

**PUBLIC DEBT, OWNERSHIP, AND POWER:  
a Political Economy Of Brazilian Public Debt from 1994 to 2021**

Julia Bustamante Silva<sup>1</sup>

This research investigates the political aspects of Brazilian public debt since the Real Plan. For such, we focus on three main objectives. First, we develop on the money and credit aspects of Marx's critique of political economy, emphasizing interest-bearing capital, whose determination produces politically relevant economic effects for the analysis of class relations, particularly regarding the power bloc (Poulantzas, 1977). Second, we study the concrete development of the government bond market since the 1990s, based on the architecture of the real plan. To do so, we rely on data from the Central Bank of Brazil, the Economic Platform, IBGE and IPEADATA, in order to trace the property relations regarding these bonds. Thirdly, we enrich the previous analysis with the comprehension of the political aspects and conflict of interests in the bloc of power concerned with Brazil's public debt, focusing on the structure of the banking system and its relationship with multiple governments in the last decades.

The modern credit system is, according to Marx (C3, 1991), one of the main components of the dynamics of the capitalist mode of production. It works as a driver of the development of the productive forces, at the same time, however, it accelerates the eruption of the system's contradictions, this is, of crises (C3, 1991). Interest-bearing capital is part of the development of the substantiation or autonomization of the functional forms of capital, being, therefore, functional to its rotation, even if it only appropriates of part of the surplus value created in the production process.

More recently, public debt and its representative bonds have assumed great importance: they organize, mobilize and allocate the capital available for lending worldwide and also assume the role of conditioning the average interest rate of the market, playing an anti-crisis function. For such reasons, it is essential to understand the concrete role of public debt in specific national dynamics of capital accumulation. Public finances in capitalism, whether in the form of tax revenue or public debt, result from accumulation, are endogenous to the capitalist reproduction circuit.

The development of the "financial market" has political implications, especially if we consider that the State does not have a fully autonomous power. Thus, it is important to analyze,

---

<sup>1</sup> PhD student in Economics at the Federal University of Rio de Janeiro. E-mail: julia.silva@ppge.ie.ufrj.br

through the approach of the critic of the political economy, the relationship between the bloc in power, the political scene, and the State; since the latter is an intrinsic/endogenous element to the process of capital accumulation and class domination through the binomial repression/ideology (Pinto et al., 2019).

Brazil's monetary policy operates mainly under the arrangement set up in the 1990s, when an institutional architecture favorable to holders of national financial capital and international financial markets was erected (Araújo; Bruno; Pimentel, 2012: 6). The current macroeconomic policy regime expresses the contradictory movements that are developing in the state apparatus that are the expression of the hegemonic interests of the national and international banking-financial fraction in the ruling bloc. In other words, economic policy is the guarantee of the supremacy of this fraction over the dominated classes.

Thus, the aim is to demonstrate the centrality of public debt to the capitalist credit system, forming the main mobilizing center for loan capital; its institutional and political connections with state management in the forms of fiscal and monetary policy. Our analytical approach will have as a landmark the Real Plan, in order to understand the conformations of the banking sector in the country, relating the balance sheet of the main private banks with the monetary policies adopted. Who are the holders of the mass of monetary capital in the form of Brazilian government bonds? How are the federal government bonds distributed? Does the architecture of the financial system that began at the Real Plan limit Brazilian development? These questions are going to be addressed within the framework of the political economy nexus of these assets, capturing the impacts on class relations in the country.

The central objective, therefore, is to outline a (critical) political economy of financial assets in Brazil, in particular of public debt. To achieve this objective, it is necessary to reduce the level of abstraction to address the concreteness of contemporary Brazilian capitalism, without losing sight of its deeper determinations due to the role played by interest-bearing capital and its unfolding, the fictitious capital. We intend to emphasize, thus, how financial markets operate as organizers of social relations of power, influencing Brazilian political and economic trajectories.

**Keywords:** Public Debt; Brazil; Power Bloc; Economic Policies.

