Chapter 6

Urbanization of Slums and the Taxation of Heritage in the Brazilian Municipal Scope

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ABSTRACT
The situation of cities in Brazil has worsened in such a way that it compromises all the rights recognized by the Democratic Rule of Law. Municipalities do not have enough tax revenue to eradicate slums and urbanize the cities, which are hostage to organized crime and increasing violence. Through the qualitative method, the purpose of this study is to investigate the challenges encountered in taxing the heritage so that there are resources to solve the historical problems of the slums. It was concluded: it is possible to increase the tax collection on assets, but the challenges are persistent. They require new techniques and correct measures. The citizen must be converted into a development partner. Failure to tax properly violates Article 11 of the Fiscal Responsibility Law and can generate accountability. This research lacks the necessary depth to exhaust such complex relationships, but it can mean an invitation to luminaries to dedicate themselves to the theme.

Keywords: Favelas, Heritage Taxation, Cities, Human Rights.

1 INTRODUCTION

There are new potentialities present in the urban instruments available to municipalities. However, there is a whole social liability of slums, environmental degradation and maintenance problems of public facilities and municipal services that require a fair and progressive increase in tax collection.

The issue of the indispensable urbanization of favelas in large and medium-sized Brazilian cities has, in its damming, created opportunities for the expansion of organized crime and violence. The reality of degraded settlements challenges local leaders to reinvent themselves in order to achieve concrete transformations. Existing research within the framework of the United Nations reveals the serious growth trend of urban slums, which should triple by 2050 worldwide, with serious consequences for people's lives and overloading public health systems (RAI, 2017).

Obviously, public policies have to be designed for this civilizing rescue via the eradication of favelas. Maricato, in a dense study of Brazilian favelas, states that several preparations are necessary for

sustainability, which requires the "conservation and constant support of the conditions (physical, social and political) that make urbanization possible" (MARICATO, 1999). However, the issue is not simple, because among the major problems of cities is the need to generate jobs for low-skilled labor. Paulo Singer portrays the situation well when he notes that the lack of living conditions in the countryside causes successive migrations to ever-larger cities, and these masses without professional qualification, without finding decent conditions for survival, still have to compete with the equally disqualified workforce. already existing in larger cities, which causes the depreciation of remuneration for small services (SINGER, 2018, p. 58).

Thus, mayors have the burden of generating jobs, sometimes in exchange for tax benefits and, at the same time, eradicating slums and forgotten neighborhoods. However, around 92.5% of Brazilian municipalities live practically on the Municipalities Participation Fund, with meager tax collection, even suggesting a series of measures to increase municipal collection, based on agreements for the exchange of information and technological contributions .

There is also the problem of the low qualification of the labor force of city hall servants in municipalities with less than 50 thousand inhabitants. As a result, taxation is little exercised, which violates article 11 of the Fiscal Responsibility Law. It so happens that taxation on property in Brazil is very low and insufficient to correct so many urban problems. There is a persistent historical problem of property records, as a rule, outdated, impacting the result of the collection of IPTU, ITBI and ITR taxes. This type of upgrade is expensive. However, inspection is also expensive and requires specialized labor, legally updated, which attracts the necessary professionalization of the municipal technical staff.

The high electoral cost, especially in small municipalities, slows down cadastral updating and even the toughest collection of taxes, especially IPTU. Many electoral campaigns are also financed with the intention of achieving tax exemptions, via political compromises. Since there is low taxation on municipal assets, there is an incentive for real estate speculation.

Considering it important to rescue the dignity of favela residents, without prejudice to police power and existing cogent norms in urban law and within the scope of municipal tax jurisdiction, it is observed, however, that taxation on real estate assets proves to be quite timid and litigious, which represents a challenge in the face of the expansion trend of favelization. The question arises: Is it possible to better tax heritage at the municipal level, in a fair and progressive way, to build inclusive, solidary cities, to eradicate slums? This article admits that this hypothesis is possible and problematic.

Currently there are already 1 billion people living in slums around the world, the trend is that there will be 3 billion by 2050 (UNITED NATIONS, 2013). Thus, from this brief extract, it is evident that this trend towards the degradation of urban conditions needs to be dealt with professionally by Brazilian municipal governments. Brazil has 84.72% of the national population in cities, with a housing deficit of 6.6 million homes, 11% of the population without water supply and about 50% of the population without sewage networks (IBGE - PNAD, 2015). The tax burden weighs on the poor in the order of 48% of their

income, practically on account of staying alive (CONSELHO DE DESENVOLVIMENTO ECONÔMICO E SOCIAL, 2011; SALVADOR, 2020).

In this problematic urban scenario, not only organized crime but also the proliferation of ideological movements have plenty of space to spread totalitarian propaganda and revolts, slicing and fraying the social fabric. After the experiences of left and right dictatorships spread around the world, Brazil needs to be aware of its risks, including, in Germany, the ideological burden of Nazism was such that the Judiciary Power judged by the principles of National Socialism, that is , contrary to the legal system (ROSA apud FRIEDE, 2004). The disruptive reality of cities calls for bold and dialogically democratic solutions, an examination to which this investigation only encourages the attraction of new studies.

2 PRESSED TAXATION: THE KNOT

The taxation exercised by the Union and the States leave little room for municipal taxation, which is sandwiched in the tax matrix of Brazil. However, only the state redistributes income and property democratically. Among the biggest problems of current capitalism, without any ideological connotation, is the concentration of income and property in the hands of a few families, which attracts the construction of truly solidary taxation, capable of generating more real opportunities for employment and income for the population. poorer.

Without adhering to Marxist concepts, Piketty studied the phenomenon of world income concentration over the last 200 years. He realized that the global economic scenario has not been conducive to the needs of local populations and has aggravated the problems of peripheral economies. Thomas Piketty demonstrates that the main destabilizing force is related to the fact that the rate of private return on capital "r" can remain strong and continuously higher than the rate of growth of income and production "g". Thus, he notes the cumulative dynamics: "r> g", that is, the remuneration of capital is reproduced, from itself, far above the remuneration of the labor factor (PIKETTY, 2014, p. 555). In this way, properties and incomes are concentrated, further fueling the reproduction of capital above labor remuneration.

Even among liberals in the eighteenth century, social exclusion was uncomfortable. Jean Jacques Rousseau saw the difference in access to knowledge as the source of inequality among men (ROSSEAU, 1978, p. 292). Thus, regardless of the ideological creed of each one, it is clear that the misery of the population in France, even before the French Revolution, bothers the most sensitive intellectual consciences. Literary works reflect great social discomforts, such as "Les Miserables" by Victor Hugo, "The Human Comedy" by Honoré de Balzac and many other authors of the 19th century. Even the sociological and political work of Karl Marx came to light. Social exclusion is a form of social violence that needs to be resolved by expanding opportunities for social mobility.

In the 20th century, even in contemporary times, even in the face of the lack of consensus regarding the theories of globalization and its effects, Atienza considers that there is room for a theoretical approach specific to Latin countries (European and American) for social transformation (ATIENZA, 2011). Norberto

Bobbio considers it advisable “to move from democracy in the political sphere, [...] to democracy in the social sphere” (BOBBIO, 1995, p. 156). However, at the beginning of the 21st century, the advancement of the means of telecommunication and data processing, the internet, gave rise to the phenomenon of e-commerce, which has been eliminating many jobs in the service sector, especially in retail (BOMTEMPO , 2016, p. 347).

However, the autonomous reproduction of capital, which so concentrates income and properties, spreading all forms of financial and real estate speculation, can only be circumvented through taxation. After all, taxation sustains democracy and the whole complex of rights that radiates from it, mainly by keeping the right to property healthy (NAGEL; MURPHY, 2005, p. 11). Torres, defender of the Democratic Fiscal State (consented) states that human rights are “inalienable, imprescriptible and non-taxable, since “the power to tax is born in the space opened by human rights and is totally limited by them” (TORRES, 1995, p. 55). Thus, a prudent review of the Brazilian tax system must be carried out in order to create sustainable bases for effective social peace over time.

The Brazilian reality attracts a new look at the fact that 28% of the national income is in the hands of just 1% of the inhabitants. In 2014, the Ministry of Finance pointed out that 10% of the richest population held 47% of the national income (BRASIL, 2016, p. 5). According to the “World Inequality Survey 2018” coordinated by Thomas Piketty, Brazil is proportionally among the highest income concentrations in the world among the richest 1% (BRASIL, 2019). Reversing this dynamic, democratically, in the face of the rapid expansion of cities requires a supra-party consensus, in respect for the ideal of putting into effect the principle of equality (GREENAWALT , 1983). Equal opportunities starts with access to quality education, without partying.

In Germany, municipalities are not considered public entities, but have financial autonomy (NOGUEIRA, 2018). It would be expected that the constitutional forecast of financial, administrative and legislative autonomy of the municipalities would lead them to provide themselves with better tax collections. Before the Covid-19 crisis, in 2011, 92% of Brazilian municipalities already had budget deficits (ASSOCIAÇÃO BRASILEIRA DE MUNICIPIOS, 2011), but, over time, collections in favor of the Union were strengthened, to the detriment of other entities. public (LIZIERO; CARVALHO, 2018).

It is known that having decent housing is a fundamental right provided for in Article 6 of the Federal Constitution of 1988. However, there are about 7 million people in subnormal settlements in Brazil (in squats and irregular tenements). Access to housing has occupied the attention of academia all over the world, but there are many challenges (KENNA, 2008). It is known that the urbanization of favelas is expensive and involves the gathering of several sources of national, international and intergovernmental resources for its financing (FONTENELLE; CARMONA, 2017).

In this scenario of sterile capital accumulation, the slum situation worsens, which tends to increase (UNITED NATIONS, 2013), if concrete public policies are not carried out. The partial impacts of globalization on the Brazilian economy cannot be ignored. Brazil already has 14.4% of unemployed people

in August 2020 (BRASIL, 2020) and has a deficit of 6.355 million homes according to the João Pinheiro Foundation and the Ministry of Cities (FUNDAÇÃO JOÃO PINHEIRO, 2015).

Obviously, overcoming municipal tax starvation is not simple, but some significant steps can be taken. IPTU taxation, in general, loses even to the collection of IPVA - Taxes on Motor Vehicle Ownership. Therefore, it needs to be improved, with justice, solidarity (NABAIS apud GRECO; GODOI, 2005, p. 142) and progressivity. The old improvement contribution institute is obsolete in Brazil even with presumed appreciation, according to the judgment of Special Appeal n. 1,076,948-RS (BRASIL, 2010), which makes it little used. The ITR, under Federal competence, despite the fact that 50% of its collection is destined to the municipality, has presented mediocre results given the high costs of the collection of IPTU, ITBI and ITR. Taxation of ISS – Tax on Services of Any Nature is also important in this ideal of municipal financial autonomy.

Taxation must be at the service of urbanization. Many new instruments provided for in the Statute of Cities allow for this urban modernization (OCHOA, 2012). However, Navarro considers IPTU little studied in Brazil (NAVARRO, 2014, p. 339). Its constitutionality is enshrined in item I, article 156, of the Federal Constitution and in articles 32 to 34 of the CTN. Despite item IV of art. 167 of the Federal Constitution does not admit binding of tax "expenses".

Gassen and D´Araújo observe that, of the total Brazilian tax burden, "taxes levied on equity represent 3.52%, on income 24.14%, and on consumption 68.20%. In the countries of the Organization for Economic Cooperation and Development (OECD), these indicators represent respectively 5.4%, 36.9% and 30.4%" (GASSEN, D´ARAÚJO; PAULINO, 2013). Taxation of ITR, IPVA, IPTU, ITCD and ITBI together represented 1.2% of GDP in 2008 and 3.5% of the total tax burden; in municipalities with more than 50 thousand inhabitants, only 14% of them applied progressive IPTU (CONSELHO DE DESENVOLVIMENTO ECONÔMICO E SOCIAL, 2011). Altering this matrix may entail a high electoral cost, but politics should not be a profession. Brazilian federalism needs to be revised (LUZIERO; CARVALHO, 2018).

However, some measures can already be taken to increase the collection. Among the possible measures are: a) expanding the use of technologies, since technological training requires reproducible investments; b) the culture of simply stamping routines is not enough, it is necessary to redefine tax actions, provide selectivity and better identify taxpayers by their ability to pay; c) crossing information using agreements with the Federal Revenue, e-Social, data from credit cards, notaries, electronic invoices, electronic declarations, sharing of electronic records with Simples Nacional, crossing information through integrated systems, to better collection of Tax on Services of Any Nature – ISSQN and Real Estate Transfer Tax – ITBI; update generic plans of properties and registrations; d) better study the particularities of the Urban Property and Land Tax - IPTU, as this tax is politically sensitive, among other measures (CONFEDERAÇÃO NACIONAL DOS MUNICIPIOS, 2019).

In any case, without financial autonomy, and with a liability of serious social problems, municipalities in Brazil survive under a whirlwind of demands. Nations are pressured by globalization – an exogenous effect (MARTIN; SCHUMAM, passim). However, in the Federal Constitution of 1988, in item I, of art. 3, brings among the republican objectives to build a "free, fair and solidary society", responsibility of each citizen regardless of their economic and social condition.

3 OLD PROBLEMS, NEW APPROACHES

It will take a great national tax consensus to rescue the quality of life in Brazilian cities. Constitutional jurisdiction, however, allows municipalities to legislate with respect to their taxes and urban rights, subject to constitutional limits.

It is important to create suitable and transparent ways of measuring the value of the square meter of lots and buildings built to tax heritage at the municipal level. It is necessary to study the simplification of these evaluations. For example, real estate registration updates are very expensive, which leaves room for bid manipulation. The State can lower these costs through inter-municipal agreements, to finance in partnership with other municipalities.

It is also possible, for example, to resort to the experience of reputable and experienced realtors and engineers, at a modest price fixed by the Administration itself, by specific law of a tax, urbanistic and municipal bidding nature, since the competence to edit general norms of bidding is exclusive to the Union, pursuant to item XVII, article 22, item I and paragraph 1, of article 24, of the Federal Constitution of 1988.

In addition, progressive IPTU over time must be implemented, in addition to real estate registrations being updated, in favor of the fair collection of ITBI, IPTU and ITR, from those who are most able to pay proportionally. It turns out that tax justice has the meaning of reducing regressivity in taxation to the maximum by observing the principles of progressivity and contributory capacity (criterion of justice). Even, through the bias of distributive justice, Velloso, quoting Herrera Molina, regarding German precedents: “there is a fundamental right of taxpayers to taxation according to their ability to pay” (VELLOSO, 2010, p. 160).

On the other hand, it is well known how obsolete the improvement contribution is, almost in disuse. After all, to assess the real estate valuation of each different property and construction. Due to the importance of public power actions, Colombia has a kind of improvement contribution, in which the owners finance the work and recover the real estate appreciation, called “appreciation contribution”. The Colombian constitution, from 1991, draws attention in its article 58, by providing that property is a social function that implies obligations. This device was judged constitutional by the Colombian Supreme Court. In the Municipality of Bogotá, pursuant to Decree 266 of 2003, there was intervention in the land market to freeze the price of the land involved in the urban planning operation, in order to avoid the speculative appropriation of the valuation of the same due to the public works to be carried out (avoid real estate speculation in the face of plusvalias). This speculation causes an artificial increase in the price of

unoccupied land, generating social exclusion of those who cannot afford to live closer to the center, which causes the swelling of the peripheries (SANTOS, 1993, p. 121). Alfonsin explains that the owners are responsible for financing urbanization. Instead of the Administration expropriating, the management is entrusted to a fiduciary entity (ALFONSIN apud FERNANDES; ALFONSIN, 2009, p. 190-193).

An interesting experience to have in Spain. About 95% of the land in Valencia Spain was privately owned and there was no way for the city to expand. The municipality was forced to intervene with public policies so that neighborhoods could be opened in association with the owners and the public power. Owners received their rights in real estate valuations. Today, due to the City's Urban Code, Valencia is one of the best cities to live in Spain (AGENCIA ESTATAL BOLETÍN OFICIAL DEL ESTADO, 2019).

The total amount to be recovered cannot exceed the investment costs, under the terms of Law n. 48, of 1968, but, with institutional maturation, Law 388, of 1997, appeared to complement the valuation contribution, called Participação Municipal das Plusvalias Urbanas. Thus, the government began to receive capital gains in terms of land, money or infrastructure. Gradually, Colombian society came to understand that individual property can exercise a social function and private agents can even benefit from profits from consequent valuations - win-win negotiation city hall-society (ALFONSIN apud FERNANDES; ALFONSIN, 2009, p. 193) . In art. 82 of the Colombian Constitution and pursuant to Law n. 388, of 1997, each municipality has the possibility to record 30 to 50% of the valuation (income) of the urbanized land as a result of a public work carried out (MONTANDA apud CESARE, 2016, p. 120).

The real estate consortium can be used for urbanization and regularization of areas occupied by low-income population (Special Social Interest Zones) and is disciplined in the Statute of Cities, pursuant to article 46 amended by Law 13,465, of 2017, so as to to meet the social interest and the interest of the owners and the public power (CARMONA, 2007, p. 120-125).

It is important to note that the experience of urbanization of slums in Diadema, State of São Paulo, demonstrated that it is possible to finance the urbanization of slums with resources from municipal taxation, in a decade, even with small rates and without progressiveness. Even before the progressive IPTU in Diadema - São Paulo, with effort and continuity this municipality urbanized favelas, between 1983 and 2000, with resources from the municipal treasury via popular joint efforts (COELHO; MARTINS, 2018).

In a different view, there are also those who defend the IGF - Tax on Large Fortunes. Ives Gandra considers that the IGF is a kind of double taxation, since property, in principle, is the result of income accumulated after paying taxes (MARTINS, 2008). Furthermore, the experience of the French Solidarity Wealth Tax culminated in capital flight (PICHET, 2007). In any case, the use of urban property must focus on the well-being of the community, the safety of citizens and environmental balance (COSTA, 2009; DENALDI; FERRARA, 2018). Among the ways to mitigate social exclusion in cities is the need for political awareness to contain “real estate speculation” (KIRZNER apud COSTA, 2009), which is not always easy to achieve in the democratic game.

Within the scope of the Federal District, for example, the ITBI is edited under the DF Law n. 3,830, of 2006 and its Regulation is in Decree n. 27,576, of 2006. There is a provision for a rate of 2% on the onerous transmission of real estate. Aires Barreto argues that it is not correct to tax real tax progressively (BARRETO apud MARTINS, 2001, p. 757). However, the STF – Federal Supreme Court recently ruled that the ability to pay should be applicable to all taxes based on an issue involving the ITCMD – Causa Mortis Transfer Tax and Donations in the judgment of Extraordinary Appeal n. 562045-RS (BRASIL, 2013). A light appears regarding the change of direction of the taxation of real taxes, even so, the problem of updating the real estate cadastres affects the exactions of the ITBI and the IPTU.

However, taking the Enunciation of Precedent 656, of the Federal Supreme Court, the progressivity in the ITBI is not recognized in Brazil. One detail, the ITBI could be financed, or paid in installments on the credit card, in short, to make progressive taxation feasible, promote informal real estate regularizations, by mere powers of attorney, through transaction with the tax authorities. Finally, for old problems, the emergence of municipal startups must be promoted.

4 ALL BY IPTU

Urban policy was constitutionalized and the IPTU became an important control instrument for real estate speculation. Cesare, studying the history of real estate taxation in Latin America and the Caribbean, reveals that the Federal Constitution of 1988 was a milestone in the process of implementing means for the decentralization of Brazil. The Statute of the City, for the first time in the history of Brazil, enabled the harmonization of fiscal and urban policies with progressive IPTU taxation over time. IPTU acquired extra-fiscal attributions with urbanization purposes (CESARE, 2016, p. 40 and 43).

In this way, Minister Luiz Fux, referring to Konrad Hesse, voted in the sense that the constitutional will "takes on importance the topographical placement of the constitutional matter in the eagerness to assess to which vector logical principle it belongs, so that, observing the greater principle, from it, transit through the specific principles, until the scope of the infraconstitutional norm" in the judgment of RESP 977058-RS in the Superior Court of Justice (BRASIL, 2008). Thus, it is up to the municipality to edit laws for the execution of the urban development policy (CF, art. 182); it is incumbent upon the municipalities to adequately promote territorial ordering, through planning and control of the use, subdivision and occupation of urban land (CF, art. 30); the Union, with the edition of the Statute of the City regulated the art. 182 and 183 of the Magna Carta, establishing its general guidelines, to meet the socio-environmental function of property (MOURA; MOTA, 2016, passim) as a relevant collective right duly regulated in the legal system (Federal Constitution, articles 5, item LXXIII; 225; 170 , items V and VI; 129, item II; Civil Code, articles 98 and 99).

There are some ways to tax urban property: on the value of an annual rent; on land value, construction and improvements; only on land value (LEE, 1993). There is a Constitutional Amendment Project n. 110, of 2019, currently being discussed in the Brazilian National Congress, wanting to change

the IPTU charge to be much worse than the current system, that is, by land taxation (Land Value Taxation), thesis that emerged in the 19th century, that is, taxes only the land without considering the buildings and improvements. Imagine, therefore, that the construction of mansions and castles would not be subject to taxation.

Specialists, based on abundant international doctrine, edited a dense Technical Note to subsidize parliamentary debates regarding this proposal for constitutional reform, altering the collection of IPTU by only taxing the land. They identified the following limitations of the proposal: a) this form of taxation would require very high rates and the income of Brazilians may not be sufficient; b) there is a potential for a drop in revenue, as it greatly limits the calculation base; c) the lack of resources in view of the risk of excessive population density with the spread of contagious diseases entails dangers; d) in any case, land value records would have to be updated; e) finally, there is no empirical proof of efficiency and cities are without sufficient revenue and it means a setback (CESARE; FERNANDES; OLIVEIRA; CARVALHO JÚNIOR, 2020). However, this parliamentary debate draws attention to the municipal problem and it is essential to be closely monitored by Brazilian society.

However, real estate taxation must develop from a solidary education, after all, “In a collective, solidaridad es la capacidad de actuación unitaria de sus members. It denotes integration and internal stability, adherence to a cause, situation or circumstance, which implies assuming and sharing benefits and risks for it” (YUBERO; LOBO; GARCIA, 2008).

Pursuant to art. 5 and 7 of Law 10,257 of 2001, in the event of non-compliance with the conditions and deadlines set for fulfilling the social function of the property, the Municipality will apply the tax on property and urban land (IPTU) progressive over time (CARVALHO , 2015, p. 131). There are those who argue that after the progressive IPTU over time, the owners will not risk failing to fulfill the social function of the property (BANDEIRA DE MELLO, 2014, p. 884). The extrafiscality of IPTU became an instrument of urban planning and of solutions to dammed social problems (FERNANDES, 2005, p. 20). Extrafiscality acts as a moderate and agreed form of “intervention in the economy” (TORRES, 1995, p. 167).

Taking the path of citizen conscience, in fertile soil, several City Councils and City Halls in Brazil have been suggesting the approval of a “Solidary IPTU”, to motivate the taxpayer to allocate up to 5% of the tax value to a charitable entity, from the Third Party Sector (FARROUPILHA CHAMBER OF COUNCILORS, 2017). This vector attracts new examinations, for the allocation in favor of the solution of the favelas, even via the Third Sector, and the important thing is to meet the highest tax principles aimed at human rights (TORRES, 1995, p. 119; VALADÃO, 2000, p. 90 and 106). The right to the city should not be a platonic dream, much less a disruptive, iconoclastic anarchic process, but a national project. After all, urban segregation causes violence and gives rise to the expansion of organized crime (CARMONA, 2014, 106). They cause revolts and civilizing threats. Solidary urbanization is the best path for everyone (ABIKO; COELHO, 2009, p. 60), especially if taxation is aimed at giving effect to human rights.

5 THE CITIZEN AS A DEVELOPMENT PARTNER

Tax bottlenecks are still persistent and the room for maneuver to increase revenue is not as wide, but it can be improved. It is necessary to build a new dynamic both within the Municipal Administration and in society. Something new needs to be done, according to Klaus Tipke, so that a new imposition ethics involves the Public Authorities and citizens more and becomes a "moral philosophy" (TIPKE, 2012, p. 9). The challenge is to transform citizens into partners in municipal development.

The citizen feels exploited by the tax authorities. Since the time of absolutism in Brazil. In colonial Brazil there were "spills" (additional gold quotas to be sent to Portugal), which caused so many revolts in Vila Rica, Captaincy of Minas Gerais (BOMTEMPO, 2000, p. 22). Holders of power cannot use the public machine as an extension of their personal properties (patrimonialism). Citizens are not mere taxpayers, but must be real partners in progress.

In this regard, John Rawls also argues that Western Constitutions allow for "a more or less extensive freedom of participation" (RAWLS, 2000, p. 249), an important factor for transparency and collective justice as protected by urban law. In this case, the participatory budget may be the way forward, as provided for in article 44 of the City Statute. The Porto Alegre experience has become an international reference (ALMEIDA; TORRES; BORBA; MARTINS; MENDONÇA, 2017).

Despite regulatory efforts, the City Statute, the lack of solution for decades of these irregular settlements does not find an easy solution (SILVA, 2011, p. 160-165). It is expected that the New Land Regularization Law, Law 13,465, of 2017 will facilitate Urban Land Regularization (Reurb) and, despite the judicial conflicts, the judgment of ADI 5883 by the Federal Supreme Court is still pending (BRASIL, 2020). There is concern, however, that the sale of urbanized lots and properties can trigger real estate speculation, causing the poor and those without income to sell their properties at high prices, generating the phenomenon of gentrification. It is not enough to give "the property registration to the squatters" (PEREIRA; BISSANI, 2017), the solution is complex.

Municipal management should not be paternalistic or wasteful. The existence of favelas reveals the level of social injustice in a nation. The Democratic State of Law imposes reciprocal duties between citizens and tax authorities, above all, regarding the indispensable municipal transparency with a participatory budget, fair and solidary taxation, combating real estate speculation, better organization of the city to generate jobs and urbanization, faithful observance of a Master Plan realistic and pragmatic, in short, to rescue the slums and urbanize the outskirts, installing good schools, libraries, among so many basic needs, which removes any ideological bias when it comes to a simple civic approach.

To break with authoritarian and patrimonialist chains, citizens must be attracted by municipal managers (town halls and city councils), to be transformed into partners in municipal development. The way to go goes through fiscal education in schools, neighborhoods, neighborhood associations and colleges. In conceptual terms, tax education is the developmental didactic-pedagogical approach, which seeks to interpret the financial aspects of public collection and spending, for better social and fiscal control by the

State, the importance of the social function of the tax in reducing social inequalities. Finally, the taxpayer can be encouraged to guarantee the State collection and, also, to encourage it to monitor the application of the resources collected for the benefit of society as a whole, with justice, transparency, honesty and efficiency in a vision and solidary perspective, which is why be from the National Tax Education Program (BRASIL, 2015). Obviously, the citizen will also demand more ethics and competence from civil servants as well as councilors and mayors: a “win-win” exchange.

Sharpen society's perception of solidarity, since it is not a simple task to carry out a major non-partisan political mobilization to rescue the peripheral neighborhoods of cities. It is embarrassing to see shacks piled up on the hills of medium and large cities in Brazil. It causes numbness to see people sleeping on the ground under city marquees. This rescue is in the soul of Brazilians, according to Darcy Ribeiro, in his book “O Povo Brasileiro”. However, “subnormal” agglomerations, that is, irregular urban settlements, harbor extremely serious and potentially explosive conflicts, to the detriment of the entire population of cities.

The solutions require interdisciplinary approaches, taking a new look at the reality of Brazilian municipalities, especially medium and large cities, based on their “social cancer”: the issue of slums and poor living conditions on the outskirts of cities. The State should no longer be repressive and taxing, but an agent of evolution.

The goal is to expand social achievements and make the population an ally of development: rights and duties. State action must be guided by the ethics of justice, solidarity and the common good (OECD, 2013). There is a new role to be played by mayors to transform their cities managerially (SANT´ANA; OLIVEIRA; MARTINS, 2013), including exploring all potential collection through the bias of solidary awareness and the union of people. The principle of solidarity must be the compass for the eradication of favelas.

6 CONCLUSION

The present investigation focused on examining the serious urban problems, above all, in medium and large cities, with their history of slums and poor living conditions for the poorest population, which become hotbeds of violence and organized crime, compromise democracy. Fair taxation ensures the existence of adequate public services, as well as providing stability and security to all recognized rights, including property rights.

It was assumed, in this research, that it is possible to better tax heritage at the municipal level, in a fair and progressive way, to build inclusive, solidary cities, to eradicate slums. The hypothesis was confirmed, but there are many challenges to overcome. The experience in Diadema even before the progressive IPTU and the new urban instruments, even after 12 years, demonstrates that it is possible to eradicate slums and tenements with political will and supra-partisan efforts. Even not taxing properly violates article 11 of the Fiscal Responsibility Law.

The alteration of IPTU taxation, for example, disregarding constructions and improvements can cause a tax collection setback. Taxation should favor social mobility. In a society interconnected by the internet, new social dynamics will require a new profile of municipal leaders, to be developed with training for the qualification of civil servants, councilors and mayors. The narrow vision of some local political structures must make room for the real democratization of access to knowledge, participation in the election of budget priorities, concession of tax benefits for the creation of real and not fictitious jobs, in short, citizens must be transformed into partners of development and eradicate the shameful slums of this nation.

This study has an introductory character and only sheds some light on the complex problem of cities. Perhaps it will attract new, more detailed and multidisciplinary research, as each city has its particularity and its own vocation and well-being to build.

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