

## Report from Rio by Silvia Palacios

### A vote against neo-liberalism

*The worsening economic depression is unifying the country against President Collor de Mello's monetarist measures.*

Second-round gubernatorial elections on Nov. 25 delivered a decisive political defeat to Brazilian President Fernando Collor de Mello who, in the eight short months of his presidency, has achieved the miracle of unifying nearly the entirety of Brazil's population and institutions against his neo-liberal economic program, whose sole results have been to sink the country in a deep economic depression.

Immediately after their victories were confirmed, the elected governors of the most important states announced plans to implement anti-recession countermeasures. "The voters authorized me to say *no* to recession and to unemployment, and to the international opening promoted by the current government. President Collor de Mello preached a new disguise for savage capitalism," declared the new Paraná governor from the Brazilian Democratic Movement Party (PMDB), Roberto Requião. Paraná is a southern state which has suffered from a lack of agricultural credits.

Similar statements were made by Luis Antonio Fleury, the PMDB's victor in the critical state of São Paulo. According to the weekly *Relatorio Reservado*, the formation of an anti-recession front was also announced by the new governors of the rich central-eastern region of the country, through the creation of a common market based on development of agricultural, mining, and fishing programs. This was the first clear show of the public discontent reigning in every corner of the country.

But simultaneously, instability is

growing out of control, spurred by the government's stubborn insistence on executing its neo-liberal dogmas at the expense of destroying the productive economy and at the cost of confronting such institutional pillars of the country as the business and military sectors.

The growing voluntary bankruptcies being declared by businesses which for decades had managed to successfully navigate the economy's imbalances but which today can no longer stand up to the stratospheric interest rates and contraction of consumption, exemplify the great damage being done to the productive sector. Spokesmen for São Paulo's industrialists announced in late November that nearly 100,000 private-sector workers would be laid off.

According to figures of the Brazilian Geographical and Statistical Institute (IBGE), the industrial sector during the first nine months of the year suffered a 7.49% production shrinkage. It is estimated that the total drop in the Gross National Product in 1990 will be similar to that experienced in 1983, the worst year of the recession overseen by former Planning Minister Antônio Delfim Netto on orders of the International Monetary Fund.

On Nov. 28, for the first time in decades, the influential Military Club held a general assembly with nearly 1,000 associates—both active and reserve—along with dozens of wives and widows of soldiers from the three services. The assembly was called to discuss solutions to the deterioration of military wages since last March,

when Collor de Mello's anti-inflationary program was launched. Gen. Nilton Cerqueira, Military Club president, was openly critical of the government: "The dramatic fall in wages is reflected in military morale and discipline. Urgent measures need to be taken by the government to prevent the situation from worsening. The minimum required is the immediate restoration of buying power."

Added to the collapse of industry and the growing military discontent is an imminent crisis in agriculture. On Nov. 29, *O Estado de São Paulo* reported that the Agriculture Ministry has produced a report which paints a dramatic picture of the Brazilian countryside. Due to both the scarcity of credit and to the long delays in releasing what little there is, it is expected that there will be serious shortages of such basic food items as rice, corn, and soy derivatives next year.

The ministry report also calls attention to another problem: the difficulty of obtaining agricultural loans, which is expected to lead to the bankruptcy of middle-sized and large producers of agricultural feeder industries. For example, in September 1986, some 4,700 tractors were sold; in September of this year, a mere 1,800. The fall in sales of harvesters is worse, a drop of 90.7%! The conclusion of the report is that, with the failure of the harvest, there will occur a "price spiral and psychological insecurity."

Faced with such a disaster, the only sector currently applauding the government's recessive program is the banks, whose profits remain at an all-time high. The banks are expected to end 1990 with an "historic growth average of 7-8%." Third-quarter profits this year were considered excellent. Such "buoyancy" was maintained thanks to the speculative games played with high interest rates.