

Report from Rio by Silvia Palacios

A positive alternative proposed

Collor's plan for labor and industry to share the responsibility for austerity faced a united opposition.

For some time now the government of Fernando Collor de Mello has been working on the idea of arranging a tripartite pact of government, businessmen, and workers, so that responsibility for the economic depression hitting Brazil would be shared and its terrible results accepted by the different sectors, so as to minimize political trauma. But the pact that the government has in mind is quite different from the idea that workers and industrialists have about how to deal with the crisis. On Dec. 4, as they sat at the negotiating table with the ministers of economics, labor, and justice, the main business leaders representing the powerful industrial associations grouped in the National Industrial Confederation (CNI), agricultural producers, and moderate trade union leaders headed by Luis Antonio Medeiros, boxed the government into a corner by proposing an anti-recessionary economic plan which they had agreed on previously, and which was at odds with the government's monetarist line.

"Let it be recognized that a sharp reduction of inflation, in such a brief timespan, and based exclusively on a rigid monetary policy, leads to a great danger, if not a certainty, of economic and social destruction," the labor-industry document stated. It went on to warn that "the limits of a Stabilization Plan should be ones that do not endanger the productive structure of the country, nor its fragile social structure. Depressions, besides harming employment and wages, undermine public spending, thereby increasing the deficit."

The document continued: "The final objective of the National Understanding is the definition of a Development Project that guarantees: to raise the level of welfare and the quality of life of Brazilian society; to increase the share of wages in national income, taking the levels that exist in the developed nations as a reference point; to supply more basic goods; and to integrate the great masses of marginalized people into the production and consumption process."

The document further proposed that a priority be placed on productive investments, punishing crimes of financial speculation; on greater investment in infrastructure; on immediate measures to avoid the imminent collapse of the 1990-91 harvest; on a reduction of interest rates, along with an adequate credit policy; and on a substantial recovery of salary levels.

Finally, the document demanded that the renegotiation of the foreign debt take into consideration the nation first, and the interests of the banks second. "The handling of the debt issue must not impede the achievement of the objectives of the National Understanding."

The government responded by rejecting the document immediately, proposing instead a miserly wage bonus. As one congressman from a pro-government party put it, the author of this proposal "should be immediately identified and shot in the public plaza." The bonus, for more than one-quarter of the work force, would amount to the equivalent of purchasing two beers!

Although the authors of the pro-

posal responded cautiously to the government's disappointing reaction, they did not hesitate to point out the risks of this attitude. Paulo Francini, the director of the powerful Federation of Industries of the State of São Paulo (FIESP), told the daily *Folha de São Paulo* on Dec. 9 that "a total rejection of the proposal could lead the country into a great disaster." The trade union leader Luis Antonio Medeiros announced that if the government's response is negative, "we will go negotiate with the Congress."

On Dec. 10, the president of the National Transportation Confederation, Thiers Costa, warned that "the government no longer has the support of the opposition in Congress. . . . It doesn't have the support of public employees, or of the military, and it cannot now isolate itself from society by not accepting changes in the management of the economy."

Rejection of the government's neo-liberal economic policies has been nearly unanimous in the aftermath of George Bush's visit to Brazil. Of particular note was an article written by Heraclio Salles, who was the press spokesman in the mid-1960s for the government of General Costa e Silva, at a time when Brazil was the United States' best ally in the hemisphere. On Dec. 6 in his column in *Jornal do Brasil*, Salles dubbed Bush's Enterprise for the Americas Initiative a "market theology" that seeks only to seize Brazil's oil wealth, impose limited sovereignty on the Amazon, and prohibit the country's sovereign scientific and technological development. This last, he asserted, was demonstrated by the anti-nuclear agreement announced between the Presidents of Argentina and Brazil as a kind of Christmas present for President Bush, and which is "a grotesque declaration of near repudiation of nuclear research."