



TEXTO PARA DISCUSSÃO Nº 521

**FISCAL AND URBAN POLICIES: THE STATE AS A SPACE PRODUCER IN THE
FORDIST- KEYNESIAN ERA**

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**UNIVERSIDADE FEDERAL DE MINAS GERAIS
FACULDADE DE CIÊNCIAS ECONÔMICAS
CENTRO DE DESENVOLVIMENTO E PLANEJAMENTO REGIONAL**

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FORDIST- KEYNESIAN ERA**

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SUMÁRIO

1. INTRODUCTION	6
2. SPACE AND STATE	6
3. HISTORICAL EVIDENCES – WORLD AND BRAZIL (1930-1980).....	9
4. BEYOND THE POST-ISM – WHERE ARE WE? CRISES, NEOLIBERALISATION, GLOBALISATION, GENTRIFICATION, “NEO-EVERYTHING” AND “EVERTHING-ATION”	21
BIBLIOGRAPHIC REFERENCES	25
APPENDIX.....	29

RESUMO

A discussão teórica e histórica que este artigo pretende estabelecer envolve a percepção que cada momento histórico possui um arranjo espacial adequado para o crescimento econômico, para as indústrias-motrizas e para o paradigma técnico-econômico em cada período, e que esses arranjos são articulados e promovidos pela ação do Estado. Mais clara e especificamente, este trabalho compartilha a visão de muitos autores que afirmam que a *metrópole* teria sido um produto combinado da industrialização fordista e a atuação do Estado Keynesiano, enquanto a forma urbana contemporânea pós-metropolitana é marcada pela indústria pós-fordista e pelo Estado Neoliberal. Dessa perspectiva, a história econômica brasileira durante o período 1930 – 1980 é apresentada como uma maneira de exemplificar esse tipo de relação espaço-temporal. Além de oferecer uma análise crítica que cobre esse período histórico, o artigo conclui com uma visão mais ampla de Economia Política Internacional, mencionando uma gama de fenômenos “Neo-alguma coisa” que emergiram nesta nova era de “Qualquer coisa-Ização”.

Palavras-chave: Estado; Desenvolvimento; História Econômica do Brasil; Economia Política Internacional.

ABSTRACT

The theoretical and historical discussion that this paper intends to establish involves the perception that each historical moment has a suitable spatial arrangement for economic growth, for driving-industries and for the dominant techno-economic paradigm in each period, and that such arrangements are articulated and promoted by State action. More clearly and specifically, this work shares the view of many authors who state that the *metropolis* would have been a combined product of *Fordist industrialization* and the performance of the *Keynesian State*, while the contemporary post-metropolitan urban form is marked by *post-Fordist industry* and the *Neoliberal State*. From this perspective, Brazilian economic history during the period between 1930-1980 is present in a way of exemplifying that kind of spatial-temporal relationship. Besides offering a critical analysis covering that historical period, the paper concludes with a wider view of International Political Economy, mentioning a number of “Neo-something” phenomena that emerged in this new Era of “Something-Isation”.

Key-words: State; Development; Brazilian Economic History; International Political Economy.

Jel Classification: N16, N46, O54

1. INTRODUCTION

The theoretical and historical discussion that this paper intends to establish involves the perception that each historical moment has a suitable spatial arrangement for economic growth, for driving-industries and for the dominant techno-economic paradigm in each period, and that such arrangements are articulated and promoted by State action. More clearly and specifically, this work shares the view of many authors who state that the *metropolis* would have been a combined product of *Fordist industrialization* and the performance of the *Keynesian State*, while the contemporary post-metropolitan urban form is marked by *post-Fordist industry* and the *Neoliberal State*. One of the efforts of this work is to clarify and discuss the meaning, and even the pertinence, of each of these terms.

Hence, this work aims at discussing the role of the National-State in the so-called *production of space*, in general for the developed countries and addressing the Brazilian experience, specifically. It is argued that in Brazilian economic history during 1930-1980, the State was fully integrated in a national project enabling the generation of a sustained economic development cycle. In this project articulation, the present work highlights the State's role as the basic infrastructure provider, which was realized through fiscal policy. Therefore, fiscal policy was chosen to be narrowly understood as public infrastructure because of its direct relationship with the federal government (once it is highly centralized in Brazil). Herein, a number of historical examples are given about the Brazilian experience in that phase of capitalism. It is worth to mention that we do not try to establish a macroeconomic discussion or a discussion about causation: this paper is basically inductive, descriptive and historical.

Besides offering a critical analysis covering that historical period, the paper concludes with a wider view of global-local relations in an attempt to give some insights on what kind of new phenomena emerged after the crisis of Fordism-Keynesianism arrangements and how it led to the new wave of globalisation and neoliberalisation. At this point, it is argued that the hollowing-out of the "Welfare State" should not be interpreted as the opt-out strategy of the State itself, since the Nation-State still acts in the production of space, however from a different perspective.

2. SPACE AND STATE

This section presents the necessary definitions of this article and links Space and State, as well as it presents the concepts to be used in our argumentation. As mentioned above, one of the main ideas in this work is the argument that the relations between State and World have a specific materialization over space, and those relational arrangements vary along time. This idea may be identified in quotations such as:

*“The metropolis would have been a product of **Fordist** industrialization combined with a performance of the State ruled by **Keynesianism** (in the urban level through the provision of collective consumption means), while this new **post-metropolitan** urban form is marked by **post-Fordist** industry and the **neoliberal state**”* (MAGALHÃES, 2009:8, own translation; emphasis added).

Therefore, our emphasis in this paper is in this sort of phenomenon in two periods: first, a stronger emphasis is given to the “Fordist-Keynesian” times, broadly understood as the period between 1930 and 1980; and then, onto the crises of that arrangement, which is discussed together with what has emerged since the end of those years. Hence, before going through these points, it is necessary to give some definitions of the terms we use.

The term “Fordism” has roots on Gramsci’s works from 1920s, and the suffix “-ism” “defines a specific composite of economic practices that are ideally typified in the production process and labor-management relations initiated by Henry Ford” (SOJA, 2000:170). “Fordism” may be understood in this context as more than a way of organizing production, as developed by H. Ford in 1914, with his “8 hours and five dollars-per day of work”. In fact, many organizational innovations brought by Ford were extensions of well establish practices: F.W. Taylor studies of times and movements inside the industries were published in 1913, and in Europe, Henri Fayol’s book (published in 1916) became popular in the next decades (HARVEY, 2002). The crucial difference of Fordism to other management theories can be clearly captured by Harvey’s quotation:

*“What was special in Ford (...) was his vision, his explicit acknowledgment that mass production meant mass consumption, a new work system, a new control policy and work management, a new aesthetic and a new psychology, in short, a new kind of democratic society, rationalized, **modernist and populist**”.* (HARVEY, 2002:121, own translation; emphasis added).

Although these ideas were well established in the very beginning of the 20th century, they had difficulties to be spread around the world and even in the core industrial countries. As may be inferred by Harvey’s words above, such a dramatic transformation of society would take some decades to become hegemonic, including in the Third World. These difficulties may be summarized as the necessary State’s institutional changes and also in overall workers’ organizations. Actually, those changes happened in such deep manner only after the WWII – together with Keynesianism. Herein, Harvey’s historical review may be useful again: “Fordism allied decidedly to Keynesianism, and capitalism dedicated to an outbreak of international expansions that attracted to his net a number of decolonized nations” (HARVEY, 2002:125). As it will be shown, Brazilian economy changed decisively more in between 1950 – 1980 than in 1930 – 1950.

Keynesian, in the pair “Fordist-Keynesian”, refers to both State and economic orthodox thought over the period. It implies that we are considering a clear relation between what was the conventional economic wisdom of that time and the manner bureaucracy acted – a relation that occurs in many others periods, as Goldstein (1993)¹ has argued. Thereby, by “Keynesian” ruling we mean a period when the State acted through principles derived from Keynesianism, at least in the way it interacted with the

¹ (...) [T]he decision of whether governments should adopt Keynesian policies in 1930 or 1940s was not settled by objective facts. (...) Each theory [classical and Keynesian] offered a clear but different causal relationship between government intervention and employment. Political leaders could not choose between the two on objective grounds; rather, their selection of policy was inherently political. In the choice among plausible paths and strategies to attain one’s interest, the political power of ideas about economic phenomena plays a critical role”. (GOLDSTEIN, 1993:3).

economy. Since our objective is not to discuss deeply what the “Keynesianism” doctrine means in all its wide range of interpretations, we allow here a narrow comprehension of the term for the purpose of this paper: Keynesianism is to be taken as the faith that State plays as major role in the economic active and in the organization of the society, as much in the short run (which is related to cycles and GDP fluctuations through the administration of aggregate demand) as in the long run (which is related more deeply with the economic structure), guiding the development process. This latter believe, with State’s actions having impacts on the long run, was crucial for the “Developmentalism” ideology which shaped public policy in Latin-America. Some Latin-American authors even called the ECLA’s (or Cepal’s) body of thought a “Cabloco Keynesianism”, a joke expression that might be understood as an “interbred”, or “Latin-American way” of Keynesian doctrine (FONSECA, 2000)².

In a certain manner, what has been called here “Keynesian”, might be called Welfare State – although “welfare” had never arrived in the Third World as it did in the core industrial countries – or even “neoclassical” State, where neoclassical refers to the neoclassical synthesis, a sub-division of economic thought which emerged after the 50s, roughly, as a merge of Classical economics and Keynesianism. However, we consider that “Keynesian” might be a brighter expression, since it permits a more obvious sense than “neoliberal”, and more importantly, since it gives the necessary emphasis on the influence of Keynes’ ideas on policy makers’ thought. Furthermore, authors like Brenner (1998) and Magalhães (2009) also use the expression in such manner.

Under such perspective, during the period 1930 – 1980, and more intensely during 1950-1980, the State had a strong role in what Lefebvre (1991) called “production of space”. In spite of recognizing that this concept deserves a more complete study than what is provided here, the “production of space” is used in the sense of the production and reproduction of social relations. It means that the space itself might be understood as a social product – and that capitalism survives producing spaces³. That is why, when the State is involved in development or progress processes, it is extending (and transforming) certain kinds of social relations. Moreover, such comprehension implies that the State may not be understood as an aggregation of individual preferences (as the neo-utilitarists⁴ argue). Instead, it is necessarily embedded on social relations among the groups that constitute power relations. In other words, the vast expansion of general production conditions which happened during the period studied here may be interpreted as the materialization of government’s actions, occurring through a State which sidelined a common project with national and international elites. Moreover, this interplay among elites may be seen as a reason why the transformations induced by the State may have taken more time to influence economic development and spatial formations.

²ECLA means Economic Commission for Latin America. It is an United Nations (UN) commission created in 1948 and it was a cornerstone institution for the Latin-American economic thought. In fact, there is a debate about the interpretation of ECLA’s thought as a “Cabloco Keynesianism” or not, with some author arguing that Keynes was just one of the influences of the commission and that many of those ideas were already discussed in Latin-America. Anyway, Fonseca (2000) admits that the popularity of Keynesianism helped to the acceptance of ECLA’s thought in Latin-America and specifically in Brazil.

³ For better understanding of those concepts, we strongly recommend the original works of Lefebvre (1974). Some commentators may be indicated, as CARLOS (2001); MAGALHÃES (2015); SANTOS (2015).

⁴ By neo-utilitarists we mean the school of economic thought which emerged in the 1970s, which retook utilitarists approaches from the second half of 19th century and has been trying to apply the doctrine of individual maximization on a number of fields and situations. Indeed, this school has been often called just as neoclassical or neoliberal. A detailed discussion of this kind of thought may be find at Evans (1998).

Hereupon, one powerful argument about the State's functions and actions was the one presented by O'Connor (1977). According to him, the capitalist State has two fundamental dimensions, one that is related to *accumulation* and another one related to *legitimation*. As accumulation, loosely speaking, the author refers to the process of economic growth, and therefore, the State has, in a capitalism system, the role of providing the infrastructure to guarantee a profitable environment for entrepreneurs. Roads, railways, airports, bridges, energy, and sometimes some inputs may be grouped in this infrastructure category. On the other hand, legitimation is a condition to achieve *social harmony*, to make it possible and acceptable for the national project to be constructed among the elites and the State, which includes social expenses, like health care, education, retirement aid, housing, leisure etc., even if most of these expenses could be interpreted as investments in human capital, since the firms need health and confident workers. Later in this article, we will argue that the emphasis in these two spheres (accumulation and legitimation) has changed between the two historical periods we are analysing.

Another insightful way of interpreting State and Space during the period of 1930 – 1980 might be found in the concept of *state mode of production* (BRENNER; ELDEN, 2009; LEFEBVRE, 2009). This concept, elaborated by Lefebvre in his book “L'État”, indicates that

“[S]tates have come to play a key role in the management and maintenance of **capitalist growth at all spatial scales, from the local to the worldwide**; (...) Lefebvre describes the consolidation of the SMP as the significant event of the twentieth century, since it is a way of understanding fascism, Stalinism, and Western liberal-democratic models such as the U.S. New Deal and European social democracy”. (BRENNER AND ELDEN, 2009:17, bold indicates our own remarks. Underlines indicates original's ones).

The expression state mode of production shows a fusion of the typical Marxist concept of mode of production with the State, which entails a *qualitative* difference in specific terms during the 20th century: since the State assumed the responsibility for economic growth, any economic failures have been also attributed to the State. Important implications of that compromise with growth would be consistently seen in the debt crises of the 80s.

After pointing out this brief review of the relation between Fordism and Keynesianism and State and Space, we now turn to a more direct and clear historic question: how exactly this kind of State operated during the period 1930 – 1980? What sort of territorial economies did it build? What were the concrete materializations on the space of those articulations? The next section tries to shed some light on these questions, focusing in the Brazilian experience.

3. HISTORICAL EVIDENCES – WORLD AND BRAZIL (1930-1980).

Framing the State's *modus operandi* after the Great Depression, one might tell that the overall planning objectives had changed: it gained a regulatory dimension in relation to the private sector, and an agenda of social justice and intervention had emerged to “salve capitalism from itself”

(FRIEDMANN, 1987, p. 6). Moreover, the State was equipped with a new theory, Keynesianism, used as a tool to achieve full employment and stable growth through demand management. This panorama meant, spatially, a structural change, with the New Deal's infrastructure projects in the United States, for example; and with large scale industrial plants destined to supply mass consumption in various growth poles⁵ worldwide⁶. In planning theory, Rexford Guy Tugwell was an important name of this period (FRIEDMANN, 1987).

The interwar period was troublesome for most of the usual leading economies, with the rearrangement of goods and services markets under the lack of a coordinated economic system. The United States had turned to its own domestic issues and countries in Europe were left on their own to try to unilaterally organize their internal and external relations (EICHENGREEN, 2008). No clear hegemony or governance structure was provided and, together with the pursuit of an unclear path to follow, the European countries ended following economic policies that tried to establish the old pre-war economic status in a very adverse economic context (protectionism, lack of liquidity and weak economic structures). It is not enough to say that, under such weak and uncoordinated State organization, the production and reproduction of social relations would be deemed to a complete halt with the crisis of 1929 and the Great Depression that followed. State interventionism and planning action were fostered by the implementation of the New Deal in the United States.

In contrast with what Williamson (1998) argued using a few countries sample, the period of "de-globalisation" between 1914 and 1945 was a time of strong empowerment by peripheral economies. The previous period of globalisation, between 1870 and 1914, had brought some convergence among what historians called the Atlantic Economy (North America and Western Europe) or what Dowrick and Delong (2003) called "charming circle"; however, globalisation in the period excluded the rest of the world. Nonetheless,

"During the interwar era of globalization retreat, there were signs that the world's convergence club was significantly expanding. Pieces of coastal Africa, much of Latin America, and the Stalin-ruled Soviet Union appeared to be closing the relative gap that separated their economies from those of the world's industrial core". (DOWRICK; DELONG, 2003, P. 193).

After the end of WWII, international flows resumed, having important spatial implications. Post-War foreign direct investment and financial floods circulated across boundaries, however, differently from the first wave of globalisation, without the mass international migration which occurred in *Belle Époque*. The Bretton Woods agreements provided the international governance much needed to stabilise the international market and allowing the necessary flexibility to State governance in local markets, given the financial controls that regulated international financial markets. Therefore, the conditions created allowed the emergence of the interplay between the private and state, giving rise to

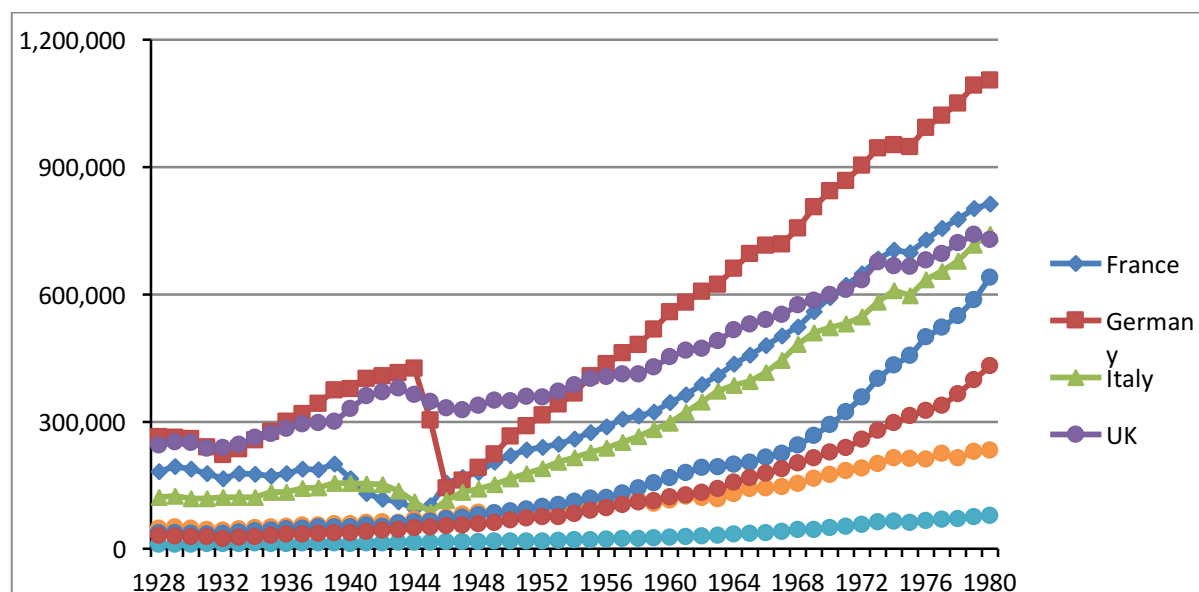
⁵ A wide review about growth pole strategy was provided by PARR (1999).

⁶ Actually, this later characteristic still featuring French's economy up today accordingly with Storper (1997).

the full significance of the Fordist-Keynesian type of action: American enterprises started spreading their activities globally (e.g. public utility companies significant presence in the Brazilian electricity distribution sector); Ford, GM, Fiat and Volkswagen created their industrial plants to supply national markets in Latin America, supplementing a car dependent urbanization (and suburbanization) that thrived on Middle East's oil; Arab capital gained interest in European and American banks, and these banks lend its “petrodollars” to developing countries. In the United States, the inner city has taken its toll, “*fueled by a permissive car culture, the urge of get some money and get out [of city centers] has taken command*” (HARVEY, 2014; P. 56). All these examples illustrate how global-to-local processes of that times changed permanently urban and regional spaces around the world, and how the State was directly or indirectly evolved in each of these phenomena.

Chart 1 illustrates GDP trajectories during the period studied here. The year of 1928 was chosen as the starting point of the series in order to capture the effects of the Great Depression on national economies. The countries were selected so we can compare the center and the periphery, meaning Europe and Latin-America. The United States was not selected because it would create a problem with scale due to the magnitude of its GDP. Portugal, although may seen today as a peripheral country in Europe, was chosen as an anecdote from the ex-colony to the old-metropolis. As Chart 1 shows, The Great Depression was not a big deal in Brazil, Argentina or Mexico; WWII devastated Continental Europe while Latin America was still growing; and after 1956, Brazilian's GDP deviated from others peripheral economies, bringing convergence in relation to Europeans countries, mainly between 1968 and 1980 (it is worth mentioning that the period 1968 – 1973 is known as the “Brazilian Miracle”); Germany had a constant and strong growth after the WWII up to the end of the data series, superseding UK's GDP around 1955 – something that France would do around 1970.

CHART 1
Selected Countries GDP Levels (1928-1980) – Millions of 1990 International Geary-Khamis dollars



Source: Own tabulations using database from MADDISON (2001).

In this panorama, the historical period between 1930 and 1980 was the time of the basic formation of Brazilian regional system and industrial structure. In this period, the country's economy underwent a rapid and deep **division of regional labor**, with the **introduction and dissemination of international technologies** that were before confined to the agro-exporter sector (BIELSCHOWSKY, 1995; MONTE-MÓR, 2007). Indeed, sometimes a sub-division of this period is done, between 1930 – 1950 and 1950 – 1980, since the period Post-war period represents a faster growth rate and also brought a more deliberated way of Developmentalism (ABREU, 1992), among others differences. The years of 1948 and 1949 marked the ECLA's debut and the use of exchange rates as a policy tool to protect the national industry⁷, respectively. One may say that the 1930 – 1950 period was the time of “Conservative Modernization”, (ABREU, 1992) when the institutional framework needed for the intense industrialization of the latter period was built. It was a time of Modernisation, meaning a break with the aristocratic and agrarian-exporter previous hegemony, with a “dislocation of the dynamic center” (FURTADO, 1995) from abroad to the domestic market; but it was also a conservative time, because of the authoritative and non-progressive way it happened. In such a manner, State intervention in Brazil has its own characteristics, a mix of authoritative and conservative in political terms and progressive in economic terms. It superseded the difficulties to the Fordism-Keynesianism action plan implementation in a peripheral country: on the one side, it has taken advantage of the local governance space created by the international conditions of the time; on the other side, it has joined forces with the local and international elites, which have promoted fast growth and modernisation in the country, but at the expense of increasing inequalities and the reproduction of a elite which was heavily dependent of State subsidies to function. These latter characteristics will be in the midst of the social problems faced by Brazil in the 1980s onwards. A description of the second sub-period mentioned here, 1950 – 1980, may be seen in Table 1.

⁷See Vianna (1992).

TABLE 1
Some Features of Brazilian Economy - (1950-2008)

	1950–1980	1981–2002	2003–2008	1950–2008
GDP growth rate	7.0	2.1	4.1	4.9
Investment growth rate	7.7	2.1	5.8	5.6
Labor productivity growth rate	3.83	0.07	1.40	2.16
Labor proportion on Transformation Industry (%) *	12.3	13.6	13.2	-
Labor proportion on Agriculture and Mining (%) *	63.7	37.8	19.1	-
Labor proportion on Building and Services (%) *	24.0	48.6	67.7	-
Arable Lands (thousands of hectares per capita)	2.01	1.62	1.43**	-
Population Growth Rate	2.8	1.78***	-	2.3***
Exportation Growth Rate	5.0	7.53	7.80	6.77

*Just to 1950, 1980 and 2005. ** 2006. ***1980-2006.

Source: BIELSCHOWSKY; SCHÖNERWALD; VERNENGO (2013).

Table 1 depicts a general view of Brazilian economy from 1950 to 2008, with subdivisions to identify some patterns between 1950 – 1980 (period which we focuses here), 1981 – 2002 and 2002 – 2008. Unfortunately, many of these statistics do not exist in an accessible way for 1930 to 1950; for example, a national inflation index was only computed from 1947 onwards, and the Brazilian Institute of Geography and Statistics (which gathers most of the data in Brazil) dates back to 1936. Data after 1980 will be useful for the next section of this paper.

One of main features of Table 1 is the fabulous growth of GDP, investment, labor productivity and population in Fordist-Keynesian times. These intense economic transformations had a determinant impact on distribution of the workforce among sectors. Although the share of labor in transformation industry had not changed considerably during the sixty years considered in this Table, there were astonishing changes in sectors such as mining and agriculture and services and building. These data may shed some light on the discussion of three facts: that Brazil had already a consolidated industrial park in the 80s (GIAMBIAGI; VILLELA, 2005); that despite industrialization that had been occurring since the 30s, the extractive and agricultural sectors still absorbed major shares of labor in 1950 – 1980; and that a mass rural-urban migration happened from 1950 – 1980 to 1980 – 2002, which still seems to be happening in 2000s, at least at some scale. All these changes had an intrinsic relation with State's developmentalist path (mentioned before) as well as the formation of the concrete urban space in Brazil.

Together with these three facts, it is interesting to consider the income distribution on Brazil during these decades and compare it with other peripheral countries, which can be seen in Table 2. Inequality (measured by Gini's coefficient) in Brazil rose from 53.0 to 60.5 between 1960 and 1990, with a peak from 1960 to 1970. The "lost decade" of the 80s was also a bad time for income inequality, with an increase of 4.5 points in Gini's coefficient. Since 1990, with democratization, economic stabilization, and social programs, it has been declining. One of the main characteristics of the Brazilian society is captured by Table 2: it was the **most unequal country** on average among those considered. Brazil is only shadowed by Colombia and Venezuela in 1960 and by Colombia in 1980. There is no higher inequality in this Table than Brazilian's Gini Index for 1990. Another important featured that is shown by these figures is that Latin America has been more unequal than Asia.

Therefore, the last paragraphs are insightful to understand Brazilian spatial structure between 1950 – 1980 and nowadays. The same country which had a mass rural-urban migration during its process of fast industrialization is also the more unequal country in the world since 60s. A very specific space emerged from this conjunction: enormous slums, cities satellites and an urban tissue covering the national space, with some islands of prosperity occupied by highly productive globalised elites. Some demonstrations of this sort of space can be seen in the Appendix. General conditions for production, such as energy and infrastructure, spread around the whole territory, as well as the mining and agricultural labor productivity, which rose in an average of 3.23% per year between 1950 – 1980 and 3.99% per year between 1980 and 2005 (BIELSCHOWSKY; SCHÖNERWALD; VERNENGO, 2013) – an increase drove by mechanization and technological change. It created an urbanised country, with a legion of included non-industrial workers in the metropolis, who were cast away from land. Today, more than 80% of Brazilian population lives in urban centers.⁸ In contrast to what happened in the First World, Brazilian's State had a good performance providing capital accumulation, but failed in providing social harmony, as O'Connor's (1977) argued. The way of enabling such conjunction of unequal growth was a particular tradition in Latin America: dictatorship, which happened in Brazil between 1937 and 1945 and again between 1964 and 1985. It can be seen in Chart 2 how large are Brazilian metropolis, compared with American main ones⁹.

⁸ Although we should mention that the concept of "urban" is much wider than this narrow view reflected by this number. An appropriate discussion on this question may be found in Monte-Mór (2014) and Brenner and Schmidt (2014).

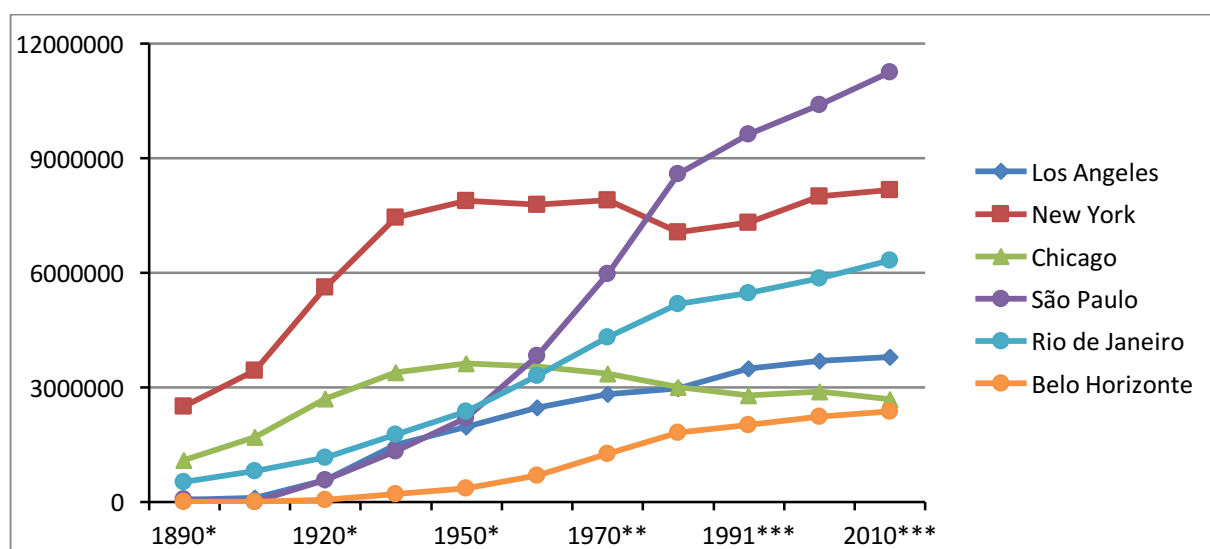
⁹ United States' metropolis were choose to be compared with Brazilian's ones because it is understanding as more comparable, since they are the most populous countries in the "New World" and their cities did not be a feud in the past.

TABLE 2
Peripheral Countries' Income Distribution (Gini) – 1960-2006

	1960	1970	1980	1990	2000	2006	Média
Brasil	53.0	59.0	56.0	60.5	58.6	56.4	57.2
México	50.4	57.4	50.6	54.7	53.2	51.0	53.1
Chile	46.2	50.1	50.0	55.1	55.2	54.6	51.9
Colômbia	58.5	55.2	58.5	53.4	55.3	55.3	56.0
Venezuela	53.1	47.3	38.8	38.1	44.1	47.6	44.8
Argentina	42.1	36.4	42.5	44.4	50.4	48.3	43.8
China	32.8	29.9	23.4	23.4	25.3	32.9	27,3
Coreia do Sul	32.0	31.5	35.5	34.9	36.9	31.6	33.7
Tailândia	41.6	44.0	42.6	47.4	44.8	42.0	43.7
Indonésia	33.3	30.7	31.8	32.0	32.0	39.4	33.2
Índia	32.5	30.2	31.4	29.6	36.0	36.8	32.8
Filipinas	46.5	45.3	45.0	48.1	49.4	47.9	47.0
Rússia	n.d.	26.2	29.0	25.9	42.5	45.1	33.7

Source: BIELSCHOWSKY; SCHÖNERWALD; VERNENGO, 2013. P. 48.

CHART 2
Total Population of Brazilian and US main metropolis (1890-2010)



Source: Our tabulations using Brazilian and US Census. Brazil: (*) Present population. (**) Census Population. (***) Resident population.

In Chart 2, the “main” metropolis¹⁰ are the ones with major metropolitan areas and participation shares on countries’ GDP. In the end of 19th Century, São Paulo (SP) and Los Angeles (LA) had similar populations, while Belo Horizonte (BH), a planned city, was inaugurated in 1897. Rio de Janeiro (Rio) was already the Brazilian capital city since 1822, when the Portuguese royal family arrived from Europe, and Chicago and New York (NY) were receiving millions of Europeans immigrants by the beginning of the series. In the fifty years between 1930 and 1980 the situation changed deeply. With Brazilian industrialization, São Paulo worked as a growth pole, being the destiny of millions of international migrants and also workers from Brazilian Northwest – which can be probably accounted as the largest intra-national migration of south hemisphere of all times. Rio and BH also grew rapidly, although in a more modest rate than SP¹¹. Obviously, Brazilians cities’ growth was not only due to migration, but also due to high birth rates and the decline of mortality rate – related with medicine innovations, and, in the end, due to demographic transition. At the same time, in the US, suburbanization was a key process, making NY’s and Chicago’s population decline, mostly because of urban sprawl and *white flight* (EHRENHALT, 2012; HARVEY, 1974). In 1980, SP’s population size was nearby NY’s size and, together with Rio de Janeiro, presented greater population sizes than Chicago and LA. The young BH had diminished a population gap in relation to the other Brazilian cities, and was close to 2 million people.

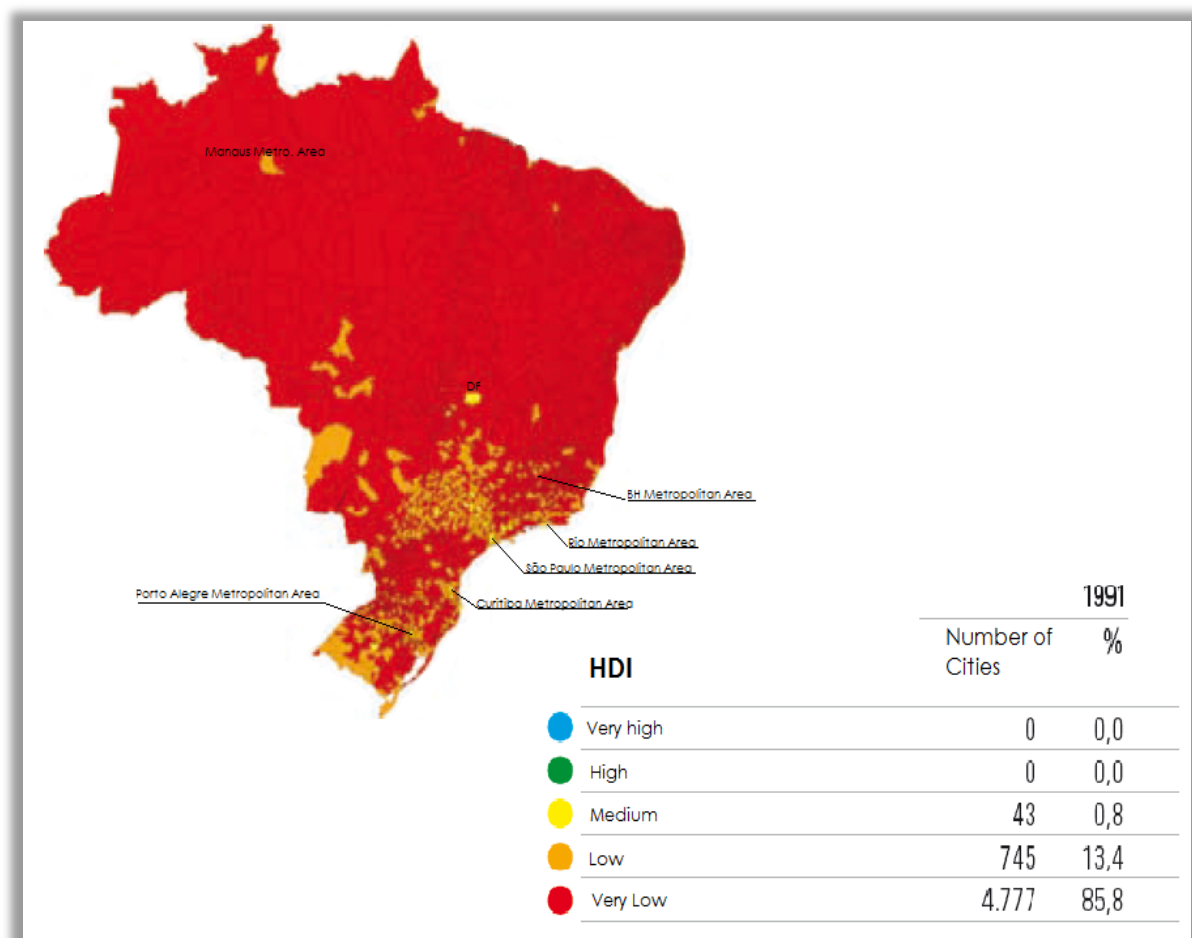
Since the economic development is not only a macroeconomic phenomenon, but necessarily a regional and urban one¹², it is safe to assert that those cities played a crucial role in Fordist-Keynesian development process in US and Brazil. Privileged places for State’s infrastructure provision, largest metropolitan areas have been sites for a range of agglomeration forces, such as agglomeration externalities derived from industrial specialization (Marshallian’s Externalities) as well as urban externalities generated by cities’ diversity and cross fertilization of ideas (Jacobs’ Externalities), and increasing return-to-scale effects. In Brazil, the disparities among individuals (highlighted before through Gini Index) are also present in different spatial scales, with a high level of wealth and income concentrations inside each city, metropolis, state, and among regions. These multi-scale disparities may be visualized in Figures 1 and Figure 2.

¹⁰ Surely it was recommendable to use metropolitan data to understand this sort of process; nevertheless, metropolitan regions data is much harder to access, since the composition of it changed along the period studied here, and Brazilian regulation of metropolitan regions is something of 70s, just to cite some problems.

¹¹ In the 60s, Rio stopped to be Brazilian Capital, with the inauguration of Brasília, one of the main landmarks of Developmentalism and Modernism in the country.

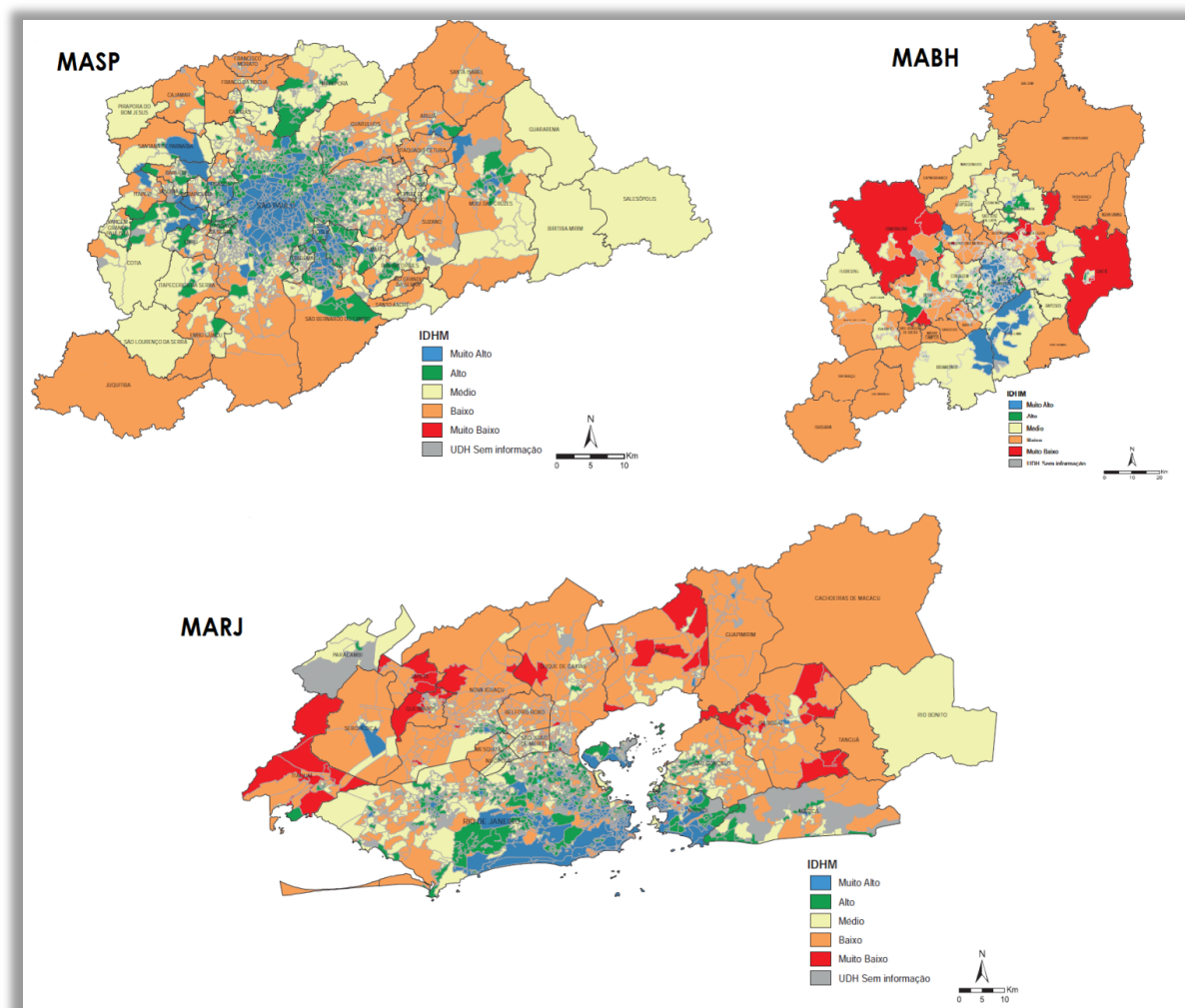
¹² For a detailed discussion of this point, see Storper and Scott (2007).

FIGURE 1
Human Development Index - Municipal Level - Brazil (1991)



Source: Atlas (2013).

FIGURE 2
Human Development Index - Intra-urban Level - Selected Metropolitan Areas: SP, BH, RJ (2000)



Source: Atlas (2013). MASP stands for Metropolitan area of São Paulo; MABH is the metropolitan area of Belo Horizonte and MARJ is the same for Rio de Janeiro.

Turning to the specific participation of State in this process, we present some data in Charts 3, 4 and 5. In the Appendix we can find data on State's investments in communications, harbors, river dams, railroads, roads and airports, from 1925 to 1945. Unfortunately, these series were discontinued after 1945. Anyway, it shows the high level of public intervention on infrastructure during WWII. Charts 3 shows the Public Administration's (which includes federal, states and municipal governments) investments in Gross Fixed Capital Formation directed to Construction (GFCF)¹³ since 1954. There are some limits on such data¹⁴.

¹³ The estimative of GFCF in this sector is based on the survey of investment spending on construction by general government through the translation of charts of accounts of the Public Administration's Budgetary balances levels. For more information, see: ftp.ibge.gov.br/Contas_Nacionais/Sistema_de_Contas_Nacionais/Notas_Metodologicas/19_formacao_capital.pdf. Accessed on June 10th, 2015.

¹⁴ Despite the series starts in 1901, it could not be deflated by an appropriated inflation index, what obliged the authors to use it only after 1954. After that year, a Wholesale Price Index of Construction Materials ("IPA – Construção") is available. Then, it was created an index, which equals 100.00 in 1954.

Chart 3 presents figures with an unsurprising behavior. The index rises from 100.00 in 1954 to 341.00 in 1969. An amazing variation happened during the Juscelino Kubitschek government's, between 1956 and 1961, with the index starting at 97.5 and rocketing to 200.7 in 1960, an increase of more than 100%. As the government's slogan of that time, it was "fifty years [of progress] in five". The index fell after 1961, and did it more sharply from 1963, with a political crisis surrounding João Goulart's left-wing government. This government was interrupted by a military-conservative *coup d'état* in 1964. During military government, the index increased from 205 to 342, expressing the volumes of public investment of those times. Unfortunately, the series is discontinued after 1970. Looking at the transportation aspects of that time, we found that the extension of paved roads increased from 3.133 kilometers in 1955 to 79.422 kilometers in 1980, an increase of 2435%¹⁵. In the same spirit, transportation costs drop 45% from 1968 to 1980¹⁶.

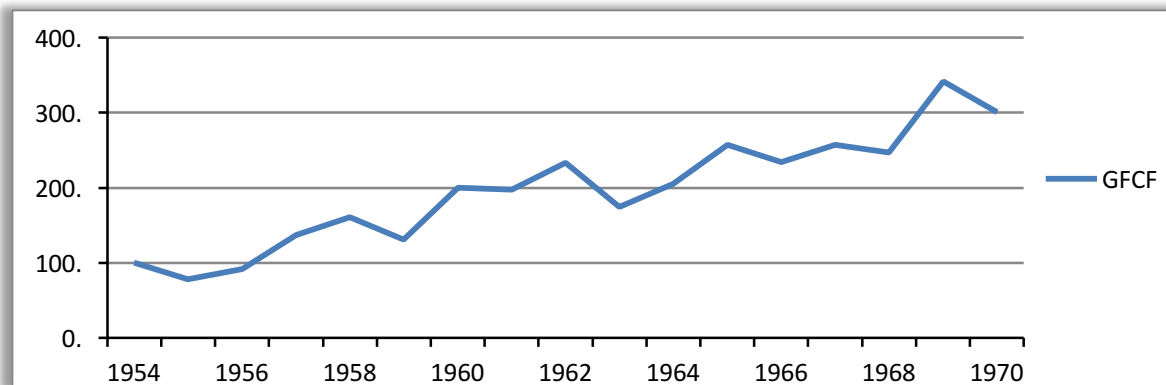
Including the State's investment on machinery and equipments in Gross Fixed Capital Formation growth rate series, and comparing it with GDP growth rate, we may have some insights about Brazilian vertiginous growth between 1950 and 1980. Excluding *a priori* any discussion over causation, Chart 4 may be interpreted as an example of how the State's investment in space production at a certain period of time may be relevant to accumulation in another one. Chart 4 shows the percent growth rates per year in Y axis during 1950 – 1980. It is possible to argue that the high rates of GFCF in the 1950s were one of the requirements to the Brazilian "Growth Miracle" of 70s; in other words, huge investments in fixed capital made growth possible ten years after. On a social perspective, it means that the 1950s extended the kind of social-spatial relation necessary for the capitalist accumulation which, after a brief crisis in 1963, occurred between 1966 and 1980¹⁷. Perhaps one would say that this is an example of how the short run may impact the long run; anyhow, what we can make of it is that maybe the fall of GFCF growth rate after 1975 is as a hint to low rates of growth after 1980.

¹⁵ Our calculations over National Land Transportation Agency's (ANTT) data compiled by IpeaData.

¹⁶ Our calculations over data compiled by IpeaData (DISECE). Costs were calculated by using linear programming to calculate the minimal cost from a city to the nearest state capital.

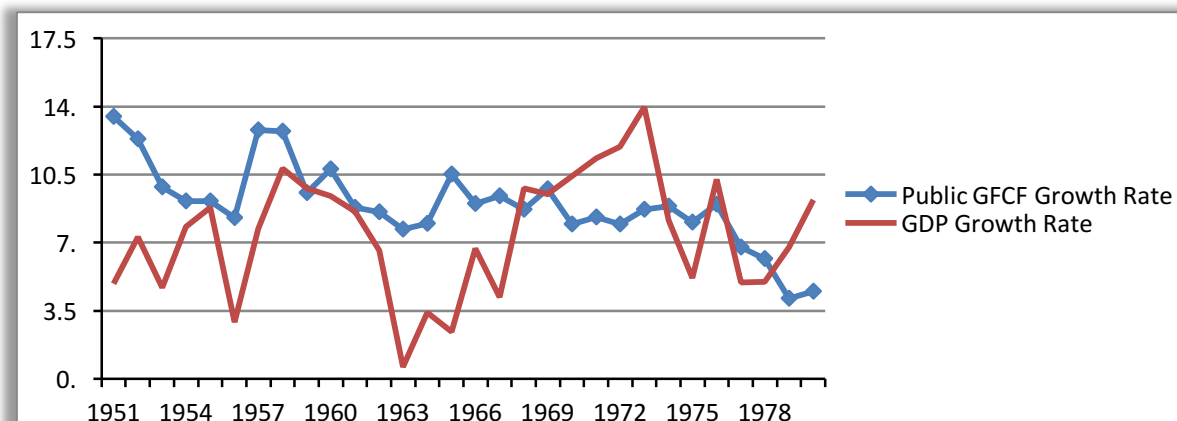
¹⁷ However, it is intriguing how it was maintained constant (and not rose) during Miracles years; although it was a high rate, around 8 – 10 %.

CHART 3
Gross Fixed Capital Formation on Construction - State (1954-1970). Index 100 = 1954



Source: Our tabulation using IBGE's data compiled by IpeaData.

CHART 4
Public GFCF Growth Rate and GDP Growth Rate (%) – Brazil (1950 – 1980)



Source: Our tabulations using IBGE's data compiled by IpeaData.

The intention of this section was to analyse the possibilities of a type of Fordist-Keynesian production of space in a peripheral context. The acceleration of globalisation was led through a type of global-local governance that had, on one side, established the parameters for international stability in the post WWII period, with regulated capital flows and exchange rates that promoted growth all around the world. The international structure also permitted great flexibility of States to perform Keynesian policies adjusted to their needs. Moreover, peripheral strategies were akin to their underdeveloped conditions, and economic policies have delivered a very different outcome to these countries, in general, and to Brazil, specifically. The Brazilian economy has intensified, in the 1950s to the 1980s, a dual process of development: higher growth and higher inequality, which was mostly materialised in the formation of its metropolis. Not only this unequal process had effects all over the country's social, economic and political institutions, but it has also had long-lasting effects that have been fuelled by the progress of the new wave of globalisation and, in special, coordinated by the change in the type of State (non) intervention. In the next section we turn to these issues.

4. BEYOND THE POST-ISM – WHERE ARE WE? CRISES, NEOLIBERALISATION, GLOBALISATION, GENTRIFICATION, “NEO-EVERYTHING” AND “EVERTHING-ATION”

The enthusiasm of Fordist – Keynesian times were left behind after the 70s. Actually, since at least 1968, many questioning movements have been emerging around the world. The year of first oil shock, 1973, is the one Harvey has chosen to inaugurate what he called Post-modernity. After this shock, Brazilian's State option was to maintain the fast rates of growth, through a national plan for development called PND II. When the second oil shock came in 1979, Developmentalism could not resist: government debt exploded, as well as the inflation rate around the world. In anecdotal perspective, the world was finally paying for the car dependency option made by the Fordism type of action. As the Lefebvre's argument of State Mode of Production, if the State came to be seen as the responsible for economic growth, when the economy slowed down after the 70s, the failures were attributed to him.

In the same years and from three different continents, Poulantzas (1977) in France, O'Connor (1977) in the US and Bresser Pereira (1977) in Brazil were announcing the failures of the Fordist – Keynesian arrangement and the State's crisis. Bresser Pereira, from a Latin-American point of view about State and Developmentalism, denounced how was possible to reconcile development and poverty, sustainable aggregate demand with high income concentration and high private accumulation with growing “**Statization**”. Wondering about O'Connor's (1977) ideas, it is possible to say that after the collapse of the Fordist-Keynesian combination, the State's attention to social harmony and **legitimation** dropped, while the **accumulation** function kept being raised even by right-wing discourses. This idea may clarify how Keynesian State is fundamentally different from the Neoliberal State. Nevertheless, none of the three authors could imagine how the late 70s were delightful compared with what were coming in the 80s. John Friedmann excerpt may tell us about the feeling of those times:

*“1968, the year when yet another wave of revolutionary fever swept across the world, from Beijing to Berkeley, from Paris to Mexico City. For the first time, revolutionary social movements have acquired global reach, sending shivers through all corridors of power. In the end, of course, the movement was defeated, just as it has been in 1848, but at least at one respect it had succeeded. It revealed the total bankruptcy of the established order. While it is true that finance and industrial capital had succeeded in organizing **global markets**, the number of world's poor was rising year after year; in the rich countries, **consumerism had become more a burden than a pleasure**; (...) devastating wars were fought to bitter conclusion in Southeast Asia and Central America; **economic restructuring had made many millions of able-bodied workers redundant**; **the state itself was sinking ever more deeply into debt**, even as **economic growth was slowing to crawl**. **The welfare system**, which has been so elaborately devised, lay shipwrecked on the shoals of **fiscal crises**. **The easy optimism** of the immediate post-war decades was crumbling fast”.* (FRIEDMANN, 1987:62; emphasis added).

With the crisis of the 80s, millions of workers lost their jobs around the world. Moreover, many of those jobs would never be recovered, as wisely observed by Hobsbawm (1996). As Leamer (2007) argued, the computer has been working more as a microphone than as forklift: it has been helping to deepen and amplify skills inequalities instead of homogenize intellectual jobs. In developed countries, dismal figures like Thatcher, Regan and Volcker were bringing a new orthodox economic policy to the agenda: the Counter-Revolution of the Rational Expectation School. Hereupon, to the ones captivated by these ideas, fiscal policy should not have a role in economic policy – since it was demonized as “inefficient” by Ricardian Equivalence rhetoric. Obviously, the State should still be subservient to capital, through the triad health care – education – infrastructure, those markets which capital always had problems to supply and that entailed the ideology of “Minimum State”. In the more radical version, the economic policy suggestion given by Real Business Cycle models were resumed in the say “the last to leave, turn off the lights”, meaning that there were not *any* space for State. In Latin-America, north economic wisdom built on the Washington Consensus was used to dismantle autarchic Developmentalist States (STIGLITZ, 2003).

As Neoliberalism replaced Keynesianism, Fordism was replaced by Post-Fordism, an expression which highlights the importance of *flexible accumulation* and new technologies in capitalist production. As Fordism-Keynesianism created the metropolis, what then the Neoliberalism-Post-Fordism were producing on space? Form many authors, the answer has been the Post-Metropolis and/or the Neoliberal City (HAUGHTON; ALLMENDINGER; OOSTERLYNCK, 2013; SOJA, 2000, 2013). In the spheres of production, Post – Fordism; for some authors, even Post – Industrialism. In cultural studies, Post – Modernism; in North-South international affairs, Post – Colonialism. The option to “old” Keynesian dubbed Post – Keynesianism. In politics, Post – Politics, and in space, Post – Metropolis (HARVEY, 2002; HAUGHTON; ALLMENDINGER; OOSTERLYNCK, 2013; MONTE-MÓR; RAY, 1995; SOJA, 2000, 2013).

*“Nothing entirely new, post-modern advocates would tend to agree; nothing long dead being revived nor a renaissance of values in themselves - no neo-anything, Post-everything, instead; success(ion). Western's Enlightenment has (been) succeeded and the industrial civilization has gained global dimension. The idea of progress, however, has died and the Enlightenment's project of emancipation is exhausted. What comes next - after modern.ism, progress.ism, development.ism, industrial.ism, ford.ism, colonial.ism, capital.ism, etc? In late capitalism's computerized superstructure, is there a post *. * attitude? ”.*(MONTE-MÓR; RAY, 1995). P. 191.

Although the enlightened excerpt offered by Monte-Mór and Ray (1995) about the “Post-everything” moment in the middle 90s disowns the “Neo” aspects of what has been emerging since the 70s, we may add some ideas about the “Neo – anything” movements and what we dare call “Everything – ations”. Actually, since the rupture with Illuminist and Modernist projects, mankind has been facing a number of “Neo-anything” approaches. To describe the new orthodox economic thinking after the 80s, “**neo-classical**” has been used, despite a more precise term would have been “**neo-utilitarist**”, as Evans

(1998) discussed. By Evans argumentation, nowadays economic orthodoxy has more to do with a revival and deepening of late 19th century utilitarists (Walras, Jevons, Menger, etc.) than with classical economists such as Adam Smith and David Ricardo, whereas the latter emphasis were in exchanges and the former were in individual preferences. In this sense, some authors asserts that what best caricaturize the “**Neo-liberal**” ideology is the attempt to extend the logic of individual **maximization** to *any* aspects of societal life, making the individual an entrepreneur of himself, and the State *a* enterprise (MAGALHÃES, 2015). The success of Stevie Lewitt “Freaknomics” bestseller may illustrate this sort of **extrapolation** of that economic thinking.

Moreover, we have been dealing with an unprecedented **globalisation**, strongly associated with **neoliberalisation**. For some authors, the main feature of this wave is **financialisation**, what may be an indicator that now the income distribution has been favoring rent over capital (PIKETTY, 2014; SMITH, 1996, 2002). Global economic restructuring have meant **deindustrialisation** to some old core industrial regions, as American Mid-West (the old so-called Iron Belt) and parts of Europe; to peripheral economies, it has been translated into **commoditisation**, implying in a return to the previous commodities exporter model. Because of this latter phenomenon, Bastos and Salles (2013) asked whether Brazil should give a hello to a “**Neo-primary exporter**” path – a sort of question that is somewhat based on the data exposed in Table 1 about the **paralisation** of industry and the huge growth of services and primary sectors.

In urban space, **deindustrialisation** might lead to **gentrification**, according to Ruth Glass (1964) causation process applied to places: from deindustrialised to decayed; from decayed to underground; from underground to “cool”; from “cool” to “fashion”. On the other hand, Smith (1996) argues that where the hipsters go to occupy the new urban frontier, banks, real estate developers, and the State had gone before. Anyway, **gentrification** has been described as a global phenomenon with story-telling published articles about virtually any big city in the world, from Hong-Kong to Milano, from Birmingham to Belo Horizonte, from New York and D.C. to São Paulo (BRUSA; ARMIRAGLIO, 2012; CARDOSO, 2013; DAVIDSON, 2008; DE VERTEUIL, 2011; PORTER; BARBER, 2006). “Geek” jobs or the “creative class” has been changing neighborhoods, in new suburbs called “Edge Cities” or in Technopolis or in renewal cities centers. Yet, in architecture and music, **Californication** have been kinesthetically spread around the world.

In front of the “knowledge based economy” (STORPER, 1997) comes the **Neo-Schumpeterian** approaches. To deal with **microfundamentation**, but still considering some significance to the State and to short run policies, **Neo-Keynesianism**. Due to the “rediscovery” that global population was growing fast in subdeveloped countries, **Neo-Malthusianism**. **Neo-ricardian** models are used to reintroduce the economics of land, international commerce and the production of goods through others goods. To supersede Stalinism, State Productivism and raw Materialism, **Neo-Marxism approach**, which overblows left-wing agendas of gender, race, civil rights, right to the city, and so on, guided by communal actions approaches (FRIEDMANN, 1987). Offering alternatives to macroeconomics orthodoxy, **Neo-Kaleckians** and **Neo-Kaldorians** models. In Brazilian political economy discussion, **Neo-Developmentalism** appeared.

After the lost decade and the neoliberal wave which swept the 90s – with **privatization** and price **stabilization** -, a left-wing Labor Party came to power in Brazil in 2003. Finally, reductions in income inequality was taken the front stage, although maybe with the “durables goods’ dream” in mind, which made the decade be described by the acronym CCC: credit, consumption and commodities. By the way, while income inequality dropped in Brazil, it has been rising around the world, from China to US, from Europe to Venezuela, as has been exposed by Piketty (2014). After the 2008’s American real estate market bubble exploded and threw the world’s economy in the bitterest crisis since the Great Depression, once again, the peripheral economies turned their backs to the central economies, and once more, they had a fabulous growth period – remembering what happened in WWI, the Great Depression and WWII. The acronym “BRIC” became famous to describe the relevance of Brazil, Russia, India and China economies to the globe. However, post-crisis enthusiasm has passed, and now perhaps every citizen in Brazil as well as in Europe may agree that we are in crisis. From this point of view, Chinese ideogram to crisis must be taken seriously: risk and opportunity.

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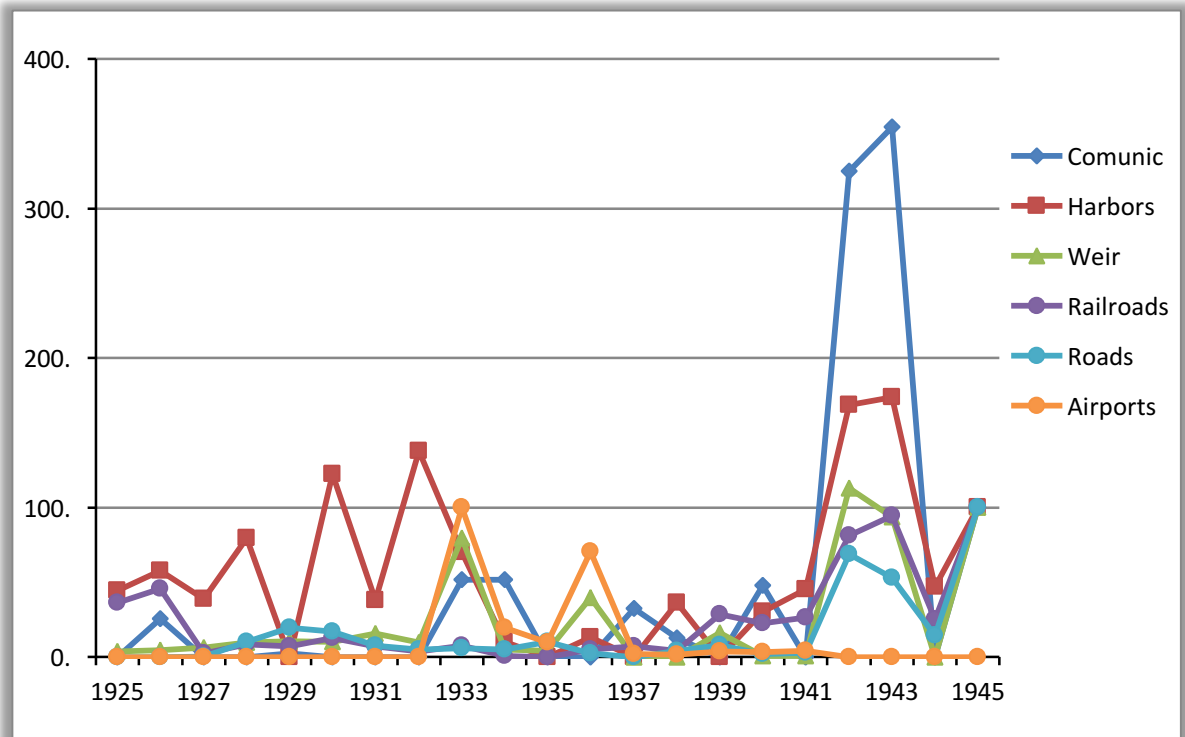
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APPENDIX

Chart - State's investments in Infrastructure (1925 - 1945)



Source: Our tabulations based on IBRE/FGV's data compiled by IpeaData.

Picture 1 - Brazilian Urban Space - Rio de Janeiro – West Zone (2015)



Source: Unknown author.

Picture 2 - Brazilian Urban Space – Belo Horizonte – “Morro do Papagaio” and Santa Lúcia/São Bento Districts (2015)



Source: Unknown Author

Picture 3 - Brazilian Urban Space – São Paulo – “Paraisópolis Slum” and Morumbi District (2015)



Source: Unknown Author.