

Brazilian public health in the context of a State crisis or a crisis of capitalism?

A saúde pública brasileira no contexto da crise do Estado ou do capitalismo?

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Abstract

This article aims to analyze the trend of Brazilian universal public health in the context of the structural crisis of capitalism, articulating the interests of capital and of the State, without being possible to refer to a crisis of the Modern State. To do so, the article is organized into two parts. The first part seeks to analyze the nature of the crisis, identifying trends in the development of capitalism, especially in the last decades of the 20th century and in the first decade of the 21st century, with emphasis on the Marxian law of the tendency of the rate of profit to fall and the dominance of the interest-bearing capital. The second part discusses the impacts of this crisis on the universal right to health in Brazil, especially since the 1990s, confirming the uncertainties of the funding of the Brazilian National Health System (SUS) and the growing movement of capital appropriation on the resources of social policies of social security rights, especially related to health. Lastly, final considerations are presented, including proposals to address this situation of instability and underfunding of the health system. **Keywords:** Crisis of Contemporary Capitalism; Profit Rate; Financialized Capitalism; Health Funding.

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Resumo

Este artigo tem como objetivo analisar a tendência da saúde pública universal brasileira no contexto da crise estrutural do capitalismo, articulando os interesses do capital e do Estado, sem que seja possível se referir à uma crise do Estado Moderno. Para tanto, o artigo está organizado em duas partes. A primeira parte busca analisar a natureza da crise, identificando tendências do desenvolvimento do capitalismo, principalmente nas últimas décadas do século XX e na primeira década do século XXI, com destaque para a lei marxiana da queda tendencial da taxa de lucro e a dominância do capital portador de juros. A segunda parte discute os impactos dessa crise ao direito universal da saúde no Brasil, especialmente, a partir dos anos 1990, confirmando as incertezas do financiamento do SUS e o crescente movimento de apropriação do capital sobre os recursos das políticas sociais de direitos, as da seguridade social, especialmente a saúde. Por fim, são apresentadas as considerações finais, incluindo algumas propostas para enfrentar esse quadro de instabilidade e subfinanciamento desse sistema de saúde.

Palavras-chave: Crise do Capitalismo Contemporâneo; Taxa de Lucro; Capitalismo Financeirizado; Financiamento da Saúde.

Introduction

The provocative question of the title of this article aims to incite our reflection, as it may lead us to take different and/or excluding paths in the debate on the tendency of universal public health in Brazil in the context of the contemporary stage of capitalism: is this a crisis of the modern State or a structural crisis of capitalism? It seems essential to us to discard, at first, a dichotomous approach between these ideas of crisis. We understand that the reflection should be deeper, seeking the understanding of the relationship between contemporary crisis and health, supported by a broader idea of crisis of capital. It is not just a crisis of the State, but this crisis must be incorporated into the vision of a deeper crisis of capitalism, which has been developed for a long time. The discussion about the nature of this crisis of capitalism and its effects on health throughout the world and particularly in Brazil constitutes the main concern of this article.

In this perspective, to understand the dynamics of this structural crisis of capitalism, we consider it is important, first of all, to identify the nature of this capitalist State. Conflict and crisis are fundamental marks in the reproduction of the capitalist system; they are constitutive. State is not indifferent to the economic reproduction of this capitalist system. In reality, it is an essential engine for this reproduction. The dynamics of capitalism is what founded this modern State in the period of primitive accumulation of capital, not the other way around. State, through its violence, already played a central role in the initial period of the capitalist mode of production and has continued to do so throughout its history. When referring to capital as a social relation of production, Marx places it very well as a historically specific product of a particular social and economic formation, in which the powerful political domination of the modern State ensured the violent land expropriation process¹.

According to Mascaró (2013), “[...] State reveals itself as an apparatus necessary for the reproduction of capitalism, ensuring the exchange of goods [...]”, in their value-form, “[...] and the exploitation

¹ For that, it was necessary to develop a long historical path, expressed by a long process of State violence starting in the fifteenth and sixteenth centuries, as Marx shows in Chapter XXIV of Capital, Volume I, known as “The so-called primitive accumulation” (MARX, 1985).

of the labor force in the form of employment” (p. 18). It is important to stress that between value-form and State political form there is no necessary logical development or of total functional link. By presenting itself in the form of a power separated from economic agents, it may even be contrary to the interests of valorization of the value. Thereby, it is possible to perceive the existence of a space of dispute of the correlation of forces within the State (political form), which is not necessarily covered by the mere function of economic forces/forms

Thus, reading Marx from the notion that the legal and political level is constructed from the economic level, i.e., taking legal-political as an accessory of economic, seems superficial and detrimental to the understanding of the complexity of the dynamics of capitalism.

However, Mascaro (2013), based on Marx, argues that the political and the legal are established in all the relations of production, entwined in a dialectic form, albeit with the leadership of the relations of production with regard to the process of constituting sociability. Strictly speaking, the author stresses that the political form should be recognized in its manifestation and inner expression, but can only be identified, in a structural way, through its position in the totality of capitalist social relations. It is about conceiving State in its structural association with these relations.

In short, it is possible to say that State, in its political form, presents relative autonomy to social autonomy, making the separation between political power and economic power explicit. However, this autonomy is exerted in the entanglement of particular social relations, i.e., capitalist relations, hence its relativity².

It should not be forgotten that in the constitution of economic and political form - and in the intertwining of both -, there is a necessary involvement of history, class struggle, its movement. This does not mean that if the State has autonomy towards classes, it reveals no indifference to the social whole. In this sense, Mascaro (2013) is quite clear: “it is not the domination of State by a class what reveals its structural reason for being; is the form

that reveals the nature of social reproduction” (p. 45). To strengthen the argument already explained earlier, there is a relative autonomy of State, which is grounded on the structural and existential dependence on a certain type of social reproduction, the capitalist one. Let us insist, it is relative because it mirrors its own capitalist reproduction. Mascaro summarizes: “it is not because of the classes that dominate it, but because of the form, that the State is capitalist” (p. 50).

In this perspective, when referring to the nature of the capitalist crisis, it is possible to affirm that the State plays a fundamental role in its constitution, as is the form required by this model of capitalist social reproduction. As is known, capitalist economy is structured through the conflict present in the appropriation of capital and of exploited labor, and the State is in direct relation with the multiple economic and social contradictions.

If State cannot be understood as an element able to save us from crisis, opposing capitalist logic - as many left-wing theories and visions still advocate, especially in the field of public health -, it can neither be understood as an element that hampers the perfect equilibrium of markets, as the neoclassical economic vision insists on spreading.

From 1980 to the current period, that is, in the time of neoliberalism, it has not been possible to identify a State withdrawal from economy; what was seen instead was a particular form of State “presence” in economy. Particularly in the current crisis of capitalism, we are witnessing the adoption of austerity policies by the State, with a reduction of social rights, including health policy, around the world and in Brazil. In addition, there is also the state permission for the appropriation of public funds by capital. To illustrate, in the context of the crisis of contemporary capitalism, under dominance of financial capital, the Brazilian government has continued to grant incentives to the private sector, imposing risks to universal health. It is observed, on the one hand, the increasing transfer of public resources to the Health Social Organizations (OSSs) - privately owned - and the increase in tax breaks resulting from the deduction of expenses related

2 Among many Marxist authors, Poulantzas is prominent for studying this relative autonomy. For this approach, see Poulantzas (1985).

to health insurance and similes in income tax and tax concessions to private non-profit organizations (hospitals) and to the chemical-pharmaceutical industry, weakening the Brazilian State capacity to collect taxes and damaging the financing of the Brazilian National Health System (SUS)³.

Thus, one can observe the intertwining of the interests of capital and the State. It is strengthened, then, the State's presence in strengthening the logic of capital appreciation that appropriates SUS financial resources. Thus, it is weakened the argument that restricts the neoliberal policy to removing the State of the conduct of public policies.

As starting point, we take the comprehension that the understanding of the economic crisis cannot be restricted to the vision of a State crisis, but to a structural crisis of capitalism. Again, it is considered important to emphasize the words of Mascaro (2013):

“as a fundamental element of the reproduction of the capitalist dynamics, the State is less a means of social salvation than, properly, one of the links of crisis itself. The State is involved in the remediated, increased, or reworked crisis. The political form alters economic and social circumstances that, if enable new articulations, are almost always partial, keeping the general basis of the valuation of value” (Mascaro, 2013, p. 127).

In this context, this article aims to analyze the trend of the Brazilian universal public health in the context of structural crisis of capitalism. Therefore, the article is organized into two parts, in addition to this introduction and final considerations. The first part seeks to analyze the nature of the crisis, identifying trends in the development of capitalism, especially in the last decades of the 20th century and in the first decade of the 21st century, with emphasis on the Marxian law of the tendency of the rate of profit to fall and the dominance of the interest-bearing capital. The second part discusses the impacts of this crisis on the uni-

versal right to health in Brazil, especially since the 1990s, confirming the uncertainties of the funding of the Brazilian National Health System (SUS) and the growing movement of capital appropriation on the resources of social policies of social security rights, especially related to health. Lastly, final considerations are presented, including proposals to address this situation of instability and underfunding of the health system.

Understanding the nature of the crisis of contemporary capitalism

If there is something that marks the present, it is the problem of manifestation of the structural crisis of capitalism, in its mode of operation of the persistent tendency of falling profit rates and the dominance of the interest-bearing capital (financial capital) in the capital of the movement. Multiple views of some leaders of capitalist countries and some economists have argued that the current crisis is of a financial nature, in which it is clear the contamination in the real economy and that European debt can be resolved through drastic reductions in public expenditure, especially in the expenditure of social policies⁴. It seems important to counter these approaches, noting that they do not understand the nature of the process experienced by the pattern of capitalist accumulation, especially in the last thirty years. Furthermore, there also is a crisis of neoliberalism and its boom. This was indeed the response to the crisis attempted by the ruling class.

We believe that the foundation of structural crisis of capitalism lies in a broader context there are two main trends, hinged together, especially from the late 1960s: the tendency of the rate of profit decline in capitalist economies, especially the US, throughout post-war; and in response to this trend, the capitalist system gets in the way of financialization in the interest-bearing capital (financial capital), specifically the fictitious capital, has held leadership in the dynamics of capital-

3 The issue of tax breaks (tax expenditures) in health has not been treated in a pondered manner in the context of discussing the SUS financing problems. There are few studies that address this topic. The following studies are among the most recent: Mendes and Weiller (2014); Ocké-Reis and Santos (2011); Ocké-Reis (2013).

4 Among the many mainstream economists presenting these arguments, the work of the economic editor in chief of the Financial Times, Martin Wolf, is prominent. To know the content of his works, see Callinicos (2010), introduction.

ism in this period, being central in economic and social relations the world, especially after 1980 (Chesnais, 2005).

Thus, the dominant power of this capital, especially its assumed form, the fictitious capital cannot be taken as a lack or distortion, but above all as the meaning of this capital to seek insatiably their valuation – the retreat of context productive capital –, even though this valuation was fictional, without producing added value and functioning in a speculative and parasitic manner (Carcanholo; Nakatani, 1999). It is a development of the logic of capital movement. This development with the logic of capital sham recovery was not ever in the history of capitalism, because of controls imposed to him as a result of historical and specific circumstances, such as the period of the “thirty glorious years”⁵.

If we come to think dynamically about capital appreciation, as developed by Marx, the current crisis refers to a capital crisis and not a crisis caused by a distortion whatsoever, be it lack of regulation of financial markets or the search exorbitant bank profits in recent decades. The fact that the crisis began in the financial system does not mean that it was generated by it⁶.

A full analysis of the current crisis requires understanding the more general argument of Marx on the capitalist crisis as a result of the contradictory dynamics of the capitalist mode of production. Capitalism has always developed accumulating contradictions, which periodically lead to crises (Marx, 1985). A fundamental contradiction was called “downward trend rate of profit” by Marx, which is exposed in Chapters XIII to XV of the third volume of Capital (Marx, 1987). This means that prolonged accumulation of capital, with technical progress of introduction, refers to the relative increase of the capital invested in means of production such as facilities and equipment and raw materials, i.e.,

constant capital or even dead labor for Marx, and the falling share of capital invested in labor-power, variable capital, that is, living labor, raising the organic composition of capital (Marx, 1987). How profits come from the value added by the labor force, thus keeping the rate constant exploration, the profit rate (measured by the ratio of profit mass and the amount of invested capital) tends to suffer loss. By the time this drop occurs, there has been one overaccumulation crisis that is explained, not by insufficient effective demand, but by the absence of profits.

In turn, the solution that the capitalist system itself provides to this problem from the very crisis, mainly through three strategies: increasing the exploitation rate - forcing workers to accept lower wages and poor working conditions; the reorganization of new production lines; and the devaluation and destruction of part of the accumulated capital stock, that is, if there is no sufficient capital depreciation through bankruptcies, lower and the like, the result is the ongoing overaccumulation⁷. For Marx (1987), the latter - devaluation - constitutes the main strategy for economy to overcome the crisis, increasing the mass of profits and decreasing the amount of capital, which would cause the increase of the profit rate and be directed to another period accumulation. Of course, overcoming the crisis and the manner it will occur depend on several factors, including class struggle itself.

In the Marxist literature, mostly Anglo-Saxon, emerging in the wake of the economic crisis that began in 2007 and 2008, two large positions were evident. The first emphasizes the crisis erupted as a result of long-term trends within the capitalist production process, from the decline in the rate of profit in the postwar decades and which was not subsequently fully reversed. Among some exponents of this position are the

⁵ According to Hobsbawm (1995), this period was characterized as an exception in the history of capitalism because never the economies of the core countries had reached such a significant growth, about an average rate of 7% of GDP between 1945 and 1975.

⁶ On the other hand, The Keynesian view is based on the general idea that financial crises are not only results of the irrational behavior of agents, but arise from the very form of operation of the deregulated global financial markets and without a structured regulatory system. For further details, see Keynes in *The General Theory of Employment, Interest and Money* (1936) apud Ferrari Filho; De Paula (2008).

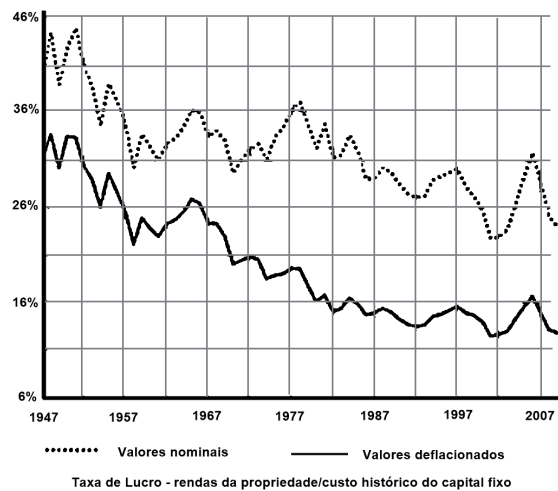
⁷ Harvey (2013) argues that “depreciation of capital is the bottom part of the overaccumulation”, as it should be understood as a value that is “at rest”. It is, then, of a stock of goods that are not being used or have not been sold, or even depreciated, a cash reserve etc., all under the name of “devalued capital”, since the value is not circulating (p. 271).

following Andrew Kliman (2012), Michael Roberts (2013), Chris Harman (2009), Callinicos (2010) and Robert Brenner (2008). The second position focuses specifically on the financial dimension of the crisis and normally minimizes the downward trend of the profit rate. The work is in reference to Costas Lapavistas et al. (2012) and is considered one of the most important representatives and intellectually sophisticated that position. This is not to analyze in this article the contribution of each of these authors against capitalism contemporary crisis⁸, we just highlight the arguments of Kliman, in the following paragraphs, because we believe that this author has constituted one of the main advocates view on the crisis centered in the law of Marx about the trend fall of the profit rate, highlighting its decline since the post World War II period to the present day. In our view, this view summarizes the first tendency of capitalist accumulation that contributes to understanding the crisis of contemporary capitalism.

According to Kliman (2012), the recovery of profit rate, even if not in a strictly economic manner, occurred after the end of World War II⁹. Faced with the massive destruction of assets that occurred before and during the years of this world war, it was established after the war a substantive growth of accumulation and savings that raged for about twenty-five years. However, this growth in the period detracted from their livelihoods. This is because, at the time the capital was accumulated, there was a steady decline in the rate of profit, resulting in progressive loss of economic growth itself.

The main argument of Kliman (2012) points to the historical and persistent trend of profit rate fall in the US economy throughout the postwar period. The following graph, compiled by Kliman, shows the evolution of the profit rate of the corporate sector of industrial and financial companies of the US economy when the stock of fixed capital is measured at historical cost and profit is estimated as the sum

Graph 1 – Profit rate at historical cost of capital assets in US corporations



Source: Kliman (2012)

of all property income. In this Graph 1, the profit rate, in deflated values, presents a clear downward trend throughout the post World War II period.

As the logic of capital accumulation process, previously commented on Marx, so that the profit rate not declined steadily from 1947 to 1980 would have required the existence of an accumulated capital of mass destruction in the form of fixed assets¹⁰ and in the financial form, which did not occur. Particularly from the 1980s, as observed in Graph 1, there is a slight recovery of profit rate, but far from sufficient to restore the level recorded in 1947. Kliman (2012) argues that the US economy remained unstable and not recovered from the 1970 crisis, due to the fact that the destruction of capital regarded in the early 1980s, was insufficient to recover the profitability and the economic dynamism of the main capitalist economy. For this author, the tendency to stagnation in the center of the capitalist system has to be understood as a result of chronic lack of profits and therefore the lowering of earnings expectations, which would be

⁸ For a discussion of these Marxist views of the crisis, see Choonara (2009).

⁹ For a review on the book by Andrew Kliman, see the Blog of Eleutério Prado. Available at: <http://eleuterioprado.wordpress.com/page/5/>. Accessed in: Oct 2013.

¹⁰ The fixed assets are the buildings, equipment, utensils, tools, patents. In short, everything that is essential for a company to continue working and that cannot be converted into cash immediately. For this definition, see Sandroni, Paulo. *Novíssimo Dicionário de Economia*. São Paulo: Editora Best Seller, 2001.

required to remunerate the capital then invested and the capital investment.

Indeed, the existence of a slight recovery of the profit rate after the 1980s was due to neoliberal economic policies that, as known, decreased the workers' income and imposed far more precarious working conditions, by reducing public social expenditure. Thus, it is understood that the crisis of capitalism is creeping ever since, as the neoliberal policies proved inadequate to restore profitability.

In general, capitalism experienced its greatest period of expansion after World War II. However, this period ended in the 1970s, making room for the ruling classes around the world adopt neoliberalism as a project to resume growth in the world economy, i.e., chose the line of least resistance, increasing the degree of exploitation the working class. Thus they were triggered some action: attack on wages, social rights and states of Social Welfare, the re-concentration of income, market liberalization, privatization and globalization of the capital and its growth through the financial capital.

Neoliberal economic policies have obtained several achievements. They managed to reduce wages and refocus income, with the fall of the former "Soviet bloc" and the reintegration into the capitalist world market of Russia and, especially, China. However, such a project could not recover the profit rate, keeping it limited, leading to the recovery of capital accumulation stay weaker compared the output of previous crises. It can be said that this was due to the fact that the attack on wages was not sufficient to achieve a high rate of profit. As mentioned, it must also devalue and destroy capital stock. However, this was not carried out as governments, after World War II, always acted to reduce the depth of crises.

The accumulation of capital had a rather slow pace in the capitalist core countries, being partly offset by a stronger accumulation in new centers of world capitalism, China and other Southeast Asian countries. Especially in the 1990s and in the 2000s, witnessed the compensation for accumulation of interest-bearing capital, in its fictitious way, with the explosion of credit and debt, primarily in

Europe. Strengthening of capital accumulation in China helped to offset the pace of accumulation of the core countries, landed new contradictions, stiffening competition on the world stage and raising the pressure on wages and on social rights in these countries¹¹. It is on this background that we can understand the nature of the crisis of contemporary capitalism, intensifying the attacks and questions directed to the Welfare State, in a way reconfiguring them¹².

In relation to a second trend of capitalist accumulation in the last thirty years, which contributes to the understanding of contemporary capitalism crisis, there is the growth of the financial sphere, through the command of the interest-bearing capital (financial capital) in the general movement the capital. This increase in financial orbit, called for "financialization", can be understood as a response of the capitalists and some states in seeking investment opportunities beyond the productive and non-profit economy. To give you an idea, it is emphasized that, between 1980 and 2006, the global Gross National Product (GNP) grew 364%, that is, 4.6 times, while the global financial wealth grew, in the same period, 1,525%, that is, 16.2 times (Paulani, 2010).

To understand what is at stake when discussing health, it should be noted that the standard of social protection, which ensured the right of public health universality in the country, developed in relation to developed countries, so "late", not only with respect to time, but especially in reference to the historical moment that was inserted, that is, in the financial capital dominance of times.

Quite differently than was done in the period in which the social protection of the European and American State of Welfare developed, it was no longer the industrial capital that led the movement of capital. Mainly from the 1980s, we can see the resurgence of capital producer interest in a consistent manner, and he goes on to determine the economic and social relations of contemporary capitalism. "The interest-bearing capital", with its unfolding in the form of fictitious capital, adds Chesnais (2005, p. 35), "seeks to 'make money'

11 For a discussion on reforms in social policies of European countries in times of capitalism in crisis, see Marques and Mendes (2013).

12 For a discussion of the reconfiguration of social protection systems in European countries, see Castel (2005; 2009).

without leaving the financial sphere, in the form of loan interest, dividends and other payments for own shares and, finally, interests generated by successful speculation”.

In fact, the fictitious capital, to constitute the most complete form of interest-bearing capital, provides the capitalist relation achieve the more reified and fetishized form, as discussed by Marx. It is important to resume what Marx (1987, p. 373) clarifies on the strength of that capital. He says, “we have this form $M - M'$, the money that generates more money, value that value yourself without the intermediate process that connects the two extremes”, that is, without going through the production process, when referring the general expression of capital movement ($M - A - M'$). Still referring to this aspect, Marx notes:

[...] Then the fetish figure and the fetishist conception of capital are consummated. In $M - M'$, we have the empty form of capital, the perversion, in the highest degree, the relations of production, reduced to something: a figure that bears interest, simple capital figure, in which he is a precondition of their own reproduction process; power of money, or goods, to increase the value itself, without relying on the production - the mystification of capital in the most forceful way (Marx, 1987, p. 374, our translation)

From the study on the interest-bearing capital, Marx examines some possibilities for its course and its assumed forms, leading this capital to the fictitious capital performance. In this sense, it is interesting, now, to resume the argument of Carcanholo and Nakatani (1999), already mentioned at the beginning of this section of this article. The dominant power of interest-bearing capital in its particular form taken, the fictitious capital, cannot be understood as a distortion, but as part of a logical development by seeking capital appreciation that, although this appreciation is fictional, without the consideration of the added value production,

operating by the speculative and parasitic form. The sham recovery is a real asset for which it is used, and always looking to expand. To get an idea of the evolution of the main expressions that Marx called fictitious capital - public debt, equity, and bank capital - over the recent period, Marques and Nakatani (2011) state that: debt securities domestic governments (Germany, Brazil, Spain, USA, France, Greece, Italy, Portugal, and the UK) were USD 22.2 trillion in 2005 to USD 41.1 trillion in 2011. But the value of market of companies listed on stock exchanges in the group of countries was recorded at USD 43.3 trillion and USD 45.1 trillion, respectively. Deserves add to the forms of fictitious capital performance of the current derivatives market. In all these countries, derivatives balances (exchange, interest rates, commodities, CDS, and others) was USD 297.7 trillion and USD 647.8 trillion, respectively.

If in the history of capitalism the dominant power of interest-bearing capital was not a constant expression, it is because obstacles were placed in its development, the result of specific historical and economic circumstances. These are the famous thirty glorious years of capitalism, between the end of World War II and the first half of the 1970s. Then the new phase of capitalism under the dominance of the interest-bearing capital emerged based on economic liberalism and political deregulation originating from the tenures of Reagan, in the United States, and Thatcher, in England (Chesnais, 2005).

In this sense, Chesnais emphasizes the unprecedented and protagonist character that the property and rent-seeking mark the phase of capitalism after the end of the 1970s, as well as the permanence of exterior performance of the interest-bearing capital does to production at the core of production itself. Strictly speaking, the most important consequence of this central situation of the interest-bearing capital (also called financial capital) is that this foreign character that characterizes this type of capital will be referred to the specific context of productive accumulation¹³. From this perspective, the new forms of capitalist

13 Sabadini (2008 *apud* Nakatani; Sabadini, 2010, p. 78) specifies that movement. According to him, the financial sphere of the capital has the capacity to govern, with a degree of freedom and independence from the productive capital and also in relation to regulatory institutions such as central banks. However, at a time this autonomy is relative because it absorbs a portion of the value generated in the production and is thus subordinated to the productive sphere. Thus, their “independence” is neither absolute nor totally “unattached” from work, making the money dematerialization process even more complex.

organization, known as “institutional investors” who are experts on the accumulation by means of fictitious capital (pension funds, collective investment of funds, insurance companies, banks that manage investment companies, funds hedge) became, through markets of stock exchanges, own the most significant groups of entrepreneurs all over the world and imposed the very accumulation of productive capital a dynamic guided by the maximum “value” stock.

Chesnais (2005) explains that this general movement guided by this new configuration of financial valuation, holders of important actions and volumes of government bonds are the owners situated in a position outside the production, leaving aside their situation as “creditors”¹⁴. For the author, the term “creditor” approaches the idea of “borrowing” and the performance of finance that drives savings for those wishing to invest. However, it points out that this is not the performance of finance in this financial domination period, that is, one that would be led by the needs of production and wealth creation. In contrast, the central institution refers to the secondary bond market, negotiating with existing assets. Such bond markets cause the resources applicators to not know their debtors. Their concerns are not focused on “[...] knowing ‘who will make a fool of oneself’, but knowing if the markets will remain liquid” (Chesnais, 2005, p. 49). Chesnais then considers that the essence of the matter lies in the role that the property and rent-seeking assumed, as well as the occupation of this position outside the production within the production itself.

When you assign to the contemporary moment of capitalism the main idea of dominance of the financial value (the interest-bearing capital in its unfolding as fictitious capital) does not mean that financial recovery is more important than the productive value under the quantitative aspect, although financial wealth has been growing steeply over the past three decades, as mentioned before¹⁵.

The purpose is to highlight that the prevalence of financial valuation is more qualitative than quantitative. In the capital movement, in this period, there was priority of different strategies to recover their profit rate, using various mechanisms such as: job insecurity, lower wages, transfer of industrial plants to places where wages are less high, among others (Marques; Nakatani, 2011)¹⁶.

That said, it seems that the key to understanding the crisis is, as already mentioned, the integrated view of the financial accumulation of the past thirty years, under the dominance of the interest-bearing capital and the dynamics of capital production, as can be observe the persistent trend rate of profit fall throughout the postwar period. This broader view includes all the specific Marxist analysis of the crisis. While one can admit the specific differences between them, which is beyond the scope of this work, the main aspect lies in understanding that seeks to capture the interaction between the “financialization”, the process of capital accumulation and its impact on health.

¹⁴ Chesnais (2005) points out the specific configuration of capitalist property in the new dynamics of financial domination, which according to him, takes the form of equity ownership. It is a property dominated by owner-shareholder and, more specifically, the institutional shareholder holder of securities of companies.

¹⁵ The idea that contemporary capitalism is characterized by “financialization” has been accepted in the field of Marxist political economists in recent decades. However, it is important to distinguish their different views, albeit in very brief form. Our vision is supported mainly on the work of Chesnais, as shown. Therefore, we use the work of Callinicos (2010), professor of King’s College of London, which exposes three different interpretations: 1) The first view believes that “finance”, specifically financial institutions, is economically dominant. Three French Marxist economists are highlighted: Gérard Duménil, Dominique Lévy, and François Chesnais. The first two interpret neoliberalism as “the restoration of finance hegemony”. The third takes the view that, since 1980, capitalism lives under a regime of accumulation with dominance of financial recovery; 2) The second view emphasizes the growing autonomy of the financial sector, practically defended by Costas Lapavistas, professor at the School of Oriental and African Studies (SOAS), University of London; 3) The third marks the integration of a wide range of participants in financial markets, banks, financial investors, industrial and financial capitalists and also the common working class that owns real estate in advanced economies. The main authors are: Itoh and Costas Lapavistas. For a more detailed discussion of this subject, see Callinicos (2010), Chapter 1.

¹⁶ In addition, it is important to note that the capital strength of the movement to promote such changes was such that there were significant losses in the working world. Marques and Nakatani (2011) point to the defeat of the strikes of aviators in the United States and the miners in Britain in early 1980. They also add the following clashes: “later, this correlation of forces was intensified by the fall of the Berlin Wall and the dissolution of the Soviet Union. To complete this picture, which for the first time placed the workers in an actual global competition, China entered the World Trade Organization in 2001” (IBID., p. 3).

Health in the crisis of capital: the persistent tensions in the financing of SUS

The direct effects of the contemporary crisis of capitalism in Brazilian public health occurred primarily in the financialization of public resources and the appropriation of public funds by capital seeking recovery. This can be seen by the strong presence of interest-bearing capital in the federal public budget and the Social Security Budget, as well as in public financial incentives granted to private health through tax breaks.

Over the past three decades, the health financing was one of the most debated and problematic issues in implementing the agenda of health policy in countries with universal health care systems, especially in Brazil. The health financing problems in our country was made explicit by insufficient and indefinite amounts. We began year 2010 without resolving the great clashes in the financing. Law 141/2012 (regulation of EC-29) did not guarantee new financial resources for universal health, especially from the Union and yet, nothing has been done regarding the establishment of a tax waiver policy for the private sector, without loss of State resources, especially targeted to social rights policies such as health.

With the allocation of resources for public health, from EC-29, the SUS expenditure was allowed to rise from 2.89% of GDP, in 2000, to 3.9% of GDP, in 2012 (being 1.8% of the federal government, 1.1% of Municipalities, and 1.0% of states), still insufficient to ensure universal and comprehensive care. However, the Brazilian public expenditure is low relative to the other countries that have a universal public system. Brazil, in order to reach the level of those countries, would need to double the participation of SUS in relation to GDP, to match the average of European countries (United Kingdom, Canada, France, and Spain), that is, 8.3% (Mendes, 2012).

If Article 55 of the Transitory Constitutional Provisions of the Federal Constitution were applied,

30% of Social Security resources should be allocated to health, but this was never done. In 2012, the Social Security Budget was BRL 590.5 billion, of which 30% is destined to health, considering the expenditure by the federal government, correspond to BRL 177.2 billion, but the allocation is half of it. This clearly illustrates the underfunding.

To address the structural underfunding of the SUS, it is necessary to defend the rejection of economic policy known as the famous economic tripod - high interest rates/inflation targets, primary surplus, and overvaluation of the currency - which restricts the possibility of public expenditure, even the social ones, including health. This policy has been adopted by the federal government since 1995, in line with the priorities of the heralds of finance capital in order to ensure the value of their capital with the crisis. Strictly speaking, there is no difference of the logic of this economic policy in the course of several subsequent governments. To address the weakness of the financing of SUS in this context of financial accumulation phase of capitalism and its crisis, change must be advocated for this economic policy that prioritizes the payment of interest on public debt - a form of financialization of the public budget. For example, in 2014, the budget of the Federal Government is BRL 2.4 trillion, and the payment for interest and debt amortization corresponds to 42.0% of the total, while health concerns only 4.1%¹⁷. It is possible to say that the health sector should claim an audit of this debt in order to allow greater resources for social security in general and health in particular, as did Ecuador, fairly evenly, with the participation of parliamentarians from different countries. In this country, then this measure, 60% of the debt was declared illegal and the Ecuadorian government admitted paying the other 40% remaining resources to be allocated to social policies¹⁸.

As a measure to address the chronic underfunding of SUS since its creation in the context of financialized capitalism and its crisis, the affiliate of the Health Reform Movement (Abrasco, Cebes, Abres, As-

17 See <http://www.auditoriacidada.org.br>. If taken the growth of some indicators of the economic policy adopted, from 1995 to 2012, it follows that: the primary surplus amounted to 658.2%; interest and debt charges to 263.5%; while expenditure on health actions and public services amounted only to 125.7% (Banco Central and MS *apud* Soares, 2014)

18 For a brief account of this experience, see Cunha (2013).

sociação Paulista de Saúde Pública, Conselho Nacional de Saúde, CNBB, and others) designed a Popular Initiative Project, known as *Saúde +10* [Health +10], that follows legal channels in Congress since June 2013, signed by more than 2 million Brazilians. This project includes the expansion of public resources, especially from the State, indicating that this level of government apply 10%, at least, of its current Gross Revenue (GR). If the project is approved, SUS would receive an increase to the 2014 budget of the Ministry of Health of about BRL 46 billion, being 0.8% of GDP. This project is important for the survival of SUS; however, it is understood that it does not solve completely the historical underfunding of public health in Brazil.

Even with Law 141/2012 (regulation of the Constitutional Amendment 29) the great tensions of the financing were not resolved, as it kept the previous calculation of the participation of the federal government in the application of resources for SUS (value determined in the previous year corrected by nominal GDP growth). In fact, the application of funds from the federal government in health actions and services has remained at the same rate from 1995 to 2012, being equivalent to 1.8% of GDP. Still, when analyzing federal expenditure on public health actions and services in relation to the State's Gross Revenue, a persistent decline is observed, from 9.6%, in 1995, to 7.1% of this revenue. Hence the importance of the Movement *Saúde +10*.

Since the proposal for appropriation of 10% of GR was defended for the first time, the government did not accept that the basis of calculation was the gross revenue. The Report of the Social Security and Family, of the House of Representatives, amended the proposal of gross revenue to net revenue, making a match of 10% of GR to 18.7% of the net, and the latter percentage would be achieved only in 2018. In fact, SUS count on an application of 15% in 2014, with this application staggered throughout 2015, 2016, and 2017. This proposal would provide accumulated resources over the years corresponding to BRL 184.7 billion, lower than the accumulated resources of the *Saúde +10* (BRL 257.1 billion). After that, the federal government supported PEC 358, known as Imposed Budget PEC (parliamentary amendments). However, the form of application has changed much, that is,

for a worse funding. Because it starts in 13.2% of net revenues, reaching 15% only in 2018, generating accumulated resources of only BRL 64.2 billion. If this amendment is adopted, it will bring two serious problems: first, the pre-salt oil money will no longer be a surplus for Health, as was established by Law 12,858/2013, and a few billion BRL will be lost; second, parliamentary amendments would be raised to a cap of 1.2% of net revenue, and 0.6% would go to Health. If it were extra money, it would be reasonable, but these amendments would come from Health budget.

Thus, if this PEC is approved, then we will have 13.2% of net revenue in the first year, that is, in 2014, which would mean only USD 5.9 billion more for health. This amount of resources is insignificant when compared to the proposal of *Saúde +10* for the year (BRL 46.0 billion). Certainly, the government will have difficulties to carry forward its new proposals while answering the cry of the movements for universal public health.

It is known, then, that the federal government is making every effort so that the calculation base of 10% of GR is not approved. Every government explanation for this rests on the following statement: there is no specific source to extend the financing of Health. However, it is known that the Social Security Budget (OSS), formed by health, welfare, and social assistance, has shown surpluses for several years. More recently, the following figures: in 2010, BRL 56.7 billion; in 2011, BRL 77.2 billion; and, in 2012, BRL 78.1 billion (ANFIP, 2013). In order to follow the logic of appropriation of interest-bearing capital on the public fund this contemporary phase of capitalism, much of this surplus has been transferred to the payment of debt interest, with respect to the maintenance policy of the primary surplus and cutting costs of social rights policies such as health. The mechanism created for this, since 1994 and still in operation, is well known by many, titled "De-earmarking" of Federal Revenues [Desvinculação das Receitas da União] (DRU), where 20% of revenues from social security are taken and intended for these purposes. The resources taken by DRU were: in 2010, BRL 45.9 billion; in 2011, BRL 52.6 billion; in 2012, BRL 58.1 billion

(Ibid). This meant an extraction, on average, about 75% of the surplus balance of the OSS. From 1995 to 2012, the loss of funds for Social Security with the DRU amounted to approximately BRL 578 billion. It is known that the continuation of DRU is guaranteed until 2015, when it will possibly be extended by the federal government, as has been done consistently since its creation.

In line with the insatiability of interest-bearing capital in these last thirty years, it can be said that large amounts of capital cannot find room for appreciation, seeking the OSS as a privileged locus for both. In line with this process, the adopted macroeconomic policies have led - and still lead - to reduction of public expenditure on social rights highlighted in health, increasing the risk of “de-universalization” and “de-welfarization” social policies. Such expressions were borrowed from Behring (2009), just for contributing to this synthetic and worrying idea. According to this author, they clarify the effects of neoliberal policies, materialized through reduction of social spending, to contribute to the financial stability of the public sector and the logic of domination of interest-bearing capital. In addition, these policies are consistent with the line of least resistance of the ruling classes in adopting more immediate solutions to face the structural crisis of capitalism, its downward trend of the profit rate.

Another aspect that deserves to be highlighted in the context of the Brazilian public financing, refers to the incentive granted by the federal government to private health in the form of reduction of income tax payable by the person or legal entity, which is applied to expenses such as Health Insurance and/or medical and similar. In addition, we must add tax expenditures that experience the non-profit organizations and the pharmaceutical industry, through its medicines. To note that the total of such tax benefits for private health has grown considered way. Register: BRL 3.67 billion, in 2003; to BRL 8.70 billion, in 2006, BRL 15.85 billion in 2009 and, finally, BRL 19.98 in 2012. There is no doubt that the increase in these tax incentives for private capital has responded to the need to valorize this capital in the context of financial capitalism and its crisis.

When analyzing the breakdown of these benefits

to private capital, it is observed that, from 2007 to 2011, the bases designed for tax breaks were always lower the expenditures actually spent, particularly with regard to medical expenses Income Tax for Individuals. It is known that in Brazil the law allows rebates by the PIT declaration, together with private medical expenses, have no limits, unlike the area of education - individual annual limit of BRL 3,091.35 (calendar year 2012) (Mendes; Weiller, 2014). The possibility of setting limits to the health care should be the subject of broad debate within this problematic issue of incentives for private health subsystem in the country. However, its logic follows the dynamics of the trend of interest-bearing capital in search of its valuation.

In addition, when analyzing the participation of the main functions in total tax expenditures (technical name for the exemptions in the tax system, through tax incentives to the private sector), between 2003 and 2012, it is clear that health is the third greater function, only below the functions of “Trade and Services” and “Industry”, respectively. Specifically, to illustrate this performance of the distribution of total tax expenditures by function, in 2012, health corresponds to the third position, with 13.6%, following the “Trade and Services” function, with 27.6%, and Industry with 15.19% (Mendes; Weiller, 2014).

In turn, when analyzing the participation of the methods of tax expenditures to total expenditures of Health function, it is observed that the PIT “Medical Expenses” and “Medical, Dental, and Pharmaceutical Care for Employees - Corporate Income Tax” are the main. Together, they account for 64.80% of the total tax expenditure on health in 2012 (Mendes; Weiller, 2014).

Undoubtedly, this situation reminds us of the problematic relationship between the private market and the standard of public financing of universal health, and, at the same time, its consequences for the issue of equity, very important for the survival of SUS, especially. Generally, in the context of financialized contemporary capitalism and the current crisis of capital, the fragilities which the public fund of social security and health have suffered are questioned.

Final Remarks

We tried to show that, at a time when the crisis of contemporary capitalism develops, articulating the interests of capital and State, without being possible to refer to a crisis of the Modern State, advances in the complicated “place” that the Brazilian universal health has occupied – lost its value – especially regarding its funding.

We emphasize that this crisis must be understood as a result of long-term trends in capitalist accumulation, from the persistent decline in the rate of profit in the postwar decades and which was not subsequently fully reversed. We add to the explanation of the crisis the trend stemming from the confrontation of this decline in profitability, that is, the financialization process, in which the interest-bearing capital (financial capital), particularly the fictitious capital, seeks to ensure more immediate profits, passing to exert dominance in the dynamics of capitalism over the last thirty years.

The troubled financing of SUS, in this scenario of contemporary capitalism in crisis, went on a long process of tensions. Internally in the Brazilian economy, the decisions of a restrictive/neo-liberal economic policy remained very firm during the 1990s and 2000s. Under this conduction, we saw the fragility of the social security financing, to lose resources systematically through the DRU mechanism and its periodic renewal in those years. Added to this situation, the measures of the federal government for budget relocation and cuts concerning social security and health, in particular, often justified by the cash flow problems or by the risks that the government’s general accounts suffered, because of problems to ensure a primary surplus scale consistent with the requirements of the world of finance and with the interests of the ruling classes in facing the fall in profitability within production.

We emphasized that SUS financing problem stemmed to a large extent from the plan that is specific and internal in the country, from the decision, not only externally imposed, of maintaining an economic policy of the federal government during these more than twenty years and in tune with the demands of international financial capital. Such a policy has always been aimed at the fulfillment of

inflation targets and primary surpluses, resulting in strong reduction in social rights policies, with insufficient and unsafe amounts for public health.

The question before us is how universal public health and all social rights can escape the crisis of capitalism in a different way? Would such path be possible only equalizing economic growth and maintaining the level of (dis)investment that rights social policies have been receiving? It is a capitalist crisis of long duration and it seems that it will be crawling longer, if the manner of facing it remains the response of restrictive/neoliberal economic policies, as it has been in the last decades of the twentieth century and the first decade of the twenty-first century. Sooner or later, the working class must present and receive alternatives that can demonstrate the impossibility of capitalism. Otherwise, the very class of capital will seek methods of state intervention, which incidentally it has been adopting, for example, in maintaining the underfunding of SUS, leading to the perception that the working class is not able to do it by itself.

From this perspective, we believe it is fundamental to emphasize the growth in the workers’ resistance, particularly in facing alternative ways of financing universal healthcare, at least.

The possibilities of valuing the universal rights to health, through prioritization of SUS funding, may be reached by other routes, rather than lean on taxes levied on the productive logic. It is in the financial sphere that they should be designed. For this purpose, in search for valuation of the construction of universality, the following proposals are suggested: 1) increase of social contribution tax rate (source of financing for health) applied to financial institutions (currently 9%) to 18%, according to a Bill already existing in the Brazilian National Congress; 2) intensification of taxation mechanisms for the financial sphere through the creation of a General Tax on Financial Transactions [Imposto Geral sobre Movimentação Financeira] (IGMF) and the taxation of profits and dividend remittances made by multinational companies, currently exempt by law, earmarked for Social Security Budget (health, pension and social assistance); 3) establishment of the Contribution on Large Fortunes with allocation to

Social Security (existing projects in Congress); 4) rejection of the permanence of DRU, so that the Social Security Budget financial “health” is not harmed; 5) seeking conciliation regarding the end of PIT exemptions with medical expenses and of CIT of companies that provide medical care to its employees.

The debate on these proposals can contribute to a path in the implementation of universal health care in our country, ensuring that its expenditure, as a proportion of GDP, matches that of other countries with universal health systems. However, no illusions are fostered that such argumentations defending these proposals are not strenuous clashes in the context of contemporary capitalism in crisis.

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