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**LAND PRICE AND DEVELOPMENT,
A CRITICISM TO THE LOGIC OF URBANIZATION:
A CASE STUDY OF URBAN SPACE PRODUCTION IN
TIMOTEO, MG, BRAZIL**

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SUMÁRIO

1. THE CENTRAL ARGUMENT	6
2. COST OF SERVICES	6
3. STOP THE BULLDOZERS, THEN!	7
4. CASE STUDY: THE ANALYSIS OF THE PRODUCTION OF SPACE AND ITS PERCEPTION WITHIN THE CONTEXT OF A MIDDLE-SIZED CITY IN MINAS GERAIS, BRAZIL	9
5. METHODOLOGY.....	10
6. URBAN EVOLUTION.....	11
The 1930s	11
The 1940s	11
The 1970s	13
The 1980s	14
The 1990s	14
7. LANDSCAPE AND URBAN MORPHOLOGY.....	14
8. CASE STUDY CONCLUSIONS	15
9. ARE THERE ANY ALTERNATIVES?.....	15
10. NOW WHAT, JOSEPH?	17
11. BIBLIOGRAPHICAL REFERENCES.....	18

ABSTRACT

This quick essay aims to demonstrate the fundamental importance of the cost of producing and managing urban space from a developing country perspective. It also indicates, based upon vast literature, that the price of urban investments ends up to have an expelling trend to citizens away from the benefits which they cannot afford. This fact suggests a vice cycle in which the more the City invests the more expensive it becomes to its citizens who, helplessly, move out into unserved neighborhoods. Furthermore, it analyses the production of space in a middle-sized city in Brazil based on parcel approval documents from the 1930s to the 1990s. It also uses Kevin Lynch's city landscape theoretical framework to help interpret the evolution of urban space in Timoteo. This paper ends with some suggestions to the problem posed.

Key words: urban cost, urban dynamics, land price, city landscape, urban space.

JEL Classification: R14; R20; R51

RESUMO

Este breve ensaio busca demonstrar a importância fundamental do custo da produção e gestão do espaço para a cidade e sugere-se, apoiado em farta literatura, que o ônus dos investimentos urbanos acabe por se transformar em fator de expulsão dos cidadãos para longe das benfeitorias, inviabilizando seu usufruto. Tal fato indica ciclo vicioso no qual quanto mais se investe na cidade, mais cara ela se torna para seus habitantes que, sem alternativa, buscam as periferias desprovidas de serviços. Ademais, analisa a produção do espaço em uma cidade média no Brasil, baseado em documentos de aprovação de parcelamento entre os anos de 1930 e 1990 e usa o conceitual teórico de paisagem urbana de Kevin Lynch no intuito de contribuir para a interpretação da evolução do espaço urbano em Timóteo. Conclui-se com sugestões para o problema posto.

1. THE CENTRAL ARGUMENT

This essay proposes a reviewed discussion of long-believed concepts concerning urban areas within developing countries. Furthermore, it aims to intertwine knowledge and definitions from different fields of science, from urbanism and architecture to geography to economics, whereas all of them debate the city.

Making use of an economic perspective of urban areas, this paper shall present the issue of part of the cost of reproduction of the work force as being in fact part of an urban cost. That means that the price of land comprises not only its inherent cost, but also the price of urban services embedded in a certain area around the lot. These available infrastructures are usually planned, implemented and maintained by local authorities (in Brazil, the municipality) and are, therefore, shared by all citizens independently of one's access to the service. This process attaches an extra cost to the land that most of the times is inaccessible to those who originally helped finance the investment¹.

It is not a novelty to say that the price of land is established exactly by the calculation of what it provides². In a developing country, however, where distribution of services is scarcely homogeneous, what happens is that most investments are made by the City and hence paid for by taxpayers. Access to them, on the other hand, is limited, being the price of land the natural barrier. Moreover, this paper suggests that the more the city invests, the more expensive the land becomes. Thus making it impossible for an ordinary citizen to become even an ephemeral user of the system.

The case of the city of Timoteo serves the purpose of illustration of the theme discussed throughout the paper. It is a typical middle-sized city in the outback of Minas Gerais state in Brazil that experienced an accelerated process of occupation after the 1940s under the influence of a huge steel plant built in its territory. As a result, five broad distinct areas are conformed each one serving to a reason at different times.

2. COST OF SERVICES

A number of authors (CALDEIRA³, MENDONÇA⁴, COSTA⁵) have depicted clearly the influence of the price of land in the location of inhabitants in the city. According to Singer, the rules of the real estate market reserve the areas that are well serviced to those privileged that have a high-income and are therefore capable of paying the highest price for the right to live. The citizens with lower income are relegated to areas that are poorly serviced and, consequently, the only ones affordable to them (1982 p. 27).

¹ This theme was actually introduced by Tiebout in 1954. Here, however, the focus is on the inaccessibility of the services to the poorer and its consequent expelling trend, rather than the search of good services or "the voting with the feet" discussed by Tiebout and others.

² Including *hedonic prices* and urban amenities.

³ "...even the distant areas of the city are becoming inaccessible to the poorest..." (1997, p.2).

⁴ "the popular segments of the city (...) are pushed further to more distant areas." (2002, p. 141).

⁵ "...which defines the pattern of the occupation through an income criteria ..." (1994, p. 52).

This means that what expels the poor away from urban convenience is the lack of sufficient income to afford the price of an urbanized lot. As Bolaffi puts it, the poor do not have the financial resources to buy the land (1979, p. 41). Azevedo adds to that view as he discusses the Brazilian Housing Department (COHAB) experience throughout the 1970s. He advocates that the primary cause of non-payment of most of the houses provided was exactly the inability of the buyers to amount the necessary income (1982, p. 93).

The seriousness of this discussion is that in the end one might realize that the cities do not have only a problem of lack of houses or lack of land exactly, but most importantly, a problem of income. Hence the importance to debate the price of city living in a broader sense than housing alone. That means broadening the discussion further than land use regulations, zoning or control of real estate speculation and considering all costs that are over the citizen. Costs which might be directly imposed, such as taxes and the price of the lot itself, or, indirectly, such as transport, availability of education and health services within reach.

One other important factor to add is the theme of overwork that is made by the laborer in order to reduce his cost of reproduction. Building his own house at his supposedly leisure time, for example, exempts his employer from paying adequately so that one would be able to afford the purchase of a suitable home. Those artifices, however, are limited for there are other costs, such as transport, for instance, that cannot be personally arranged by the worker as they are institutionalized. Society markets them as goods, so that the user is expected to acquire them. When this happens there are no remedies, but a cost that is inevitably monetary (OLIVEIRA, 2003, p. 84).

According to Coraggio, “contemporary urban questions have an economic base” (1994, p.234). That assumption has led into an analysis in which it is proposed that any intervention in the city – be it the augmenting of sanitation or the building of a new city park – has a cost to be assumed by a specific budgetary source. The financing might come from federal or state institutions – which would then constitute money transfer from other regions to the city – or it might have been thought as a payment to be made by the users of the new implemented service. “New structural adjustment processes are imposing to public economy (...) policies of recuperating expenses made through charging of the services at real market prices (...) transforming bureaucratic structures into business-like facilities” (*op. cit.*, 1994, p. 237)⁶.

What is important to highlight within this paper’s framework is that whoever makes the investments, invariably, the aggregated value of the new services will be added to the cost of living in the serviced location. A cost that Brazilian workers cannot afford.

3. STOP THE BULLDOZERS, THEN!

An extreme and radical suggestion would then be that **it is better not to do any improvements in the city at all**. That is because it is clear that any investments made result in increase of the price of the land, and therefore the impossibility of low-incomers to comply with it.

⁶ Vainer, however, argues, “the possibilities of action of governments is still ample and therefore are not condemned to adopt competitive business-like strategies” (2001, p. 140).

Moving further into this speculative scenario, one might add that social movements should be extinct. This is because these movements have [in Brazil] forced municipal governments into offering amnesty to illegal entrepreneurs which resulted in the inclusion of a number of lots in the legal market. The result of this process was the reduction of cheap pieces of land, previously, illegal (CALDEIRA, 1997, p.3)⁷. Holston adds that, “ironically”, the instruments of modernist planning, with little adaptation, become perfect instruments to produce **inequality**, not to erase differences (1993, p. 128).

Azevedo also recommends caution when investing in urban areas. Once again, discussing the public housing experience in Brazil, he says that the COHAB project was conceived to diminish social inequalities, but it ended up to increase them further. (1982, p. 129).

This line of argument can be extended away from urban only problems as suggests Oliveira when he says that the central competitiveness of Brazil resides specifically on the fact that labor force can be bought cheaply. Furthermore, it can be made cheaper by reducing costs of the reproduction of labor⁸. Stating so, he opposes the Economic Commission for the Latin America and The Caribbean’s (CEPAL) respected traditional view which claims that there are two faces of Brazil: a modern one and a backward one. Oliveira insists that what there is is a single Brazil, not dual, but complementary parts that are essential to capitalist accumulation. “It is through non-capitalist agriculture, informal urban services and unpaid, favor-like, labor that workers make their cost of living small, allowing for minimum wage to be kept at very low standards and investments to be extra rewarded (...); informality and misery are indispensable conditions for capitalism boom in Brazil”⁹, says he. Further, in his book called **Ornitorrinco**, he complements that the reserve army in the cities, busy with informal activities, is part of the lowering of the cost of reproduction of labor which reduces the monetary cost of their own reproduction (2003, p. 130). Giving some examples¹⁰, the author emphasizes what he calls the “perversity of the logic” in which the non-availability of services is essential. “The real process shows a symbiosis, a union of contraries, in which the modern Brazil feeds and develops on the backward one” (*op. cit.*, p. 32). He then discusses the city environment again highlighting the relevance to evaluate the impacts of any intervention in the urban space. Otherwise, there is a risk that the remedies intended as corrective actions become a nightmare and enhance the very trends which they were supposed to eliminate in the first place (*op. Cit.*, p. 60).

Besides Oliveira, Kowarick (1974), agrees to this argument in which there are not two separate structures: one modern and another one traditional, old or marginal. What there is is one single framework that simultaneously supports and strengthens this supposedly not capitalist social division of labor that far from being a burden in the accumulation process is an essential component. Singer, a notorious Brazilian social scientist, agrees to this view when he states that extra income from labor productivity, in itself honorable¹¹ and positive, is perverse. The reason why is that they make the

⁷ It is also supported by Coraggio, who says that one example of tax simplification [when all land is made legal] might be a universal trend to modernize property registers and in the long run make them the base for tax contribution (1994, p. 254).

⁸ According to international division of labor.

⁹ Published at Folha de São Paulo Newspaper, 22/09/2003, p. A10.

¹⁰ “Boys selling flannels at traffic lights are not evidence of the country’s backwardness, but of its perverse modernity” (OLIVEIRA, 2003, p. 23).

¹¹ “These productivity surpluses benefit everyone and it would be a tragedy to try to ban technical progress in order to keep human beings doing what machines can do better and cheaper” (SINGER, 1998, p. 118).

capital move outwards into areas where the cost of labor is cheaper and where there are no social benefits which in the end aggravates the losses of jobs in countries where labor rights exist and are followed thoroughly (1998, p. 118).

Furthermore, Coraggio evaluates the possibilities for local management of resources. While international capital moves freely around the globe, searching for the best combination of technology, resources, access to markets, quality and cost of the labor force, local agents, who are definitely not so mobile, will have to compete with imported goods which are produced using more modern¹² technology and substantially lower costs of labor force (1994, p. 229). This, in turn, forces them deeper into diminishing the comparatively easiest factor to apply this downward trend: cost of reproduction of labor.

The various quoted authors may lead one to confirm the thesis according to which any raises in the cost of life of the worker would withhold the development of the country. From this point of view, “stop the bulldozers” might become a possible suggestion. “The Ornitórrinco is this: there is no possibility to remain as a developing country and take advantage of the gaps that came along with the Second Industrial Revolution. It is definitely not possible to evolve towards the digital-molecular accumulation: the internal accumulation basis are insufficient and are below the necessary level to enable a rupture of this magnitude...” (OLIVEIRA, 2003, p. 150).

4. CASE STUDY: THE ANALYSIS OF THE PRODUCTION OF SPACE AND ITS PERCEPTION WITHIN THE CONTEXT OF A MIDDLE-SIZED CITY IN MINAS GERAIS, BRAZIL

The analysis of the perception of urban dynamics in the municipality of Timóteo, Minas Gerais, is based on the study of its production of urban space throughout the twentieth century. In this paper, production of space is understood in the sense proposed by Lefebvre (1974) and accepted by most Brazilian urbanists. It is henceforth defined as the process of incorporating rural areas into urban legal developments¹³ (FURTADO, 1997). Putting it simply, it is the process of transforming rural areas into urban ones.

It is also important to define the appropriation of urban space as the actual occupation of neighborhoods and the implementation of the infrastructure needed, which do not happen, *pari passu*, with the production of space. On the contrary, typical Brazilian city landscape reflects an “in construction” space, always unfinished, in need, which, because it has unequal and disperse spatial occupation, demands high costs of maintenance and production which the municipality cannot hope to bear.

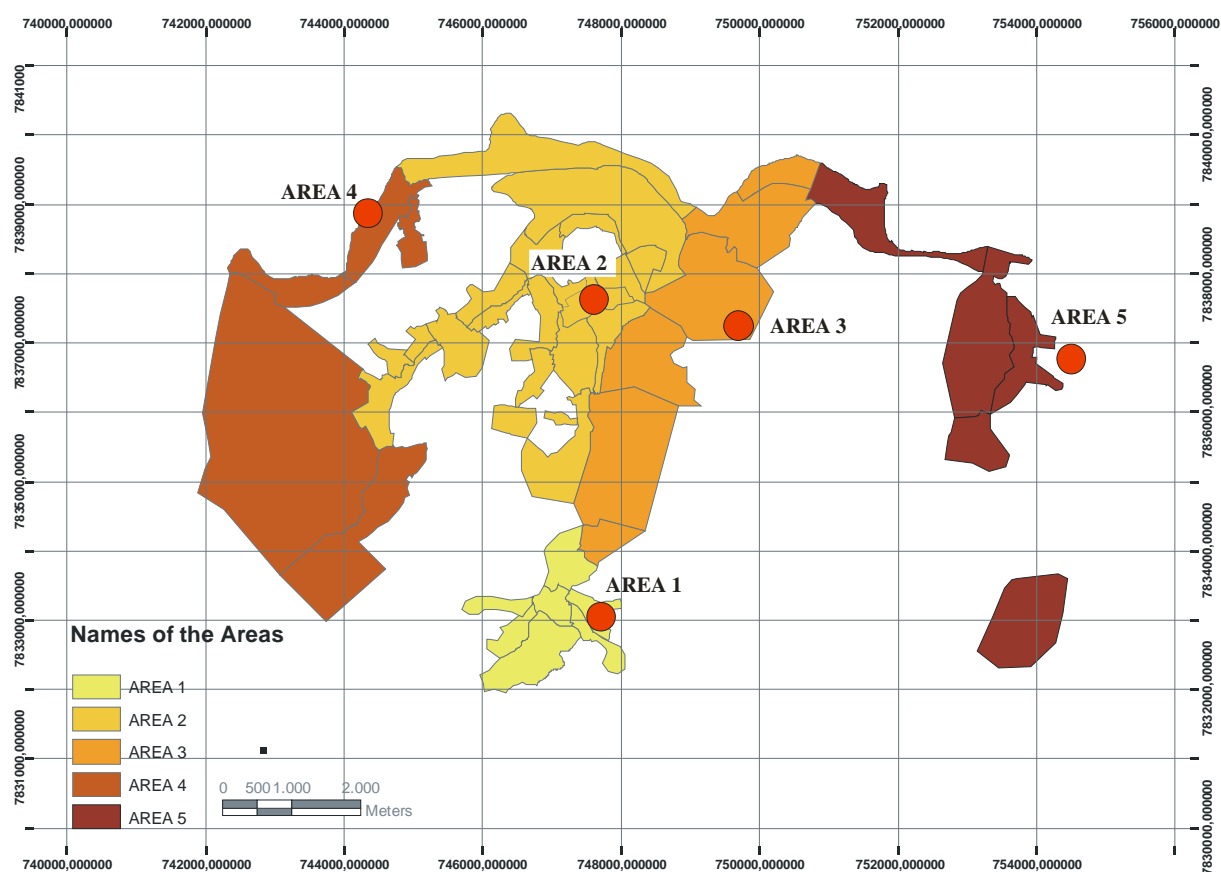
¹² This topic will be discussed further as this paper moves forward.

¹³ Legal establishment of neighborhoods.

5. METHODOLOGY

In order to acquire the database on the production of space in Timóteo, Ermelinda Oliveira (2005) researched thoroughly the land archives of the City of Timoteo and obtained the documents which contained the authorization of each new parcel. This information enabled the construction of a map of evolution of every legal development in Timóteo (figure 2). From these documents, it was possible to elaborate the map and calculate the areas of each parcel and therefore depict the evolution of areas from 1930 to 1990 (table 1). It is from the data produced that it is based the analysis of the gradual establishment of urban space and land use in Timóteo.

FIGURE 1
The Five Morphological Described Areas



Source: The author.

6. URBAN EVOLUTION

The 1930s

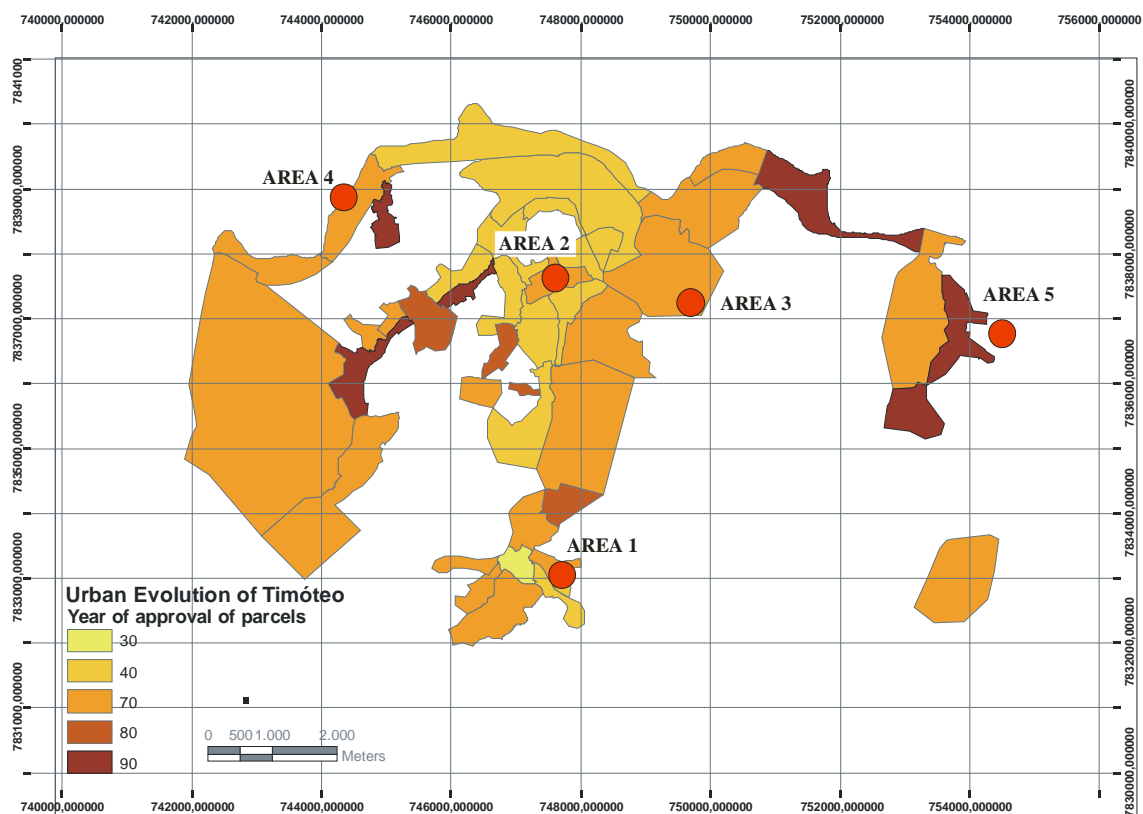
The historical, original site was built when the municipality was still merely a district of Coronel Fabriciano (and before that a district of Antônio Dias), in the 1930s. It is named Timóteo [area 1 – figure 1, above] (as the municipality itself) and it is located in the southern part of the municipality. Although it is a small part of the urbanized area nowadays (only 0,5% of the total urbanized area), it is known symbolically as the starting point of the municipality.

The 1940s

Since the 1940's implementation of ACESITA's plant (Aços Especiais Itabira SA), a steel industry in the north region of the municipality [area 2], the city experienced a rapid expansion process of the urban land. Actually, this urban production was masterminded by the company itself (OLIVEIRA, 2005) and the magnitude of these actions meant an increase in the urban area of more than 34 times. Meanwhile the region of Timóteo [area 1] which also doubles its size, represents, nevertheless, only 6% of the urban space of the municipality. What one might see from this is that the original region goes through a "natural" expansion due to the implantation of new economic activities whereas the region next to the plant is "artificially" produced in industrial scale. Since then a municipal dynamic has been established according to which "Acesita"¹⁴, [as area 2 is known], follows the needs of the industry and "Timóteo", the historical site, grows in a typical, standard countryside rate of growth.

¹⁴ The area is known by the same name of the industry, obviously denoting its natural influence.

FIGURE 2
Urban Evolution in Timóteo, Minas Gerais, Brazil



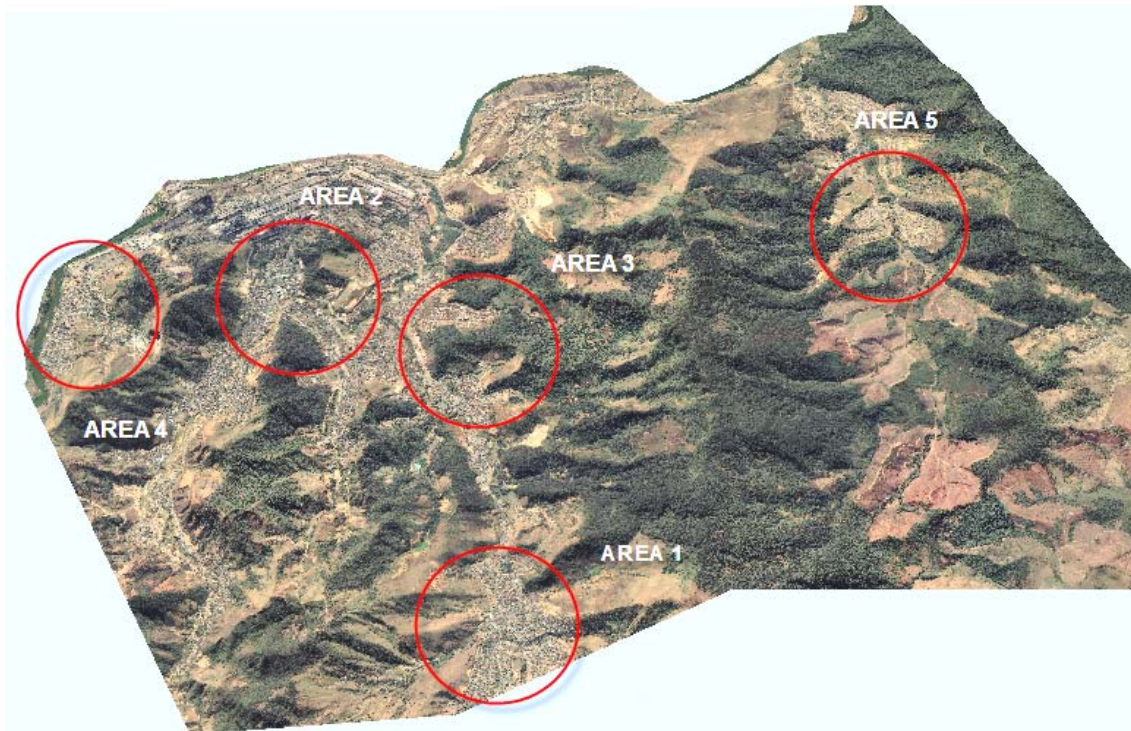
Source of the data: Planning Department of the Municipality of Timóteo

TABLE 1
Areas of approved parcels in Timóteo * square kilometers

AREAS	AREA 1	%	AREA 2	%	AREA 3	%	AREA 4	%	AREA 5	%	TOTAL
PERIOD	1930										
AREA sq km	0,22	1									0,22
PERIOD	1940										
AREA sq km	0,28	0,04	7,46	0,96							7,74
SUM	0,51	0,06	7,46	0,94							7,97
PERIOD	1970										
AREA sq km	1,81	0,05	0,79	0,02	19,17	0,55	10,41	0,30	2,89	0,08	35,08
SUM	2,31	0,05	8,25	0,19	19,17	0,45	10,41	0,24	2,89	0,07	43,05
PERIOD	1980										
AREA sq km	0,33	0,29	0,82	0,71		0,00		0,00			1,15
SUM	2,65	0,06	9,07	0,21	19,17	0,43	10,41	0,24	2,89	0,07	44,20
PERIOD	1990										
AREA sq km	0,71	0,23		0,00		0,00	0,27	0,09	2,15	0,69	3,13
SUM	3,36	0,07	9,07	0,19	19,17	0,41	10,68	0,23	5,05	0,11	47,33

Source: Planning Department of the City Municipality of Timóteo.
 Data production: Furtado, B.

FIGURE 2
Urban Evolution in Timóteo, Minas Gerais, Brazil



Source of the image: Ikonos satellite image, 2003.

The 1970s¹⁵

In the 1970s, a third pole [area 3], or parcel of development gains importance within the municipality. It is the region of Olaria, unimportant in relation to its symbolical landscape and yet spatially present. Its location, northwest of Timóteo [area 1], in the vertex of an imaginary triangle, symbolizes the alternative of growth which is not found neither in the historical site 8 kilometers away, nor in Acesita [area 2] usually reserved to those with close connections to the company.

This period (1970s) shows an accommodation of the production of the space in both traditional centers (2% in Timóteo [area 1] and 5% in Acesita [area 2]), despite the growth of Olaria [area 3] (55%) and a forth region, Cachoeira do Vale [area 4] (30%). The latter is a more peripheral region, spatially distant due to the mountain which separates it from Acesita and “near the road”, bearing its symbolical burden. That is, the 70s, period in which all metropolitan regions (in Brazil) showed immeasurable growth of the urban spaces (MARICATO, 1989) the Timóteo municipality concentrates 85% of its expansion off the two “traditional” centers¹⁶. The increase in occupation of these “new” areas reflects the search for an alternative for the medium class not-yet established and which might have come from other places (therefore ending up in Olaria) [area 3], or are excluded from the system (and moving into the cheapest area available: Cachoeira do Vale) [area 4].

¹⁵ The 1950s and 1960s have had no parcel approved whatsoever, according to the land documents obtained from the city planning department.

¹⁶ That is, areas 1 and 2.

The 1980s

The 1980s takes one back to two concepts already mentioned. There is no production of space in the new regions due to the fact that there is no space feasibly available to parcel. This is so only because of the irrational expansion in the prior decade finally banned when the 6766 bill¹² was published in 1979 by the Parliament. Nevertheless, the regions occupied previously experienced little increases in its urban areas (2% increase in the total urbanized area [areas 1 and 2]) proportionally bigger in Acesita [area 2] (71%) than in Timóteo [area 1] (29%). Heretofore, there had been no “urban continuity” between Timóteo and Acesita, although within the same municipality. That is, to go from Timóteo to Acesita it was necessary to go across the rural area of the municipality, which reinforces the separation between both centers expressed locally from interviewed citizens.

The 1990s

It is only with the urban expansion in the 1990s that the parcel now known as “Nossa Senhora das Graças”, along Acesita¹⁷ Avenue, promotes the total integration of the urban areas of the city. At that time, there was also intensification in the peripheral expansion. The region of Macuco [area 5], located in the east of the city, behind Timóteo mountains, also known as Limoeiro Velho or Fazendas Minério, contributes with 69% of the expansion of the period. Apparently it came as an alternative to the population without resources from the region of Cachoeira do Vale, i.e. as Cachoeira [area 4] becomes more integrated to the city and with more resources and services available it also becomes too expensive. Macuco [area 5] is therefore the “natural” solution.

The portrait of the evolution takes us to a spread out city, spatially fitted in the valleys (and basins) of the rivers Timóteo and Timotinho. With at least five distinct poles or centralities: two older (Timóteo and Acesita [areas 1 and 2]) and rivals (summing up to 26% of the total area), one more recent and apart from the sociological structure (Olaria [area 3], with 41% of the total area), an established periphery (Cachoeira do Vale [area 4], with 25%) and a “new” periphery (Macuco [area 5], with 10%) even more under construction than the rest.

7. LANDSCAPE AND URBAN MORPHOLOGY

According to the urban landscape theoretical framework, Lynch (1989) establishes connections between the bigger and smaller physical elements such as correspondence channels between images and urban behavior. According to him the morphological elements in the landscape are: neighborhoods, limits, road's, crossings and landmarks. Making use of this classification in the study of the city of Timóteo, we can observe the connection with the delimited “regions” above.

The concept of neighborhood ordinarily and legally established by the city hall corresponds to each new approved parcel. According to Lynch, these five areas suggested here would broadly correspond to the neighborhood criteria: large enough regions that incur in different perceptions for the citizens and can be easily named and determined by them.

¹⁷ Again, the same name for the avenue, the region, the industry.

The landmarks and roads are also fairly noticed. In Timóteo [area 1], the historical center, there is a main church and its square, as well as the city hall building and the Representative's working building, located at the end of Acesita Avenue, clearly established into the categories of landmarks and roads. In Acesita [area 2], 29 April Avenue, is the reference to a neighborhood which does not have any landmarks (but the so called Acesita's (the company's "central office"). This is probably so because the scale of the industrial plant overcomes by far the urban perception of the citizens. The neighborhood of Olaria [area 3] is located at the foot of Timóteo Mountains and along Acesita Avenue. Another key element would be an old furnace. Macuco [area 5] and Cachoeira do Vale [area 4], the peripheral areas, count only on the roads (the former BR-262 road and the latter with the road that goes to the State Park of Rio Doce) as reference elements.

Although the two main centralities share a history of rivalry and even political confrontation in relation to the usage of the urban space, the decentralization is beneficial. Actually it is regular part of city planning and should be sought for in bigger cities as it diminishes land speculation, ease the transit of people and goods, distributes the needs of the population in a balanced way in the space and promotes the expansion of the urban infra-structure in an optimized way.

8. CASE STUDY CONCLUSIONS

In conclusion, what can be drawn from the scenario laid is that access to the land is restricted by the income criteria. In Timoteo's case, those who were the pioneers remain at their original location [area 1], eight kilometers apart from the benefits of modernity. Those who are integrated into the mainstream, i.e. those who are connected somehow to the industry that brought along the modern "facilities" enjoy the best quality of space [area 2]. The lower middle class with weaker links to the economic power is somewhat close to the borders of the privileged center, located in area 3. For those excluded from the system, who survive on the "left-overs", [area 4] the space available is distant, with no services and "by the road"¹⁸.

However, as time went by and demands for area 4 were provided, it reached a status that is too high for excluded newcomers. Those, then, have no choice but to settle in the newest, poorest area [5]. Then goes the cycle one more time.¹⁹

9. ARE THERE ANY ALTERNATIVES?

This paper does not intend and it is beyond its scope to "lay down alternatives to the city". One should, however, evaluate some possibilities, which might come in handy as a contribution in the battle to produce a better urban space. Firstly, there is always the hope, typically Brazilian, that problems are ephemeral and that "a" natural inertia will eventually lead the people into a more just society. Along these lines, Roberts suggests the likely transience of the "strangling of the process of economic growth" (1978, p. 159), which would be immediately followed by fat cow times.

¹⁸ Which implicitly means: truck drivers bars, prostitution, low-life types.

¹⁹ Field analysis suggests that a further area "Cava Grande", reached through an unpaved road, is the next likely "peripheral" candidate as Macuco [area 5] gets the attention of politicians, university, companies and World Bank financed projects.

Other writers²⁰ recommend, rather properly, the imposition of a number of regulatory measures over land property, meaning to charge the “land income” which was earned inadequately, as a viable solution. Both Mendonça and Rolnik, however, refute this argument mentioning the fact that urban legislation server a number of times the interest of the real estate elite (MENDONÇA, 2002, p. 147). Rolnik goes even further suggesting that a better-balanced urban space “is the same of deregulation” (1994, p. 360).

Other propositions point towards the socialization of the costs characterized in the second section. Costa (1994 and 1997)²¹ supports this view, as well as Cardoso²², Coraggio²³ and Singer. The latter comments that it would be important if one could count on the municipalities²⁴ sponsorship (1998, p. 123).

Another side to be brought into discussion is the question of who would finance the state, who finances the implementation of services into the city. The demand for these services is enormous and is growing steadily due to accelerated urbanization. The resources available for the state, however, are insufficient to make up for the needs (*op. Cit.*, p. 127). Once again, this view is corroborated by Coraggio who says that it is necessary to concentrate the available resources into the social sector (1994, p. 234).

Vainer suggests, rather coherently, what one might look forward to when working with the planning and managing of the city. According to him, the objectives to be pursued are: a) the reduction of inequalities and improvement of life conditions within the city; b) the transferring of resources (both material and symbolical) to exploited social groups, necessarily, he says, taking it from the dominant groups (2001, p. 149). What remains to be discussed, if one were to agree with these propositions, is how to accomplish them.

A third theoretical alternative would be to invest massively into the city in a way to make all parts of the urban areas homogeneous so that everybody would have access to the city services²⁵. This would in turn help reduce the extra income made by the real estate entrepreneurs. The price of the land would reflect the intrinsic attributes of the lot and its locational advantages *only*, as the environment is the same. In other words, one may say that access would not be included in the price of the land. Even if this assumption was viable, that alone would not work completely as the region where this was applied would always be compared to other regions and abroad in a way that (under perfect competition and total mobility of people) this competitive advantage would make this city’s cost of labor much more expensive when comparing to others.

A fourth option to be checked is if investment in education and healthcare (sanitation included) was made a priority, instead of in transport and housing. This would be justified as the city

²⁰ Such as Bolaffi, for instance.

²¹ She says when commenting about the 1970s in Belo Horizonte: “...an industrialization process supported by public investment” (p.59).

²² “...it is the cyclical aspect of capitalist accumulation and the tendency to concentrate income which is exacerbated when the state does not promote compensatory measures.” (COSTA, 1997, p. 1424 *apud* CARDOSO, 1975, p. 30).

²³ “...inversion of priorities in social services to the less benefited sectors” (1994, p.221).

²⁴ In Brazil, the entities with less financial capability.

²⁵ Transport, education, healthcare, paving, water network, energy, garbage collecting, parks and recreation.

manager intends to avoid deterioration of the life of the poor. Investment in education might contribute to lead the society towards what Oliveira called digital-molecular accumulation process and Milton Santos²⁶, an eminent Brazilian geographer, called (along with Castells) an informational society. This, in turn, would lead up to the next level of capitalist accumulation in which the exploration of the reproduction of labor to subsidize the capital is not fundamentally part of the process. Investment in preventive healthcare may, also, lead to reduction of urban costs as it reduces expenditure with patients in hospitals and clinics and improves labor efficiency. This last argument reflects the choice of paying the capital through productivity increase, rather than decreasing of the cost of labor reproduction which is far healthier.

10. NOW WHAT, JOSEPH²⁷?

In fact, it is widely known that “the poor cannot be left abandoned” as Schwarz suggests in the preface of Oliveira’s *Ornitórrinco* (2003, p.19). He states this not only because of his sympathy, but because he knows that if abandoned, they will eventually ground progress. What is left to find out, says Coraggio (1994), is “what are we going to do with the 50% of the population who are unnecessary for both the reproduction of the capital and as labor force ?”

“The tragic part of this story is that a so-called Labor Party has a vision of the state that is market-like.”²⁸

²⁶ Meio técnico-científico-informacional

²⁷ Title of a well-known Brazilian poem by Carlos Drummond de Andrade.

²⁸ Francisco de Oliveira in a debate at the Associação dos Docentes da Unicamp on 29th August, 2003.

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