

## Debate on the paper by Costa e Silva et al.

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### Difficulties in the classification of public-private partnerships in public health

The article by Costa e Silva et al. addresses a timely theme and an interesting proposal at a time when Brazil has adopted an ultraliberal and essentially anachronistic path, coinciding with Donald Trump's protectionist turnaround in the world's greatest power. Brazil's option since August 2016 has drastically reduced funding for teaching and research, preaching a broader role for the market in these areas. The article discusses the inherent risks in public-private partnerships (PPPs) in public health projects, including scientific and technological ones, resulting from conflicts of interest with private corporations. PPPs have been proposed as a veritable panacea in these neoliberal times, for both healthcare services and scientific and technological development.

I propose to debate the following aspects: (1) the nature of public-private relations in general; (2) the notion of risk; (3) corporations' characteristics; and (4) the different roles of corporations and the state in relation to scientific and technological development. All these issues are situated in a moving terrain, loaded with ideologies, often irreducible and thus recommending caution. As for public-private relations, Polanyi <sup>1</sup> called them a dual movement, or the conflict between the two main opposed principles in capitalist society, namely economic liberalism versus society's self-protection. Corporate interests can be associated with the former principle and public health with the latter. In this sense, which tends to prevail, collaboration or competition?

Although the article does not define risk, it does propose a hierarchy of risks resulting from PPPs: "possible; possible with caveats; and impossible". The logic is similar to that of epidemiological scales that aim to measure "risk factors" for the occurrence of adverse events. Risk is an important notion for various fields of knowledge like environmental sciences and economics, among others. In economics, while the market ideology extolls entrepreneurs' purported risk-taking tendency, proposed as the true motor force for development, the literature highlights "risk aversion" in investors, who tend to choose the less risky option in the face of two alternative paths with similar possibilities of gain <sup>2</sup>. In finance, "risk aversion" led to the existence of powerful agencies like Fitch Ratings, Moody's, and Standard & Poor's, which classify risks in products, financial agents, and even countries, the latter scored hierarchically according to their capacity to pay off their public debts. The crisis of 2008-2009 immediately comes to mind, when such agencies failed miserably. For example, they were giving Lehman Brothers an A rating until the bank broke on September 15, 2008, dragging down the entire Wall Street, European, and Japanese financial markets with it <sup>3</sup>.

As for the third issue, the nature of corporations, this resulted from a process of social construction that gave them an identity as "legal persons", similar to "physical persons". An essential element in this construction was the separation between investors or shareholders and the professional corporate administrators. The former enjoyed limited liability, were only accountable for the money they invested, and could not be penalized for occasional malfeasance by the corporations. The idea was assimilated by trade codes in all the capitalist countries, together with the "bottom line principle", according to which the administrators' first and foremost obligation is to pursue profit to benefit the



shareholders<sup>4</sup>. Such corporate characteristics will be present in all cases of PPPs, leading one to wonder whether any of these partnerships can be classified as “possible”, as proposed by Costa e Silva et al.

As for the fourth issue I raise in the debate, there is a sophisticated ideological construction concerning the role of the ‘capitalist entrepreneur’, and thus of corporations as the principal vector of innovation, as proposed by Schumpeter<sup>5</sup>. The Schumpeterian view attributes to the private sector almost a mythical leadership role in scientific and technological development, constituting the principal justification for patents and for the emphasis by large pharmaceutical laboratories on orphan drugs for rare diseases, in contrast with their disinterest in neglected diseases, two obvious examples of conflict with public health. Such a view omits and distorts the national states’ role in innovation, science, and technology and is incapable of explaining how innovation has occurred or can occur in non-capitalist societies, for example.

The findings by Mazzucato<sup>6</sup>, based on a comprehensive investigation commissioned by the British government, contradict entirely the Schumpeterian construct, the pillar of the market ideology on innovation. Her results show that national states have been the principal vector for scientific research in all the main fields of knowledge. An important reason for this is that private investors’ ‘risk aversion’ alienates them from financing basic research, which generally involves a large dose of “Knightian uncertainty” – a risk that “cannot be measured”, that cannot be calculated – due to the long timeframes and the need to invest in projects that sometimes fail to prove their hypotheses or that involve random or uncertain development. For these reasons, the national state has played the leading role in financing and executing basic research – through a wide network of public research institutions. Companies concentrate on applied research, starting from basic research that has produced promising results. Applied research entails less risk and higher odds of obtaining profits.

The issues raised above do not contradict the article’s central idea on the need for a risk classification system for PPPs, but they do express a bit more skepticism towards the potential advantages of such partnerships and suggest a certain dose of caution towards the proposed scale. In conclusion, I raise an issue concerning the very nature of PPPs: if what prevails in market societies is conflict rather than cooperation between the principles of economic liberalism and society’s self-defense, isn’t the very term “partnership” somewhat elusive, loaded with ideological connotations that can induce one to errors of evaluation? When we think of risk mediation systems, it is never too much to recall the tragic error of the prestigious risk classification agencies in the financial crisis of 2008-2009.

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