
Financialisation in the Brazilian economy: from higher education towards basic education

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Résumé

The deregulation of financial flows, the interconnection of markets, and the creation of financial innovations and investment funds characterise the process of "financialisation" in flow since the 1970s. In line with these dynamics, higher education has become an object of intense interest to global capital. In Brazil, it seems that this movement is nowadays reaching even basic education.

The aim of this paper is to investigate the financialisation process in the Brazilian private higher education market, as well as its spill over to basic education since 2007.

This research uses descriptive statistics, based on the analysis of information from Brazilian Association of Equity and Venture Capital and São Paulo Stock Exchange, the websites of for-profit higher and basic education institutions, as well as the mergers and acquisitions report published by KPMG Corporate Finance and CM Consulting.

This paper is developed as follows. In the first section it is discussed the conceptual framework. In section two, the financialisation in Brazilian higher education is portrayed. In the third section, it is shown how financialisation is spreading out to basic education. The final section depicts the main implications to the Brazilian public policy education.

Financialisation covers a host of empirical phenomena at different levels of analysis. (Zwan 2014). At its most basic level, it relates to the increasing use of financial transactions to allocate capital. In this work, I consider financialisation in the modern corporation with an emergence of shareholder value as the main guiding principle of corporate behaviour (cf. Rappaport 1986 apud Zwan 2014), in which the corporate efficiency is redefined as the ability to maximise dividends and keep stock prices high.

Business practices include the introduction of financial performance measures such as return on equity, the adoption of international accounting standards, and a short-term business outlook. These practices have been accompanied by mergers and acquisitions. The financial gains from these operations are not reinvested, but rather are distributed to shareholders.

The financialisation in Brazilian private higher education can be observed in two different movements: the acquisitions carried out by private equity funds and the opening of capital of educational companies (IPOs) on the Brazilian stock exchange since 2007. Five educational companies have been listed on the Brazilian stock exchange (Bovespa), and two

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of them have become part of the Bovespa index.

Brazil has now one of the largest higher education company in the world. It has had more than 1 million students in a combination of face to face students and distance learners. It holds 16.5% of the market share and 45% of all for distance learning enrolments.

Between 2016 and 2017, the biggest group (Kroton-Anhangera) intended a merging with Estacio group. However, the Brazilian antitrust agency (CADE) has denied the merging, pushing these companies to new strategies in order to value their capital.

Financialisation has fueled the concentration of capital in higher education (Carvalho 2017), but merging denial has made a shift from higher to basic education, so these companies are now buying private schools, spreading out financialisation towards this field.

In conclusion, the financial market influences and capital concentration in Brazilian education are central elements in the analysis of the limits and possibilities of education policy.

Mots-Clés: Financialisation, higher education, Brazil, basic education, capital concentration