

Report from Rio by Silvia Palacios

IMF rule or democratic elections

If the social fabric is ripped up by austerity and terrorism, the presidential elections will be just a dream.

Brazil has entered the most critical phase of the "democratic transition" begun in 1985, when the first civilian government in 20 years was inaugurated. The draconian austerity increased during the past two years by the International Monetary Fund (IMF) and the creditor banks has provoked an uncontrollable strike wave involving millions of workers. New movements erupt daily in protest of the wage-gouging implemented in order to comply with the debt renegotiation agreements.

During the first week in May, a new element made the political situation, already inflamed by the strike wave, more volatile. There was a chain of well-planned terrorist actions, directed mainly against economic infrastructure.

On May 2, a high-powered bomb with a timing device went off near the National Steel Company (CSN) complex in the city of Volta Redonda, not far south of Rio de Janeiro. It destroyed a monument to three workers who had died in a violent confrontation between strikers and the Army last November. The monument had been inaugurated on May Day by Ignacio Lula da Silva, presidential candidate of the Workers Party (PT). The local steel union is run by leftists from the PT's labor movement, the Unified Workers' Confederation (CUT).

On May 3, one of the four gas generators of the CSN's newest and most productive blast furnaces exploded. That put the furnace out of commission; it produces 7,300 tons of

steel per day, more than 2 million tons per year—60% of the complex's total output.

State intelligence then leaked to the press that in April, an attempt to sabotage one of the nine turbines in the Tucuruí Dam, the prime electricity source for Brazil's northeast, had been discovered. The story was confirmed to the Federal Police last week by the president of Eletronorte, the utility which operates the dam. Had the sabotage been successful, it would have paralyzed the hydroelectric station and left two of Brazil's poorest states and a large part of two others completely without electricity.

The terrorist actions are not the "natural" sociological result of the crisis, but an intentionally induced element. The authors of the Volta Redonda monument bombing deliberately left behind an Army issue backpack. The Volta Redonda plant was built by the United States in 1946 as recompense for Brazil's help in winning World War II. It remains the flagship of the Brazilian steel industry. As the cornerstone of Brazil's rise as an industrial power, it is the pride and joy of Brazil's nationalists and the military.

It seems that one of the objectives of the bombings was to play off the Armed Forces against the great mass of workers, to disrupt any potential for an alliance between these two sectors, both of which suffer from wage-gouging and postponement of technological modernization caused by the IMF's austerity policies.

Such a potential alliance has been known in Brazil for a little more than a year as "the Camarinha effect." In February 1988, Armed Forces Chief of Staff Paulo Roberto Camarinha fought against the austerity program. When he was fired, he warned that if austerity continued, there would be social explosions. When that happened, Camarinha said, "the troops will not repress the strikers," but would be willing to unite with them for identical demands.

Discontent within the Armed Forces over wages is evident. Rumors are circulating that the general staff, which Camarinha once commanded, has now calculated that military wages would have to be increased by 80% to restore the losses from inflation. Another example: On May 4, about 300 policemen and officers in the state of Mato Grosso do Sul engaged in insubordination. They seized the state legislature and held it hostage to prevent it from passing a law granting them wage increases averaging 30%. The policemen demanded 130%.

At this point, given the total failure of the government's "Summer Plan" economic program, it is already certain that a new round of hyperinflation is on its way. It is projected that inflation, which has been at 6-10% per month under the "wage-price freeze," will soar to 30% per month in August or September. If that happens, the presidential elections, whose first round is scheduled for Oct. 15, will assuredly not take place.

The strike wave, terrorist actions, and generalized discontent make it clear that if the government insists on faithfully applying IMF conditionalities, it will make it impossible for the citizens to elect a President—an event which has not happened since 1961, when Janio Quadros was elected President and João Goulart Vice President.