

**Social agents, State and urban planning in Brazil: new
theoretical and methodological perspectives after the City
Statute**

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Abstract

The increasing complexity of urbanization requires a more careful look at the relationships that produce and reproduce the Brazilian cities, locus of life of more than 80% of citizens and places in fruition by world economic system. This paper aims to demonstrate that, even after the creation of the City Statute in 2001 (document born from the claims of popular movements in the country's democratization in the 1980s and which regulates all the urban planning process of the cities in Brazil), the relation between social agents that (re)produce the urban space generates unequal political scenarios. In turn causing socio-spatial segregation, diminishing urban mobility, increased violence, emergence of "urban plutocrats" and flexibilization of the current legislation. This occurs because at one extreme is a State that fails to ensure the right to the city, exposing more people to high social vulnerability processes. On the other side, social movements contesting, ensuring and promoting rights already conquered by the population (which alter the nature of this process), and many times fighting against other more conservative movements which are used for political privileges to be held by use of power. Thus highlighting the contradictions that the Cities Statute cannot resolve, since, theoretically it should serve as a democratic territorial management channel. In this light, new debates appears for the social sciences, especially regarding the empowerment of new social agents, according to the economic dynamics and dominant politics in recent decades, as well as the search for a new typifying, nature and interests involved in urban planning. We believe that the academic debate needs to show - and also be updated about - the state action before the socially interested agents discuss and (re)produce the urban space. Therefore setting its stance towards democratically established legal frameworks, consonant to the proposal here presented, which aims to contribute to the sociological debate about the Brazilian cities, filling gaps left in recent years within the academy.

Introduction

Big cities deeply portray socioeconomic inequalities in Brazilian society. As well as in all capitalist system, a city is not only the place for reproduction of the labor force, but also a product of these relationships. The different segments of society (political, economic, cultural etc) mobilize capital at various scales, and not only are they motivated by different ideologies but also they develop distinct actions. Agents who are (re)producers of space are also heterogeneous, with different strategies and practices, and, above all, with different levels of power. What really matters in every aspect is precisely this level of power. Big companies, powerful corporations or developers have a profound impact on the urban fabric. Due to this power, they influence politics in a disastrous way, and they also generate negative externalities on other segments of society. All of them are within the capitalist system, which, as the main form of global production, imposes the master lines of space reproduction that creates and recreates inequalities.

Space (re)producers agents are not abstract entities acting impersonally to achieve the common good. They are social agents with first and last names, with specific interests, and, as it will be seen further ahead in this article, some of them have power to influence decisions in public and governmental spheres. They can be respectable corporate figures, supporters of charitable (or political) campaigns, distinguished patrons of the arts, who use different expedients to obtain concessions or exemptions, and to ensure impunity, in case of illegal practices. What is important to highlight is that there are different levels of power, and those agents with greater ability to mobilize their economic and political capital are able to produce and reproduce the urban space according to their interests.

The Brazilian military dictatorship ended in 1985. Three years later, the constitutional process defined legal frameworks for urban policy, but only in 2001 it was enacted the Federal Law 10.257, known as the "City Statute". This legislation establishes specific regulations for Brazilian cities' plans, and represented an important step forward, although it could not ensure the full democratization of urban issues. The lack

of basic infrastructure, such as sanitation, urban sewage, public transportation and other public services of basic social care, as well as the increase of socio-spatial segregation and social inequalities, are reflection of flawed executions of current legal frameworks.

The academy seeks to understand the reasons and consequences of these problems, but it has, as yet, been given little attention to the discussion over political arrangements that involve social agents determined to focus on the decision-making process of urban policies. We present, in this article, an initial approach in order to fill that gap, bringing to debate who these agents are, and also what are the results of their actions which have as consequence the maintenance of urban problems. For this, we followed the theory of “rent-seeking”, initially formulated by Gordon Tullock (1993), to explain how some capitalist agents use the State in order to realign public policies in favor of private interests.

This article intends to show how urban management is misrepresented despite the legal frameworks that were established in recent decades, primarily meeting the demands of organized capital. Powerless, oppositional social movements watch the main interventions in the cities’ territories at the same time that official spaces for the democratization of urban management are systematically emptied, occupied by major economic groups, or forgotten.

In the first section of this article, it will be examined the determinants of the Brazilian redemocratization process in the 1980s, and how the agenda of urban policy was incorporated into the Federal Constitution of 1988, culminating in the creation of the aforementioned statute.

In the second section, it will be shown that the State cannot fully act because it is itself the institutional expression of unequal social structure.

Finally, in the third and last section, it will be deepened the discussions about the “rent-seeking” theory in the light of current Brazilian political system.

1. The City Statute and the construction of a new legal framework

With the end of the Brazilian military dictatorship (1964-1985) and the country's redemocratic consolidation process, social movements that have always fought for more attention to urban problems, such as the Movimento Nacional pela Reforma Urbana (National Movement for Urban Reform), known as MNRU, had the opportunity to discuss their guidelines on official spaces – especially during the Constituent Assembly installed in 1987 by the National Congress for the making of a new Constitution, which was concluded one year later.

However, even after the collection of millions of signatures in favor of MNRU's themes (housing problem as central issue of the cities, public transportation as an integrating element of the territory, democratic management in decision-making processes of urban policy, and the social function of cities and properties), lawmakers responsible for the new Constitution did not comply with these popular demands, and deliberately excluded part of the claims. Besides withdrawing from the final text issues of housing and transportation, they rescued the Master Plan as the main instrument of urban policy in Brazil, which was a model with strong legacy from military dictatorship and technicist periods of cities' planning (Burnett, 2009), and what should be the main legal instrument for planning of cities with over 20,000 inhabitants (about a third of the population that lives in more than 5,500 municipalities in Brazil). In other words, the democratization of the whole process would be carried out compulsorily by a technical document that has resurfaced through a realignment triggered by Congressmen at the time, not counting the transfer of decisions to municipal governments, historically vulnerable to patronage and paternalism.

The two articles that are in the Brazilian Constitution and deal with urban policy (articles 182 and 183) were faced – even with the partial defeat of social movements – as catalyst elements of a new agenda for the national urban policy. In 2001, after years of discussion, these items were regulated by a specific law, culminating in the creation of the City Statute (Federal Law 10.257)¹. The new document instituted rules for the

¹ For an analysis of the City Statute's tramitation process, see Bassul (2005).

implementation of Master Plans, defined methodologies and tools, and drew up the main rights of citizens, particularly those related to the participation "in the formulation, implementation and monitoring of urban development's plans, programs and projects" (Brasil, 2001). In general, it was guaranteed to citizens of all cities with over 20,000 inhabitants the right to participate in these issues, aiming at socio-spatial equity and fair distribution of burdens and benefits of the urbanization process, which are considered key steps after the alert established in the last quarter of the Twentieth Century.

Since then, according to a survey made in 2013 by the Instituto Brasileiro de Geografia e Estatística (Brazilian Institute of Geography and Statistics), known as IBGE, which took into account only the 1,718 Brazilian cities with over 20,000 inhabitants at that moment (which so should have a Master Plan), only 6.3 percent reported being through the creation process of these norms, and in 4.1 percent of the analyzed cities it was not even being drafted. Besides that, in municipalities with less than 20,000 inhabitants, the percentage of cities that had a Master Plan, even without being ordered to it, was approximately 30 percent.

Even with the implementation of Master Plans in most Brazilian cities, with guidelines, tools and principles set out to give quality to the urbanization process, it is known that urban problems have increased ever since. According to the United Nations (UN), three to four of every ten inhabitants of Latin America and the Caribbean live today in more unequal cities compared to the two previous decades (UN Habitat, 2014).

As if it was not enough the expressive percentage of more than 85 percent of the Brazilian population living in cities, it is worth noting that inequality increased in 55 percent of towns in this region between 1990 and 2002, as well as it increased in 36 percent of towns between 2000 and 2010. This means that, on the one hand, some people live with greater access to infrastructure, education, health, safety, green areas and transportation facilities. On the other hand, others live in neighborhoods deprived of services, with transportation problems, less access to education and health quality, less leisure areas and higher levels of violence. On the other prism, while 10 percent of the population with the highest incomes held 41.9 percent of total income, 40 percent

with the lowest incomes have appropriated 13.3 percent of total income (IBGE, 2013). And the richest 1 percent has appropriated between 10 percent and 13 percent of total income (Cattani, 2007).

The urban planning of Brazilian cities, even after its legal framework from the City Statute, reproduced the symptoms of decades when there was no specific regulation in this area. In addition to the increasing social distance between the resources and conveniences that cities offer, the City Statute's era has limited employment options of its citizens; it has also worsened living conditions, increased gender disparities and social marginalization, reduced forms of social interaction and amplified the incidence of delinquency. In fact, it contributed to increase people's exclusion.

However, inequality does not emerge in a kind of vacuum, nor do we mean that the City Statute's and Master Plans' contents are inefficient. Our contribution is in order to strengthen the policy analysis process, considering the gaps between what provides the law and reality.

Examples to found this way abound. The soccer World Cup held in Brazil in 2014 cost to the public coffers an huge amount of R\$ 80 billion² (approximately USD 25.6 billion), and it was responsible for relaxation of the twelve host cities' urban legislation, in order to build stadiums and urban mobility works, resettle families affected by the construction of soccer stadiums, and enable speculative investments. It is estimated that about 250,000 people ran the risk of losing their homes due to the championship (Montenegro, 2013). It is pertinent to point out that no host city did a referendum asking its residents to accept the urban impacts this mega-event would bring.

A similar movement takes place in the city of Rio de Janeiro, which will undergo 52 urban interventions for the Olympics and Paralympics in 2016. Altogether, considering public and private investments, it will be more than R\$ 110 billion (approximately USD 35.2 billion). Molina (2014) reveals that the emphasis has been

² According to the Transparência Copa 2014 website: <http://transparencia.gov.br/copa2014/home.seam>. Last accessed on May 15, 2015.

directed to fragments of Rio that are attractive to big business, with “the creation of new objects and actions as part of the intrinsic logic of mega-events, the appreciation of space and its consumption, seeking an impact on the city's image too” (p. 64), and consolidate it as a global city in the sense exposed by Sassen (1991).

We can also mention another example among many of them. The German multinational BMW, luxury car manufacturer, were able to set up a factory in the small town of Araquari, in the state of Santa Catarina, southern Brazil, only after a series of flexibilities in the city's Master Plan, ignoring its democratic management and the precepts of sustainability. In addition, a state-owned bank funded about a third of the BMW industrial park's construction (R\$ 240 million, or about USD 77 million) to generate 540 jobs in one of the cities with the worst quality of life in southern Brazil (Voos and Silva, 2014).

As a last example, we describe the case of the city of Navegantes – also in Santa Catarina –, an important hub port and place of residence of approximately 70 thousand people. During the process of choice of civil society representatives to form a "college of delegates" who could discuss with the government the new city's Master Plan, businessmen linked to the logistics and building sectors have occupied the majority of seats, through the articulation of key stakeholders and the release of their employees in the vote's day, chartering transportation to the venue in full-time working hours. As we have seen on site, despite the vacancies were open to any city's resident, company owners forced the votes according to their interests.

What is seen in the whole country is the existence of a federal legislation and thousands of Master Plans that cannot be applied. There is a connection between the national political system and the noncompliance of basic rules for years. The City Statute is an innovative document, recognized and deeply studied by the academy since its inception. However, it cannot cope with these issues alone.

What we sustain in this article is that urban problems arising from social inequality are socially constructed and reproduced by some government actions, such as public subsidies to non-needy, strengthening the system of privileges, and investment

in infrastructure in areas where it would not be a priority. It means that the policy decisions' impacts benefit certain economic and politically powerful groups. In all cases, the factors that create inequalities in different cities convert the urban space into an inequality factor by itself. So, inequality feeds back on itself in the city's context, allowing the expanded reproduction of richness for some people and poverty for others.

2. 21st Century: new agents, interests and strategies in the space (re)production

Big cities portray sharply pre-existing socioeconomic inequalities in Brazilian society. As in any capitalist system, the city is not only the place for reproduction of the labor force, but also a product of these relationships (Singer, 1973; Harvey, 2005; Maricato, 2013). The different segments of society (political, economic, cultural, popular etc) raise capital at various scales, they are motivated by different ideologies and they develop, as consequence, distinct actions. The space (re)producers agents are heterogeneous; they are groups with "interests, strategies and own spatial practices, carriers of contradictions and conflict generators among themselves and with other segments of society" (Corrêa, 2011, p.43).

Each of the agents is interwoven with a web of social relations. Harvey, in his book "Justiça Social e a Cidade" ("Social Justice and the City"), released in 1980, brings a new component to understand the inequalities inherent in the social production of space. In his "microeconomic theory of urban land use", the author explores the forces that govern the use of urban land, because "there are many and various players in the housing market, and each group has a different way of determining the use value and the exchange value" (p.139). We will use this perspective and extend the debate, considering the contributions offered by the literature review³ and adapting it to the Brazilian reality, especially after the creation of the City Statute and the new scenarios generated by economic globalization in the Twenty-First Century.

Following the recommendation of Maria Sposito (2013), we seek to add to the discussion about the city planning the context of agents involved in this process, because

³ As it is seen in Azevedo (1982), Corrêa (1995) and Harvey itself.

only this way it will be possible to establish the relations between forces that make up the scenario and their alliances, conflicts and convergences.

The Table 1 below is a result of the work from the research group “Work and Inequalities” of the Graduate Program in Sociology at the Federal University of Rio Grande do Sul (UFRGS). It outlines which are the urban space (re)producers, their interests and ways of acting.

Table 1 – Urban space (re)producers agents

| Category | Agent | Interests | Ways of acting |
|-------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Real estate | Common resident | Gets maximum use values that meet your goals by arranging a better exchange value at the time of purchase or sale | Purchase and sale of home ownership |
| | Owners of houses | Housing as source of income | Leases and home mortgages |
| | Land owners | Depend on the land enhancement to make a profit with their real estate transactions | Speculation |
| | Real estate developers | Create new use values for other, in order to obtain exchange values for themselves | Purchase the land, holds the funding for the construction and house commercialization and decide about the production and land use |
| | Construction companies | Incessant search for new projects, new construction or rehabilitation of areas, in order to maintain profits and the feed input suppliers industries for construction | Participation in public constructions, bids, megaprojects and megaevents, speculation, campaign finance, lobby |
| | Real estate brokers | Profit through the purchase and the sale, | Pressure for real estate expansion and flexibility of |

| | | | |
|------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| | | with the respective commissions of commercial transactions | legislation, allying themselves with some of the other agents, aimed at business expansion and profits |
| Financial | Banks | Credit as the main instrument in the execution of housing policies | Capital immobilization by heavy guarantees and high interest rates |
| | Securitization companies | Issue of securities that are based on receivables of constructions | Search for investors in the capital market |
| Commercial | Industrials companies | Consumption of cheaper strips of land, needs the provision of complex infrastructures by the State, and privileged logistics for their products | Lobbies and financing campaigns to privileged contacts for future State investments and flexibility of urban legislation |
| | Merchants | Location, spatial quality of the surroundings and real estate dynamics that benefit themselves | Lobbies and financing campaigns to privileged contacts for future State investments and flexibility of urban legislation |
| | Consultants and urban planning offices | Participate in the outsourcing of public services and depend on the high dynamic real estate for private engineering projects, architecture, infrastructure, etc. | Lobbies and contacts with State agents, as well as search for clients in the construction market |
| | Companies that provide urban services | They are responsible for transport, waste disposal, power supply, gas, water, etc. and which are responsible for a significant part of "urbanity" of a city | Lobbying and campaign finance aiming privileged contacts for new contracts |
| | Multinational companies | Investment and economic development | Installation of industrial plants with large glebes of |

| | | | |
|------------------|----------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | by specific and speculative real estate projects | land and tax exemptions on underdeveloped countries |
| Power | Members of political parties | Occupy state posts, submitting to election campaigns or partisan nominations | Search for funds to campaign finances; submission to funders when composing the indications framework; change the ascendancy to the State for political favors and / or corruption |
| | State | Compose the rules of urban planning and promote urbanity | Confection laws, rules, plans and urban projects |
| | Public banks | Support for housing programs and / or large public and private investments | Concession financings with interest rates below the private banks |
| Press | Media groups | Search by advertising and privileged information | Maintenance of the profits and privileges with news reports that most other agents need to build their ideologies about the city |
| Social movements | Populars and contestation | Construction of alternative solutions to the official planning | Lobbies, manifestations, engagement via internet and popular pressure to decision makers |
| | Councils, professional and employer entities | Direct bond of members with real estate dynamics | Lobbies and financing campaigns to privileged contacts for future state investments and flexibility of urban legislation, in a much more robustly, as the large number of people with high social capital that occupy these entities |
| Excluded | Citizens oblivious to the housing process | Subsistence | Target public of urban projects that may generate gentrification |

Source: the authors themselves.

The locational advantages, the surplus-value extracted from the zoning changes, and the improvements obtained through changes in official rules make agents with business purposes – regardless of sector or category – the main stakeholders attracted by state's actions in urban issues. So there is a common thread that unites business and government, built by political and social influences, which consists of the main object of this research.

An exploration toward this direction is labored, first by the lack of theoretical references on the subject in an urban and local focus as well, as shown by Mancuso (2007). Besides that, we have to mention the rare access to public documents which may prove some link between business and governments. As explain Medeiros (2005), Cattani and Oliveira (2012), and Cattani (2013), the political relations between these agents are architected in order to escape from the scientific research scrutiny.

It is in this context that the academy needs new research agendas on the cities democratic management. In other words, it is essential paying more attention to political processes of the official planning's construction, considering the main agents (already established for decades, or emerged by capitalist globalization) as protagonists of cities filled with jams, poor public transportation, socio-spatial segregation and inequality, a scenario that has changed little since the creation of the City Statute, a document built 14 years ago and which, for political reasons, cannot have its guidelines fully implemented.

3. Urban rent-seeking: a theoretical approach

The decision-making cycle⁴ of urban planning policies is not the only moment of enterprise policy action – that is to say, the ability that certain groups of undertakings (jointly or not) have to influence governments for their own benefit (Mancuso, 2007). The pursuit of businessmen for state benefits allows us to highlight the presence of an

⁴ Agenda formation; formulation; decision-making; implementation, evaluation (Howlett and Ramesh, 2003).

urban rent-seeking – an adaptation of the term “rent-seeking”, very common in economics to name the corporate behavior that seeks to obtain market privileges from the government. According to Gordon Tullock (1993), one of the pioneers in the use of this term, rent-seeking is the use of resources by a social agent for gaining special privileges through the political process. That is to say, the private gain obtained by the agent results in significant damage to the whole society. In addition, John Mbaku (1995) has stated that, in consolidated democracies, the ways that rent-seeking activities manifest are through lobbies, lobbyists, contributions to political campaigns, and corruption.

For Mancuso and Gozetto (2011), lobby is "a defense activity of interests affected by public decisions" (p. 121), and despite the distorted view of this activity, because it is often associated with corruption scandals, the lobby that is done in a lawful manner is a means that social workers have to defend their interests and also collaborate with decision makers in complex agendas, presenting studies, reports etc.

Furthermore, it must be considered that the lobby activity can generate imbalance scenarios within the democratic principles of equality. As the financing of studies, specialized professionals and awareness campaigns require large amounts of financial resources, business lobbies tend to achieve greater success than those with popular appeal, because they may lead the government to grant "indefensible privileges" in favor of special interests defended by "strong lobbies" – even if those privileges have been obtained by legal means. With projects approved with low levels of transparency, and not sure of their efficiency, efficacy and effectiveness, these particular benefits "are granted at the expense of the rest of society" (Mancuso and Gozetto, 2011).

In summary, when the force of the lobbies is very unbalanced, and the strongest lobbies pluck out unjustifiable privileges of the public power, *the existing inequalities can be further strengthened and the public interest is put under serious threat* (Mancuso and Gozetto 2011, pp. 124-125). *Emphasis added.*

Very similar features are attributed to pressure groups, which are social groups composed of individuals who share interests and develop actions to influence government actions. In fact, pressure groups should be analyzed as structures that make up the political system – although they are not institutional organs of state –, because they promote their interests or avoid decisions that contradict themselves during the decision-making cycle of public policies.

Castro and Falcão (2004) point out the importance of leaders' conduct in order to influence the political power to obtain certain government measure that could favor their interests, and they also note that sometimes these groups are organized, purposeful and temporal, or arise from pre-existing groupings. Buchanan and Tullock (1962) point out that the effectiveness of pressure groups is given by several factors, among which stand out the ability to mobilize their agents, the available financial and human resources, the efficiency in achieving cohesion, the adequacy of their interests to the society, and the access to public managers and/or Congressmen. Finally, despite its resemblance to the lobby activity, the pressure group is usually *ad hoc*, results from emergency situations and has greater informality (Sousa Dutra, 1991).

Table 2 – Possible actions of entrepreneurs to defend their interests

| |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Direct contact with decision makers or their advisors. These contacts can occur in formal or informal situations (lunches, dinners, parties, etc.). |
| Indirect contact with decision makers through letters, petitions, e-mails etc. |
| Official presence in agencies directly involved in the decision process (commissions, working groups, advisory boards, deliberative councils etc.) |
| Preparation and publication of documents that present and justify the entrepreneurs' claims. |
| Redaction and presentation of projects. |
| Participation in public hearings. |
| Campaigns of phone calls and sending correspondence to decision makers. |
| Dissemination of business demands through the media. |
| Public dissemination of the position assumed by decision makers front of entrepreneurs demands. |
| Coalition building. |
| Temporary employment of individuals or firms specializing in defending the interests. |
| Promotion of protests and manifestations. |

Source: adapted from Mancuso (2007).

Added to these political action tools, there are donations to election campaigns which, as briefly described previously, are a tool often used by entrepreneurs to set the decision agenda of the elected managers. According to Bruno Speck (2006), this relationship that involves exchanging financial support to the political campaign for benefits to lenders clearly violates the duties of representation and also has a burden on society. Besides that, "these donations that buy access to power or other advantages approach the definition of corruption in the administrative area".

Variations around the corruption of political representation by campaign finance include also reverse situations, where the granting of advantageous contracts or other favors occurs before the election campaign. Moreover, there are situations where private companies are under pressure by supervisory bodies of granted licenses or contracts established with the state, approaching the financing of extortion. In both cases, the private funding problem is strongly intertwined with the issue of the government machinery's abuse for electoral purposes (Speck, 2006, p. 155).

Analyzing the donations made by the 50 companies that have donated to political campaigns in the Brazilian municipal elections of 2012, it is clear that more than a third of them (36 percent) is made up of construction companies, which also lead the list by the amount of resources and individual donations. The company that most contributed with financial resources, which is also a construction company, alone donated more than USD 27 million to candidates from 17 different parties, regardless of their political orientation. Altogether, according to the Política Aberta website⁵, more than 55,000 companies funded municipal campaigns in Brazil in 2012, budgeted at around USD 630 million. It is noteworthy that the Brazil's electoral legislation also allows donations made by individuals, which are not counted.

⁵ <http://www.politicaaberta.org> . Last accessed on June 2, 2015.

Table 3 - Companies and donations to campaigns in the municipal elections of 2012

| Sector | Number of companies | % | Total amount donated (USD) | % | Number of donations | % |
|-------------------------------|---------------------|---------------|----------------------------|---------------|---------------------|---------------|
| Agribusiness | 4 | 8,00% | 20.772.333,33 | 10,05% | 72 | 2,83% |
| Private banks | 6 | 12,00% | 21.482.274,17 | 10,39% | 595 | 23,42% |
| Merchants | 3 | 6,00% | 12.336.154,69 | 5,97% | 18 | 0,71% |
| Construction companies | 18 | 36,00% | 109.212.816,36 | 52,82% | 1013 | 39,87% |
| Partisan directories | 2 | 4,00% | 2.524.545,00 | 1,22% | 175 | 6,89% |
| General industries | 10 | 20,00% | 24.331.782,38 | 11,77% | 457 | 17,99% |
| Specialized services | 7 | 14,00% | 16.111.729,08 | 7,79% | 211 | 8,30% |
| Total | 50 | 100,00% | 206.771.635,01 | 100,00% | 2541 | 100,00% |

Source: *Política Aberta* website and *Tribunal Superior Eleitoral* (Superior Electoral Court), adapted by the authors.

It is hard to measure accurately the real influence of campaign financing in the urban rent-seeking. As it is practically a consensus among researchers of this theme and the public opinion, the slush fund is a factor that cannot be shown precisely by not appearing for appreciation, unless there is any denunciation or police investigation, as it was in the case of the Federal Police's "Lava Jato" operation, which involves the payment of bribes at the Brazilian state oil company Petrobras, and as it was also in the global scandal "SwissLeaks", of tax avoidance and tax evasion in secret accounts held in a Swiss bank.

Companies investigated in the Lava Jato operation "invested" R\$ 277 million (or approximately USD 89 million) in candidates from all over the country during the presidential elections of 2014. Among the 32 existing party labels in Brazil, 28 (87.5 percent) received funds from construction companies. It is estimated that, since 2007,

these companies have received approximately R\$ 11.3 billion (USD 3.6 billion) of federal funds (not counting here funds from states and municipalities). Among the Brazilians that were denounced by the SwissLeaks, there are 16 people (bankers, construction companies' directors, media owners and independent professionals) who donated significant amounts for different campaigns during the electoral process of 2014, which defined President, Senators, Governors and Deputies. They have donated approximately USD 1.6 million for 12 different political parties (Correio Braziliense, 2015).

The association between political campaign financing and urban planning for the benefit of private interests is what Marengo (2010) defines as a "dangerous liaison", because this problem occurs when private agents "want more than simply translating their preferences on government policies, seeking future return of their investments" in the form of rent-seeking, information or "privileged treatment over contractual decisions or public regulation" (p. 823). As one of the people involved in the Lava Jato operation said in his statement to the police, widely publicized by the media, the political campaign finance would be a long-term loan with high interest rates, to be charged when the politician was elected (Castro, 2015).

Urban policy is therefore susceptible to a number of business policy actions already present in other public policies. Enterprise policy action on this issue is clearly something that transforms and (re)produces the cities and the lives of their citizens, considering the proximity of the businessmen with the decision makers. And it is not uncommon that these ways do not result as expected by entrepreneurs (either individually or collectively), and corruption appears as the last alternative. "Green Money" operation, started in 2007 in the city of Florianópolis (Santa Catarina), an important tourist destination in southern Brazil, serves as an example to reveal the promiscuity of relations between public and private sectors in the city planning. The investigation ordered the arrest of 19 people, including a city councilor, a public manager of the environmental area, and businessmen of the hotel industry. This command was based on the charge of frauds in environmental permits, in an alleged scheme of buying and selling permits for the construction of hotels, schools, shopping

malls and real estate developments in the city (Lima, 2008). Despite the investigations, the process is still on trial and no social agent was convicted so far.

Additionally, in São Paulo, a group of servers of the City Hall was denounced in 2013 by the Ministério Público (Public Prosecutor's Office) for defrauding tax guides destined to entrepreneurs in the real estate sector of the city. According to Alciati Neto (2013), taxes from medium and large buildings were unpaid after the payment of bribes, and it is estimated that this fraud has reached a USD 150 million injury to the public coffers. Similarly to the previous case, no indicted person has been sentenced to date.

With these facts, we do not want to naturalize corruption or take it as intrinsic to the work of entrepreneurs, but only emphasize a practice that devastates the country, since we have a worrying level of corruption compared to other countries.

The urban rent-seeking and their derivations led by powerful companies guarantee the status quo of urban issues, the weakest penalizing regardless of pre-existing laws, which are more flexible according to the demands convenient to organized capital.

The urban rent-seeking and its derivations led by powerful companies guarantee the *status quo* of urban issues, penalizing the weakest regardless of pre-existing laws, which become more flexible according to the demands that are convenient to the organized capital.

4. Concluding considerations

The massive figures that involve a city planning call the attention of various capitalist groups, which start to act under the state to reap advantages and profitable business. Therefore, even after the City Statute and the institutionalization of cities' democratic management, the political action of business agents promotes a "conservative realignment" (cf. Dreifuss, 1999), making urban planning an segregator instrument for the debate of a few people, generating social inequalities and serving mainly the interests of the richest classes of society – contradicting what the law says

and building a patronage-based State. Even though there is a popular challenge, as the massive "June Days" of 2013, the business cycle involving the cities continues and the instances of popular participation have become an occupation space of business agents, as the aforementioned examples in this article.

The academy needs to consider that the content of the various legal documents of city planning is being traversed by complex situations that involve Brazilian political structure. When we bring the contribution of urban rent-seeking, we want to show that a new interpretation of social problems needs to be shown, based on the understanding of how is the relationship between the State (promoter of public policies on urban development) and other agents, particularly those who are responsible for shaping all corollaries of social inequality. For many years, the academy has studied the cities from the exclusion of the less affluent classes of society. We believe that the Twenty-First Century is showing the main responsibility for all that has already been shown and widely debated. If there is a legacy of the City Statute, it is exactly this, because until the past decades the technicism still camouflaged undemocratic decisions, made without consulting the public, which was reversed with the new legal guidelines for the establishment of democratic channels of governance, even if they are not occupied by those that should be there.

The most diverse social and political capitals are unified in the urban issue of Brazilian cities. And when the support of the whole urban management is fragile, easily infiltrated by the interests of organized capital, we are continuing a vicious cycle of inequality, excluding millions of Brazilians from rights that have already been acquired and that some managers are keen to keep locked inside their offices and balance sheet. And there is no point in catapulting popular participation as a solution for all scenarios if we maintain the current political and electoral systems and the structure of privileges historically built in Brazil.

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