consumers, which obliges, if not to destroy it, at least to reconfigure the old Cultural city to make it compatible with the new mercantile city, to further explore all resources, (...). The proof is that the market is this instance that promises to offer (that is, to sell) constantly to every one every manufactured object, every commercial service, every ghost produced by the cultural industries to satisfy all appetites, whatever they may be". (DUFOUR, 2016, p. 23)

Ianni (2016) notes that at the base of what he calls the internationalization of capital are the formation, development and diversification of what he calls "global factory", in which the world is transformed into a large and complex factory. In this sense, there is an intensification and generalization of the process of geographic dispersion of production, of the productive forces that comprise capital, labor force, technology, division of social labor, planning and the market. This materializes the globalization of capitalism in terms of geography and history, and in space-time. "At the time of the world capital markets, when the most diverse forms of capital started to move in an increasingly accelerated and generalized way, at that time national controls were reduced. More than that, the national governments, their agencies and organizations that traditionally manage and guide the movements of capital, all the so-called national bodies see

their capacities to control the movements of capital reduced" (IANNI, 2006, p. 65-66).

It is in this context of acceleration in the world capital markets, in which capital reaches a scale never reached, occurring a process of deterritorialization that is reflected in the world economic and political scenario. As a reflection of the performance of companies in a globalized way, using neoliberal principles, Santos (2001) states that the expansion of the market is governed by competition between companies and the reflection of this in the territory, through an exercise of power differences, seeking their own ends, excluding what the author calls social solidarity. Therefore, the fact that each company acts in a part of the territory according to its own interests and goals, causes the fragmentation of the territory and there is no possible regulation, given the interests involved in these actions. The author states that this power of the companies in the territory "is, by nature, disaggregating, excluding, fragmenting, hijacking autonomy to the rest of the actors" (SANTOS, 2001, p. 86).

It is important to note that the author establishes that globalization provides competitiveness between companies, which drags the State and its normative force, in order to promote interests to the ends of companies and favoring those with greater power. They are the power relations in which the State changes its rules and features in a game of external influences and internal realities, becoming passive, even if this is not the path sought to establish the interests of a nation. In the global context, the policy for Santos (2001) is made in the market in which the actors are the companies that do not have ethical concerns, becoming competitive in an increasingly individualistic logic, in which the State is also not solidary and yet where the third sector starts to assume even assistance works, previously granted to the public power. This generates inequalities and differentiations that reflect contemporary society. Companies set up and establish their enterprises with the support of the public authorities, causing social imbalance, justified by their contribution to job creation and modernity, being considered indispensable. They hold the power of blackmail to the public power, sowing what the author calls the seed of ungovernability, due to the fact that there is a weakening of those in charge of taking care of the collective interest, giving this responsibility to the market, producing fragmentation and disorder of the territory. In this way, we have seen that the thinking of the city as a collective asset is weakened, since it becomes primarily an instrument for the accumulation and reproduction of capital.

The contemporary Brazilian city is seen by private agents as a product to be consumed by its citizens to nourish the real estate market (companies), and as a justification, economic development and job creation are used. We no longer just consume in the city, but we consume the city as a business. A real estate product that generates surplus value and capital, sold as status, way of living, working or even generating exclusion, and consequently informality, inequality and fragmentation of the territory. In this sense, in the relationship between capital and labor, there is the logic of the production of industrial surplus value in which the accumulation of capital passes through the exploitation of labor. The global reach of capitalism and the intense movements of capital through the internationalization of finance, made possible by what Ianni (2006) defines as the wonders of science and technology are not translated into the reduction or elimination of inequalities,

but, on the contrary, they preserve, recreate or deepen inequalities. Carvalho (2003) realizes that the effects of globalization homogenize national spaces and weigh in the configuration of socio-spatial inequalities, as well as in the bonds and relations of sociability such as associative, segregation and even those of differentiation. He notes that in South America, at the same time that high technology and the complexity of the electronic sector encompass the production of goods and the automation of services, there is a weakening of national economies, making them even more vulnerable social segments, and consequently, being pushed into medium-sized cities. The author observes, therefore, that despite the new dynamics established by globalization, the enrichment of cities generates, on the other hand, an increase in social inequalities, which is felt in urbanization processes, increasing the exclusion of the poor in productive processes. In this way:

“(…) the new inequalities are not just reduced to the economic issue, but it is multidimensional, articulating social exclusion, resulting in an urbanization, whose urban growth has reproduced contradictions in medium-sized cities that are difficult to solve”. (CARVALHO, 2003, p. 4)

Herce (2015) states that the increase in the average size of real estate launches is felt by the penetrating power of the financial system in the real estate sector. The concept of location itself changes, since the geographical location no longer depends on the existence of services and infrastructure. Capital gains dazzle real estate entrepreneurs and, in the short term, dazzle the government, due to the increase in revenue, job creation and economic development. This thinking is a clear reflection of the neoliberal policies adopted, according to Deák (2016), with greater or lesser intensity, varying degrees of success and participation of its populations. These policies were intended to dismantle the welfare state's policies, with an attempt to counter the tendency to generalize the commodity form, disqualifying and delegitimizing the state. Thus, the State is no longer the depository of the collective interest and agent of planning, favoring individualism and short-term perspectives. The process of economic change, which started in the 1990s, according to Santos (2015), resulted in the migration of capital to the financial segments, as evidenced by the low real growth rates (around 2.4% per year), while the growth in financial income grew at around 29% per year.

“From that moment on, the valuation possibilities became increasingly strongly associated with investments in papers that, in the great majority, acquire a speculative character”. (SANTOS, 2015, p. 178). Still for the author, the financialization processes and the consequent internationalization of the flows of financial capital added to the real estate market are felt in the Brazilian metropolis, mainly in São Paulo, and yet, we will observe the entry into this system, of the real estate market in the interior cities of the country, participating in contemporary financialization processes, with major consequences, especially in the urbanization scales of cities. When observing the processes that we are exposing, it is important to note that for Pereira (2016) less and less cares, from the point of view of the capital and labor relationship, the place, whether Europe, the United States, Belo Horizonte or São Paulo or any other Latin American city, since the universalization and global character of capitalist reproduction is observed. In this regard, the applicability of several studies about the processes of financialization of capital is justified, on which we base

ourselves in order to understand the city under study, which will be treated more specifically in the next chapter.

Pereira (2016) highlights the importance of understanding the role of urbanization for the survival of capitalism, observing the accumulation of capital. For him, the rise of financial capital, in moments after the 2007 crisis, boosted real estate construction and property business, creating the assumption that apparently everyone would be gaining from this dynamic, through the offer of housing, its rentier agents and the population that could acquire housing. It is in this context of urbanization that condominium typology and even the construction of neighborhoods and entire cities are generalized, through this form of appropriation of urban space. Thus, the illusion that everyone would be gaining from this dynamic falls to the ground since, in the face of subordination to capital, the urban function is reduced to the conditions and needs of capital, being just a business. In this sense, the author points out that *"the emergence of contemporary urbanization is presented in the rise of financialization and acceleration of the use of space as an instrument of reproduction"*. (PEREIRA, 2016, p. 127).

Capital in the real estate sector, according to Pereira (2016), combines two reproduction processes that present themselves as if they were independent. First, the process of labor exploitation with the performance of work incorporated into the value of the product through the immediate production of the construction. Second, the increase in the final price of the product created from the general conditions of production, associating it with changes both in the structuring of space and in the relationship between goods as a financial asset. This is an exploitation of the workforce with exploitative processes. These conditions allow the construction entrepreneur to dedicate himself to pleasurable ways of increasing the gains with real estate, predominating:

“(…) a monopoly price that favors political reasons in the real estate market and attenuates the economic rationality of increasing the material productivity of production with the concern to save labor”. (PEREIRA, 2016, p. 131).

It is in this context that capital and its agents, in association with the State, seek political control of this process of capitalization of income, focusing on the formation of prices instead of just the creation of surplus value. In this way, the appreciation of real estate in the city is subordinated to the needs of capital through the action of the State that manages and perpetuates the dominant interest that controls the production and access to real estate. Although it is not a novelty in the Brazilian urbanization processes, we observe a new scale of action by capital in this process and a performance by the State that was less present. For the author, contemporary urbanization is characterized by the emergence of financialization and the form of incorporation in the production of space, and the urban space affects the reproduction of capital in its global movement, forming exorbitant prices with contradictory consequences such as an increase in the number of properties unemployed and the number of homeless people. For Sánchez (2001), to carry out the current phase of capitalism, it is necessary to produce a new space that is pressured by the demands of new forms of accumulation, through logics and strategies on a global scale. Agents and interests combined in different fields, policies and territorial arrangements act in the production of this space, and

the world market in cities is driven by different markets, such as the real estate market in which the increasing mobility of its capital allows fluency in agency large operations with international capital investments. All issues arising from neoliberalism do not contemplate improving the lives of the excluded and on the contrary lead to extreme levels of poverty. According to Benatti (2003), the unemployment of the population excluded from the system generates the production and reproduction of new areas in the cities, occurring the spatialization of exclusion, noticed mainly through the informalization of space and the occupation of areas such as mangroves, water sources, land public and peripheral. It is important at this point in the text, to start to understand how these observed changes can be felt in the production of our cities, from the point of view of the production of housing for different classes of incomes.

Shimbo (2012) traces a panorama of the recent history of the confluence between State, market and financial capital, from 1986 with the dissolution of BNH, until the housing policies implemented by the Lula government in the 2000s, demonstrating the approximation between financial capital and the real estate sector in Brazil, and its implementation in the second half of the 2000s. The author demonstrates that since the 1990s, legal and institutional mechanisms have been established in the country in order to consolidate what we see today. That is the consolidation of private housing production, not only for the upper and middle income classes, but now also for a range of income that was not served by the formal market promoted by large companies. At this moment, the author states that the real estate market occupies a central role in Brazilian housing policy today.

For Shimbo (2012), this relationship between public housing policy and private production has always existed, however, its scales of action have changed. It happens with the entry of financial capital from large construction companies and increased public and semi-public resources such as the Guarantee Fund by Time of Service (FGTS), the Brazilian Savings and Loan System (SBPE) and the Housing Finance System (SFH). Therefore, there was an increase in the housing production of large companies that can access SFH credit. This segment fits the production of residential properties for families with monthly income between three and 10 minimum wages, contributing to the increase in the scale of production of houses for this income class in a short time, in the late 2000s. In this context, Shimbo (2012) states that a new private agent emerges in the production of housing that presents roles of developer and construction company in the same figure, being responsible since the purchase of the land, executes the construction and even commercializes the housing units, including articulating the client's housing finance. In this system, the agent also captures funds in the capital market, in addition to those of SFH.

## CONCLUSION

To conclude this article, we will define the three models of contemporary urbanization in Brazil. With changes observed in the production of housing in Brazil, we can already consider that there are three models of building the city from housing, or three models of contemporary urbanization. A first model is one in which the public authorities and the private sector share the process, and the State is a promoter that finances part of the projects. This model was fundamental for the growth of

large construction companies in Brazil and in the increase in the supply of social housing in which the State acts not only as a regulator, but also as a financier, intervening directly in the financial contribution together with the private market, in promoting social interest housing. With the creation of the PMCMV in 2009, this articulation becomes even more tenuous, where we still observe the performance of the private market in the production of social housing for lower income classes, in order to reduce the housing deficit for these income classes, the so-called Track 1 of the program.

By this first model, private companies take advantage of this new capital increase that starts to enter the process, and changes their scale of performance and production, starting to act in the so-called production of social housing in the market. According to Fix (2011), there is a logical difference between enterprises aimed at income brackets from zero to three minimum salaries and those destined to income classes between three and 10 minimum salaries, which consists of the fact that enterprises destined to the zero to three bands, the companies are contracted by Caixa Econômica Federal Bank (CEF), are remunerated for the construction and have the demand organized and registered by the city halls. In the second case, the companies take charge of the incorporation that it launches on the market and assumes the risks if they are unable to commercialize the units.

A second model, we call the private model or market model. In it, the city's production, through the real estate market, is promoted only by the private sector. The public authority in this case assumes the regulatory role when drafting laws to approve the projects or even when creating legal benefits for the implementation of the projects, such as the easing of land use and occupation laws. However, the State does not participate as a promoting agent that finances the market. In this second model, Silva (2016) raises questions about the commercialization of urban space and its relations with the process of expansion of the city in Brazil whose standards established by real estate production aim at the reproduction of Capital, and that urbanization companies play a relevant role in order to understand the processes of contemporary urbanization. We also consider a third model, in which irregular occupations are framed as promoters and active agents in the construction of the contemporary city in the promotion, mainly of housing, often counting on the collusion and participation of the State and even of the market. In this text, we are not going to stick to any historical panorama of how real estate arrangements took place in Brazil over time, since several quality works have studies in this direction, including authors such as those mentioned above. Fix (2011) gives us a subsidy to understand how this process took place in real estate cycles in the country up to the present. As we intend to stick to current processes, we focus on exposing the primacy of the city as a product exercised by the real estate market today, and further ahead its consequences in the construction of the contemporary city.

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