



The Brazilian public health in a universe “worldless”: the austerity of the *Constitutional Amendment Proposition 241/2016*

A saúde pública brasileira num universo “sem mundo”: a austeridade da *Proposta de Emenda Constitucional 241/2016*

La salud pública de Brasil en un universo “sin mundo”: la austeridad de la *Propuesta de Enmienda Constitucional 241/2016*

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The philosopher Slavoj Žižek, in his discussion of capitalism and its current crisis, states that capitalism is a movement with a properly worldless character ¹. Žižek bases his discussion on Alain Badiou, who associates this world concept to the unmatchable status of the capitalist universe as “worldless”. Žižek states that: “*Perhaps this is where we should locate the ‘danger’ of capitalism: although it is global, encompassing all words, it sustains a strict sensu ‘worldless’ ideological constellation, depriving the great majority of people of any meaningful ‘cognitive mapping’. The universality of capitalism resides in the fact that capitalism is not a name for a ‘civilization’, ...*” ¹ (p. 90).

This passage helps to understand the perversity of contemporary capitalism, under the rule of interest-bearing capital (financial capital) and its crisis, especially through its effects on social rights, notably health. The *Constitutional Amendment Proposition 241/2016* (PEC 241), which institutes a new fiscal regime by limiting public spending, starting in 2017 and for the next 20 years, adjusted only by the inflation (through the Extended National Consumer Price Index – IPCA), seems to be the most recent expression of the character of this “worldless” contemporary capitalism, with its attack on the historically insufficient funding for the Brazilian Unified National Health System (SUS, in Portuguese). With PEC 241, Brazilian workers will be suddenly and violently dragged from their precarious social and health conditions and launched toward a future of even worse conditions for the

preservation of life and human dignity, amidst an intense process of demographic transition, with population growth and an aging population, the permanent technological advancement in health care and an increase in chronic, non-transmissible diseases. This PEC throws public health into this “worldless” capitalist universe.

Since 1990, at a time when interest-bearing capital reigned supreme in contemporary capitalism, State has not withdrawn from the economy, but have taken on a particular “presence”. States adopted austerity policies, reducing social and health rights, intensifying mercantilization mechanisms in their interiors, both in central capitalist countries and in Brazil. The Brazilian State then allowed capital to appropriate public funds, with constant disputes surrounding the financial resources for SUS, which have been present since its creation in the 1988 *Constitution*.

PEC 241 is the most austere policy of this period, insofar as it does not limit interest payments, but only primary expenditures, for two decades. In a comparative analysis, Brazil is the country with the highest debt financing costs (interest payments), considering its level of debt in relation to GDP (Gross Domestic Product). The Brazilian net public debt is 33.6% of the GDP (2013) and has a financing cost of 5.2% of the GDP. Countries with significantly larger net debts have much lower financing costs, such as Greece, which owes 169.7% of its GDP; Portugal, 118.5%; and Spain, 60.5%, with costs, respectively, of 3.6%, 3.8% and



2.9% of the GDP. This distortion was even more severe in 2015, when Brazilian debt financing costs reached 8.5% of the GDP, around R\$ 500 billion, a value five times higher than the Ministry of Health's budget ².

The reflection on PEC 241 must be carried out at the articulation between the current economic crisis and health funding.

There are several interpretations for the current crisis. According to mainstream economists (austere neoliberals), the credit system creates destabilizing "booms" and the State should do nothing to prevent these booms and should merely moderate credit expansion, letting it run its natural course. To illustrate this point, the neoclassical University of Chicago economist Robert Lucas Jr. (2003, *apud* Roberts ³, p. 65) states that: "*the main problem of prevention-depression has been resolved, for all practical purposes*". This resolution has been reached by reducing State expenditures, especially on social policies.

Contrary to this approach, the crisis resides within a broader context of two main, interrelated trends, particularly from the late 1960s onwards. They are: the trend of profit rate reduction in capitalist economies, in the entire post-World War II period, especially in the United States, where rates declined by 41.3% between 1949 and 2001 ⁴; and, in response to this trend, the capitalist system takes the path of financial valorization, in which interest-bearing capital, its most perverse form, the fictitious capital, becomes the leader in the capitalist dynamic of the period, especially since the 1980s, appropriating public funds ⁵.

The existence of a small recovery in profit rates in the American economy, after the 1980s, in addition to reaping the benefits from the growth of fictitious profits, was also due to neoliberal economic policies which have reduced social rights ^{4,5}.

This scenario contributed to the impasses in the history of SUS funding, since its creation, including the mandatory allocation of federal resources to health care, through the *Constitutional Amendment* (EC, in Portuguese) 29/2000, with the fragile system based on the amount spent the previous year and adjusted by the nominal GDP variation, until the *Law 141/2012* (which regulates EC 29) which did not modify this basis for calculating health funding. Between 1995 and 2014, the Health Ministry's expenditures were not altered, remaining at 1.7% of the GDP. Interest payments on the national debt, on the other hand, represented, on average, 7.1% of the GDP ⁶.

SUS's underfunding was intensified with EC 86/2015, which altered the basis for calculating federal resources to 13.2% of the Current Net Revenue (RCL, in Portuguese), in 2016, to be gradually increased to 15% of the RCL until 2020. There was a

R\$ 9.2 billion loss in the Ministry of Health's budget in 2016 alone.

Despite the advancement represented by the creation of SUS, in 2014, its expenditures were 3.9% of the GDP (Federal Government – 1.7%, states – 1%, municipalities – 1.2%). Meanwhile, average public expenditures with health care in European countries with universal systems was 8% of the GDP.

Finally, we face one of the largest austerity measures defended by financial capital advocates, the final straw in the historic underfunding of SUS: PEC 241. It imposes growing de-structuring and privatization onto public health. The substitutive text of the PEC revokes the gradual increase established by EC 86, so that the limit to health funding will be 15% of the RCL starting in 2017. Nonetheless, SUS's accumulated losses over the next 20 years would equal R\$ 433 billion, considering a 2% yearly GDP growth (world average) and a projection of a 4.5% IPCA. Looking back, between 2003 and 2015, this would have led to a loss of R\$ 135 billion, in average 2015 prices, reducing federal resources from 1.7% of the GDP to 1.1% of the GDP ⁷.

The government's fallacious argument is based on the idea that there would be an increase in health resources in 2017. The government presented a R\$ 758.3 billion estimate for the 2017 RCL, which would provide R\$ 113.7 billion to the health system, around R\$ 10 billion more than what was established by EC 86 (13.7% of the RCL) ⁷. However, despite an increase in the RCL, there has been no increase in health funding. If we analyze the problematic situation of the Ministry Health's budget in recent years, this argument proves to be inappropriate. The executed budget in 2015 was worse than the difficult 2014 executed budget, which delayed federal transfers to municipalities for the month of December (R\$ 3.8 billion), especially for medium and high complexity care, transferring the resources only in January/2015. With this, the budget shortfall for 2015 was R\$ 5.8 billion. In 2016, the shortfall, following the basis for calculating the budget established by EC 86, is estimated to be R\$ 16.6 billion ⁶. The fallacy of increasing health resources in 2017 is clear. PEC 241 does not allocate greater resources to health care in its first years, as the federal government claims. On the contrary, it is a large "gray cloud", obfuscating the following years, which will be catastrophic for SUS funding.

With a growing economy, possibly starting in 2018, the federal revenue will once again grow, but with PEC 241, the resources resulting from this increase will not be proportionally allocated to health care and social security, making up the primary surplus over the next 20 years, to be used in paying interests.

Instead of PEC 241, we need a profound tax reform with progressive taxes, creating, for example, taxes on the financial sector – responsible for the great wealth of the past 35 years – through a General Tax on large financial transactions, for those who move more than R\$ 2 million every month, and

tying that revenue to Social Security. This proposal is important in making explicit the fight against the financial capital, despite its reformist character within current contemporary capitalism, in a universe which is already worldless.

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