Commodifying Education
Theoretical and Methodological Aspects of Financialization of Education Policies in Brazil

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The texts in this book do not compose a mere selection: the questions that guide the chapters form a cohesively and coherently structured totality which expresses the movement of construction of what the authors understand to be a new problematic in the education field in Brazil and in the world.

The book addresses basic, professional and undergraduate education from perspectives that highlight different aspects of privatization, commercialization and commodification, as well as the presence of the business community in the definition of educational policies. These levels and modalities of teaching are analysed in articulation both with science, technology and so-called technological innovation policies and with the modus operandi of the state.

“This is a book that should be read by teachers, administrators and all global citizens who have a stake in the future of the planet. Unlike many books by authors from the United States who attack poverty and economic inequality without critiquing capitalism, this book has the courage to challenge capitalism at its very roots. Capitalism connects us all and it will require all of us to dismantle capitalism and replace it with a socialist alternative. Commodifying Education reveals how education in Brazil is inextricably entangled in the logic and practice of economic fascism, which goes under many names, such as austerity capitalism and neoliberal capitalism. I urge educators everywhere to engage the lucid arguments presented in this important work.” – Peter McLaren, Distinguished Professor in Critical Studies, Chapman University, and author of Pedagogy of Insurrection
Commodifying Education
COMPARATIVE AND INTERNATIONAL EDUCATION:
A Diversity of Voices

Volume 41

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Commodifying Education

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Edited by

Roberto Leher and Inny Accioly
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SENSE PUBLISHERS
ROTTERDAM/BOSTON/TAIPEI
A C.I.P. record for this book is available from the Library of Congress.

ISBN: 978-94-6300-580-7 (paperback)

Published by: Sense Publishers,
P.O. Box 21858,
3001 AW Rotterdam,
The Netherlands
https://www.sensepublishers.com/

All chapters in this book have undergone peer review.

Cover image by Erick Dau

Printed on acid-free paper

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ACKNOWLEDGEMENTS

The editors are grateful to Jun Shimada, who carefully copy-edited all the chapters. The chapters were translated from Portuguese into English by Inny Accioly, Keila Coutinho Pereira, Rafaella Sampaio Uchoa and Christopher Tribe.
The present book is a collective contribution of the researchers in the research group Collective of Studies in Marxism and Education (Coletivo de Estudos em Marxismo e Educação – COLEMARX) of the Federal University of Rio de Janeiro (Universidade Federal do Rio de Janeiro – UFRJ) coordinated by Professor Leher. In the last five years, professors and postgraduate students have been dedicating their research to understanding the new configurations – or subordinations – of education in the context of growing hegemony of the rentier fractions of the power bloc (Poulantzas, 1981). Thus, the texts here do not compose a mere selection: the questions that guide the chapters form a cohesively and coherently structured totality which expresses the movement of construction of what the research group understands to be a new problematic in the education field in Brazil and in the world.

According to Bourdieu, Chamboredon and Passeron (2002, p. 54) “an objective of investigation, though partial, cannot be defined and constructed if not in function of a [historically and socially referred] theoretical problematic that allows the submitting to a systematic exam of all aspects of reality placed in relation to the problems that are connected to them’. Thus, it is necessary to elaborate questions in a theoretically guided mode. As Bachelard suggests, the real never has the initiative, for it can only answer if questioned (as cited in Bourdieu et al., 2002).

In fact, the forms of privatization, commercialization and commodification in education over the last 25 years cannot be understood without new theoretical contributions and empirical, systematic and innovative studies moved by a new scientific problematic. It is impossible to understand them without a periodization that marks their temporal discontinuity in relation to previous practices of privatization in education.

The book addresses basic, professional and undergraduate education from perspectives that highlight different aspects of privatization, commercialization and commodification, as well as the presence of the business community in the definition of educational policies. These levels and modalities of teaching are analysed in articulation both with science, technology and so-called technological innovation policies and with the modus operandi of the state.

In accordance with our method, all chapters present struggles and conflicts between the bourgeois fractions in their dispute for hegemony, especially the agribusiness,
the industrial sectors, the banks and other organizations operating interest-bearing capital and fictitious capital. Far from being conflicts that run out of the scope of the bourgeois class, such clashes are directly or indirectly related with those who defend non-market public education. Either at schools, in the routine of the schooling life or of the classrooms, those making public education forge another horizon for it in the struggles for its radical non-commercialization (Wood, 2003).

The following chapters present the authors’ concerns about the collective subjects that manage educational conflicts. These are subjects which have particularities, but that can only be investigated “in relation” to other class fractions and, above all, in the conflicts with their antagonistic class.

In the Brazilian case, the class coalition that gathers the conditions for hegemonic ventures is led by banks and supported by the agribusiness, the mining sector, the media corporations and the industrial sector. Its actions were incorporated by the governments and even converted into state policies, as in the National Education Plan. They do not, however, occur independently from the fractions, movements, collectives or even of the diffuse practices resisting policies that intend to turn Brazilian education into hegemonic education. An example can be found in Leher’s and Vittoria’s analysis in chapter 6.

Before moving further with presenting what this new problematic of privatization, commercialization and commodification would be, it is relevant to make some considerations about the method. Bourdieu, Chamboredon and Passeron (2002) refer to Marx in order to put forward the problem of the construction of the object: “the concrete totality, as the totality of thought, as a concrete of thought, is, in fact, a product of thought and conception” (p. 51). In this same sense, Max Weber argues: “the principle of delimitation of different scientific fields is not constituted by the real relationships between “things”, but by the conceptual relations between problems. It is only then when a new method can be applied to new problems and when, therefore, new perspectives can be discovered and a new ‘science’ can be born”. This way, the inevitable division of scientific work cannot be confused as “real division of the real” (p. 52).

The core of the problematic could only be understood in its complexity through a considerable theoretical effort. Such effort should bear in mind the particularity and the relative autonomy of the interest-bearing capital and its nexus with fictitious capital, as indicated by Marx (1968) in Book III of The Capital. The examination of this work, as David Harvey (2013) claims, allows us to conclude that a new theoretical continent was opened by the author. Although relatively little explored, Book III gained large relevance in the successive crises started in the seventies, but also in particular with the effects of the 2008 crisis in the United States.

The first empirical studies of COLEMARX about changes in educational policies demonstrate that the bourgeois fractions more organically linked to the industry, although very influential in the educational field, did not enjoy supremacy over the intellectual and moral direction of children and youth attending school, technical courses and undergraduate studies. Actually, between 1940 and 1964, the
industry shared the control of education in Brazil with the Catholic Church and the New School Movement. After the dictatorship years, industry and technocracy supported the theory of human capital (see chapter 2, “Commodifying Education in a Dependent Capitalist Country”, by Accioly, Gawryszewski and Nascimento, and chapter 3, “Educating for Dependence: Entrepreneurializing Basic Education” by Argollo, Pereira, Lamarão and Motta). However, from the processes of the debt renegotiation and structural adjustment on, banks assumed a growing prominence – a process described in chapter 1, “Education and Financial Capital”, by Pinheiro, Motta, Silva and Tavares, as well as in the other two aforementioned chapters.

Taking the class collective intellectual into consideration allowed us to discover the bank sector as the main force operating in the convocation of a new corporate coalition aimed at redefining the education of 55 million children and youth. As all the chapters of this present work show, the movement Todos Pela Educação was organized and directed by the holding Itaú-Unibanco, the main Brazilian bank organization. It also involved the participation of other banks (Bradesco, Santander etc.) and other sectors clearly connected to banks, such as the agribusiness, the mining and the publishing sector, with the intervention of sectors associated with financial organizations.

The research of Vânia Motta, mainly based on Gramscian perspectives, demonstrates that the ideology of human capital gained new shapes with the diffusion of the notion of social capital, in general understood as part of corporate social responsibility, supported by civil society nonprofit organizations connected to companies. This debate is elaborated by Argollo, Pereira, Lamarão and Motta in chapter 3.

Research under my coordination was responsible for one more empiric finding about the presence of (private equity) investment funds controlling the big private undergraduate education sector in Brazil. The surveys prove that since the first decade of our century familiar entrepreneurs gave place to such funds, which, especially after the 2008 crisis, started a considerable process of acquiring education companies. This process shaped an unprecedented monopolization of undergraduate education in Brazil, now home to the biggest private educational organization in the world. The Kroton-Anhanguera group holds currently more than one million students, as Silva and Tavares indicate in chapter 5 (“Capital Control Over Higher Education”). Even industrial and service sectors operating in traditional patterns, such as the publishing one, are strongly rooted in the financial sector (chapter 1).

All of these evidences confirmed the perception that something different was happening to education. The following central questions became inevitable: What is the effect of monetary capital on education? In which aspects is this form of control different from previous ones? Issues as the monopoly over what is taught in educational institutions, the erosion of the public-state sphere, the nexus of such “socialization” with patterns of capital accumulation and the utmost expropriation of teaching labor started to constitute the main research objects of COLEMARX.
An interpretative effort was necessary: understanding monetary capital’s expressions in interest-bearing capital and fictitious capital. As indicated above, those inquiries required revisiting Marx, especially *The Capital’s* Volume III. But this study required considering that corporations providing what the World Trade Organization (WTO) calls “educational services” are also commercial capital. The ways such companies extract surplus by exploiting the work of hired or hourly-paid teachers—a labor force totaling more than 212 thousand teaching jobs, as shown by the Higher Education Census (Instituto Nacional de Estudos e Pesquisas Educacionais Anísio Teixeira, 2013)—constitute, equally, productive capital.

Corporations’ efficiency in extracting surplus comes primarily from the over-exploitation of the labor of teachers, who usually have neither a career nor time to prepare lessons, since they are hourly paid or have a schedule almost entirely dedicated to teaching. Since several courses have common subjects, classes always have a high amount of students, thus optimizing labor force use by capital. There are, however, other strategies that allow labor intensification in the form of the real submission of labor to capital. Distance education becomes more and more used, representing around 19% of the 5.3 million registrations in private undergraduate studies. Even in regular courses, though, up to 20% of the subjects can be taught in distance mode, amounting to working hours that exceed by far labor law limits and cause illness to millions of teachers. Besides, the use of handouts and other materials previously elaborated by (often-affiliated) corporations—deepens the expropriation of teachers’ knowledge and further degrades the education of students who purchase such courses.

Nevertheless, extraordinary corporate profits result not only from the extraction of surplus labor. Without the massive transference of public resources, which are in turn mostly drawn from workers’ salaries through taxes that influence their consumption, profits would not be the same. According to the Brazilian Association of Higher Education Sponsors (Associação Brasileira de Mantenedoras de Ensino Superior – ABMES)—one of the corporate coalitions representing private education organizations—the sector moves around R$ 80 billion per year in tuition fees, books and courseware (ABMES, 2014). The Students Financing Fund (Fundo de Financiamento Estudantil – FIES), which funds part of private tuition fees, had an exponential growth in resources in the last few years. In 2010, it supplied R$ 1 billion. In 2014, R$ 13.5 billion, and the 2015 forecast is R$ 16 billion. Furthermore, the business sector receives tax exemptions allowed by University for All Program (Programa Universidade para Todos – ProUni). About 40% of the sector’s biggest organizations’ revenues stem from public resources.

The financing is inseparable from the state, as Lenin showed in 1916. This interconnection has been growing since then despite the neoliberal ideology of minimal state (see chapters 1 and 5).

The researches of COLEMARX complement each other in order to understand other aspects of such new problematic. Until now, we have presented studies claiming that the sector that operates interest-bearing capital and fictitious capital
have expanded control over all spheres of private education – collecting public resources, tuition fees, book sales, courseware, consultancy etc. – and public education – as shown by the banks’ interventions in corporate coalitions like Todos Pela Educação and in the diffusion of charter schools around Brazil. However, what does this mean in terms of the country’s social relations? What kind of education do the ruling sectors propose to children and youth? How do these education strategies interact with accumulation patterns?

Chapter 5 allows us to identify that a large portion of the Brazilian youth will receive their undergraduate education from teaching organizations owned by big investment-fund-controlled economic groups. Chapter 1 demonstrates that the teaching material of children and youth is produced by big corporations, which are also controlled by local and global bourgeois fractions formed by companies such as Abril, Pearson Group, Santillan etc. As demonstrated in chapter 5, the Brazilian productive sector’s economic strategy does not prioritize the search for niches for products with high scientific-technological complexity. Therefore, only a few companies in the country have their own research and development departments. The corollary is a growing pressure over public universities, urged to provide companies with services of wide-ranging complexity – a process equally involving public resources.

In chapter 2, Accioly, Gawryszewski and Nascimento review studies proving that the country’s “comparative advantages” concentrate on primary products of low technological content. Capital-good sectors are in a deep crisis and sharp decrease. The foundations leading Florestan Fernandes to conceptualize capitalism in Brazil as “dependent capitalism” were not only confirmed, but in many senses deepened. The great economic momentum that led Brazil to constitute the BRICS is due to commodity exports to China, since whose relative growth reduction this economic cycle moved into crisis.

Such scenario engenders a macro evaluation shared by several ruling bourgeois fractions, according to which most labor force required for the near future is composed of low-qualified and, even worse, low-educated workers. After a short expansion cycle (2004-2012), a great many youths will have to conform and adjust to an industrial reserve army situation. Unemployment started growing again in the last few years (2014/2015) after a cycle of significant drops. Salaries are decreasing, also due to inflation. Therefore, the scenario is of political instability and of crisis. In this context, capital intensifies its educational interventions aimed at guaranteeing the social order, “socializing” the youth in the social division of labor.

It is not by chance that the main policies for the most exploited sectors of the working class are oriented towards the instruction for simple work. The National Program for Access to Technical Education and Employment (Programa Nacional de Acesso ao Ensino Técnico e Emprego – PRONATEC), created in 2011, focuses on youth, workers and social welfare recipients. The program provides free education in public institutions belonging to the Federal Network of Professional, Scientific and Technological Education (Rede Federal de Educação Profissional,
R. LEHER

Científica e Tecnológica), to state, district and municipal networks of professional and technological education, as well as to so-called S System. Around 80% of its registrations are in Initial and Continuous Education (Formação Inicial e Continuada – FIC) – courses comprising 160-200 hours of often improvised and precarious teaching.

Another focus of COLEMARX’s researches is understanding the entrepreneurialization of education, especially in its ethical and political projects. In chapter 3, Argollo, Pereira, Lamarão and Motta examine how entrepreneurs have historically controlled Brazilian education, with emphasis on the pedagogical pillars of this process.

Among many such initiatives, authors highlight business coalition Todos Pela Educação. The authors’ use of a Gramscian framework, with special attention to concepts as the integral state and the educating state, builds the argument that this coalition, although rooted in civil society, “is constitutive” of the state. Such constitution is accomplished by either (a) the coalition’s diffusion of educational ideology in state or in the many power spheres of the federation – federal, state and city networks of public education – or (b) appointing such groups to public decision-making positions from which they propagate the corporate agenda. Professionally, the corporate agenda involves aspects of school organization, management methods, performance indicators, evaluation systems and the national curriculum basis, which is related to the competence descriptions stemming from capital’s hegemony pedagogy.

As far as the teaching job is concerned, this coalition claims for the formation of a new kind of educator “subordinated and scrutinized by market principles, devoted to politically and socially appeasing working class fractions inserted in the public education system”.

It would be naive to suppose the state to be deceived by charming corporate discourse or its directors to be victims of cooptation. Macedo and Teixeira argue in chapter 4 (“Capital Control Over Basic Education”) that the Guiding Plan to the Reform the State Apparatus (Plano Diretor de Reforma do Aparelho do Estado), passed by the government of Fernando Henrique Cardoso and continued by his successor, expresses a new concept of managerial state, open to the free trade agreements and public-private partnerships. The positive character of such partnerships within school and university spheres belongs to a concept of state strongly defended by its managers. The end of public contracts for school services and the transition towards temporary private contracts are part of this logic. The authors’ empirical study of educational policies in the city of Rio de Janeiro – particularly of Projeto Autonomia, a program mediated by information and communication technologies – offers rich details about the subject, emphasizing the issues of teacher-knowledge expropriation and student-schooling acceleration.

Analyzing the totality of the issues suggested by the new financializing configurations of education, which generate new forms of privatization, commercialization and commodification, one can conclude that the supremacy of
finances redefines the state and the power bloc operating the main interests of capital in favour of finance operators.

In the hegemony process, financial fractions ventured into education, expanding its influence on basic education. The coalition Todos Pela Educação reorganized the bourgeois educational agenda, providing objectivity, goals, actions, monitoring and, very important, a real class breadth. All main bourgeois sectors in the coalition obtained strategic insertions in the state and could thus define a National Education Plan for the period 2014-2024 that institutionalizes its educational proposals in legislation.

Financial operators have equally consolidated – in less than 10 years – its power over the publishing sector and more than one thousand private institutions, controlling more than half the private education registrations. There is still a lot to investigate about changes in courses, curriculum organization, courseware, management and the nexus with economic sectors, but the first signs confirm that teaching work has been strongly redefined.

Not even the most optimistic person could affirm that anti-market educational struggles were successful in comparison with the advance of ruling sectors over education. This book’s final chapter synthesizes an assessment Gramscianly informed by the pessimism of the intellect and the optimism of the will. Leher and Vittoria claim that labor-related educators managed to set up certain emancipatory and critical pedagogical perspectives in Brazil, such as in the contradictory experiences of popular education and culture in the 1950s and 1960s. These experiences found limits in their guiding political strategy. The national and democratic strategy was defeated in its own principles: the absence of anti-imperialistic bourgeois fractions invested with a self-propelling national project. Since the main education experiences of the first years of the sixties were made in the context of liberal-conservative governments, the connection with social movements could not be narrow and organic.

Such pedagogy acquired new form in the resistance to the corporate and military dictatorship, however. Gramscian and Marxian influence drew them more systematically closer to social struggles, such as in the 1990s with the pedagogy of the Landless Workers Movement (Movimento dos Trabalhadores Rurais Sem Terra – MST). The Marxian perspective, also resonating Gramsci, after being structured in the educational principle of labor and systematized as historical-critical pedagogy, gained considerable influence in postgraduate programs and several unions, reaching a considerable number of public-school teachers. Its influence was quickly noticed by ruling sectors as a political problem to be contained with the diffusion of the corporate agenda – a strategy only actually consolidated in the corporate-class organization Todos Pela Educação.

The reshaping of workers unions and the dismantling of the National Forum in Defense of Public Education (Fórum Nacional em Defesa da Educação Pública) have deepened the dissociation of such pedagogical-sphere processes – from Paulo Freire’s or historical-critic perspectives – from the educational workers’ struggles.
The price to be paid for such dissociation was high, opening up new ways for capital’s venturing into education.

Teachers’ molecular resistance at the schools, their never-interrupted brave struggles, the special presence of MST and other social movements in the educational field have broadened dialogues with universities and with Latin American and continental movements against the commercialization of education. The fronts erected in the context of the Global Social Forum, which strengthened struggles against free trade agreements and resulted in victorious plebiscites in Costa Rica, motivated students movements. The symbolic strike of the Autonomous National University of Mexico (Universidad Nacional Autónoma de México – UNAM) in 1999 and the students’ struggles that bounced conservatism in Chile resonated in Brazil. As previously highlighted, teachers’ strikes were vigorous, often exceeding corporate economic agendas, yet not reaching nation-wide dimensions or deeper roots general working-class struggles.

Initiatives such as the National Education Meeting (Encontro Nacional de Educação), a unified front of unions and student movements in 2014, and the second National Meeting of Agrarian Reform Educators (Encontro Nacional de Educadoras e Educadores da Reforma Agrária – ENERA) in 2015 might become the organizational step able to push workers’ educational agenda back into the political scenario.

In this perspective, this book offers theoretical suggestions about “what ruling sectors do when they manage the ruling” and thus can contribute to a strategic reflection more complex and effective in shifting the balance of hegemonic forces. It is a complex task, but the value of non-market public education for the future of the peoples serves as a motivation to convert it into a sphere that fosters the creative imagination of all of those who have a human face – a basis out of which workers’ self-emancipation can be expanded and strengthened.

NOTES

1 Translated from Portuguese by Rafaela Sampaio Uchoa.
2 The “S System” is a set of private organizations devoted to technical vocational education and training, social assistance, consultancy, research and technical assistance. They are managed by entities representing agribusiness corporations, industry and commerce. The organizations in the “S System” have public funds as an important source of funding. During the last decades, they became a benchmark as Brazil’s main agent in technical vocational education and training.

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1. EDUCATION AND FINANCIAL CAPITAL

INTRODUCTION

In order to understand the commodification of Brazilian education, in our perspective it is necessary to depart from the observation of contemporary capitalism and from the identification of the financial sector as the most powerful fraction of capital. Therefore, we choose to start this book with a chapter about financialization and its relation with education, specifically approaching the participation of the open-capital private sector in the production of school material and in the offering of other services in public education.

The analysis of this topic in contemporary Brazil would be a mistake if it did not include the scenario that we argue to be the basis of this situation: the financialization of public policies, in particular of educational public policies. It is only this way that the analysis of educational public policies can be evaluated.

Just as Chesnais (2005) we see the contemporary world in a capitalist configuration in which interest-bearing capital is central to economic and social relations. Although major industrial groups remain the most noticeable capitalist form of organization, a parallel and less noticeable form of capital appreciation through financial, banking and non-banking institutions (e.g. investment funds, pension funds, mutual funds etc.) has been autonomy in relation to the productive sphere. According to Chesnais:

This capital aims at “making money” without leaving the financial sphere, in the form of loan and dividend interests and other share-related payments born out of successful speculation. Its sphere of action are nationally and internationally interconnected financial markets. Its operations also include credit and debt chains, especially between banks. (p. 35)

In contemporary times, the financing process is getting more intense, to the point that financial transactions got disproportional to value creation in the productive sphere. Company-generated capital overaccumulation, along with inevitably falling profit rates, provide a great amount of monetary capital. A part of it is invested in production, especially in the service sector, but in general, in the absence of investment spaces able to generate good profit rates, it seeks value from the monetary capital income in the circulation sphere.

The beneficiaries of contemporary financialization process are holders of huge masses of monetary capital. While many capital forms merge under financial
oligarchy’s rule, such holders act in the production and circulation of commodities, in credit and in the form of interest-bearing capital. Education has been one of the expanding service and product markets taken by these investors, which range from pension funds to investment funds. Companies from central and peripheral countries offering educational services combine formulation, production and sales of structured systems of teaching and school books for all teaching levels – not to mention language courses, finance schools etc.

These services are offered in different modalities for students of different social classes, from preschool to undergraduate and technical schools, in conventional or distance education and, afterwards, in continuing vocational training. Besides, these companies also invest in various fronts, such as communication, technology and financial markets. Thus, the same company that edits magazines, newspapers and books also owns publishers, investment funds, travel agencies, sport agencies, video and producing companies, TV and radio channels etc.

Although dependent capitalist countries became fertile ground for receiving capital and goods produced by companies of the global capitalist center, production concentration generates monopolies in all capitalist countries – even delayed dependent ones. Due to unequal development paces, today’s biggest educational corporations in center capitalist countries started as small institutions in the 19th century, while in countries of dependent capitalism they were constituted in the second half of the 20th century. Particularly from the first decade of the 21st century, big Brazilian groups, for instance, started a gradual market competition with European and North American companies, and now own significant profit shares of the educational and school-book publishing businesses. In general, they are limited to the national market, but also have experiences with exporting goods and capitals.

It is relevant to consider that educational market expansion in the context of trade openness relied heavily on public policies oriented towards expanding access to education, alleviating poverty, modernization, innovation and social and economic development. This process paved the way for the submission of private and public education to financial capital rule. As Pinheiro (2014, p. 34) claims, financial capital: “appropriates the school and the university counting on diverse mechanisms to seize public funds to itself”.

Besides granting big capital access to public funds, the state performs several functions paramount to commercializing education. Currently, education is mainly produced and commercialized by companies and private foundations controlled by financial institutions now responsible for the intellectual instruction of millions of human beings. State incentives for the private sector can be identified in many aspects of Brazilian current education policies, making it a promising field for private investment. It goes beyond merely commercializing what is a right. It turns education into a profitable business – and as a matter of fact a primary profit-generation mechanism. It is the case of companies like Kroton, which, after merging with Anhanguera, became the biggest private education corporation in the world. Its spectacular growth can be largely attributed to inclusion-oriented state policies,
such as University for All Program (Programa Universidade para Todos – ProUni) and the Students Financing Fund (Fundo de Financiamento Estudantil – FIES), i.e., subsidies allow very significant profits for companies opting to invest in education.

**MONOPOLY CAPITALISM, IMPERIALISM AND INTEREST-BEARING CAPITAL**

In order to understand the process currently undergone by Brazilian education, we will debate capital’s current situation, with the purpose of understanding what interest-bearing capital is, how it acts and why it became dominant, as well as reinstating labor surplus extraction as the grounds for the formation of capitalism. It is important to elaborate, thus, on how capital accumulation progresses under monopoly, finally allowing for the constitution of rentier capital.

The constitution of competitive capitalism, in which small and medium companies prevailed, did not require great masses of capital, thus enabling a reasonable balance of competition. However, as shown by Marx (1998a) in his historical and theoretical analysis of capitalism, competition generates concentration and centralization of production and capital, dispossessing both direct producers and small and medium capitalists from their means of production. This concentration is imposed because the growing use of the machines requires companies to invest more capital in order to gain more profit and open new companies, giving rise necessarily to medium size companies. Merges are still one of the ways out of profit rate decreases, as pointed out by Marx. In a certain development level, production concentration leads to monopoly formation, subjecting even more locally limited companies to monopolist centers.

Lenin (1981) describes the institution of (imperial) monopoly in five central moments: (1) production and capital concentration brought to a high development level creates monopolies, which play a decisive role in economic life; (2) the fusion of banking capital with industrial capital constitutes financial capital and creates the financial oligarchy; (3) capital export, differently from goods export, gains particularly large relevance; (4) the formation of international monopolist associations of capitalists, which share the world between them; and (5) the territorial share of the world among main capitalist powers.

From the 1886 crisis on, growing capital accumulation caused an increase of the rentier mass, incorporating trade, agriculture, industries and banks to its logic. Besides, in this transition to imperialist capitalism, the increase of bank operations and its concentration in a small amount of banks gave rise to bank monopolies – which own almost all of capitalist groups’ monetary capital (Netto & Braz, 2012, p. 191). There is a complete dependence of the industrial sector from banks, in which the industry can only access productive capital through them while banks need to invest a larger and larger share of its monetary capital in the industry. Control of companies’ accounts allows banks to know their financial operations and structure, thus becoming able to control them. Strategies include, for instance, granting or not
granting loans and participating in the best businesses through share acquisition – which makes them partners of industrial capitalists. In the same way, capitalists own shares of the banks they have relations with (Lenin, 1981, pp. 597, 601, 608). During the development of capitalist relations under imperialism, the forms assumed by industrial capital (productive capital, commercial capital, interest-bearing capital and fictitious capital) are connected while the same capital performs several functions under the common goal of capital concentration and centralization. Such capital interweaving, involving bank and industrial monopolies, originated financial capital as a central feature of imperialist capitalism.

Monopoly organization aims at rising profits by controlling markets and eliminating competition through mergers, trusts and cartels’ (Netto, 2011, p. 20). This way companies set a price higher than market value, buy products with lower prices from non-monopolized sectors, receive benefits from states, have easy access to technological innovations, export productive capital to developing countries etc. (Lenin, 1981, p. 591).

Capital concentration can be understood as extended-scale capital reproduction, which allows more capital accumulation. Individual capitals concentrate means of production and control over workers which in turn allow them such accumulation, intensifying the concentration of wealth and means of production in the hands of individual capitalists (Marx, 1988b, p. 187). Another – much faster – way of increasing capital is concentrating existing capital by direct incorporation of smaller portions of capital by big ones or by participation in its capital through share acquisition or credit systems.

It is important to highlight that monopoly formation requires the expansion of productive and financial operations, but, since not all industrial sectors demand big companies, under monopoly capitalism different industrial branches or production phases are combined in one single company (Lenin, 1981, p. 588). Another consequence of capital concentration is the formation of shareholder (or anonymous) societies, composed by the direct association of individual capital. This allowed the “huge expansion of production scale and of the companies, which was impossible for isolated capitals” (Lenin, 1981, p. 315), as a way to reduce the decrease of profit rates. Since individual capitalists’ capital does not belong to them – just as neither do property and labor –, credit gives such owners a “pure-adventurer character” (Marx, 1988b, p. 317).

Shares, investment fund quotes, public debts and other property titles (Netto & Braz, 2012, pp. 243–244) are fictitious capital, a consequence of interest-bearing capital. They are fictitious because they have only a capital appearance. The actions of anonymous societies, for instance, only work as capital when they can be sold and their sale’s revenue can be invested productively, turning thus into capital. Shareholders do not have capital in their hands, but rather documents entitling them to a share of the company’s profit, i.e., shares entitling them to income.

Marx (1988b) considers interest-bearing capital the fetishized and alienated version of capital, since it dilutes the mediations present in value production by
fundamentally separating the appreciation of money from the concrete process of antagonism between capital and labor. Elucidating this aspect implies establishing the direct relation between interest and profit, which is originated in surplus and in the labor exploitation. The credit function also represents a capitalists-owned volume of resources which has become vital for the appreciation of capital. Interest rates are part of global profit, reaching higher levels exactly in crisis and lower levels during expansion cycles. This consideration is an important step to understand the developments of economic policies according to depression or expansion cycles of capital accumulation.

Pinheiro (2014) clarifies that, since all profit is exclusively generated in production, the profit of banks and rentiers – the share of capitalists living exclusively from rents –, is only possible because of value transfer, i.e., sharing the surplus value generated in the productive sphere. A share of surplus stays with the industrial capitalist; another with the one responsible for selling the product; and the last one will be used to pay back the loan. This process deconstructs the idea that buying and selling shares is enough to make one rich.

Concrete support for monetary capital’s apparent autonomy lies in the fact that the process starts with the loan of monetary capital to the industrial capitalist and ends with restituting borrowed capital to the loaner – both operations external to production. Both “appear as arbitrary movements, controlled by juridical transactions and occurring before and after the real movement of capital and having nothing to do with it” (Marx, 1988b, p. 248). As if interest-bearing capital were a “totally external figure” to the production process, all events in between loan and restitution are erased. Since monetary capitalists do not participate individually in capital reproduction, it is ignored that their profit is a part of the surplus generated in the production process, “a part of the medium profit which does not stay in the hands of the functional capitalist, but fits to the monetary capitalist” (Marx, 1988b, p. 249). Money seems to reproduce by itself, regardless of circulation and production processes mediating both ends.

Accordingly, since monetary capitalists do not participate directly in production, they do not seem to contribute to labor exploitation, thus erasing class antagonism. Industrial capitalists, by not owning monetary capital, appear as mere employees of monetary capitalists. Their capitalist character is removed from them as if they were wageworkers whose income stems from performance – and not from extracting labor surplus from other workers. Directors’ salaries are paid by exploited workers, who produce, besides their own salaries, surplus, which generates interest, corporate profit and directors’ salaries (Marx, 1988b, pp. 272–274). Interest-bearing capital basically supports the idea of a relation between capitalists, erasing the fact that financial sphere’s high profits are inevitably maintained by explored and expropriated workers.

We can thus state that interest-bearing capital in its current form is not autonomously produced but rather derives from surplus extracted from labor force exploitation. Besides, the indulgent action of the state in face of financial liberalization and
deregulation favoured the centralization of liquid funds. Not investing such funds in production paved the way for interest-bearing capital’s expansion and reinforcement and gave rise to the prominence of stock-market specialized institutions.

In this sense, Iamamoto (2012) argues that financial fetishism is challenged by the scrutiny of juridical and institutional architectures allowing financial deregulation. Such process was objectively propelled by nation states facing 1980–90s liberalizing international agreements aimed at transforming global space into capital space, such as the Washington Consensus, the Marrakesh Treaty and the Maastricht Treaty.

From a historical perspective, financialization can be conceptualized in three moments. The first is related to financial markets liberalization and deregulation (1982–1994) – according to Iamamoto (2012), a process largely due to the centrality of external-debt oriented economic policies that create a “debt industry”. Such industry stems not only from the expansion of credit-generating mechanisms, but also from its role as the government’s main means of transferring public funds to rentism. The “debt economy”, Chesnais (2000) says, encourages the growth of interest-bearing capital and refines the particularistic role of the state through the liberalization of the debt securities.

This period is followed by the decompartmentalisation of national financial markets through, as Chesnais (2005) states, liberalizing exchange markets, opening public debt securities’ market to foreign financial system operators – especially in cases of debt securitization, of liberalization of financial markets in new industrial countries and of the opening of the stock market to foreign companies.

Globalization debates consider 1994 a turning point, with stock markets playing an increasingly important role after the financial institution started investing in corporate profits by purchasing shares of industrial companies, no longer monopolized by banks. The nineties’ economic growth scenario also allowed the alternative of merging, adopted by large corporations which started to control accumulation with the support of subcontracted and outsourced sectors – a move especially outstanding in global areas counting with home markets, raw materials and cheap labor.

Public securities, according to Prates (1999), have become the second main sector of the international financial market, led by the exchange sector. One of the solutions following the concern with the debt issue was turning debts securities into bearer securities by virtue of banks’ liquidity and solvency problems. This made room for the trading securities and for a progressive substitution of the bank credit system by the securities market. This element is important to the understanding of the financial market between 1990 and 2000 and of its interest in investing in so-far-public sectors such as education.

Financial disintermediation is the third step in this rendering of financial globalization history. It entitles financial institutions – investments funds, pension funds, mutual funds, insurance companies and others – to access to markets, thus expanding the power of financial capital with the reappearance of specialized markets which provide interest-bearing capital with liquidity to the interest capital (Chesnais, 2005).
In this context of liberalization and disintermediation, banks lose monopoly over the credit function, making room for large investment funds to offer loans and invest in companies through share acquisition with the aim of increasing profits through either interests or investment return. Indeed, public debt growth also contributed to globalization through high interest rates, which allowed income growth and led funds to invest in debt securities (Iamamoto, 2012).

THE STATE IN IMPERIALIST CAPITALISM

An important aspect of imperialist capitalism observed by Lenin is the personal union. He defines it as the intimate union between banking and industrial monopolies through the acquisition of shares of large corporations by investments funds and vice-versa – besides the personal participation of individual’s from one sector in the other’s administrative structure, along with entrepreneurs from other industrial sectors and the government. It is set in

the personal union of banks with the largest industrial and commercial corporations, the merge between both through share ownership, participation of bank directors in commercial and industrial companies’ supervisory (or management) boards and vice-versa. (Lenin, 1981, p. 606)

As Mandel (1982) observes, ‘the social class controlling social surplus also controls the superstructure financed by it’ (p. 345). The state, which in theory defends the common welfare of all individuals, is a requirement of a class-divided society. Even when it takes the form of a democratic republic, its content is class-based with the function of assuring the private property of means of production, the reproduction of social relations of production and the private accumulation of socially produced wealth. Despite all contradictions, the state is in service of the economically ruling class as an instrument of labor exploration through by capital.

Under competitive capitalism, the state had minimal economic roles, while political participation was also very restricted. Its intervention in favor of capitalist interests consisted in the guarantee of private property and public order – repressive tools fundamental in preserving external conditions of capitalist production (Netto & Braz, 2012, p. 186).

The transition from competitive capitalism to imperialism required functional and structural changes in interventions by the state, which has increasingly assumed several political and economic functions in order to ensure the monopolies profits.

According to Mandel (1982), state functions were expanded along the monopolist era due to accumulated capital’s growing difficulties in increasing value and the need to manage crises. After Second World War, during the golden years of capitalism, state mechanisms for financing private capital tested in the previous period became structural. The state has progressively incorporated reproductive and productive sectors to general production conditions that cannot be assured by ruling class’s private activities. It has thus inverted budgets in order to act as an entrepreneur in
less profitable basic sectors, to assume control of capitalist companies in difficult periods, to give to monopolies structures built with public funds, to directly and indirectly subsidize monopolies, to buy and order from monopolist groups, to invest in transportation, infrastructure and labor force provision, besides organizing the economy through medium and long-term plans and projects and managing crisis cycles (Netto & Braz, 2012, p. 25). This opening caused a considerable influence of capitalist groups on state decisions, which define their businesses’ success.

Another important function assumed by the state is social protection of the working class. These measures, which were intensified after Second World War and called in Europe the welfare state, are usually triggered by working class organization, claiming better living standards. The state hence starts to promote public services, such as education, transportation, health and housing with the support of capitalism in its golden years. At the same time, those measures guaranteed social cohesion, released capitalists from many costs related to preservation and control of the labor force, increased workers’ buying power and provided the conditions for monopolist capital accumulation and appreciation.

Social protection measures were – and still are – funded by the ensemble of workers, whose contribution in this period corresponded to 70–85% of all tax revenue in imperialist countries (Netto & Braz, 2012, pp. 215–218). The resources required to accomplish all state functions come from public funds, composed of taxes and contributions paid by society. The collection of such resources does not happen in a homogeneous way – especially in countries where there is income inequality and tax systems are in general regressive. Thus, most taxes are drawn from workers’ salaries and not from monopolist capitalists and owners of the means of production. Therefore, capitalists bring back through state a part of the value generated by the workers, which is received as a salary respective to necessary work. Besides, the money used by capitalists to pay taxes is the surplus appropriated during productive processes, related to surplus labour. This way, labour exploitation is complemented by tax exploitation (Behring, 2010, p. 21 as cited in Brettas, 2011, p. 17). Regardless of being paid by ruling or working classes, wealth accumulated by the state in public funds is entirely produced by workers.

Contradictorily, the “golden years” saw the state’s alleged expansion towards attending historical claims of the working class lead into an unprecedented induction of capitalist development by public funds. After the crisis of the 1970s, capital started to lobby for “state reform” – a political feature of neoliberalism – in the name of a “minimal state”, arguing for the downscaling of state interventions and costs. However, this formulation is ideological. As stated by economist Paulo Nogueira Batista Júnior (as cited in Patú & Marin, 1998), “during this alleged period of neoliberal triumph, national states increased their participation in the economy” – a trend including the USA and the United Kingdom, whose political leaders Reagan and Thatcher were neoliberal doctrinal references. In Brazil, data from the Institute for Applied Economic Research (IPEA) shows that since 1947 the tax-collection/GDP ratio has increased – a tendency that was not interrupted in the 1990s, when
the governments of Collor de Mello and Cardoso initiated the implementation of allegedly state-rollback liberal reforms (Patú & Marin, 1998).

Therefore, differently from what neoliberal ideology contends, state and public funds have earned growing relevance for capital accumulation, led by the financial capital’s hegemony of but not limited to it, since it pervades and assimilates other fractions. The largest share of public funds returns to the ruling class through the state’s direct intervention and economic direction, benefitting financial appreciation, with emphasis on the role of the public debt (Brettas, 2011, pp. 17–18).

State counter-reformation in 1990s was the withdrawal of the few concessions obtained in Brazil in the wake of the European Welfare State. Social policies fostering the partial return of public fund resources to workers have since then had their content changed in capital’s favor. To reduce public costs, social security systems have been reduced and privatized, although not in the classic way, but through outsourcing, public private partnerships etc. This process equally amounts to the transfer of public resources to the private sector and their subjection to the logics of financial profitability, as happened to other elementary services such as energy, transportation, telecommunications, sanitation, banks and insurance. Social security and retirement policies, for instance, have had their functions adapted by their renaming as pension funds and supplementary social security, under control of financial capital (Granemann, 2006). Since these public services were structured by tax collection, their functional shift means a transfer of socially-produced wealth to interest-bearing capital, creating important investment spaces, as Chesnais claims (1996, p. 196 as cited in Netto & Braz, 2012, p. 240): “nowadays, transfers of state-controlled and state-managed activities into the market sphere offer capital globalization its best investment opportunities”.

Besides the public debt and policies concerned with income redistribution, retirement, health, housing and other services, public funds are also transferred to financial capital in other ways, such as when the state invests in the credit system, when it manages the risks of its own businesses, undertakes productive sectors and makes significant public purchases (Behring, 2012, pp. 176–177). Therefore, the real objective of monopolist capital in reducing the state is to reduce public expenditure with social universal rights and to preserve and extend the support of the state to capital, ensuring capital accumulation. In that way the state once more crudely exposed its defining trait as manager of the bourgeoisie’s issues (Marx & Engels, 1998, p. 13).

Expanding financial capital into all territories and dimensions of social life requires another piece of counter-reformation: the ongoing deregulation of the capital inflows and outflows in order to guarantee free circulation of goods and monopolist capitals in global scale. Due to the uneven and combined character of capitalist development, external and internal barriers in dependent and peripheral countries are increasingly withdrawn, as shown in the debates of the World Trade Organization – a process paramount in the 1970s to the dismantling of peripheral countries’ states during the crisis. In this period, overaccumulation and falling profits led central countries to offer
large amounts of capital in the form of variable-interest loans to dependent capitalist countries. The International Monetary Fund (IMF) and the World Bank, supranational agencies that are instrumental in operating policies that best suit the financial oligarchy, offered credit to countries in debt, which since then depend on the agencies’ permission to renegotiate debts with private investors. In this context, the World Bank gained significant power over the most fragile capitalist states, imposing the measures to be later known as the Washington Consensus: fiscal adjustments, state counter-reformation to liberalize and deregulate free circulation of financial capital. According to one of the Bank’s managers, structural adjustments consist of “liberating market mechanism and strengthening its role in economic development. The private sector should be the engine of the growth, while government playing a supporting role. Economic growth (and no longer development) was to be the main driver of poverty alleviation” (Leher, 1999, p. 24).

The position of each country within global capitalist economy was established throughout the development of capitalism. From the development of modern industry on, more advanced countries sought raw materials in colonial and incipient capitalist countries, which also served as destination for goods produced in central capitalism, connecting the global market through international trade (Netto & Braz, 2012, pp. 184–185).

Commodity and capital export remain forceful, establishing a relation of rule and exploitation between sellers and buyers and between creditors and debtors. As a result, central countries make a double profit: they lend to peripheral countries and then purchase their exported commodities (Lenin, 1981, p. 662). This way capital export deepened global capitalism, contributing to the imperialist exploitation of most countries by a few rich states according to their strength as measured by their economic and political development, as well as to the distancing of production from finance under control of imperialist countries (Lenin, 1981, pp. 621–623, 631, 650–651).

According to Florestan Fernandes (2009), the economy of peripheral countries, receivers of economic surplus from central capitalist countries, is deprived of self-sufficiency and has limited autonomy. Therefore, they are countries of dependent capitalism. Their bourgeoisie, which ascended later than hegemonic ones, were thus shaped by and coupled with foreign capital and large rural landowners. Their choice for articulation and submission to hegemonic economies makes them revolutionarily feeble, thus driving a process of conservative modernization instead of a bourgeois revolutionary process in European guise. Their subordination to central capitalist countries makes them internal agents of imperialism, responsible for ensuring economic concessions required by bourgeois hegemonic fractions. In order to achieve them, they exploit and rule over local working class by means of antidemocratic and conservative political forms while enjoying class privilege. This is the case of Brazil, a country completely immersed in global capital circulation and subordinate to capitalist powers and financial capital, which count with the alliance of Brazilian bourgeoisie and its class interests.
Companies producing educational books have been following the general imperialist tendency to form monopolies and oligopolies. Inter-capitalist struggles in the sector have ensued the incorporation of smaller companies by bigger ones, the assemblage of different stages of the productive chain in one single company or holding, the combination of investment in different commercial, financial and industrial sectors in the same groups, massive export of goods, services and capitals, the association with other big companies and international banks. Finally, comes the personal union between different bourgeois fractions and theirs with the state, controlling bigger and bigger portions of the markets. This way they accomplish their surplus-increase goals.

The United States are the world’s second biggest book sellers and buyers, owning 41% of the global market, second only to China. In 1999, twenty biggest American publishers controlled 93% of sales, while ten biggest ones had 75% of the income. In 2002, twelve editor groups concentrated 52% of the world’s book sales, while four biggest ones, 36% (Euromonitor, 2003 as cited in Earp & Kornis, 2005, p. 78). More recent data from 2013 Global Ranking of Publishing Markets confirmed this concentration, indicating that ten publishing corporations are responsible for more than half the surplus of the fifty biggest companies in the study, whose income reached € 56.56 billion.

Among the ten biggest of the sixty publishers whose 2012 income was analyzed, Pearson (United Kingdom), Bertelsmann (Germany), Lagardère (France), McGraw-Hill Education (USA), Scholastic (USA) and Holtzbrinck (Germany) were examples of companies that publish educational and supplementary materials while selling educational services – a segment corresponding to ca. 34% of their income.

Those companies, originated in central capitalist countries, relate to international capital through merchandise and copyright export, subsidiary creation and total or partial acquisition of foreign companies. This way they engage in international but intra-corporate trade with foreign branches of the same exporting company. Capital export towards suburbs therefore largely remains in the pockets of financial capitalists from central countries. A large share of these companies’ income still comes from Europe and the United States. However, Latin American and Asian countries are attracting European and North American groups, oriented towards markets counting with a high amount of consumers and readers, as well as with smaller and more fragile companies.

There are also expressive companies coming from dependent capitalist countries, such as South Korea, Russia, Brazil, India, Indonesia and South Africa. Brazilian companies like Abril Educação (39th), Saraiva (56th) and FTD (Grupo Marista) (59th) rank among the world’s largest publishers in 2013 Global Ranking of Publishing Markets (Rodrigues, 2011). Besides, Abril Educação was considered by Bloomberg (Marcelino & Lucchesi, 2013) the world’s sixth biggest educational
company participating in the stock market in 2012. From 2010 to 2011, it was the fastest-growing company of the publishing sector, with a 50.7% income increase – which is a lot higher than Pearson Education’s 4.35% (PublishNews, 2012). Abril Educação alone concentrated 47% of school places in National Program for Access to Technical Education and Employment (Programa Nacional de Acesso ao Ensino Técnico e Emprego – PRONATEC), aimed at low-income youth, in 2014 (Abril Educação, 2014), and is one of the main beneficiaries of federal programs of educational and supplementary book acquisition for distribution to the country’s public schools (PNLD and PNBE).

Since not all industrial and commercial sectors require large companies, corporations assemble several stages of productive (industrial) and unproductive (services) activities in order to increase surplus. In the 1970s, Editora Abril, from which Abril group originated, was already Brazil’s third largest publisher and its businesses also ranged from magazines and printing plants to hotel chains, cold stores and TV programs (Hallewell, 2012, pp. 751–755). It currently encompasses publishing companies, information technology, paid television, press, database marketing services, subscriptions, distribution, logistics and education.

Capital increases also rely on relations between companies and financial capital through global stock market. Although shares belong to holders from any country, biggest companies’ shares are mostly bought by capitalists from central capitalist countries, where conditions to do so exist. Most of these owners are investment funds, which are related to banks and other financial institutions. As a result, financial capital, especially from central global capitalism, controls these companies’ operations and business. Investment funds’ share acquisition thus play a significant role in increasing capital concentration.

Many such companies sell shares in the stock market. Research on stock market’s biggest buyers indicates financial institutions control, for instance, more than 63% of Scholastic’s shares and about 25% of Lagardère’s and Pearson’s. These shares are negotiated in central capitalist countries, chiefly Germany and the United States, but also England, France and Sweden. This group also includes globally peripheral but regionally central economies, e.g. Argentina, Brazil, Mexico and Korea. In Bertelsmann, most important investors control only 11.92% of shares, while in Abril Educação they hardly reach 1%. However, only part of a company’s shares are free float, i.e., available for free market negotiation. Therefore it is necessary to evaluate the company’s stock composition and owners in order to outline its control by financial institutions. In Abril Educação’s case, three investment funds act as strategic holders whose shares are not freely negotiated in the market. Besides, even companies not listed by the stock market can be controlled by financial institutions, such as McGraw-Hill Education, bought by investment funds managed by Apollo Global Management LLC.

Since not all shares entitle holders to vote, only a few financial capitalists have indeed decision power over company policies. Besides, some funds invest in several among the world’s biggest companies publishing educational and
supplementary books. BlackRock, for example, invests in Kroton, Lagardère, Pearson and Scholastic, among others. BlackRock, the main holder of Pearson, the world’s largest educational corporation, is the world’s biggest asset manager, with US$ 4.32 trillion under their management, not to mention the US$ 11 trillion it controls indirectly through Aladdin, its negotiation platform. The Vanguard Group, one of the world’s biggest mutual fund companies, managing ca. US$ 2 trillion, also invests in Kroton, Lagardère and Scholastic. Dimensional Fund Advisors invests in Abril Educação, Lagardère and Scholastic. Norges Bank Investment Management participates in Kroton and Lagardère. Finally, Oppenheimer Funds spends in Bertelsmann and Kroton.

According to Lenin, financial capital concentration has strengthened corporate capital concentration. Funds’ investment in several among the sector’s companies has raised educational book industry and trade concentration to a new level. Since every fund’s professional operation ensues an asset manager and its guard requires a custodian – usually a large bank –, both of which simultaneously entangled with several funds, concentration is even deeper.

Aforementioned funds originated in central capitalist countries: BlackRock, The Vanguard Group, Dimensional Fund Advisors and Oppenheimer Funds come from the United States, while Norges Bank is Norway’s central bank. It is evident that, besides foreign companies’ direct participation in dependent capitalist countries, central countries’ financial capital manages to redirect dependent countries’ labor-originated capital back to themselves in other ways. Companies and foreign investment funds partially or totally buy supposedly national companies, sharing ownership with local industrial and financial capitalists, while foreign rentiers invest in nationally founded funds actually constituted of international capital. This trend gained remarkable proportions from 2010 on, after 2008 US-based structural crisis, when mergers and incorporations increased in educational publishing – one of the areas where financial capital expanded its influence.

Another issue indicating the intricate tangling of different capitals with aims at higher profits in contemporary imperialism is publishers’ operation as monetary capitalists through their own investment funds or share acquisition from other funds. For example, Bertelsmann owns University Ventures Fund I, Lagardère owns Idinvest Partners’ venture capital fund and Holtzbrinck owns a venture capital company investing in media, digital technology, internet etc. This is one of companies’ fastest ways to potentiate capital, since the financial sphere allows them to apparently produce money out of money, without direct participation in capital appreciation.

Brazilian corporation Abril Educação provides a good example of financial capital’s advancements. It went public in 2004 and joined private equity funds owned by Capital International, Inc., generating a R$ 150 million capital increase – 13.8% of the company’s stock (Cabral, 2011, pp. 147–148). Capital Group is one of the world’s major fund managers, handling around one trillion dollars. In 2009, research published by Physical Review E concluded that Capital Group was the world’s most
powerful shareholder, with major control of thirty-six out of forty-eight countries’ share markets (Glattfelder & Battiston, 2009, pp. 18–19).

Currently, Abril Educação’s main shareholders, besides traditional owners from the Civita family and Flavio Augusto da Silva, Wise Up language school’s founder, are BR Investimentos and Constellation funds. Constellation fund is managed by BNY Mellon Serviços Financeiros DTVM, trademark of The Bank of New York Mellon Corporation, one of the world’s top ten financial service providers. In 2014, Government of Singapore Investment Corporation (GIC) became the indirect owner of a 18.52% share of the company after share disposal by BR Educacional Fundo de Investimento em Participações Brasil de Governança Corporativa, Fundo de Investimento em Participações Potentia Bioenergy and Polar Fundo de Investimento em Participações (Abril Educação, 2014b). GIC, besides managing Singapore’s foreign-exchange reserves, invests in more than forty countries and counts with more than US$ 100 billion in assets (AmericaEconomia, 2014). In July 2014, Brazilian Administrative Council for Economic Defense (Conselho Administrativo de Defesa Econômica – Cade) approved the entrance into Abril Educação’s capital of Thunnus Participações S.A., owned by Tarpon Investimentos S.A., which has offices in São Paulo and New York. The Brazilian fund’s shareholders are essentially foreign pension funds and endowments. This way financial capitalists, whose capitals originate in the center of capitalism, join the bourgeoisie of dependent capitalism according to a domination and subordination hierarchy.

THE BRAZILIAN CASE

Brazil, as a dependent capitalist country, receives goods and capitals from capitalist central corporations. In the case of educational books and courseware, English Pearson and Spanish Prisa are remarkable examples, while other international publishers, such as Bertelsmann, McGraw-Hill Education, Holtzbrinck and SM, operate in the country in a less expressive scale.

As previously shown, this process ensued by the development of contemporary imperialism has been accompanied by national companies’ association to globally hegemonic financial capital. Despite foreign publishers’ historical presence, Brazilian companies still prevail, in some cases with international capital investment.

Brazilian companies such as Abril Educação, Grupo Marista, Positivo and Saraiva partially account for educational material and systems’ sales to public and private institutions, besides owning schools, language courses and other educational-service businesses. For decades, these corporations – which go beyond book publishing and educating by engaging in trading their products, controlled by financial capital – have acquired the federal government’s main book suppliers. Ática, FTD, Moderna, Saraiva and Scipione, which since 1970 concentrate a large share of the government’s book acquisitions, have seized around 82% of federal government’s investments (Pinheiro, 2014, p. 98).
Table 1. Main books and courseware companies for basic education in Brazil

<table>
<thead>
<tr>
<th>Group</th>
<th>Country of origin</th>
<th>Publishers and educational institutions controlled</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABRIL/ABRIL EDUCAÇÃO</td>
<td>Brazil</td>
<td>Publishers: Ática, Scipione, Abril. Teaching systems: Anglo, SER, Maxi, pH, GEO, Líder em Mim, ETB.</td>
</tr>
<tr>
<td>MARISTA</td>
<td>Brazil</td>
<td>Publisher and Teaching System: FTD.</td>
</tr>
<tr>
<td>PEARSON</td>
<td>England</td>
<td>Teaching system: NAME, COC, Dom Bosco, Pueri Domus.</td>
</tr>
<tr>
<td>POSITIVO</td>
<td>Brazil</td>
<td>Publisher and Teaching System: Positivo.</td>
</tr>
<tr>
<td>PRISA/SANTILLANA</td>
<td>Spain</td>
<td>Publishers: Moderna, Richmond, Salamandra, Objetiva. Teaching system: UNO.</td>
</tr>
</tbody>
</table>

Teaching Book National Program’s (Programa Nacional do Livro Didático – PNLD) resources are currently disputed by companies qualitatively different from those which for decades have turned it into a hegemonic program, despite brands and trademarks having remained the same. These traditionally family-owned companies, committed to producing and publishing books in the country despite their profit orientation, were replaced by rentiers of the adventurer character explained above. Since the program is open to any company legally established in the country, competitors are internationally outstanding national and foreign companies. Local bourgeois fractions from the publishing sector had no alternative but to partially sell their property and consent to foreign capital’s claim to their historically exclusive profits. As a consequence, national and foreign companies dispute public funds, both subordinate to hegemonic global financial fractions.

Parallel to publishers’ incorporation and association to investment funds, public policies for teaching books were expanded. Such shift is paramount to the Brazilian context, deeply characterized by investors’ dependence on public money, resonating the imperialist state’s special particularism in guaranteeing monopolies’ profits through product acquisition, tax exemption, direct subsidies etc.

In the case of education, this process is mediated by programs such as School Libraries National Program (Programa Nacional Biblioteca da Escola – PNBE) and aforementioned ProUni, FIES, PRONATEC and PNLD. To these one should add National Bank for Social and Economic Development (Banco Nacional de Desenvolvimento Econômico e Social – BNDES), state-owned companies’ pension funds and public-private partnerships at city and state scale. Such humongous allocation of public funds to global financial capital is made possible by local dominant fractions’ dependent character, associated and subordinate to central capitalist countries’ elites.
Teaching-book acquisition by federal government accounts for most of publishers’ profit. Books are distributed to public institutions of basic education, which concentrate most student registrations and public resources. According to report “Produção e Vendas do Setor Editorial Brasileiro 2013” (Fundação Instituto de Pesquisas Econômicas, 2014), teaching books corresponded to 47.8% (R$ 2,562,043,016.13) of publishers’ income in 2013. Whereas 48.9% of this sum stems from acquisition by the government, which also buys general books through PNBE for distribution in public schools. In 2013, for instance, publishers Ática and Scipione were responsible for 43% of Abril Educação’s revenue, out of which 54% draws from government purchases (Abril Educação, 2013). As for Saraiva group, publishing accounts for 41% of income, in which government’s buying of books and digital content corresponds to 35% of the books and digital contents (Saraiva – Relações com Investidores, 2014).

Along book acquisition policies’ history, government expanded the range of titles bought for public school distribution, which in turn increased such expenditures from R$ 100,000 to over R$ 1,000,000 between 1996 and 2014. Federal government’s current acquisitions from such publishers for free distribution include mathematics, Portuguese, history, geography, science, chemistry, physics, biology, mathematic literacy, English, Spanish, philosophy and sociology books aimed at youth and adult education. Accessible versions are also distributed in audio, Braille and digital formats. Besides, there is specific courseware for rural schools. From 2014 on, literary works were also distributed by PNLD to the National Pact for Literacy at the Right Age (Pacto Nacional pela Alfabetização na Idade Certa – PNAIC), oriented towards early elementary school students.

This expansion was driven by those whose profits it has increased. Until the 1970s, capital fractions benefitted by book acquisition policy were those actively involved in publishing, printing, paper production and book trade sectors. From the 1980s on, the consolidation of imperialist capitalism in the country and the public fund’s growing importance to capital accumulation dynamics favored financial capital’s insertion among bourgeois fractions influencing and benefitting from courseware policies.

In this period, Brazil adopted elementary education and courseware guidelines from supranational agencies connected to financial oligarchies, which oriented the modification and expansion of PNLD along Fernando Henrique Cardoso’s presidential terms, which entitled publishers to a greater share of socially produced wealth. In the meantime, the sector’s mergers and incorporations, as well as its association with investment funds, opened yet another channel for transferring public funds to financial capital.

**FINAL CONSIDERATIONS**

The research about publishing corporations, their relations with the market and the state’s role in this process serves as a good example for the debate here developed.
ed on state policies and capital’s current stage. Along this book, this subject will be approached in relation to other aspects of education, so as to identify that these economic policies oriented towards supplying the market’s demands are joined by ideological strategies aimed at convincing society about such policies’ inclusive or democratic character.

Just as social policies as a whole, educational book policies have a contradictory nature. Public, free and quality education, despite its contribution to capital, is a historical claim of the working class for its potential to provide human beings with scientific and philosophical knowledge which allows an articulate understanding of the world. It is undeniable that distributing free educational, supplementary and literary book, often unaffordable to students, is positive to the working class and their children. Brazilian education’s wide expansion has ensued an expansion of student aid programs – among which book distribution – and increasing popular pressure for quality education for all.

From our perspective, the state remains an instrument of labor exploitation by capital despite its inner contradictions. In order to secure the legitimacy of its economic role, it expands its social role and often incorporates claims from the working class, but always frames them so as to ensure capitalists’ profitmaking. Educational book policies indeed ensue one more mechanism by means of which financial capital – which already benefits from almost half the public budget in the form of interests and public debt amortization – appropriates socially produced wealth from the public fund – a process without which capitalists’ profits would be untenable.

NOTES

1 Translated from Portuguese by Rafaela Sampaio Uchoa.
2 Trusts control the production process as a whole, while cartels set internal deals about selling conditions, payment deadlines etc.
3 It is important to highlight the elimination in 1971 of financial restrictions set by the Bretton Woods system since 1944 and the consequential financial liberalization as understood by currently prevailing financial sector.
4 In Brazil, for instance, in 2013, 40.3% of federal budget was used to pay interests and public debt amortizations, while 24.11% were directed to social security, 4.29% to health and 3.7% to education. Marxist economists state that public debts are currently the “main mechanisms securing capital’s profit rates, operating through a predominantly financial logic and absorbing increasingly significant shares of public funds for this purpose” (Brettas, 2011, p. 20).
5 Official discourse standardized calling educational reforms these changes inserted in structural adjustment plans to which more than eighty countries of capitalist peripheries were subjected (Behring, 2008). They consist, however, of counter-reformations – a term used by Behring (2008) and Coutinho (2007, 2010) to characterize policies which, instead of incorporating workers’ claims, as reforms usually do, they rather impose restrictions on so far guaranteed rights.
6 An yearly ranking of the world’s biggest publishers with revenues superior to two hundred million dollars. It has been published by Austrian consultant Rüdiger Wischenbart since 2006 by demand of French magazine *Livres Hebdo*, specialized in the publishing market.
7 The ranking does not express precisely the concentration of the publishing market, since it considers different companies controlled by the same groups, which were thus listed more than once. Pearson
Group, for instance, is listed as Pearson Education, as Penguin and as Penguin UK. Bertelsmann appears as Random House, Random House US, Random House Germany, Random House Group and Random House Group UK. Lagardère is listed as Hachette Livre, Hachette Livre France, Hachette Book Group USA and Hachette UK/AUS. Scholastic also appears as Scholastic Children’s Book Publishing and Distribution, Scholastic International and Scholastic Educational Publishing. Finally, Holtzbrinck is listed as Holtzbrinck Education and Science and Holtzbrinck Consumer Book Publishing.

One of the world’s main information providers for the financial market, with information terminals present in almost 100% of the world’s banks, brokers and insurers.

Free float is composed of shares that do not belong to strategic holders, are not restricted or owned by the company’s insiders. In order to be listed in Novo Mercado and BM&FBovespa’s Level 1 and 2, companies such as Abril Educação must present a minimum 25% of its whole stock available as free float for market circulation and negotiation.

A purchased share makes the investor an owner of the company. Whereas common shares entitle holders to participation in corporate decisions, preferred shares do not. In Brazil, companies are entitled to issuing one preferred share for each common share (BM&FBOVESPA, 2016).

Endowments, differently from traditional philanthropic donations, consist in the creation of a perpetual heritage without a specific purpose which generates continuous income to be used in conserving, expanding and promoting a certain activity. The fund’s resources are collected from individuals and invested in the financial market (Fundação Getulio Vargas, n.d.).

Postalis and Petrus funds for instance have invested around R$ 100 million in Galileo group (Leher, 2014).

REFERENCES


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