Wealth Inequality and Elites in the global South

SCIS Working Paper | Number 53

BRAZIL: COLONIAL LEGACY, GROWTH PATTERNS AND POWER RELATIONS

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Robert Bosch Stiftung

WITS UNIVERSITY 100 1922 2022

SOUTHERN CENTRE FOR INEQUALITY STUDIES

Colonial times, independence and the First Republic (1500–1930)

The colonisation of the vast region, of what would later become Brazil, took the form of a commercial enterprise from the very beginning, contrasting with the single focus of transferring precious metals that characterised Spanish-American colonies. This implied the production of consumer goods that could be absorbed by European trade circuits, a trend that continued almost unchallenged throughout the colonial and imperial times (1500–1889) (Furtado, [1959] 2007; Prado Jr., [1942] 2011). During this period, Brazil was part of the Portuguese – and for a short time, the unified Iberian – empire. A precocious form of absolutism was established in Portugal and it commanded the imperial expansion of the country and its colonisation of the Americas – a great feat for a country with such a small and impoverished population. It was a late feudal kingdom and a patrimonial state (Faoro, 2021). Even though the main product of the commodity-led export model changed from sugar to coffee, the system was based on two pillars: slave labour and large territorial units.

The former is one of the most violent and despicable features of Brazilian history. It is estimated that nearly 5 million Africans were enslaved and brought to Brazil, constituting an indispensable element of the success of the colonial enterprise. Also, the indigenous population was repeatedly captured and put into forced labour. Brazil was branded, since its conception, by racism and a disregard of humanity and morality. More than a hundred years after the adoption of the abolition law, the *Lei Áurea*, the violation of human rights, especially of poor, black and indigenous populations, remains standard in the Brazilian way of life. Brazil also holds the record for being the last country to abolish slavery on the American continent in 1888. This lateness, and the gradual approach adopted by the abolition process, both delayed and papered over ongoing changes in a labour market which was slowly becoming more concentrated in urban centres. It is difficult to understate the vicious consequences that slavery – both indigenous and African – perpetuates up to this day.

Having large territorial units as the basis for production, Brazil was characterised by severe inequality of land access. Several legal arrangements such as the Hereditary Captaincies, the *sesmaria*s and the Land Law of 1850, were put into place. This aided in the blocking of access to land and the maintenance of big rural properties, the *latifundia*, in the hands of the white Portuguese elite – the roots of the enormous land concentration still existing in Brazil. The main exceptions in this early period were work arrangements aimed at attracting European immigrants, which involved the transfer of land properties – thus enhancing the racial aspect of land inequality. The attempts at land reform, although they existed, were all unsuccessful.

On the political front, both the Independence of Brazil in 1822 and the Proclamation of the Republic in 1889 reflected the prevalence of conservative coalitions. These two (theoretically) disruptive processes prevented political transformations and perpetuated rural oligarchy control.

The big landowners were the main driving force of independence, but we must not lose sight of other forces at play, as well. First, the powerful merchant community of Rio de Janeiro, which was then the capital, as well as a few other cities – often connected to merchants in Africa, especially Luanda. The merchants in Brazil were positioned hierarchically above wealthy slave traders, a connection that was crucial. They (the merchants) lost influence in a piecemeal form during the nineteenth century, even prior to the slow elimination of slavery, in favour of landlords.

The second force was the state power itself and politicians who were keen on keeping the territorial integrity of the former colony, a path very different than that taken by the Spanish colonies.

The patrimonial features of the colonial state were maintained after independence. There was still little to be gained directly from the exploitation of the state, other than the attribution of titles of nobility to the political and general stratum and, above all, the awarding of land by the emperor to dominant regional forces. Slowly there emerged a more capitalist-oriented class, especially in the state of São Paulo. Slaves, however, were used on a large scale linked to coffee exports, which did not see its interests well-represented by the monarchy.

As a result of the legacy of colonialism and slavery, the Brazilian social structure was characterised by the gap between the emerging liberal forms and an unequal social reality. The intellectual elite were obliged to confront the repertoire of 'backwardness' resulting from the discrepancy between the country's political and material conditions in relation to the dominant European conception about evolutionary social stages. This repertoire allowed the emergence of political projects of modernisation, based on the claim to overcome the Iberian-Agrarian legacy, by dynamic principles of a market economy and democratic institutions. Such projects – still influential today – often insist on attributing a dualism (modern versus 'backward') to the formation and social development of Brazil. However, this was the process whereby the country was integrated into global capitalism, dynamically combining "backward" and modern sectors (Oliveira, 1972).

During the imperial period, the focus of foreign policy was the construction of conditions for the consolidation of the country's borders and acceptance of the new sovereign entity within the European-dominated international system. This process was concluded during the tenure of the Baron of Rio Branco as Minister of Foreign Relations. It aided and was aided by a certain cohesion of the imperial elite, thus establishing a connection between foreign policy and the exclusionary project. The recruitment for the foreign office was also an expression of this pattern, limited to families of the agrarian and commercial elite. As economic interests shifted from London to Washington post mid-century, foreign policy also tilted in the same direction (Ricupero, 2017; Santos, 2018).

After an initial dominance of military forces, an oligarchic and exclusivist republic was established. Voting rights were limited to literate males – the minority of the population. The Federal Constitution of 1891, the first enacted in a republican context, defined workers' demands as subversive and undermined social rights, except for disability retirement for civil servants.

According to Lavinas (2020), the social question went through two distinct phases during the First Republic (1889–1930). From 1889 to 1918 the social question was focused on struggles against the rising costs of living, including food prices, inadequate housing and lack of political representation. One of the main sparks of these popular movements was urban reforms which pushed the working classes further away from the political, urban and economic centres.

From 1919 to 1929, the social question was reconfigured as the question of labour rights, with a focus on working conditions. The first laws regulating wage labour were enacted during this period, such as those establishing the right to vacation and specific working conditions for minors. The main achievement of this period was the creation of the first fully-funded pension scheme, the Pension and Retirement Fund. This achievement reflected the growing power of the labour force both domestically, following the right to unionise in 1907, and internationally, with the founding of the International Labour Organisation and the first International Labour Conference in 1919.

Despite these advances, the population covered by labour regulations remained limited to small fractions of urban workers and the lack of control and compliance made it largely ineffective. The structural heterogeneity of the Brazilian economic system – that is, the coexistence of areas of rapid growth and productivity and others marked by stagnation and lethargy – kept formal wage relationships from spreading to most economic activities. Consequently, one can argue that the social protection system organised around wage labour was inadequate from its conception.

Despite the major political and economic transformations that took place over these centuries, one can find a number of regularities, allowing the period up to 1930 to be analysed as one. Exclusion continued to be the norm for the majority of the population, as wealth and power remained concentrated at the top. The advances brought by different forms of social struggles only reached a small group of urban wage workers. The economic system continued to rely on an export-oriented scheme, based on agricultural, livestock and extractive sectors. Yet, the rise of an incipient commercial and industrial bourgeoisie and its counterpart, the urban salaried worker, began to heighten the complexity of the socio-economic landscape. The tensions were fuelled by the consequences of the Great Depression of 1929, eventually disrupting the correlation of power that perpetuated the oligarchical control of the Republic. This process came to its peak during the first Vargas administration (1930–1945), supported by these new actors.

Only at the end of the First Republic, when the 1929 crisis shook the global economic foundations, would Brazil begin to challenge its external dependency and adopt a more inward perspective.

Vargas's authoritarian years (1930–1945): the transformation of the Brazilian productive base and social organisation

After almost forty years of rural oligarchical control, the First Republic came to an end with a coup d'état in 1930 that ousted the incumbent president and gave power to Getúlio Vargas. The rupture in the political status quo was a result of both domestic and external shifts. The international order was shaken by the Great Depression of 1929 and later, the Second World War. Both episodes disrupted commercial and financial flows, as exemplified by the end of the gold standard and conversion to pound sterling. Since Brazil depended on the external sector to promote economic activity (exports) and to provide consumer and production goods (imports), this changing scenario required important modifications in the scale and profile of state intervention.

From this period on we can conceptualise Brazil in terms of a process of "conservative modernisation" (Werneck Vianna, 1976): the large agrarian property was preserved untouched, while resources were shifted to the urban economy and especially to the infant manufacturing sector.

The downfall of the First Republic engendered the first period of genuine political democratisation of Brazil, allowing grievances to be aired more freely. Initially there was ample room for the mobilisation of political actors. As time went by, however, the Vargas government turned more authoritarian. Taking as a pretext the misguided insurrection led by the Communist Party in 1935, Vargas, now elected president, started to close the regime. In 1937 the Estado Novo (New State) was announced, repression further generalised, censorship fully established and elections eliminated, under the aegis of a constitution with strong fascist elements. Anti-liberalism and anti-communism laid at its core. Labour was fully subsumed and controlled by effective corporatist structures, while the industrial bourgeoisie, formally organised by similar structures, maintained much greater autonomy.

Although the Brazilian economy remained dominated by an export-oriented agricultural ethos, the emergence of new social groups, particularly industrial and commercial businessmen and urban wage workers, led to a broadening of the scope of state intervention. Its mounting participation in the socio-economic realm can be illustrated by the initiatives taken from 1931 onwards to mitigate the effects of the external crisis on income and demand – particularly relevant for a commodity-led export economy. In other words, the Brazilian government developed a countercyclical policy in times of recession and instability, even before the 1936 publication of Keynes' *General Theory* and the approval of the New Deal in 1933 in the USA.

This historical context reinforced the influence of modernisation projects in the country and renewed hope for overcoming the persistence of Brazil's 'backwardness'. At this stage, dualistic intellectual production was in the antechamber of underdevelopment theory, which would become dominant in intellectual circles from the 1950s. From this perspective, the 'backwardness' was seen as a result of a "singular historical-economic formation" (Oliveira, 1972: 7), with the simultaneous presence of two incompatible and antagonistic poles. On the one side, the 'backward' sectors associated with the form of pre-industrial economies and on the other, the modern sectors, deemed capitalist structures corresponding to central countries' patterns. This version of the modernisation theory vowed the replacement of the 'archaic' sectors by the most advanced forms yet (social, economic, cultural, etc.) achieved by capitalism.

Active state economic intervention during this period represented a landmark in the Brazilian industrialisation process. Having managed to sustain demand in a context of diminished international trade, consumer spending was redirected toward domestically produced goods. As such, the then-infant industry could expand production without external competition, which accelerated structural transformations. This shift from external to domestic demand as the main force pushing economic activity is described as the "change in the dynamic axis" of the Brazilian economy (Furtado, [1959] 2007).

Over the following years, the government adopted several measures with the direct or indirect aim of stimulating productive diversification and industrialisation. These included exchange rate controls, import restrictions and banking sector reforms. Resources were transferred from the agrarian to the urban sector. The Brazilian state also converted itself into a direct producer through state-owned enterprises. This guaranteed the supply of intermediary goods for the industrialisation process underway, including the steel, mining and electricity sectors between 1940 and 1945. This forged a new relationship between the state and the industrial entrepreneurs (Mattos and Alvarenga Jr., 2021). Vargas cleverly played the United States, trading Brazil's alignment with the Allies against the fascist Axis in exchange for the country's first steel plant (Moura, 1980).

Government intervention also reached the labour market. Reformulation of work relations was motivated by the ongoing industrialisation and the importance of urban wage workers as a political support group. The government's chosen path involved transforming formal proof of employment into recognized occupations as the source of access to social rights. In other words, to become a citizen, one needed to be a formal worker. Consequently, the expansion of citizenship rights was driven by the growth of formal employment, the recognition of new occupations and the broadening of benefits for those already officially employed. The state had control of who would and would not be considered a full citizen. This reconfiguration of labour relations and their connection to citizenship is captured by the notion of "regulated citizenship" (Santos, [1979] 1987). Even though the industrialisation process was advancing and the urban population was growing, this framing of citizenship excluded the vast majority of the population, still characterised by informal work relations, especially in the agrarian sector where labour rights were not entrenched (Gomes, 2005).

Apart from the discrimination between citizens and non-citizens, one of the greatest legacies of the Vargas era was the creation of an institutional framework designed to protect regulated labour and labourers. Relevant measures included the establishment of the Labour Ministry in 1930, the enshrinement of a minimum wage in 1940 and the *Consolidação das Leis do Trabalho* (Consolidation of Labour Laws) in 1943 – a set of legal labour regulations directed at enlarging the urban working class. The fully funded pension system was also reformed, now organised by occupational category and controlled by a board with tripartite participation with the state representative as the chairman.

Unions were also affected. In order to be recognised as a worker and, by extension, a citizen, one had to be a member of a union regulated by the Ministry of Labour. This came hand-in-hand with the repression and demobilisation of social movements and enhanced control over labour organisations. Taken together, these shifts meant the destruction of autonomous unions and the independent organisation of the working classes.

The occupational stratification of social policy reproduced labour market inequalities and failed to promote a more equal and homogeneous society. Horizontal solidarity was diminished, as the struggle for benefits was specific to each labour category (Lavinas, 2020). This added to other contradictions, such as: the growing control of union activities by the Labour Ministry; the absence of indexing rules to the minimum wage, whose value was set by the states, leading to a loss of its real value; the restricted coverage of the pension system due to pervasive informality; the neglected status of the poor (Telles, 2001; Castro, 1946) and the perpetuation and increase of long-lasting inequality levels, with a moderate fall between 1943–1945 (Souza, 2017).

Paradoxically, Vargas's interventionist policies produced a hypertrophy of the tertiary sector. Since the basis of capitalist expansion was precarious, due to insufficient accumulation from commodity exports, the manufacturing sector needed to generate a network of precarious urban services. The result was a horizontal and chaotic expansion of cities with low coefficients of capitalisation and a set of "personal services", self-employment and informal labour – the harsh exploitation of which promoted accumulation in the industrial sector (Oliveira, 1972: 27-31).

Vargas's term was the first government backed by urban workers and industrial capital, reflecting and giving momentum to a shift in the power relations of the country. The external context was also of great importance, rendering inoperative the conditions that justified the extreme focus on agricultural activity. The advance of industrialisation and the change in the dynamic axis boosted the societal transformation even further, with the state performing an essential role in both creating the required institutions and converting itself into a direct producer. Labour relations were also affected, being elevated to the role of the defining element of citizenship. Since formal wage labour was not the norm, this approach pushed the majority of Brazilians to a status of exclusion.

This period cannot be fully understood without considering the authoritarian vein of the state, which underpinned such transformations. Vargas repeatedly made communist and anarchist organisations illegal, controlled and repressed unions and suppressed elections – not to mention the fact that the 1937–1945 government was a fully-fledged dictatorship. As such, even though Brazil underwent a modernisation in the economy, by pushing forward industrialisation and wage labour, it prevented the unfolding of a democratic society.

As the industrial business sector became more relevant within the country´s power structure, they also acquired more influence in the definition of its international agenda. The acquisition of technology and financing of industrial projects became a core objective of this emerging sector. The association between autonomy, industrialisation and foreign policy alignment with the USA was thus established for the first time. The industrialisation process did not mean the cancellation of the agrarian economy. On the contrary: the influence and power of landowners became completely integrated into a new wave of capitalist development.

A turn to democracy: structural transformations in the economy and the new social question (1946–1963)

Getúlio Vargas was ousted in 1945. There were growing internal tensions and he had lost the support of the military, partly as a result of the global defeat of fascism in the Second World War. A more extended, though still restricted, period of democratisation started in the mid-1940s. It was consolidated in the 1950s with the election of Vargas's now democratic second administration, followed by the Kubitschek administration.

A new constitution was drafted, maintaining corporatism, restricted labour legislation and the political exclusion of illiterates.

This second wave of democratisation was broader than the brief period of the early thirties, let alone the restricted mould of the First Republic. Even so, the military maintained – and to some extent expanded – their mostly conservative and anti-democratic political role. Political mobilisation unfolded: the organised working classes; the peasants who mobilized extensively for the first time; the internally fractured middle classes and college students were expressing a new political engagement.

On the economic front, the inflow of foreign capital in the post-war period helped Brazil and other Latin-American economies (Rossi and Rocha, 2016). Industrialisation accelerated thanks to the impulse given by foreign direct investment and the active role of the state in regulating work-capital relations, carrying out national development policies and creating or expanding public enterprises.

Public investment and state participation in the industrial sector played a key role in the development of the Brazilian economy during this period. Several major state-owned enterprises were created, such as Petrobras (oil and gas), Eletrobrás (electricity) and the National Bank for Economic and Social Development (BNDES). From the second half of the 1950s onwards, the country would go from a primary-export base to a complex industrial economy with a growing urban society.

Under the coordinated efforts of national and foreign capital, industries such as heavy chemical, heavy mechanical and electrical machinery became targets of sectoral policies under Kubitschek (Suzigan and Villela, 1997). The results in terms of GDP growth were notable, with an average annual growth-rate above 7%. A structural shift in Brazil's economy – through a state-led process of heavy industrialisation – was taking place, with productive capital and industrial accumulation as the motor of the economy.

Foreign policy adapted to the demands of the new industrial interests, with the diversification of access to markets for Brazilian goods appearing as one of its aims. The connection between development projects and foreign policy was a point of tension between Brazil and the USA. The so-called "independent foreign policy" (1961–64) sought to reposition Brazil in terms of a more global engagement. It included establishing relations with socialist countries, projects for greater cooperation in Latin America and a position in favour of decolonisation in Africa.

At first glance, the 1950s brought considerable advances in terms of employment and income. Both the second Vargas administration, as well as the Kubitschek administration, raised the minimum wage. There was also an increase in the working population and levels of education, specifically in urban areas. These advances, however, did not happen free of contradictions. From the late 1940s a wave of strikes across cities – denouncing the cost of living and the lack of social infrastructure – broke out (Lavinas, 2020). If the living conditions and spheres of reproduction for the urban working class were far from ideal, the disparities between rural-urban areas in the country were even greater.

The transition to an industrial pattern of accumulation in Brazil did not happen in the same terms as those observed in several advanced economies, where it was followed by land reform and redistributive social policies. In the first case, a "pact of classes" managed to shift the driver of capitalist accumulation without completely eliminating old oligarchic patterns, maintaining archaic relations of power and forms of production alongside emerging ones (Oliveira, 1972). The process of industrialisation and the consequent acceleration of urbanisation was concentrated in the south-east part of the country. The relationship between 'backward' rural areas and the rapidly growing urban centres set in motion a massive migration movement to cities like São Paulo and Rio de Janeiro, exposing the challenges to other regions incapable of absorbing the benefits of progress – notably the north and north-east (Cano, 1989). While the country went through a process of intense modernisation, the state's neopatrimonial features were reaffirmed.

From the 1950s onwards, there was a shift in the social question with greater attention to the country's deep regional disparities. Peasants and rural workers' movements – notably the "Peasant Leagues" – denounced the archaic structure of landownership and campaigned for the right to land through land reform (Lavinas, 2020). On the government front, regional development institutions failed to tackle the main issue of broadening access to land. The accelerated Brazilian urbanisation process also developed amid its contradictions, propelled by the mechanisation of agriculture and a new wave of migration to the south and south-east in the 1960s. The excess workforce ultimately depressed salaries and worsened exploitation across the board (Lavinas, 2020).

The incumbent administration met in the early 1960s amid debates and intense social mobilisation from rural and urban workers toward greater social reforms. A proposal of "Basic Reforms" involved bold, progressive plans for the urban, educational, banking and agrarian sectors (Land Reform, Rural Workers Statute, Rural Worker Assistance Fund) and included the expansion of democracy through the institution of universal suffrage. However, against a background of inflation and low economic growth, these projects clashed with the interests of the dominant economic groups and conservative forces, in a situation of governmental paralysis (Santos, 2003).

A key factor in the reaction of the conservative-ruling classes was the realignment of global capitalism. The Brazilian industrial growth occurred in an adverse international environment: after World War II, the economic situation in North America and Europe demanded that countries like Brazil reassumed the position of supplier of raw materials. As in any place, capitalist expansion has meant the establishment of the hegemony of the industrial bourgeois classes. In Brazil, however, the agrarian landowning classes were not removed completely from power structures (Oliveira, 1972:33-36). Instead, it reproduced in the political arena the same junction of the archaic and the modern that occurred in the economic infrastructure, with the consistent exclusion of the working classes from power positions. The dominant economic groups and conservative forces saw in the civil-military coup of 1964 a chance to maintain their position in the social hierarchy and their gains in the distributive conflict.

The civilian-military coup, the Brazilian economic miracle and the crisis of the industrial growth pattern (1964–1987)

The civilian-military coup of 1964 inaugurated a dictatorial regime that would last over two decades, grounded in a development model marked by the deepening of several forms of inequality. It banned political activities and democratic institutions.

O' Donnell (1973) provided the best characterisation of the Brazilian regime. He defined it (as other Latin American military dictatorships) as a "bureaucratic authoritarian state" at whose core stood the army. Civil and technocratic connections should also not be overlooked. In the Brazilian case, the military kept a modernising perspective. They found ways to repress the left and the working class – even keeping corporatist unions – while creating what Cardoso (1975) called "bureaucratic rings" through which business interests were represented. Political citizenship was radically limited. Although the regime kept a liberal parliament – albeit under strict control and re-organised the party-system – neopatrimonialism was pushed further.

The years that followed experienced strong economic growth, but at the expense of a severe policy of wage repression and deliberate income concentration.

Large state-owned companies advanced in the manufacturing sector, diversifying and modernising the national industry through the considerable expansion of capital and intermediate goods. From the late 1960s onwards, the economy would experience double-digit annual growth rates thanks to a set of development plans, reforms and high external liquidity. The so-called "Brazilian Economic Miracle" resulted from a model aimed at attracting large transnational companies and fostering the expansion of subsidiaries already installed in the country.

The conservative modernisation, deepened by the military regime, also addressed social questions, such as the social insurance system, now with a larger public role. Important administrative reforms were put in place throughout the mid-1960s and the 1970s, such as: the unification of all Institutes of Retirement and Pensions; the creation of the National Institute of Social Insurance; the creation of the Severance Indemnity Fund (FGTS); the expansion of public healthcare, although still restricted to formal workers, and a complete overhaul of the National System of Social Insurance and Assistance (Lavinas, 2020), with fundamental changes in the educational system.

The architecture of the "economic miracle" was grounded in profound reforms in the tax, administrative, financial and banking sectors (Tavares and Assis, 1985). A centralised state with no poverty-fighting programmes, a clear policy to expand credit for the middle classes – aligned with a regressive tax system – and wage repression, all contributed to the concentration of personal income and worsening levels of inequality. The agrarian question remained unaddressed and worsened due to the accelerated process of mechanisation of the land, expelling rural workers to find precarious opportunities in the city.

At the peak of the industrialisation process, multinationals and their subsidiaries gained weight and controlled part of the industrial production and the transfer of technology. This reinforced the existing division of labour in Brazilian industrialisation between state, foreign and private domestic capital (Rossi and Rocha, 2016). Tied to this movement was the increasing role of the state as a long-term financier and, particularly since the "Economic Miracle", a growing pattern of external indebtedness.

This internationalisation of Brazilian industry promoted a new social structure with the rise of a relatively small, but politically powerful, social group: the middle classes. The reorganisation brought by foreign companies contributed to the spread of executive and managing positions that seemed to shape urban policy and state actors in their favour. The state continued to ignore the growing urban question and its explosive trajectory, "as cities' peripheries swelled with 'ramshackle housing' and a 'lack of basic infrastructure'" (Lavinas, 2020: 59). The military regime did promote well-known housing funding policies such as the National Housing Bank (BNH). Nevertheless, the BNH mostly served the interests of the private sector, which benefited from the decisions of location and construction. It ended up acting as a funnel through which the resources of part of the working-class savings were "drained to the private sector, in order to feed the accumulation mechanisms" (Fix, 2011:91).

The rapid increase in the profit-rate of companies producing consumer durables, which had already been operating with a wide margin of idle capacity, created incentives to expand private investment. The acceleration of growth in the construction sector, transport materials and mechanical industries enabled, along with knock-on effects, an increase in the employment rate (albeit with compressed average wages) and even a reduction in poverty (Tavares, 1998). The share of manufacturing reached 34% of Brazilian GDP by the late 1970s (Rossi and Rocha, 2016:190).

State development plans during the 1970s boosted industrialisation through the creation of a supportive infrastructure and direct investments. These plans, however, could not solve either the bottlenecks or the industrial concentration in the south-east region (Lessa, 1998). The great production of material wealth did not translate into the elimination of poverty or a decrease in inequality (Gimenez, 2008). Throughout this period, productivity gains were not incorporated into the minimum wage, as the military regime set an anti-union policy in motion and wage adjustments were settled far below real inflation (Coriat and Saboia, 1988). Despite the extraordinary results of a peripheral industrialisation experience, it did not lead to the overcoming of several historical issues.

Brazilian growth throughout the military regime was heavily accompanied by external indebtedness, profiting from high liquidity and low interest rates. These conditions would change radically in the 1980s. The collapse of the Bretton Woods system, external shocks such as the oil price increases and the elevation of the interest rate by the Federal Reserve in 1979, sent several peripheral economies into crisis and bankruptcy (Gimenez, 2008).

Known as the "Lost Decade", the 1980s represented a rupture from the industrial pattern of accumulation of the previous decades. Macroeconomic instability, low economic growth and inflation became the order of the day. The period also marked a decline in the productive investment and savings rate, along with a shift in wealth composition. This moved from the accumulation of fixed and productive assets to financial ones, especially government bonds. It was the beginning of the "restricted financialisation" phase (Lavinas, Araújo, and Bruno, 2017).

The process of re-democratisation, starting with the Amnesty Law in 1979, eventually involved a series of social groups and new political forces as the social question was channelled into the struggle for democratic freedom (Lavinas, 2020). The transition to democracy, however, was initially negotiated from the top down, as the military led the process that resulted firstly in indirect elections in Congress. The Amnesty Law shielded the military from prosecution for their political crimes and human rights' violations, a dimension the democratically elected governments that followed decided to disregard. Nonetheless, the recognition of still high levels of deprivation for most of the population would mobilise various social actors to fight for social rights. It led to the approval of the nation's most progressive constitution in 1988, after indirect elections established a civil government through the New Republic in 1985.

This shift towards democracy put an end to the prevailing model of conservative modernisation. Brazil, however, preserved unscathed the large agrarian property, and neopatrimonialism continued to grow stronger. Nevertheless, Brazil became a modern country, with its own specific features (Domingues, 2015), one of the most overriding being its deep socio-economic inequalities. By the same token, it *did* democratise, with many sectors adopting a democratic political culture and assuming a deep commitment to democracy. There was the expectation that those inequalities would be addressed within the framework of the new programmatic constitution. It was assumed that it would unfold with the implementation of strong social policies and the establishment of universal social citizenship, beyond corporatism. In fact, the neoliberal wave set new limits for change in Brazilian society.

At that time, it was unclear how the political system would be reshaped. Again, although the dominant economic classes maintained a huge direct influence over the new liberal democratic representative system, a rather autonomous and self-centred political oligarchy was fast developing. Neopatrimonialism traversed the whole political system, at least as a strategy to win elections. Some sectors – and the bureaucratic apparatus associated with powerful societal agents – reinforced the patrimonial aspects of the state and the political system itself.

Social inclusion as the social question: advances and setbacks under financialised capitalism

The 1988 Constitution, external opening and the real stabilisation plan (1988–1994)

Following the intense debates that marked the re-democratisation process, the New Republic of 1985 started facing a scenario of worsening macroeconomic indicators. With inflation rates reaching almost 2 700% a year, several stabilisation plans were put into practice. Sooner or later they all ended up failing as prices continued to rise steadily. The drafting and voting of the 1988 Constitution took place amid this turmoil. There was considerable hope and action from social movements in favour of making the social cause the focus of post-dictatorship Brazil, introducing constitutional rules to fight poverty and inequality. The so-called "Citizen's Constitution" was marked by the strong involvement of civil society and the progressive political camp pushing this agenda forward.

The main pillar of this new constitution was the idea of citizenship. It explicitly sought to build a free, fair and solidarity-based society, with the eradication of poverty, the reduction of social and regional inequalities and greater welfare for all (Lavinas, 2020). It sought to make democracy effective by promoting greater participation from civil society in various spheres of state action such as health, education and social assistance. In particular, it set out to eliminate poverty and established a system of social security. The emerging social policy framework was based on a free and universal health system, though with insufficient provision, and monetary transfers reaching a significant portion of the poorest population either through pensions or welfare benefits. A safety net was now guaranteed for those proven to be poor or deprived, established through means-testing. In short, the state became legally responsible for areas of provision that, until then, were almost entirely accessed through the private sphere.

In a change of political winds, Fernando Collor de Mello, the new president elected two years later in 1990, came to power under a strong moralist and conservative discourse, based on anti-corruption arguments. Inaugurating the neoliberal phase of Brazilian politics, several measures were put in place during this period which sought to open and liberalise the economy. Meanwhile, the stabilisation plan, the most radical in Brazilian history, failed to control inflation. This struck a blow to a domestic industry already weakened by economic crises, lower government incentives and now greater foreign competition. This marked the end of the developmentalist period in Brazil and its insertion into a highly financialised and globalised economy. The state's focus had been to promote rather than replace the private sector.

There was a latent conflict between what had been approved in the constitution and the dominant governmental discourse at the time, which put it under constant attack. Despite the contradictions between the progressive stance of the new legal framework and the neoliberal ideology that ended up winning the political clash, the changes instituted by the former managed to advance over the years, with more and better social provision for the population, especially the poorest, even if lower than necessary and expected.

Neoliberalism moves in: domestic price stability, external restriction and low growth (1995–2002)

The neoliberal president in office suffered a strong hit to his popularity amid failed attempts to control inflation and corruption scandals. He was removed from duty by Congress and his vice-president took over in 1992. With the new government, a ground-breaking stabilisation plan was put into practice, taking advantage of previous experiences and improved external liquidity. The so-called "Real Plan" allowed the government to control inflation, but at the cost of greater external exposure. With a necessarily neoliberal nature, the anti-inflationary plan would complete the country's insertion in a financialised global economy, bringing about several impacts on the scale and scope of state actions. This was especially important in the social sector.

The success of the "Real Plan", in terms of price stability, contributed to poverty reduction. On the one hand, this was due to the positive impacts that lower inflation had on the income of the poorest, and, on the other, the effects of the overvaluation of the exchange rate in reducing the costs of durable goods and food. Other social indicators showed improvements as well, partly because of the consolidation of the social rights enshrined in the new constitution. Capitalising on these improvements, Fernando Henrique Cardoso was elected in 1995 with a neoliberal agenda promising a deepening of the practices that were successful in controlling inflation.

The stabilisation plan provoked a strong increase in public deficits, pressuring government spending and leading to a deterioration of state services. The narrative arguing for the need to reduce state intervention became stronger. Economic liberalisation was further boosted by far-reaching privatisation and concession programmes. This movement is accompanied by a significant increase in tax regressivity, deepening social and income inequalities. As another part of this process, an amendment to the constitution allowed the government to make "emergency" budget cuts in social areas, freeing up the government budget.

At the end of 1995 the Brazilian banking system crashed, with the loss of financial profits based on inflation gains (Lavinas et al., 2019). The system was bailed out by the government, which encouraged mergers and acquisitions leading to significant market concentration in the financial sector. The strength of large financial groups, partly derived from the gains reaped from managing the inflationary process, guaranteed bargaining and market power to expand and consolidate their importance in the economy and political power.

The macroeconomic policy approach to keep inflation under control following the stabilisation programme was known as the "macroeconomic tripod". This macroeconomic regime combined three policy imperatives: inflation targets, public budget targets and floating exchange rates. This ended up resulting in perennial economic stagnation, low productivity growth, high unemployment and growing popular dissatisfaction.

The high interest rates imposed in order to keep inflation under control within this policy framework contributed to an unprecedented movement of "eliticised financialisation", in which inflationary gains were substituted by high-interest income (Lavinas et al., 2019). This was "necessarily limited and circumscribed to the elite and firms by virtue of the low degree of financial inclusion and bankarisation" (Lavinas et al., 2021:6). Thus, the post-stabilisation period was marked by the rise of financial-sector dominance driven by interest income and a massive growth of finance equity on the wealth held by the upper classes.

The neoliberal measures put into practice in this period had a detrimental impact on several forms of inequality. The government tried to compensate for these trends with the implementation of several piecemeal programmes focused on combating poverty – going in the opposite direction of the focus on universal social policies established in the constitution. These programmes focused on specific populations and forms of deprivation. There was a fragmentation of initiatives aimed at reducing extreme poverty and hunger, with several types of aid and subsidies of limited penetration. By contrast, public services were pushed into the hands of the private sector. For example, the state facilitated the expansion of private universities, which accounted for more than 70% of the students in higher education at the end of the 1990s, according to data from the census by the Ministry of Education. There was also the first reform of the public "pay-as-you-go" system, imposing limits on public benefits and contributions as well as increasing the retirement age. This reform would serve as an incentive to fully-funded pension funds and thereby of the dual profile of the Brazilian pension system marked by both public and expanding private provision.

Growing popular dissatisfaction and pressure gave rise to several progressive movements demanding greater compliance with the constitution and state involvement to tackle social issues. One of these movements, the "Homeless Workers Movement" (MTST), created in 1997, denounced the severe deficits in urban infrastructure in the large cities and the precariousness of living conditions of a large part of the population. In parallel, the "Landless Workers Movement" (MST), which originated in 1984, gained renewed strength amid dramatic levels of land inequality (with only 1% of landowners controlling 45% of agricultural land) and increased police repression in the countryside (Robles, 2018). The issue of social segregation became both increasingly present and disruptive. At the same time, social inequality grew in the rural area due to the lack of effective land reform, as well as in the cities with the limited incorporation of productivity into wages.

During the 1990s Brazilian foreign policy was directed to the acceptance of several international norms in the spheres of human rights, the environment and arms control. This facilitated the portrayal of a country open to internationalisation. The powerful agribusiness sector, which was gaining strength, was keen on a more open country and access to imported goods – in line with the liberal policies adopted during the period.

Switching gears: the period of mass-based financialisation (2003–2013)

Brazil entered the twenty-first century as one of the largest and most unequal economies. The country had the fourteenth largest GDP in the world in 2003 (IMF, 2022), while ranking third place among the 59 countries with data for income inequality measured by the Gini index (World Bank, 2022).

The beginning of the 2000s marked a turning point in the country's economic and political landscape, bringing high hopes that it would head in a new direction. There was an important change in the external scenario: the major rise in the international demand and the prices of commodities produced by the country lead to a significant increase in export revenues. It was also a time of high external liquidity and the search for profitable investments outside advanced economies, resulting in large volumes of capital inflows. These were further boosted by circumstances enhancing the country's growth prospects, notably the discovery of new oil reserves and the choice of Brazil to host the 2014 World Cup and the 2016 Olympic Games.

Shifts on the domestic front also contributed to putting the country on a new track. The unsatisfactory outcomes of the neoliberal governments that ruled in the previous decade, leaving high levels of poverty and unemployment in a context of low economic growth, opened space for parties with a markedly different approach to tackling social and economic issues. The "turn to the left" movement in Brazilian politics was marked by the election of Workers' Party representatives, Luiz Inácio Lula da Silva in 2003 (re-elected in 2006, governing until 2010) and Dilma Rousseff in 2011 (re-elected in 2014). Their agenda supported active state intervention to promote economic growth and income redistribution within the framework of social neoliberal policies.

In the second half of the 2000s, Brazil entered a promising phase of economic recovery coupled with improvements in income distribution. The average GDP growth-rate rose from 1.8% per year during 1990–99 to 3.8% per year during 2000–10, peaking at 4.8% per year during 2004–2008 (BACEN, 2022). This performance was mainly due to a development strategy based on the exploitation of natural resources in the context of booming commodity markets. The expanded role of commodity exports in the Brazilian economy can be perceived in the "re-primarisation" of Brazilian exports, with an increasing share of products with low added value and technological content. The participation of commodity-based products in total exports rose from 15% at the turn of the century to almost 40% in 2011 (MDIC, 2022). Meanwhile, national industries lost competitiveness with the exchange-rate appreciation caused by the export boom. The participation of industrial goods in total exports shrank from 83% in 2000 to less than 60% in 2011 (MDIC, 2022). In contrast to exports, Brazilian imports were concentrated on medium- and high-technology goods, striking another blow to national industries.

Along with natural resource-based exports, the rise in public investments was a second important driver of economic growth in this earlier stage of the Worker's Party government. Public investment grew at a double-digit rate during 2006–10 (Orair, 2016), leveraging private investments and accelerating growth. However, this increase was temporary and insufficient to bring about a structural change in investment levels, which remained structurally low by international standards.

As exports and public investment decelerated, consumption took on an increasingly important role in sustaining economic growth. It depended on the increasing purchasing power of the masses, a result of both gains in household income and expanded access to credit. The rise in household income from 2003 to 2014 can be explained by changes in the labour market: new labour regulations, together with the acceleration of growth and investments, led to the creation of millions of formal jobs and supported slight wage increases. The Workers' Party administration passed a law to adjust the minimum wage automatically according to inflation and GDP growth. The unemployment rate dropped from 12.4% to 4.3% between 2003 and 2014 (IBGE, 2015), while the purchasing power of the average salary rose by around 43% (Lavinas, 2017). Despite these trends, labour informality remained relatively high, with estimates ranging from 30–50% of the working population (IBGE, 2015; IPEA, 2014).

Changes in social policies also contributed to the rise in household income. Government spending in areas related to social rights increased during the period headed by monetary transfers. New programmes, such as the conditional cash transfer programme, *Bolsa Família*, significantly broadened the degree of coverage of a wide swathe of the neediest and most marginalised sections of the population. For the first time, poverty was targeted on a consistent and large-scale basis (Lavinas, 2013). It is worth mentioning, however, that conditional cash transfers in Brazil, as in most other countries, do not constitute vested rights: beneficiaries are selected arbitrarily by the government, leading to serious coverage gaps.

The government also created or expanded several programmes to promote access to essential services, reaching millions of people in each case. These included, for example: *Luz para Todos*, expanding access to electricity; *Minha*

Casa, Minha Vida, subsidising popular low-cost housing and the *Fundo de Financiamento Estudantil* (FIES), a government-funded student loan programme which was significantly amplified. These sorts of initiatives were heavily reliant on private companies, which reaped massive profits from public subsidies and regulations (Fix, 2011; Lavinas, 2017). Along similar lines, the public pension system underwent a significant reform, contributing to the expansion of private pension funds. The main move within this reform was the equalisation of the contribution cap across the two public social insurance systems, for both civil servants and private sector workers. In practice, this meant that civil servants earning above the contribution cap of the general system wishing to increase the value of future benefits would have to sign up for a closed, fully-funded pension fund dedicated to the civil service. This was a significant change in that it compromised the redistributive "pay-as-you-go" foundation of the social insurance system, transforming part of it into a hybrid system.

Despite the political visibility of programmes such as those previously mentioned, the government unarguably prioritised monetary transfers to the detriment of universal services. Federal spending on welfare assistance, such as the *Bolsa Família* programme, saw a significant rise going from 0.4% to 1.2% of GDP between 2003 and 2014. In contrast, spending on public services and social infrastructure saw minimal variations, except for education. Federal spending on healthcare, for example, went from 1.6% to 1.5% of GDP during 2003–14, while housing spending remained consistently below 1% (IBGE, 2022b; STN, 2022). These trends suggested that Brazil had gradually moved away from the values that inspired the 1988 Constitution – a trend that started in the 1990s and continued in the following decades. Social policies allowed for the acquisition of consumer goods but were ill-fitted to equalise life opportunities and guarantee minimum standards for essential services.

Fuelled by the rise in employment, wages and social benefits, Brazil saw a reduction in income inequality and poverty in the early twenty-first century. The Gini index of income inequality dropped from 0.57 in 2003 to 0.52 in 2014, a remarkable change in such a short time-interval. The poverty rate (people receiving up to US$ 5,50 per day) also fell from 41% of the population in 2003 to 17.6% in 2014 (World Bank, 2022). The share of Brazilian households experiencing food insecurity decreased from 35% in 2004 to 22 % in 2013 (IBGE, 2014).

The methods used to examine inequality and poverty trends, however, can be misleading. These are often assessed using household surveys which are ill-suited to grasp sources of income and wealth that accrue to the upper classes, such as from real estate, land and financial assets. Alternative methodologies based on tax data find much fewer significant improvements in income distribution during this period. Medeiros et al. (2015), for example, show that the top 5% of the distribution appropriated a much larger share of the economic growth in 2006–12 than the poorest half of the population. Almost half of the country's income accrued to the top 5% in 2012, a figure that has risen in more recent estimates (UNPD, 2019). These results reveal that income redistribution towards the poor occurred at the expense of the middle classes – not the richest.

At least three factors tend to hinder structural changes in income and wealth distribution in Brazil: the tax system, the distribution of rural and urban property and the fundamentals of macroeconomic policies. Starting with tax policies, the Workers' Party did not break the high regressivity – the hallmark of the national tax system. More than half of federal tax revenues come from taxes on production and consumption and this participation has increased from 50% to 54% in 2003–14. The most striking figure is that of land taxation, which accounts for less than 1% of tax revenues in one of the largest countries in the world (Receita Federal, 2014). The tax system also creates added privileges through the sheer volume of tax credits, deductions and exemptions, which benefit mostly high-income individuals and private companies. This is the case, for example, of tax incentives for the acquisition of private services such as healthcare and education, sacrificing revenues that could otherwise fund public provision in these areas (Lavinas, 2017; Ocké-Reis, 2018).

Second, the urban and agrarian reforms did not advance either, making property ownership highly skewed in both the city and the countryside. In urban areas, government attempted to address housing problems through massified, privately-operated projects, raising the price of land and promoting urban segregation (Fix, 2011; Rolnik, 2019). In rural areas, land redistribution was offset by land possession, with the spread of large-scale, capital-intensive agriculture blocking the expansion of small-scale agricultural farming (Robles, 2018).

Third, the government maintained a neoliberal approach to fiscal and monetary policy, centred on the macroeconomic regime to control inflation described in the previous section. This undermines income redistribution by diverting public spending to financial, rather than social, spending. Following this regime, the state accumulated budgetary surpluses during all years – from 2003 until the recession in 2014. The targets made the government spend less than it earned so it could save funds for interest payments on the public debt – in other words, to remunerate rentiers. Between 2003 and 2014, the federal government spent about 4.5% of GDP each year on interest payments, three times the average spending on health (Cordilha, 2022).

Along with changes in the labour market and social policy, increased access to credit was a third major driver of household consumption. The volume of outstanding credit operations went from 25% of GDP in 2003 to more than 50% in 2014. Credit to households led this trend, from 9% to nearly 25% of GDP, especially due to consumer credit (BACEN, 2022). The credit boom was encouraged by the government, who developed programmes to promote financial inclusion and made regulatory shifts making it easier for individuals to take out loans. Civil servants, pensioners and the groups in the bottom half of the distribution turned into a fast-growing niche market for loans and insurance instruments (Lavinas, 2017). Households became increasingly indebted and trapped in financial difficulties. As of 2014, borrower families used nearly a quarter of their monthly income revenue on debt repayments (BACEN, 2022). Lavinas et al. (2019) describe the expansion of credit in this period as the mainstay of Brazil's phase of "mass financialisation", given the rapid incorporation of middle- and low-income households into the financial system. This boosted the process of financial accumulation which started in the 1990s, fed by interest-income from both public and private debt in the context of extremely high interest rates.

During the Workers' Party tenure, foreign policy sought to broaden the country´s international interaction facilitating the presence of Brazilian enterprises in places in Latin America and Africa and reviving the connection between autonomy, development and foreign policy. The considerable focus on developing further relations with countries in the global South and a greater political perspective on foreign policy were criticised by a significant part of the country's elites and fed the crisis that came in 2014.

Crisis, setbacks and the stock market driving wealth accumulation (2014–2021)

This period of seeming prosperity was short-lived. Brazil went through the second half of the 2010s beset by all sorts of crises and many of the country's achievements had been halted, if not reversed. The phase of economic and political instability started in 2014, following the deceleration of commodity markets and transformations on the home front, as the government adopted conservative policies that aggravated the recession. The Brazilian economy underwent one of the most severe contractions in its history in 2015–16, with an average fall of 3.4% in GDP per year (BACEN, 2022).

The economic recession was accompanied by a major political crisis. Popular discontent became clear in mid-2013 when millions of people took to the streets in response to rising transportation costs. The demonstrations turned into a broader movement denouncing the precarious state of public provision and demanding higher investments in areas such as health, education and housing – a movement that became known as the "June Journeys". The protests ended up serving as a magnet for the frustrations and aspirations of multiple political positions, including Anti-Workers' Party right wing groups. Despite popular demand, the Brazilian government decided to embrace a neoliberal set of prescriptions to deal with the economic crisis, cutting public spending and refusing to update the value of the minimum wage. The austerity policies ended up having a pro-cyclical effect, decelerating investments and growth (Gentil and Hermann, 2017).

The dual political and economic crises escalated and eventually led to the impeachment of the Worker's Party president in 2016. This gave way to a "shift to the right" in Brazilian politics, with the rise of governments with conservative agendas for both economic policy and individual freedoms – Michel Temer in 2016–2017 and Jair Bolsonaro in 2018–2022. Violations of the principles of the 1988 Constitution became stronger and more consistent, illustrated by constitutional amendments to reform the labour code and the public pension system. The 2016 budget spending cap (Constitutional Amendment 95) is another striking expression of a radical approach to social policy. This rule forbids any real increase in federal spending over a period of twenty years (the spending levels of 2016 are to be adjusted by inflation only). The only major item of the government budget exempted from the rule were interest payments to public debt investors.

The crisis reversed many of the trends of the previous period. The unemployment rate halted its fall and soared after 2014, reaching 11.4% in 2015–17 (IBGE, 2022a). The real value of the minimum wage and the average earnings of working people shrank in 2015 and have shown no expressive gains since then (IPEA, 2022). Similarly, inequality, poverty and hunger began to rise again by the end of the 2010s. The Gini index increased from 0.52 in 2014 and to 0.54 in 2018 (World Bank, 2022). This last year, over a third of Brazilian households suffered from food insecurity (IBGE, 2020).

With the coronavirus outbreak, Brazil reached the end of this period in a state of calamity. The country was one of the most affected by the global pandemic: until March 2022, it ranked third the world in terms of reported cases of COVID-19 (around 29 million) and second place in death toll (with over 650,000 deaths) (WHO, 2022). The extent of the devastation has been linked to the negationist attitude of President Bolsonaro, who refused to implement any social distancing and lockdown measures at the national level and made public statements casting doubt on the effectiveness of scientifically approved protocols. The Brazilian GDP fell while the unemployment rate broke historical records for the twenty-first century reaching almost 15% (IBGE, 2022a). The main policy option to alleviate the problems, brought about by the sanitary crisis, was boosting conditional cash transfers. Unsurprisingly, the emergency benefits prevented an increase in poverty and inequality at first, but were soon revised and cut, leading to major welfare losses (Lavinas, 2021).

After a sharp dip in early 2020 caused by the pandemic, stock markets have been recovering much faster than the real economy. This can be better understood in light of Lavinas et al.'s (2021) argument that Brazil has embarked on a new phase of financialisation since 2017. According to the authors, because of the economic crisis and the consequent reduction in interest rates, the main source of financial profits seems to have shifted from interest-income on government bonds to financial gains in the stock markets. Data gathered by them indicate that the volume of financial assets traded on the Brazilian stock exchange went from BRL 186 billion in 2003 to BRL 3.6 trillion in 2019, at constant prices of 2020. Private companies operating in essential areas such as healthcare, education and infrastructure are among the main drivers of the financial market boom. The chronic underfunding of public provision in these areas has played a key role in raising these companies' growth and profit expectations, fuelling their capacity to attract investors and thrive in financial markets.

Conclusion

Despite some advances in the first two decades of the twenty-first century, Brazil reaches the end of this period facing many forms of inequality and human rights' violations. While poverty and unemployment sweep across the country, wealth-accumulation based on real estate, land and financial assets continues to grow, boosted by the financialisation of land (Fix, 2011; Robles, 2018) and social policy (Lavinas, 2017). The development strategy promoted over recent decades has displaced local communities, harmed the environment and increased the country's exposure to external shocks. It comes as no surprise that in both urban and rural areas the levels of violence are among the highest in the world (UNODC, 2022).

With great difficulty Brazil managed to make advances. These were eventually halted – and to a good extent, reversed – due to distributive conflicts, crippled or excessively ambitious programmes, especially with regards to foreign relations and, above all, the implosion of the political system.

The political system became concerned with itself and, as per historical patterns in oligarchic systems, factional struggles became fierce. Meanwhile, social issues remained poorly addressed, economic development stagnated and the population felt dismissed and politically excluded. Neopatrimonialism was once again engrained further, contributing to socio-economic and political inequality, including the skewing of investment decisions, the removal of governmental policies from public debate and the rupture of the links between political parties and society.

The political crises that have unfolded since 2013, which included the Bonapartist intervention of the judiciary in an attempt to reshape the system, seems to linger on. It represents the outcome of the underlying problems of the political system, which appears to have become increasingly dysfunctional, despite the answers it could have provided society with between 1990 and 2008, albeit limited. The consequences of the crisis and the demoralisation of all political forces led to the election of an extreme-right politician in 2018 (Domingues, 2015, 2017, 2021).

Since the election of Jair Bolsonaro, the political, social and economic context has drastically eroded. The average real per capita income has fallen more than 10%; the destruction of democratic institutions has become a government goal; unemployment remains above 10% and 33 million people now face severe food insecurity. Today, poverty and income inequality have reached levels unknown in the last twenty years. Inflation is out of control: it jumped from 3.75% in 2018 to 10.06% in 2021 and has continued to rise between March 2021–22 (11.30%). With this, macroeconomic orthodoxy has once again prevailed, taking the economy's interest prime rate to 12.75%, channelling wealth to the elites – the public debt bondholders. Furthermore, household debt is soaring faster while economic activity has quasi-stagnated.

From the environmental point of view, the dismantling of regulatory and monitoring institutions has led to an increase in deforestation in the Amazon and the Pantanal and to innumerable environmental crimes, such as the invasion of indigenous territories and areas protected by law. As a result, extreme events such as floods, landslides and fires occur with greater frequency and scale, without palliative measures to mitigate such effects, nor structural policies to reverse these trends.

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