

Report from Rio by Silvia Palacios

Military vacillations

Until the military defines the debt as its litmus test on policy, Brazil's "democratic transition" will be a charade.

The conclusions of a March 10 meeting of Brazil's six military ministers, held to evaluate the political and economic situation of the "democratic transition" period, reflected in full the dangerous confusion that still reigns within the Armed Forces regarding the International Monetary Fund and the country's massive foreign debt.

As spokesman for the deliberations, Air Force Minister Octávio Moreira Lima announced that the Armed Forces felt it were best if the government of José Sarney had five years' duration, instead of the four years that the majority of Brazil's nationalists have been demanding. The Constituent Assembly, in the process of forging a new constitutional framework for the country, is on the verge of defining precisely that question.

Among other things, said Moreira Lima, a five-year term is necessary, since "the other point that must be remembered is negotiations with the foreign creditors. There would be a risk of the agreements reached returning to point zero, since doubts would surface about their compliance" should a four-year mandate bring new elections—and a new government—by the end of 1988.

This determination by the military at least tolerates, if it does not openly endorse, the agreements that liberal Finance Minister Mailson da Nóbrega has reached with the creditors; yet, as can be seen on the wages issue, the military sector is not yet prepared to accept the consequences that execution of those very same agreements will bring. The austerity policies offered by Minister da Nóbrega, pledges

and promises notwithstanding, seriously compromise not only the modernization programs of the three branches of the Armed Services themselves, but also Brazil's flagging infrastructure programs. That is especially true of the energy sector, the "Achilles' heel" of the Brazilian economy.

This became clear when the deal with the banks was struck during Minister da Nóbrega's visit to the United States in February. To begin with, Brazil will have to pay interest costs this year on its foreign debt equivalent to 30% of total export earnings, at the cost of a savage reduction of wages. And this on top of an admitted recession; in 1987 the GNP scarcely grew 2.9%, and industry a pathetic 0.9%.

To meet the demands of the creditors, the finance minister immediately prepared a draft decree upon his return from the United States which proposed a freeze on public employees' wages for three months, the result of which would be a wage loss of 56% through June. At the same time, the decree proposed the layoff of 100,000 employees.

The military's response was not long in coming. On March 2, the head of the Joint Chiefs of Staff of the Armed Forces, Gen. Paulo Roberto Camarinho, rejected the finance minister's decree, and unilaterally authorized a wage increase for the Armed Forces. Camarinho defended his decision thus: "We would have to be punishing captains daily," a reference to the wage protests that have been constantly occurring within the military sector. With this first breach in the decree, the government was soon

forced to generalize the wage increase to all public workers.

The temporarily frustrated efforts of da Nóbrega did not end here, however. On March 5, he unceremoniously fired the President of Banco do Brasil Camilo Calazans, for having authorized a 40% wage hike for his employees, which had, in fact, been authorized last December by a finding of the Superior Labor Court. Such an increase, sputtered the minister, was a gross act of "lack of discipline."

The only response that Calazans had was, "You're crazy!" Later, in an interview with *Folha de São Paulo*, he added, "How could anyone believe that a wage reduction of more than 50% would be accepted? No one would tolerate this. There could be no greater collaboration with the PT than to do this," referring to the Workers' Party which is the radical party of the Marxist Liberation Theologists.

It is a fact that the Friedmanite liberal team to which Mailson da Nóbrega belongs will only succeed in enforcing its agreements with the banks if its agents within the military consolidate their hegemony. The March 9 editorial of the daily *O Estado de São Paulo* on the battle over wages is thereby revealing when it demands that two "powerful social forces" give way to da Nóbrega so that his deal with the creditors can succeed. One is the military group "symbolized by Brigadier Camarinho," and the other, the nationalists of the state-sector companies.

As long as the monetarist faction retains its hold on economic policy, the so-called democratic transition will never amount to more than a pathetic parody, under which any attempt to postpone this year's anticipated elections will only benefit the radical groups around Leonel Brizola and the Marxist Workers' Party.