

Brazil: The Assetization of Rights Corroding the 1988 Social Compact

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Abstract This article analyzes the development of financial hegemony in Brazilian capitalism through successive expropriative dynamics. It first reconstructs the transition from ‘elite financialization’ (1981-94), characterized by high interest regimes and state privatization, to ‘mass financialization’ (1995-2016), driven by pension capitalization and the collateralization of social policy. These mechanisms expanded credit and indebtedness among working classes. The article then examines a new phase under Lula 3 centered on the assetization of social rights. In this configuration, the state actively creates and multiplies asset classes to finance welfare provision, most notably through sovereign securities earmarked for social policy. It argues that this model legitimizes a contractionary fiscal environment aligned with Brazil’s New Fiscal Framework and reshapes the relationship between social rights, public finance, and financial markets.

Keywords Brazilian Capitalism. Financialization. Fiscal Austerity. Debt-led Social Policy. Assetization of Social Rights.

Summary 1 Introduction. – 2 From Elitized Financialization to Mass Financialization. – 3 From Dismantling to Reconstruction. – 4 Reshaping the Links between Social Provision and Finance. – 5 By Way of Concluding Remarks.



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1 Introduction

Since the turn of the century, the welfare regime anchored in the 1988 Brazilian Constitution has undergone a profound and unprecedented restructuring process, which has the growing assetization (Birch, Muniesa 2020; Adkins et al. 2020; Paulani 2024) of social provision as its defining feature, leading to a complete disfigurement of the social model agreed upon throughout the years of redemocratization.¹ This article starts from the assumption that the first wave of financialization of social policy, which gained traction starting in 2003, is now followed, under the third Lula administration, by a new stage that more openly institutes, at the State's initiative, the capitalization and multiplication of asset classes² as a mechanism for welfare provision.

In the first wave, the forms of financing and access to public goods and services in diverse areas (pensions, health, education, housing) introduced the capitalization of pensions and promoted the collateralization of social benefits (Lavinás 2017; 2020) as a stimulus for the expansion of 'individual' credit, resulting in a new phenomenon: the exceptionally high and constant degree of households' indebtedness to ensure social reproduction. In the new stage, the issuance of bonds by the Treasury, in parallel with the growing protagonism of private equity funds and institutional investors, seems to establish an unprecedented role for social policy, which becomes assetized, completely redefining its complementarity³ with the financialized accumulation regime. By assetization, Birch and Muniesa (2020, 4) designate "the socially transformative character of the phenomenon of turning things into assets", meaning that all sorts of things can take the 'asset form' and encapsulate its properties as well. They outline aspects that mark out the asset form, including the fact that assets are legal constructs that involve different modes of

1 A preliminary version of this article was first published in 2024 in a collection organized by Professors André Singer, Cícero Araújo, Bernardo Ricupero, all from DCP-USP, and Professor Fernando Rugitsky from SOAS University of London. We are thankful to Ana Beatriz Getirana de Carvalho for the English editing.

2 Asset classes are groups of assets that share common characteristics that differentiate them from other assets. They serve the investment strategies of funds and institutional investors seeking to extract financial profits through capitalization.

3 Social policy is always shaped by the prevailing regime of accumulation. Under the Fordist paradigm, it was strongly complementary to the logic of industrial accumulation, which required a certain degree of redistribution - within the framework of the Fordist social contract - so that workers, by enjoying better health, education, and living conditions, could increase labor productivity and sustain a virtuous cycle of growth. Under a financialized regime, precarious work increasingly predominates, which means that rights are eroded and the market comes to prevail in the provision of services, thereby redefining the role of social policy, which loses both relevance and its complementary function in relation to accumulation.

ownership and control and comprise forms of rentiership that enable the extraction of rents (Lavinás 2025a, 16).

Here, we refer to assetization precisely as the process of turning something – often non-financial or intangible – into an economic asset that can generate future income or be exchanged in markets. In this sense, assetization leads to the continuous formation of fictitious capital, enhancing and deepening financialization and enabling rent-extraction. When it comes to the assetization of social policy, we mean that collective/universal rights – or legal guarantees that cannot be traded – are supplanted by individual rights, now expressed as property rights that can be negotiated.

New categories of risk emerge and compromise the idea of a redistributive social protection system that aspires to the universalization of rights. At the same time, the emphasis on public private partnerships (PPPs) as a way of granting the provision of public services with state guarantees to the private market becomes a strategy of the third Lula administration to minimize uncertainties in financial accumulation.

This article aims to map the ongoing transition between models of social provision (Bayliss, Fine 2020) in twenty-first-century Brazil, adopting the lens of the financialization of social policy and its consequences for emancipatory and redistributive logics. To that end, we begin by examining the trajectory through which financial hegemony consolidated itself within Brazilian capitalism. We then discuss the process of reconstruction and the new social-policy measures adopted under Lula's third administration, underlying their links to financial accumulation. This turning point appears to combine debt renegotiation targets (without forgiveness) aimed at benefitting defaulters by recycling them into the uptake of new loans, with the State acting as guarantor in the event of a new default. This is the case of the *Desenrola* Program, launched by the new federal executive shortly after taking office (2023), whose most notable consequence was the introduction – within the set of social policies – of an innovative program devoted exclusively to the management of household debt in default. This reveals how the state became involved in confronting contemporary forms of excessive financial expropriation by managing their impact on households' ability to continue relying on credit to make ends meet, while at the same time seeking to avert systemic risks to the banking system.

Simultaneously, initiatives developed in partnership with the *Comissão de Valores Mobiliários* (the 'Brazilian Securities and Exchange Commission') to promote basic services through the capitalization of individualized returns are advancing: the ownership of financial assets that, when linked to the public budget, can be used to finance expenses such as education, housing, health, and so forth.

These indications are essential for our reflection, in the final section, on the emergence of new drivers of financial accumulation and the continued erosion of the social model implemented in 1988. As a result, a shift in the quality of financial expropriation occurs: beyond operating through the appropriation of wage income via interest payments, it would now also operate through the creation of new asset classes designed to secure future income streams. For such a shift to take place, the de-universalization of social policies becomes indispensable. Once converted into property rights, these policies increasingly become assets that can be traded.

2 From Elitized Financialization to Mass Financialization

The Brazilian case offers a clear example of how financialization took hold in the periphery. Bruno et al. (2011) have shown that this process emerged early in Brazil, at the end of the 1970s, when banks and large firms began replacing productive investments with financial products. Since then, the trajectory of financialization in Brazil has generated distinct dynamics, each characterized by specific moments of expropriation.⁴

The first of these dynamics is referred to as ‘elitized financialization’⁵ (Lavinás et al. 2019) and gained traction between 1981 and 1994. Its antecedents trace back to the post-crisis period of the ‘economic miracle’ (1967-73), when compensatory mechanisms for past inflation were created, based on instruments designed to preserve the purchasing power of account holders and investors – at the time a tiny minority drawn from Brazil’s upper middle class and economic elites.

With the advent of the monetary stabilization plan implemented throughout the 1990s, ‘elitized financialization’ was recalibrated by a new accumulation device that replaced the system of inflationary gains with one of high interest returns (Lavinás et al. 2019), using the Selic rate as its benchmark. By directing the path of financialization squarely toward the circuit of interest-bearing capital, the monetary

4 The concept of ‘expropriation’ refers to the contemporary debate on primitive accumulation and *Landnahme*, according to which the expansion of financial capitalism has increasingly depended on the commodification of previously non-commodified spaces and social groups through coercive political and institutional mechanisms. See Dörre 2015.

5 The term ‘elitized financialization’ was first used in the literature by Becker et al. (2010) to refer to a different context, in which it described the initial stages of the financialization process in peripheral economies. In Brazil, all bank accounts and financial investments have their cash balances adjusted quarterly to account for past inflation – a procedure known as indexed money.

program of the time, built upon neoliberal macroeconomic principles, deepened the elitist character of the financialization dynamic by favoring high finance to the detriment of industrial accumulation. While this process reduced productive investment and economic growth, it simultaneously advanced rentier interests over public services and social security.

In this context, the nominal model of State and welfare embedded in the 1988 Constitution had to confront constraints on public investment, an austerity regime, the dismantling of the public pay-as-you-go social security system, labor flexibilization, and cuts to government spending, all of which signaled an intention to underfund the mechanisms needed to implement fundamental rights, particularly social rights. This required the triggering of a process of constitutional reform and mutation. The reform of the Brazilian State in the 1990s created the conditions for the emergence, during the first Workers' Party (PT) administrations, of a second dynamic of financialization, dubbed by Lavinás et al. (2019) as 'mass financialization'.

As a strategy of social inclusion, the welfare regime was redefined by emphasizing the provision of individual credit as a means of financing social reproduction. The volume of personal credit began to grow significantly and persistently from 2003 onward, thanks to the creation of specific credit lines (payroll-deductible loans and Brazil's federally funded student loan program, *FIES*), the relaxation of lending parameters, and other mechanisms designed to expand access to credit markets with the State acting as guarantor (Lavinás 2017, 2020). Undeniably, the expansion of the coverage and effectiveness of social assistance policy, previously limited to older adults and persons with disabilities (BPC), was the most successful dimension of the social inclusion and anti-poverty strategy with the creation of the paramount *Bolsa Família* Program (Brazil's conditional cash transfer program for poor families, widely regarded as a global benchmark in combating extreme poverty).⁶

However, despite the increase in social spending and the slight rise in the wage bill, social policy remained constrained by macroeconomic policy, with growing tax exemptions and revenue untying measures, operating in a pro-cyclical manner, except for 2010. As shown by Lavinás (2017), in that year, in response to the effects of the global financial crisis in Brazil, the government introduced quantitative measures that resulted in a strong growth rate of 7.6%, the highest in several years.

6 For more information on the trajectory of *Bolsa Família* Program see <https://www.gov.br/mds/pt-br/acoes-e-programas/bolsa-familia>.

The central pillar of mass financialization, however, consisted of financial expropriation. This process developed globally, but in Brazil it was propelled by the strong expansion of credit and indebtedness during the first PT administrations. It presupposes, as Lapavistas (2009) argues, that the advance of fictitious capital over industrial and commercial firms exposes the dominance of banks, which in turn seek compensation in workers' incomes as an alternative source of profit. As a result of privatizations and the underfunding of public services, meeting basic subsistence needs became increasingly dependent on bank financing. The wage-earning class, however, had no means to ensure predictability or control over the risks of borrowing. Under the appearance of accessing future income flows, the asymmetries of power and information between banks and poorer borrowers allow the former to appropriate part of wages through interest payments. As financial expropriation becomes a fundamental driver of banking profits, banks also begin to pressure the State to ensure the permanent expansion of consumer credit (Lavinás 2017).

In this context, one of the consequences of the ambiguous trajectory of the first PT era (expansion and commodification) was the sustained increase in the level of household indebtedness in Brazil. By December 2015, households had 40.57% of their disposable income committed to debts owed to the financial sector, compared to 16.51% in January 2005 (Banco Central do Brasil 2023a). Out of this process emerges a new and increasingly significant figure: the 'debt-poor' (Costa 2023), that is, those who fall below the poverty line as a result of the high share of household income devoted to debt repayment.

Anchored in access to consumer credit, complex financial arrangements were forged that enabled a permanent flow of interest-bearing capital. Among these, the (re)securitization of credit stands out. Although the extension of individual credit was presented as a factor of social inclusion, it nevertheless served as an instrument for globally disseminating neoliberal policies and for obscuring the unequal character inherent in speculative relations with the financial system, made possible through the collateralization of social policy. As put by Lavinás,

the transformation of social policy into collateral reflects the breadth logic of financialized capitalism, which converts cash transfers, pensions, and other monetary schemes - sources of regular income streams, that is - into assets placed at the disposal of the financial sector. They are then used to service debt and generate new income streams [...]. Through certain social policies - especially cash transfers paid by the state - the financial sector no longer has to rely on the requirement of liquid assets to offer credit to low-income groups and the poor. In this workaroud,

the State both exempts cash transfer recipients from posting collateral and provides the very collateral that is a precondition for the expansion of financial markets. (Lavinás 2020, 312-13)

In this process, modern finance has upended the logic of access to rights. Social policy in the form of entitlements – originally conceived of as a mechanism for decommodification – has been increasingly called upon to serve as collateral to access credit markets.

However, in 2017-18, the results of these measures proved discouraging, and economic recovery remained sluggish. Brazilian household income had shrunk by 7.6%, with 50.8% of disposable income committed to bank debts (Lavinás 2022). Unemployment stood at 12.4%. At the same time, the four largest private banks had reached the highest profit rates in their history, around R\$ 53.9 billion.

Jair Bolsonaro, a former far-right military, was elected in 2018. Bolsonaro's autocracy (Singer 2022) proved well attuned to the conditions imposed by the financial market during the crisis that began in 2014, conditions that demanded greater rigor and broader social acceptance of austerity policies. It was able to generate such acceptance. It transformed radical conservatism into the dominant expression of discontent with expropriation, exonerating capital while creating false culprits through discriminatory practices grounded in an ideology of inferiority, an ideology that extends even to the most expropriated groups (women and Black Brazilians). With this, Bolsonaro autocratic project secured a highly controversial pension reform that raised the retirement age for women and the number of years of qualifying contributions; the aggressive reduction of public spending in areas such as education, science, health, and the environment; the granting of autonomy to the Central Bank; and the approval of the new legal framework for foreign exchange and international capital, an old demand of the financial sector aimed at facilitating the dollarization and internationalization of the portfolios of the Brazilian elite, which until then had been allocated exclusively in assets denominated in the national currency (Gonçalves, Lavinás 2022).

If this scenario somewhat weakened social support for *Bolsonarismo*, allowing Lula to win the 2022 election by a narrow margin, it was not enough to consolidate institutional forms or consistent movements in favor of the universalization of social policies, the Achilles heel of Brazil's social protection system.

On the contrary, Lula's third administration appears to be advancing an agenda that legitimizes a new wave of financialization, in which social policy becomes directly assetized. The discourse and modes of regulation surrounding the social sphere are now grounded in the idea of capitalization as the primary means of ensuring future welfare and protection. This points to a transition toward a model of social policy underpinned by the accumulation of property

rights over financial assets (Lavinás, Gonçalves 2024). In other words, beneficiaries, who were previously only recipients of social policies, are now expected to become holders of rights over future income streams. In doing so, Lula's third administration signals the inauguration of a third expropriatory movement: a deeper erosion of the universal dimension of social policies through the expansion of their ties to fictitious capital.

3 From Dismantling to Reconstruction

The return of a restructured *Bolsa Família* – the New *Bolsa Família* – which tripled the program's average benefit (to R\$ 690.00 per month per family, with the addition of supplements that did not previously exist, starting from a base amount of R\$ 600.00) and reached 21.45 million families, together with the reinstatement of the policy of real increases to the minimum wage, are the measures that immediately restore the foundational elements of Lula's third administration. This administration, in fact, effectively began at the end of 2022, with the approval by the National Congress of the Transition Constitutional Amendment (EC 32/2022), which authorized an increase in public spending during the government's first year.⁷

Other significant examples of reconstruction stand out in the field of food and nutrition security (SAN). The CONSEA (National Council for Food and Nutrition Security), which had been dismantled in 2019, was reinstated for the second time, now supported by an Interministerial Chamber for Food Security. The PAA (Food Acquisition Program) was also reintroduced in 2023 after a long process of defunding, having been replaced in 2021 by the *Alimenta Brasil* Program, which had virtually no impact. The fight against poverty and the fight against hunger together once again resumed the priority they have always held on the PT agenda (Lavinás, Gonçalves 2024).

The federal government also relaunched the *Minha Casa, Minha Vida* program (PMCMV) (Fix, Paulani 2019; Fix et al. 2024) in July 2023, effectively burying its Bolsonaro-era replacement known as *Casa Verde e Amarela*.⁸ The goal is to contract the construction of 2 million housing units for low-income populations by 2026. The program covers three household-income brackets, both in urban and

⁷ Restoration of R\$ 168 billion to the 2023 federal budget.

⁸ This program is reported to have delivered 1.4 million low-income housing units between 2019 and 2022.

rural areas, and introduces several innovations compared to its first version, launched in 2009.⁹

The *Sistema Único de Saúde* (or SUS, ‘Brazil’s Unified Health System’) has also begun a recovery process with the reinstatement of priority programs in several areas, including the expansion of primary care, the formulation of a National Policy for Specialized Care, the implementation of the national nursing wage floor with the recomposition of teams for programs such as *Saúde da Família* (the family health strategy, Brazil’s primary-care delivery model) and *Mais Médicos* (which means ‘more doctors’, a program designed to expand medical provision in underserved areas), increased incentives for the philanthropic hospital network, and the reorganization of Indigenous health services.¹⁰ All of this was made possible because, with the end of the federal spending cap (EC 95/2016) and the additional resources made available through the Transition Constitutional Amendment (EC 126), the government in 2023 reinstated the constitutional minimum for health spending, which since 2015 (EC 86) has required the allocation of 15% of the federal government’s Net Current Revenue to the SUS.

Curbing - and ultimately reversing - this trend toward the dominance of profitable, financialized private provision in health care requires ensuring that SUS financing is based on the constitutional minimum, which introduces a contradiction within the implementation of the New Fiscal Framework. Complementary Law 200/2023, which enacted the new fiscal regime, may lead to increased pressure, beginning in 2025, to remove the constitutional earmarking of minimum funding levels for health - and likewise for education. This is because, as revenues increase over time, the amounts tied to the constitutional floors for these sectors will also rise, contradicting the New Fiscal Framework’s rule that limits the annual growth of expenditures to a maximum of 2.5%. Yet the Framework cannot override the constitutional minimum (Funcia, Santos 2023), meaning it will almost certainly force reductions in other social expenditures that lack such guarantees. As a result, a struggle emerges over a compressed pool of social resources, a consequence of the austerity policy the government adopted through the new fiscal regime.

9 <https://www.caixa.gov.br/voce/habitacao/minha-casa-minha-vida/Paginas/default.aspx>.

10 <https://www.gov.br/saude/pt-br/sus>.

4 Reshaping the Links between Social Provision and Finance

On the side of innovations in the social sphere, several initiatives are noteworthy because they signal a change in direction. These include the *Desenrola Brasil* Program, the Brazilian Framework for Sustainable Sovereign Bonds, *Tesouro Educa+*, *Renda+*, and *Educa+Mulher*. Together with the renewed expansion of PPPs in both scope and scale, they point to a strategic shift in the design and financing of social policies.

The *Desenrola Brasil* Program aims to confront the disastrous effects of the financial inclusion strategy based on access to consumer credit that became the hallmark of the PT governments between 2003 and 2016, and that continued to intensify during the coronavirus pandemic, when the *Auxílio Emergencial* ('Brazilian's pandemic emergency aid') inadvertently facilitated, for the first time, a mass process of household debt renegotiation, thereby fueling a new cycle of debt expansion (Lavinás et al. 2022a).

This wave of debt renegotiation occurred at the time under the leadership of private banks and outside any coordinated state action, except for the *Conselho Monetário Nacional* ('National Monetary Council'), which authorized the five largest Brazilian banks to negotiate agreements with indebted and defaulting borrowers (Lavinás, Mader 2024).¹¹ The outcome is well known: despite high unemployment and widespread food insecurity during the pandemic, debtors and defaulters covered by the bailout rushed to the banks to settle their debts while the *Auxílio Emergencial* was in effect. As a result, delinquency rates and overdue payments (installments, store credit plans, etc.) fell by half (Lavinás et al. 2022a), only to be followed, subsequently, by a renewed upward surge in household indebtedness.

By mid-2023, as a reflection of the process of mass financialization through indebtedness, Brazil had 105 million people in debt vis-à-vis the financial system, while the number of high-risk debtors reached 15.1 million and delinquency rates were hitting successive record highs (Banco Central do Brasil 2023b). According to estimates from the economic team, at least 38 million people were in default and therefore unable to return to the credit market – a figure that could double, according to data from *Serasa Experian* (2023). The heavy leverage of households, combined with rising delinquency, had already been harming the profitability of the financial sector, which led banks, in the aftermath of the pandemic, to contract the supply of consumer credit (non-mortgage and non-earmarked lending),

11 Credit card and overdraft debts were excluded from this package.

responsible for 76% of interest-income generation (BCB, Relatório de Economia Bancária 2022).

The particularity of the *Desenrola Brasil* Program lies precisely in its focus on delinquency rather than on the very high overall level of household indebtedness. Those eligible for the program were individuals with overdue debts outstanding between January 2019 and December 31, 2022, and registered with credit bureaus.

The program – of particular interest to those listed as defaulters – was structured into two tiers. Tier 1 targeted delinquent borrowers with individual monthly incomes below two minimum wages, while Tier 2 was aimed at those earning between two minimum wages and R\$ 20,000 per month. Tier 1 was expected to include around 21 million defaulters, and Tier 2 around 11 million.¹² Repayment may occur either in a lump sum or through bank financing in up to 60 months, with no down payment and minimum installments of R\$ 50. In this case, as Lavinás and Mader (2024) note, the state assumes a significant share of the risk: in the event of renewed delinquency, it guarantees banks, via a guarantee fund, the repayment of the principal (as redefined through renegotiation), adjusted by the *Selic rate*. A ceiling of 1.99% per month was set for interest rates in Tier 1 debt restructurings, equivalent to 26.68% annually – more than four times the accumulated IPCA in 2023. In Tier 2, however, all risk is borne by financial institutions. That is, in contrast to Tier 1, the incentive for renegotiation in Tier 2 is purely regulatory: renegotiated debts generate ‘presumed credit’, reducing the minimum capital required for banks’ asset exposures and thereby increasing liquidity (Lavinás, Mader 2024).

However, demand for debt restructuring fell short of the government’s expectations, despite average discounts of 85%.

The *Desenrola* program was concluded in May 2024. The total volume of renegotiated debts reached approximately R\$ 53 billion (less than the amount renegotiated by banks during the COVID-19 period) and benefited roughly 15 million defaulters, less than the initially projected target population in Tier 1. It has confirmed the hypothesis already put forward by Lavinás et al. (2022a) that the management of household debt is becoming part of the social policy toolkit in times of financialized capitalism. In practice, debt management backed by state guarantees stands at the forefront of the institutional redesign of social policy, signaling that one of the core drivers of mass financialization – indebtedness – requires renewed capacity to operate on a sustainable footing.

12 Debts excluded from the scope of renegotiation under *Desenrola Brasil* include all those backed by real collateral, as well as those linked to rural credit, real estate financing, and operations involving third-party funding or third-party risk.

Another unprecedented mechanism for financing social programs outside the regular budget is the Brazilian Framework for Sustainable Sovereign Bonds¹³ (Lavinás 2025b). These bonds, aligned with the ESG agenda and the 2030 Sustainable Development Goals (SDGs) and developed with support from the World Bank and the Inter-American Development Bank, are intended exclusively for non-resident investors, and the resources raised will be earmarked for specific budgetary units defined in the LOAS, the organic law of social assistance. In other words, the initial plan to issue US\$ 20 billion in green, social, and sustainable bonds introduces a new way of channeling resources to finance social policy, particularly the programs and sectors that constitute the prestige arc of the third Lula administration: social assistance (*Bolsa Família* program, etc.), food and nutrition security, education, diversity and empowerment (racial and gender), housing, and, of course, sanitation – which, under the new regulatory framework, places responsibility for universalizing access in the hands of private capital and institutional investors. This means incorporating into the budget the resources raised through bonds, with the government committing to allocate at least an equivalent amount to the policies and programs prioritized by investors.

Grounded in various resolutions adopted since 2020 by the Central Bank and the CVM, and aligned with the guidelines of the International Capital Market Association (ICMA) – a key source of legal certainty – the Framework sets out Brazil’s obligations as issuer, as well as its commitment to disclosing quantitative and qualitative indicators for measuring environmental and social impacts. The document has already defined the target populations of the initiatives to be financed through the issuance of social bonds (Black Brazilians, community groups, persons with disabilities and the elderly, Indigenous peoples, underserved groups, etc.), suggesting a fragmentation of actions with a focused and segmented character. Eligible expenditures are also listed, including investments in tangible and intangible assets, as well as subsidies, credit lines, and tax exemptions.

It is too early to determine whether the Brazilian Framework for Sustainable Sovereign Bonds is merely an institutional marketing strategy – allowing the government to create a benchmark necessary for pricing private assets (the private ESG debt market in Brazil totaled R\$ 238 billion as of September 2023, according to NINT),¹⁴ as

13 [https://cdn.tesouro.gov.br/sistemas-internos/apex/producao/sistemas/thot/arquivos/publicacoes/47810_2263017/anexos/21043_679338/Arcabouco%20Ingles%20v1%20\(1\).pdf](https://cdn.tesouro.gov.br/sistemas-internos/apex/producao/sistemas/thot/arquivos/publicacoes/47810_2263017/anexos/21043_679338/Arcabouco%20Ingles%20v1%20(1).pdf).

14 Natural Intelligence, the largest ESG consulting and ratings firm in Latin America.

some suggest - or whether it is, in fact, yet another building block in the ongoing restructuring of the architecture and financing of social policy and the broader field of social rights.

The point is that it does not stand alone. It is one framework nested within other umbrella frameworks, such as the fiscal one, which impose strict adjustments on the social protection system and undermine universal rights. Bonds will also individually finance university education, which is treated not as a public responsibility but as a private financial obligation.

This is the promise of *Tesouro Educa+*,¹⁵ a joint initiative of B3 and the *Secretaria do Tesouro Nacional* (STN, the 'National Treasury Secretariat'). Starting at a minimum of R\$ 35 (6 USD) per month, and using a simulator that, unsurprisingly, projects entirely unpredictable future returns, one can choose among 16 investment options that "provide a monthly income to finance university studies or other educational goals your children may have in the future, guaranteeing gains above inflation for the savings accumulated". The citizen-investor concerned with their children's future education must establish in advance a present-value estimate of what they consider ideal to finance university costs after at least 15 years of saving. This alone already only seems feasible for a small share of families, given how university tuition is determined - ranging from distance-learning programs offered by more than 2,200 registered edtech platforms, financed by millions of dollars from institutional investors and private equity funds, to the extremely expensive elite medical programs that leading private hospital chains have incorporated vertically as part of their process of capital concentration and centralization. Those are chains that, moreover, share the same actors in their ownership structure.

The current return (01/2026) on *Tesouro Educa+*, with a 2041 maturity horizon (that is, 18 years), is IPCA + 7.90% per year. After years of regular, contractually defined contributions, and once the time comes to enter university, monthly income flows will be released over a five-year period to cover tuition payments. As specified on the *Tesouro Direto* website, "the more bonds you are able to purchase, the higher your future income to finance your children's university expenses will be".

By late 2025, around 159,300 people had invested in the *Tesouro Direto Educa+* program, although official figures for the total amount invested were not publicly detailed in available reports.

The *Renda+*¹⁶ emerges as a new supplement to retirement benefits, adding yet another option to the logic of private pensions initially

¹⁵ <https://www.tesourodireto.com.br/produtos/titulos/educa-mais>.

¹⁶ <https://www.tesourodireto.com.br/produtos/titulos/rendera-mais>.

consolidated by the 1998 Reform, a hallmark of the Fernando Henrique Cardoso administration. It is worth recalling that, as noted earlier, this privatizing logic was extended in 2003 to the civil service pension system when, in Lula's first term, a contribution and benefit ceiling identical to that of the general regime for private-sector workers was imposed, thereby encouraging the expansion of pension funds (both closed and open) and individual capitalization accounts. As the complementary pension regime expanded rapidly in the wake of successive reforms to the public system - which rendered it less attractive and continuously portrayed as being at risk, encouraging workers to shift their savings to private banks and pension funds - *Renda+* represents the newest building block in this architecture.

This bond, launched in 2023 through *Tesouro Direto* ('Brazil's platform for purchasing government bonds'), requires monthly contributions over a specified period before redemption becomes possible; redemptions do not occur in a single lump sum but are paid out over twenty years in monthly installments, adjusted for inflation plus a fixed rate (IPCA + 7.34% per year), and subject to the regressive income tax applicable to fixed-income investments. Early withdrawals incur penalties. Investments start from R\$ 18 (USD 3). According to the government, this public bond is aimed at self-employed workers with estimated incomes between three and five minimum wages. The most recent data from the Treasury indicate that, by mid-2025, *Renda+* had approximately 320,000 investors.

It remains to be seen whether intermittent employment and income volatility - characteristic features of informality - will undermine the regular and uninterrupted contributions required for *Renda+*, as already occurs with public pensions and the MEI, thereby reducing the profitability of this investment.

In early 2024, *Educa+ Mulher*¹⁷ was introduced, a bond specifically targeted at women, who remain underrepresented in the capital market yet are overrepresented among the indebted. Again, this is a bond aimed at low-income individuals, with a target population of women aged 16 to 75, especially single mothers. Its purpose is to help them cover their educational expenses. The return is indexed solely to inflation, with predetermined maturity dates. Investments start at R\$ 35 (USD 6) per month. As with the other recently launched bonds, redemption occurs through monthly payments - here, over a period of 60 months.¹⁸ A life insurance was added to *Educa+ Mulher*. BB

17 <https://agenciagov.etc.com.br/noticias/202401/educa-mulher-projeto-inovador-e-lancado-para-incentivar-mulheres-a-investir>.

18 There are no official published statistics for '*Educa+ Mulher* investors' specifically by end-of-2025 from the *Tesouro Nacional*, *B3*, or *Banco do Brasil*.

Seguro de Vida Mais Mulher provides protection in cases of natural or accidental death and total permanent disability due to accident. It also offers support for women facing vulnerability or patrimonial violence, and a monthly food allowance for the family via a Food Card in the event of death.

A central innovation regarding PPPs is their extension into the social sphere. Finance Minister Fernando Haddad had already taken part in drafting Law 11.079/2004,¹⁹ which introduced a new type of concession contract with private groups that provide infrastructure and services in exchange for remuneration from the public partner. In 2016, Decree 8.874 designated as priorities only those public-private partnership investment projects involving logistics and transportation works, urban mobility, energy, telecommunications, and broadcasting. This, however, was modified by the new Decree 11.498/2023, signed by Vice President Geraldo Alckmin and Haddad, which expanded the list of priority investment projects to include a range of social sectors, namely basic sanitation, irrigation, education, health, public security and the prison system, urban parks and conservation units, cultural and sports facilities, and social housing.

As a result, financial capital flows are able to expand not only into areas that had, in some way, resisted them, but also to exert even more direct influence over the conditions of social reproduction. This entails a significant shift in the modes through which accumulation is regulated, signaling a paradigmatic change (Romero, Van Waeyenberge 2020). PPPs developed especially under PT-led local administrations and their allies, introducing a new model of social entrepreneurialism aimed both at reorganizing urban infrastructure to reorient degraded territories toward the market (among others, Gonçalves, Costa 2020) and at restructuring the health sector. Under Lula's third term, this axis expands to encompass the social sphere in its entirety.

With this shift, the government has also expanded the ways in which it performs the role of guarantor for private business in the partnerships mentioned above. In April 2023, the National Treasury announced new measures to encourage PPPs that further strengthen the safety net and incentives for investors and firms to take on priority projects in the social sector. First, a federal guarantee funded directly by the Treasury was established to enable subnational governments to support operations with domestic and foreign financial institutions. The aim is for the backing of the federal government to increase certainty of repayment and thereby facilitate credit leverage. Constitutional funds (FPM, Municipal Participation

19 <https://www.gov.br/secom/pt-br/fatos/brasil-contra-fake/noticias/2025/03/lei-federal-de-parcerias-publico-privadas-tem-20-anos>.

Fund, and FPE, State Participation Fund) serve as collateral for public and private banks and may be triggered in the event of default by subnational entities.

As a result, 2023 recorded the highest number of concession and PPP calls for proposals ever published in Brazil - more than 340 by October, according to iRadarPPP (Exame 2023). This scenario shows that, with the New Fiscal Framework and the resulting constraints on public investment, the State has become fully dependent on PPPs to meet the expected financing needs of the social reproduction sphere. Lula's third administration aligns itself with the 'de-risking state model' (Gabor 2021). In this model, the pressure generated by austerity policies opens space for PPPs, requiring a shift in the institutional framework to establish a safety net for investors and the firms responsible for delivering social infrastructure.

Such innovations signal the centrality of finance as it advances into the forefront of social provision. This means that social policy, once conceived as a mechanism of emancipation, loses ground, since the logic of capitalization rests on valorization imperatives that have been able to materialize only through future expropriations.

5 By Way of Concluding Remarks

The conflict between reconstructive dynamics, those that reactivate the institutional framework of the 1988 social protection system, and innovative dynamics, as defined in this article, which expand the reliance on capitalization as a promise of future income detached from the social budget, reveals more than contradictions: they mark divergent and antagonistic paths that cannot be conceived as complementary. The very existence of the New Fiscal Framework expresses the impossibility of harmonizing the two competing paradigms. Shielding the recomposition of the social budget by imposing constraints on expenditure growth - constraints that ensure it remains well below revenue growth - is precisely what enables the financial system to capture social demand. Much is said today about "including the poor in the budget", a budget that has been deliberately constrained. Yet few seem to recognize that these same people are increasingly being pulled into the spreadsheets of banks, through debt, and now also into financial circuits in which they are newcomers and exposed to the risks and uncertainties of deregulated and speculative markets. Not to mention that social provision is progressively displaced from the public budget whenever the fulfillment of reproductive needs is redefined as a matter of private property rights.

Taken together, these dynamics call for a rethinking of the conditions and mechanisms through which contemporary

inequalities are reproduced. To date, such mechanisms have been primarily approached through economic measures designed to capture variations in income levels or labor remuneration (Piketty 2015). Sociological literature, in turn, has emphasized processes of accumulation and appropriation of symbolic capital and cultural goods, highlighting the production of dominant representations to which social actors are compelled to conform (Bourdieu 1986). Both perspectives, however, tend to understate the central factor emphasized here: the mobilization of existing forms of property and their potential to be transformed into assets capable of generating future income.

Decades of privatization, fiscal austerity, and the expansion of access to credit have profoundly reshaped the operating logic of social policies, rendering them increasingly dependent on individualized and private forms of financing. In effect, beneficiaries are required to finance their own well-being. Among dispossessed classes and groups, precarious forms of property and even social rights are converted into opportunities for borrowing or asset creation within the financial system, mobilized to meet basic reproductive needs. This subordination to interest rates and market risk intensifies pressures toward surplus labor, as households adapt to a new expenditure regime. Financial expropriations of income and assets thus consolidate a cycle in which individual private property, posited as a condition of well-being, becomes a driver of indebtedness and precarization. It is increasingly through this configuration that contemporary inequalities are expressed.

The financialization of social policy appears to be acquiring new contours, rather than having its reproductive dynamics weakened or reversed under Lula's third administration. Indeed, the government has made efforts to rebuild programs and policies that were at the center of the storm during the Temer-Bolsonaro years, having suffered erosion and discontinuity. At the same time, however, it has introduced new formats of social provision that share a common feature: expanding and multiplying - through the creation of new classes of assets - the forms of financial expropriation that spare neither the working classes nor, in particular, the subproletariat. In this way, the government combines strategies of reconstruction with strategies of deconstruction, the latter expressed in the assetization of social rights now transformed into property rights, thereby eroding the social model enshrined in the Brazilian 1988 Constitution.

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