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### SICSÚ'S REPORT ON THE RECEPTION OF KEYNESIAN THOUGHT IN BRAZIL AND ITS IMPACT ON THE HEALTH ECONOMY: AN EXCERPT ON THE ARTICLE 'FINANCING OF THE HEALTH SECTOR: PROPOSAL FOR THE DEMOCRATIC TRANSITION' BY HÉSIOCORDEIRO

Cinthya Midori WAZIMA:  

Giovanna ReneloPUOPOLO:  

Lívia SOUZA:  

Mercia Liane de OLIVEIRA:  

Universidade de São Paulo – USP, Faculdade de Saúde Pública – FSP. São Paulo, SP, Brasil.

**Author de correspondence:** Mercia L Oliveira [mercia.oliveira@cetene.gov.br](mailto:mercia.oliveira@cetene.gov.br)

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#### Abstract

The Reception Of Keynesian Thought In Brazil Was Analyzed In The Light Of Sicsú's Account In The Text “*Como Keynes E Suas Ideias Chegaram Ao Brasil*”, And How

This Economic Thought Influenced Health, Through The Analysis Of Hésio Cordeiro's Work Entitled "*Financiamento Do Setor Saúde: Proposta Para A Transição Democrática*". Thus, This Article Was Structured In Four Parts. Initially, We Made An Intellectual And Political-Institutional Biographical Rescue Of The Authors João Sicsú And Hésio Cordeiro. The Second Part Presents The Arguments That Sicsú Develops To Understand The Wide Acceptance Of Keynes's Ideas In Brazil. The Third Part Seeks To Explore Sicsú's Hypothesis, Through The Analysis Of Cordeiro's Work, Looking For Elements That Identify It With Keynesian Thought. Finally, The Final Considerations Highlight Keynes' Influence On Cordeiro's Ideas And On The Construction Of What It Would Become The Unified Health System In Brazil.

**Descriptors:** Financing Of Health Systems; Economics And Health Organizations; Health Policy; Research In Public Health Systems.

<p><b>INFORME DE SICSÚ SOBRE LA RECEPCIÓN DEL PENSAMIENTO KEYNESIANO EN BRASIL Y SU IMPACTO EN LA ECONOMÍA DE LA SALUD: UN EXTRACTO DEL ARTÍCULO 'FINANCIAMIENTO DEL SECTOR SALUD: PROPUESTA PARA LA TRANSICIÓN DEMOCRÁTICA' DE HÉSIOCORDEIRO</b></p> <p><b>Resumen:</b> Se analizó la recepción del pensamiento keynesiano en Brasil a la luz del relato de Sicsú en el texto "<i>Como Keynes e suas ideias chegaram ao Brasil</i>", y cómo este pensamiento influyó en la salud, a través del análisis del artículo de Hésio Cordeiro titulado "<i>Financiamento do setor saúde: proposta para a transição democrática</i>". Así, este artículo se estructuró en cuatro partes. Inicialmente, hicimos un rescate biográfico intelectual y político-institucional de los autores João Sicsú y Hésio Cordeiro. La segunda presenta los argumentos que Sicsú desarrolla para comprender la amplia aceptación</p>	<p><b>O RELATO DE SICSÚ SOBRE A RECEPÇÃO DO PENSAMENTO KEYNESIANO NO BRASIL E SUA REPERCUSSÃO NA ECONOMIA DA SAÚDE: UM RECORTE SOBRE O ARTIGO "FINANCIAMENTO DO SETOR DE SAÚDE: PROPOSTA PARA A TRANSIÇÃO DEMOCRÁTICA" DE HÉSIOCORDEIRO</b></p> <p><b>Resumo:</b> Analisou-se a recepção do pensamento keynesiano no Brasil à luz do relato de Sicsú no texto "<i>Como Keynes e suas ideias chegaram ao Brasil</i>", e como este pensamento econômico influenciou a saúde, por meio da análise do artigo de Hésio Cordeiro intitulado "<i>Financiamento do setor saúde: proposta para a transição democrática</i>". Assim, este artigo foi estruturado em quatro partes. Inicialmente, fizemos um resgate biográfico intelectual e político-institucional dos autores João Sicsú e Hésio Cordeiro. A segunda parte apresenta os argumentos que Sicsú desenvolve ao entendimento da ampla aceitação das ideias de Keynes no Brasil. A terceira parte busca explorar a hipótese de Sicsú,</p>
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<p>de las ideas de Keynes en Brasil. La tercera busca explorar la hipótesis de Sicsú, a través del análisis de la obra de Cordeiro, buscando elementos que la identifiquen con el pensamiento keynesiano. Por ende se destaca la influencia de Keynes en las ideas de Cordeiro y en la construcción de lo que sería el SUS en Brasil.</p> <p><b>Descriptor:</b> Financiamento de los sistemas de salud; Economía y organizaciones de la salud; Política de salud; Investigación en sistemas públicos de salud.</p>		<p>por meio da análise da obra de Cordeiro, buscando ali elementos que a identifiquem ao pensamento keynesiano. Por fim, as considerações finais ressaltam a influência de Keynes nas ideias de Cordeiro e na construção do que viria a ser o Sistema Único de Saúde no Brasil.</p> <p><b>Descritores:</b> Financiamento dos sistemas de saúde; Economia e organizações de saúde; Política de saúde; Pesquisa em sistemas de saúde pública.</p>
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## INTRODUCTION

In order to understand economic thinking in health, Alves and collaborators<sup>1</sup> argue that it is essential to approach economic thinking *a priori*. According to the same authors, after the classics of political economy, three lines of economic thought emerged, two of which are considered heterodox and one orthodox.<sup>1</sup> Alves *et al.*<sup>1</sup> explain:

Among the paradigms of heterodox economists, the perspective of historical analysis, class conformation and, above all, the socialist perspective (whether scientific or not) and the labor-value theory as the cornerstone of the categorical-analytical framework are striking. For their part, the orthodox weave their analyses from an ahistorical understanding of the economic sphere, which leads to the naturalization of capitalist sociability, and, in the case of the neoclassicals, are anchored in the value-utility theory; while the Keynesians abandon the perspective of the need for a theory of value to explain the dynamics of commodity prices.<sup>1(2)</sup>

This division is not a consensus among economics researchers. In this sense, Alves *et al.*<sup>1</sup> point out that:

[...] this dividing line is not so clear, especially in the specific case of the Keynesian school of thought. Although it adopts some of the expedients of orthodoxy (rejection of the labour-value theory and the naturalization of social relations), it is a sub-trend that stands in opposition to neoclassical assumptions and develops a particular macroeconomics, which in the periphery of capitalism presents a strong developmentalist perspective.<sup>1(2)</sup>

This discussion is exemplified in the work of Silva and Misailidis.<sup>2</sup> In pointing out the main thinkers of the orthodox strand, these authors highlight the classical liberal authors (Smith, Ricardo, Malthus, James Mill, McCulloch, Senior and John Stuart Mill and, from the 1960's onwards, Muth, Phelps and Friedman). As for the heterodox strand, Silva and Misailidis<sup>2</sup> point out that this strand:

[...] is originally influenced by the Marxist, **Keynesian** and post-Keynesian schools, among others, and includes authors such as Karl Marx, John Maynard Keynes, among others.<sup>2(290, emphasis added)</sup>

In the area of health, the arrival of economic thinking was due to the advance of capitalism, bringing with it its conflicts. However, according to Carnut *et al.*:<sup>3</sup>

Often, throughout economic thought in the historical trajectory of capital accumulation, the issue of health is not dealt with directly, but can be interpreted in the light of the arguments put forward by the diversity of economic thought.<sup>3(1)</sup>

As such, this essay will delve into one strand of economic thought, Keynesianism, its origins and characteristics, as well as its arrival in Brazil and its reception in public health.

John Maynard Keynes was a British economist, professor, journalist and forerunner of important economic theories at the beginning of the 20<sup>th</sup> century. He is considered the precursor of macroeconomics. Born in Cambridge, England, Keynes graduated in Mathematics in 1905 and then went to India to carry out British administrative services. In 1913, he published his first book on economics, "Indian Currency and Finance".<sup>4</sup>

Keynes became professor of economics at King's College Cambridge and editor of the Economic Journal. He was then appointed to the British Treasury to prepare the delegation that would be sent to negotiate the Treaty of Versailles after Germany's defeat in the First World War (1914-1918). Critically, Keynes did not agree with the conditions imposed, resigned from his post and published, in 1919, "The Economic Consequences of the Peace", arguing about the proposed conditions and the probable economic ruin they were assigning to Germany.<sup>4</sup>

Later, in response to the collapse of the New York Stock Exchange, also known as the Great Depression or the Crisis of 1929, the economist published his most decisive work, "The General Theory of Employment, Interest and Money", which marked the beginning of Keynesian Theory.<sup>4</sup> This theory was created with the proposal of being an opposite option to liberalism and the free market, where the latter argues that the economy should recover on its own in a period of crisis, in the classic way, without any kind of intervention.<sup>5</sup>

Keynesian theory advocates full State action in a country's economic policies in order to achieve economic equilibrium and full employment.<sup>5</sup> Thus, the State becomes the main agent of economic and political force for a country's development, controlling the market.<sup>6</sup>

Among the main characteristics of Keynesian thinking, we can mention: (i) State intervention through the fulfillment of fiscal policies, with the aim of controlling inflation; (ii) opposition to the liberal system; (iii) reduction of interest rates; (iv) guarantee of full employment for all citizens; (v) balance between demand and supply; (vi) development of economic interventions where private initiative is unable or unwilling to act; and (vii) introduction of social benefits for the population such as employment, minimum wage and health insurance.<sup>5,6</sup>

Against this backdrop, this essay starts from economist João de Deus Sicsú Siqueira's understanding of the widespread acceptance of Keynesian thinking in Brazil, with the aim of critically analyzing the article "Financing the health sector: a proposal for the democratic transition", by Hésio de Albuquerque Cordeiro, identifying in it the influence of Keynes on this thinker.

## **SICSÚ AND CORDEIRO: INTELLECTUAL AND POLITICAL-INSTITUTIONAL BIOGRAPHY**

João de Deus Sicsú Siqueira graduated in Economics from the Federal University of Rio de Janeiro (UFRJ) in 1989. He obtained a master's degree in Economics in 1993 with the title "The high inflation regime and the lessons of the Keynes Plan for the stabilization of a monetary economy" from the Fluminense Federal University - UFF and a doctorate in 1997 with the title "Effectiveness and credibility of discretionary monetary policy: a Keynesian approach" from UFRJ.<sup>7</sup>

Between 2007 and 2011, he was director of Macroeconomic Policies and Studies - DIMAC, at the Institute for Applied Economic Research - IPEA. During this period at IPEA, Sicsú published several works as an organizer, including "Economic Growth: Strategies and Institutions" (2009), "Society and Economy: Strategies for Growth and Development" (2009) and "Planning and Development" (2010), in which the authors discuss strategies for economic growth in Brazil, including solutions with direct state intervention, influenced by thinkers such as Marshall, Keynes and Schumpeter.<sup>8</sup> Also during this period, Sicsú published, as the organizer of the work, a book in which he brought together a series of articles by Professor Maria da Conceição Tavares, on the occasion of her 80<sup>th</sup> birthday.<sup>9</sup> This important thinker on the Brazilian economy is influenced in

her work by Kalecki (a Polish Marxist economist), Marx and Keynes, as Barbosa and Martins discuss.<sup>10</sup>

Sicsú was also a parliamentary aide in the Brazilian Senate between 2011 and 2017, working in the office of then Senator Lindbergh Farias Filho (Workers' Party - PT). During the government of President Dilma Rousseff (whose terms ran from 2011 to 2016), both were critical of the austerity policy adopted and the significant spending on interest payments on the public debt.<sup>11</sup>

He has made a great academic contribution with articles, chapters and books published. In 2004, he was awarded the Economic Literature Prize. He is currently a professor at UFRJ's Institute of Economics and carries out research into macroeconomics (policies and theory) and the history of John Maynard Keynes' economic and political thought.<sup>7,12</sup>

Hésio de Albuquerque Cordeiro was born in Juiz de Fora/MG in 1942<sup>13</sup> and died in 2020 at the age of 78. He was a teacher, doctor and researcher. He graduated in Medicine from the University of Rio de Janeiro - UERJ in 1965, where he received his master's degree in 1978. He received his doctorate from the University of São Paulo (USP) in 1981, with his thesis "*Empresas Médicas - um estudo das transformações capitalistas da prática médica no Brasil*" (Medical Companies - a study of the capitalist transformations of medical practice in Brazil).<sup>14</sup> In 1988, he received an *honorary doctorate* from the National School of Public Health.<sup>15,16</sup>

He received scholarships from the Coordination for the Improvement of Higher Education Personnel (CAPES) and the Pan American Health Organization (PAHO) in the early 1970's, later becoming a consultant for the latter.<sup>17</sup> In 1971, he took part in the founding of the Institute of Social Medicine (IMS) at UERJ. Between 1983 and 1985, he was president of the Brazilian Association of Collective Health - ABRASCO, where he stood out in defense of the Brazilian Health Reform Movement.<sup>15</sup>

Cordeiro played a significant role in the health movement and on the national political scene: he took part in the "Symposium on National Health Policy", promoted by the Health Commission of the Chamber of Deputies; he was a member of the Working Group for the Health Program of President Tancredo Neves' government; and he was president of the National Institute of Medical Assistance and Social Security - Inamps. In this body, he carried out the restructuring of the agency and implemented the Unified and Decentralized Health Systems - SUDS, being considered one of the main articulators during the 1988 Constitution process.<sup>15,16</sup>

He coordinated the “VIII National Health Conference”, in 1986, a fundamental event for the dissemination of the ideals defended by the health reform and which came to constitute the fundamental principles of the Unified Health System: health as a duty of the State, universalization and integrality of assistance to the population, a single system, decentralization, participation and control of health services by its users.<sup>16,18</sup>

From 1992 to 1995, he was rector of UERJ and, in 1996, he retired from IMS and became health coordinator for the Cesgranrio Foundation and technical advisor to the Ministry of Health for the Family Health Program. In 1999 he became Secretary of Education for the state of Rio de Janeiro and then, from 2000 to 2006, he headed the Center for Biological and Health Sciences at Estácio de Sá University, where he acted as coordinator of postgraduate courses focused on family health. Between 2007 and 2010, he was director of management at the National Supplementary Health Agency (ANS).<sup>16</sup>

### **THE RECEPTION OF KEYNESIAN THOUGHT IN BRAZIL: SICSÚ’S ACCOUNT**

Sicsú’s<sup>19</sup> text on the arrival and reception of Keynes’ ideas in Brazil refutes, through a survey of news and articles published by the Brazilian media between 1917 and 1946, the idea that Keynes’ thoughts were restricted to a small group of people (above all, intellectuals and economists) and that they did not reverberate throughout society. On the contrary, according to Sicsú’s research, there were 516 mentions of Keynes’ name in the main Brazilian newspapers between 1917 and 1946.<sup>19</sup>

These mentions include repercussions both on Keynes’ personal life, such as his marriage to the Russian ballerina Lidya Lopokova in 1925, and on his professional achievements, such as his (possible) nomination for the Nobel Peace Prize in 1923 - a year in which there were no winners of the prize. Regarding this passage in Keynes’ life, Sicsú<sup>19</sup> argues that “Keynes’ nomination probably stemmed from the ideas set out in his book ‘The Economic Consequences of Peace’”.<sup>19(7)</sup> However, it was his scientific contributions (articles and books) that had the most impact in the Brazilian press, especially his works “The End of Laissez-faire” in 1926, “The Means to Prosperity” in 1933 and “How to Pay for War” in 1940.<sup>19</sup>

Also in 1919, with the publication of “The Economic Consequences of Peace”, Keynes explored his ideas on the consequences of the First World War. In Brazil, Keynes became a reference on the subject for debates and newspaper reports and was widely discussed throughout

the year following its release. Thinkers such as José Maria Bello, who, like Keynes, opposed the Treaty of Versailles, cited Keynes when basing their criticisms on the shape of the capitalist world after the First World War.<sup>19</sup> On this subject, Assis Chateaubriand also aligned himself with Keynes, as Sicsú reports:<sup>19</sup>

The famous journalist [Assis Chateaubriand] wrote that Europe had entered “a twilight hour, in which the clear forms are covered with nuances of uncertainty” or “no one is sure of tomorrow”. Regarding Great Britain, he said: “it is an insular country, extra-European, whose evolution has taken place apart” [...].<sup>19(16)</sup>

The Brazilian press<sup>19</sup> also aligned itself with Keynes by criticizing France’s aggressiveness towards the defeated. In 1921, “Jornal do Brasil” published an article on the book “The making of the Reparation and Economic Sections of the Treaty”, by Bernard Baruch (a member of the US delegation to the Peace Conference), whose ideological positions were considered to be aligned with those of Keynes. Other newspapers at the time, such as “Correio da Manhã”, “O Paiz”, “Jornal da Manhã” and, later, “Folha da Manhã” and “Correio da Manhã”, also published news related to Keynesian thinking in “*As Consequências Econômicas da Paz*”.

According to Sicsú,<sup>20</sup> Keynes’ ideas on his opposition to the idea of adopting or returning to the Gold Standard<sup>20</sup> had repercussions in Brazil shortly after the First World War. This discussion reached Brazil in an approximate way between the metalists and the paperists.<sup>21</sup> In this scenario, the discussion was essentially about controlling inflation and economic activity, with a view to returning to pre-First War economic conditions.<sup>19</sup> Examples of authors who discussed the subject at this time and who nominally cited Keynes are José Carlos Macedo Soares and Eugênio Gudin, who, in articles published in 1929 in “O Jornal”, aligned themselves with or opposed (respectively) Keynes<sup>19</sup>. The following year, Sérgio Buarque de Holanda published two articles in “O Jornal” opposing Keynes’ ideas, specifically on his predictions about Poland, making him, as Sicsú<sup>19</sup> points out, a **selective reporter** of Keynes’ position:

The two articles were about Poland and criticized Keynes’ gloomy predictions about the future of that country [...] The articles were part of a series called “*Um País que Ressurge*”. In the first article, Buarque de Holanda stated that the situation “[...] demoralize[d] the idea disseminated by the economist J.M. Keynes in his famous book *As Consequências Econômicas da Guerra* [the correct one is *Paz*] that Piłsudski’s republic is an economic impossibility [...]” (O Jornal, 1930, January 1, p. 4).<sup>19(9-10)</sup>

In the second article, he wrote: “Nothing shows more clearly the unconsciousness of J.M. Keynes’ phrase about Poland’s ‘economic impossibility’” (O Jornal, 1930, January 12, p.1).



[...] **However, Keynes' phrase in his book was partially omitted from Buarque de Hollanda's articles.** Keynes said something else: “[...] if its large neighbors are not prosperous and orderly, Poland is an economic impossibility without industries [...]”.<sup>19(9-10, emphasis added)</sup>

The importance of Keynes and his articulation with Brazilian society is also exemplified by his hiring by O Jornal as a contributor. This fact was widely publicized by the newspaper itself in 1927, with the first column signed by Keynes, entitled “*O mundo de William Clissold*” (The world of William Clissold), occupying the front page of the paper. However, Keynes would only publish another article in the same newspaper in 1929, interrupting their collaboration, as Sicsú points out.<sup>19</sup>

Keynes published an article in a Brazilian newspaper again in 1936, the same year he published “The General Theory of Employment, Interest and Money”. This book, although considered by economists to be the most important Keynesian work, did not receive much attention in the Brazilian media, which was considered by Sicsú<sup>19</sup> to be **counterintuitive**. In fact, there were only three mentions of this work, but no specific review or commentary on it was published.

Encouraged by the discussions that took place during the “Bretton Woods Conference”<sup>a</sup> (in 1944, USA),<sup>22</sup> Keynes was once again widely reported in the Brazilian media. His proposals on the creation of an International Clearing Union and a bank, as well as other ideas that would later lead to the creation of the International Monetary Fund - IMF and the World Bank - WB, were discussed in the newspaper “Folha da Manhã”, in different editions.<sup>19</sup> It was during this period that Gilberto Freyre, an important Brazilian sociologist, made public his alignment with Keynes:<sup>19</sup>

The sociologist Gilberto Freyre placed Keynes in a gallery of “Great Men” in an article published in Correio da Manhã in 1940. In his words, Keynes was a: “[...] great economist [...] - the critical detractor of the Treaty of Versailles”.<sup>19(3)</sup>

Keynes died of heart problems in 1946. Newspapers such as “Folha da Noite” and “O Globo” reported the news<sup>19</sup>. The Faculty of Economic Sciences, founded in 1938 and incorporated into the University of Brazil (now UFRJ) in 1946, held a solemn session in his honor. This shows that Keynes' thoughts were well known in Brazilian academia.<sup>19</sup> His legacy has continued to influence thinkers around the world, including in Brazil. In this sense, the next section seeks to

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<sup>a</sup> It was organized with the aim of debating the reorganization of the economic scenario in the post-war period. The Conference, led by the United States of America, lasted three weeks and was attended by important thinkers and intellectuals, including Keynes himself.

extract, as an example, from a particular work by economist Hésio Cordeiro, the bases that identify this author with Keynesian thinking.

## **THE INFLUENCE OF KEYNES ON THE WORK OF HÉSIO CORDEIRO: HEALTH FINANCING IN THE PERIOD OF REDEMOCRATIZATION**

The article “Financing the health sector: a proposal for the democratic transition” by Hésio Cordeiro<sup>23</sup> was presented at the “V Symposium on National Health Policy” at the Chamber of Deputies in Brasília, on November 28 and 29, 1984.<sup>23</sup> At this time, Cordeiro was president of ABRASCO and, as already mentioned, he was defending the Brazilian Health Reform Movement.<sup>15</sup> In this historical context, Brazil was in the midst of an economic crisis and nearing the end of the Military Dictatorship (1964-1985).

After the so-called **Economic Miracle**, Brazil suffered from a troubled international economic scenario and rising oil prices, leading to an internal economic crisis from the end of the 1970’s onwards.<sup>24</sup> In 1983, the crisis intensified due to the fact that the inflation rate in one year reached 211%, reaching 223% in 1984.<sup>25</sup>

In addition, during the dictatorship, the public health system was subdivided between social security medicine, aimed at the health of formal workers, and preventive medicine, as public health aimed at the poorest population - the latter under the management of the Ministry of Health - MS. The military governments focused on expanding social security medicine and the private sector, including privatizing part of the state medical services. This movement led to a weakening of the MoH and Paiva and Teixeira<sup>24</sup> report that between 1968 and 1972, investment in health went from 2.21% to 1.40% of the Union’s budget, while investment in the Armed Forces, for example, was 18%. The pressure for a Health Reform was growing and the origin of the movement, not by chance, coincides with the creation of the Brazilian Center for Health Studies - Cebes<sup>b</sup> in 1976 and ABRASCO<sup>c</sup> in 1979.<sup>24,26,27</sup>

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<sup>b</sup> Cebes is “[...] a supra-partisan and democratic space for the production and dissemination of knowledge, for the articulation and mobilization of society”.<sup>26</sup> It played a fundamental role in defining health as a universal right and a duty of the State, premises of our Unified Health System.

<sup>c</sup> ABRASCO has as one of its objectives the “[...] broadening of the dialogue with the technical-scientific community and the latter with health services, governmental and non-governmental organizations and civil society. Its strong participation in the 8th National Health Conference, held from March 17 to 21, 1986, established its uncompromising stance in defense of the proposal enshrined therein for the Unified Health System (SUS), approved in the 1988 Constitution”.<sup>27</sup>

This scenario of economic instability, pressure for health reform and intense social dissatisfaction culminated in the “*Diretas Já*” (Direct Elections Now) movement, which called for direct elections to determine the president of the Republic. In 1985, power was handed over to civilians, albeit by indirect election, and the transition to democracy began. On the eve of taking over as president, Tancredo Neves died, giving way to his vice-president, José Sarney.<sup>24</sup>

In this political and economic context, it is possible to correlate Hésio Cordeiro’s important participation at the head of ABRASCO in discussions about health financing in a period of transition after the military dictatorship, proposing reforms and greater state intervention to build a fairer health system.<sup>23</sup> In this direction, the article “Financing the health sector: a proposal for the democratic transition” highlights the Keynesian line of thought, present in Brazil since 1917,<sup>19</sup> in the actions and proposals discussed by Cordeiro.

According to the author, for a more in-depth discussion of problems such as the financing of health spending, both public and private, it is necessary to understand social policies as having a compensatory role, which acts to redistribute income. This redistribution materializes, for example, through the collection of direct taxes, mainly from the wealthier population, to finance health. Cordeiro warns against creating taxes that raise the prices of products consumed by the salaried classes. In this sense, the author mentions the need for State intervention to alleviate the psychophysical wear and tear caused by the social inequalities generated by the structure of social classes, bringing in his perceptions of Keynesian theories on the subject.<sup>5,23</sup>

Cordeiro envisions, in the light of the beginning of the democratic period, a Brazil with social policies that move towards universal access to services that meet basic social needs (health, social security, education, etc.) and equity in the nature and quality of these services, under the democratic control of society over the institutional apparatus that defines, implements and executes social policies, plans and programs.<sup>23</sup>

However, the author reveals the reality of the country at the time and criticizes the reconcentrating, unequal and authoritarian nature of health policies in Brazil. According to Keynes, the state should act as the main agent of economic and political force for the country’s development, through economic intervention initiatives and the introduction of social benefits for the population - Brazil was moving in the opposite direction. As Cordeiro stated:

In the Brazilian case, social and health policies, in particular, are not effective instruments of income redistribution, but of attenuation of social inequalities;

they do not meet the purposes of universalization and equity and are exclusionary in terms of participation and democratic control by segments of society.<sup>23(37)</sup>

The way in which resources are contributed and generated, as well as their distribution, highlight the income-concentrating nature of the Brazilian State's social policies. According to Cordeiro,<sup>23</sup> 80% of the contributions to health funding, for example, fall on the users themselves, with the majority coming from social security contributions and taxes on the price of goods. However, these are sensitive sources of funding, placing the state - and consequently the social policies funded by these resources - in situations of greater vulnerability in the face of economic downturns. As unemployment rises and state revenue falls, investments in health are significantly affected.

In the 1980's, Brazil faced a scenario of great economic instability. Between 1978 and 1984, State spending fell by 13%. This drop was partly due to the decrease in tax revenue, caused by the fall in economic activity, the rise in unemployment and the real reduction in wages.<sup>23</sup>

Against the backdrop of economic instability and fiscal surplus that plagued the country at the time, Cordeiro suggests some necessary changes for the government that would take over during the democratic transition, encompassing the spheres of tax collection, allocation of resources and health policies. The "macro" idea would be for the state to adopt an economic intervention with a temporary fiscal deficit, in order to channel fiscal resources into the social area, thus reducing social inequalities.

### **Health financing: necessary changes in the way resources are collected**

According to Cordeiro,<sup>23</sup> the focus of health financing mechanisms should be on redistributing income by expanding access to health services. In addition to emergency policies, given the scenario at the time, the author suggested some changes to the ways in which resources were collected to finance health.

1. Tax reform, in order to collect more direct taxes from the higher-income population, i.e. the part of the population with greater purchasing power would contribute a greater share, with a progressive tax. Tax reform would be more equitable;
2. Expansion of new tax resources and financing funds that are actually earmarked for social programs and that strengthen the capacity of state and municipal governments to act;

3. Revision of social security in order to obtain more equal contributions, as an alternative, the contribution of large companies on the added value of production and the contribution of wage earners on the payroll;
4. Increasing state participation, earmarking a greater share of resources collected through direct taxes for social spending;
5. Construction of a National Fund and state and municipal health funds with the participation of budgetary resources from the Ministries of Health, to be managed by inter-institutional procedures;
6. Allocation of a fixed percentage of social security resources to health care;
7. Restructuring FINSOCIAL<sup>d</sup> in order to integrate the resources earmarked for the National Health Fund;<sup>28</sup>
8. Reformulation of the health sector's institutional system and definition of new mechanisms for social security contributions, the structure and values of social security benefits and the relationship between the social security system and health service provision.

Cordeiro's ideas for improving the ways in which resources are raised to finance health show the influence of Keynesian thinking in Brazil, especially in health. Cordeiro reinforces the need for active and effective State participation, as well as equity in health financing, ideas explored by Keynes in his work "The General Theory of Employment, Interest and Money". It is worth noting that, despite this being Keynes' most important work for economists, it was little explored in journalistic publications. According to Sicsú,<sup>19</sup> this may be linked to the fact that The General Theory is a book of economic theory and does not deal with everyday issues, which ended up having little appeal to the general public.

## **THE ALLOCATION OF RESOURCES: IN SEARCH OF UNIVERSALIZATION AND EQUITY**

Just as important as defining the source of resources for health financing is allocating these resources in such a way as to guarantee universalization and equity in health. In Cordeiro's<sup>23</sup> view,

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<sup>d</sup> The Social Investment Fund (Fundo de Investimento Social -FINSOCIAL) was created and regulated by Decree-Law No. 1.940 of May 25, 1982, and was intended to fund welfare investments in food, low-income housing, health, education, justice and support for small farmers.<sup>28</sup>

given the complex scenario, emergency measures were needed in the short and medium term to allocate these resources to the population in order to achieve basic levels of consumption of health services.

As emergency measures, Cordeiro<sup>23</sup> pointed out that resources should be directed towards the population with a monthly income of between 0 and 2 minimum wages. Thus, social policies - health policy being one of them - have the objective of promoting **positive discrimination**, in other words, policies aimed at the chronically excluded population.

In the short term, the author believed that it was necessary to develop the managerial and operational capacity of the Integrated Health Actions, helping to rationalize the system<sup>23</sup> to regional, state and municipal realities and demands.<sup>23,29</sup> He also advocated eliminating the bureaucratic difficulties in transferring resources and the relationship of buying and selling services between public institutions.<sup>23</sup>

In the medium term, it called for an increase in State investment in the network of basic and hospital services and, linked to this, the supervision and evaluation of this sector in relation to private products. It also highlighted the quantitative issues of resources *per capita* and population coverage.<sup>23</sup>

The allocation of resources designed in a progressive and temporal manner by Cordeiro aimed to ensure that pockets of absolute misery, the unemployed, the structurally underemployed and the currently **excluded** (victims of the economic recession) had the right to access health, unlike what had been happening during the dictatorship.

In this period, the lack of employment is linked to the lack of access to health for two main reasons: (i) the health sector with the greatest investment during the dictatorship was social security medicine, aimed at formal workers (as already mentioned in this essay); and (ii) without a salary there was no access to health resources, such as medicines and consultations. Thus, without state intervention, universal and equitable health would not be achieved in Brazil, in Cordeiro's view.

## **HEALTH POLICIES AS A FUNDAMENTAL AND INTEGRATED PART OF SOCIAL AND ECONOMIC POLICIES**

Regarding health policies, Cordeiro stated that they cannot be subordinated to political and economic criteria. He reinforced the need to revalue the compensatory nature of social policies in order to make them independent of economic rhythms, since historically it has been proven that

high rates of economic growth do not mitigate social inequalities, but rather aggravate them. In addition, according to the author, it is necessary to assume the right to health as a right of citizenship and a duty of the State.<sup>23</sup>

The fiscal deficit cited as a **macro** idea for the democratic transition should be used to finance social policies, mainly food and supply policies, basic sanitation, jobs and wages, housing and social security benefits. These policies should be aimed at the lowest income bracket of the population, as a form of positive discrimination, since it is this bracket that will suffer the effects of the economic recession.<sup>23</sup>

In Sicsú's article,<sup>19</sup> the author reports that Keynes' proposal in "The Means to Prosperity" of 1933 is where Keynes states that the government should take measures - such as carrying out public works - to combat unemployment, just as Cordeiro proposes for Brazil in democratic transition. Both believe that the full action of the state is aimed at achieving the country's economic equilibrium and guaranteeing full employment for all citizens and the introduction of social benefits for the low-income population.<sup>6,23</sup>

Carnut, Tabora-Teixeira and Araújo-Valença<sup>30</sup> reinforce how Cordeiro's economic thinking on health is, in fact, heir to Keynesian economic thinking by identifying the closeness of the measures proposed by Cordeiro with those of Claudio Napoleoni on "anti-cyclical measures". Increasing public spending to reduce social inequalities in order to generate consumer demand are well-known Keynesian measures which, at the time, translated into changes in tax collection that would positively stimulate the fiscal budget, with progressive taxes, new tax resources and the restructuring of FINSOCIAL.

Finally, the author concludes that the economic policy of the democratic transition must be oriented not only towards economic growth, but also towards social commitment and the fundamental needs of the population.<sup>23</sup>

## **FINAL CONSIDERATIONS**

The essay presented here sought to correlate economist João Sicsú's understanding of the arrival and acceptance of Keynesian thinking in Brazil with Hésio Cordeiro's critical analysis of the financing of the health sector at the time of the country's re-democratization. Through a critical analysis of the two works, it was possible to identify the significant influence of John Keynes on

Cordeiro's economic thinking on health and his contributions to the construction of the Unified Health System.

The historical findings that Sicsú brings from newspapers, publications and journalists' opinions about Keynes refer to topics ranging from quotes about his personal life (such as his marriage), his scientific contributions (such as the publication of books and articles) and, as a result, his (possible) nomination for the Nobel Peace Prize in 1923, as well as his contribution to the line of economic thought. In his records, Sicsú shows that Keynes was quoted in important Brazilian newspapers and, consequently, his repercussion on society's influence with the consumption of news about him.

Despite the different historical moments in which the two authors meet, Cordeiro aligns his work with Keynesian economic thinking. As examples of this alignment, we highlight the discussions on ways of raising funds to finance health and the importance of state participation, points that are also found in Keynes' work "The General Theory of Employment, Interest and Money".

Cordeiro describes how fundamental it is to have a more in-depth discussion about the financing of health spending (public and private) and an understanding of the social policies that act to redistribute income. He says that social policies should be independent of the country's economic rhythms and points out that the right to health as a right to citizenship is the duty of the state. It also recognizes the construction of health policies as part of social and economic policies.

Although the attempt to guarantee the sustainability of health financing persists today, Cordeiro's contribution at the time of the 1988 Constitution favored what we know today as the largest public health system in Latin America. In short, the discussion and proposals for the sustainability of health financing continue to be debated. The historical and political context, aligned with economic interests, influences its outcome.

## **AUTHORIAL CONTRIBUTION**

All the authors contributed equally to the conception, design, writing and revision of this article.

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