

Report from Rio by Silvia Palacios

Officials resisting austerity purged

The Brazilian President fired military and civilian officials who spoke out against wage gouging ordered by the creditors.

With his abrupt June 17 dismissal of the armed forces chief of staff Brigadier Paulo Roberto Camarinha, President José Sarney gave Brazil's creditor banks and the International Monetary Fund (IMF) a palpable demonstration of how far he would go to implement the draconian austerity promised them by Finance Minister Maílson da Nóbrega.

Col. Ozires Silva, the president of Petrobrás, the \$17 billion a year state oil monopoly, was fired for the same reasons June 21. Hours later, Da Nóbrega announced an accord with commercial bank creditors to reschedule \$62 billion in debt and finance another \$5.2 billion of interest.

Camarinha, a senior air force officer with cabinet status, had been relentlessly criticizing the regime's freezing of wages of all public sector employees. When Da Nóbrega and Planning Minister João Batista de Abreu first tried to impose the freeze in late February, Camarinha blocked them. He unleashed a chain reaction, tagged "the Camarinha factor" against their plans to eliminate three monthly inflation adjustments while prices rose 20% every month.

Camarinha asserted wage gouging would not really solve the inflation problem, but would endanger social stability and prevent the modernization of the armed forces, including the Brazilian space mission. He lost the battle and wages were frozen in April and May.

In the declaration which became the pretext for his dismissal, Camarinha declared: "Wages were frozen and

prices skyrocketed. All you have to do is go to the supermarket. The stores are empty. . . . The public employee has no motivation. . . . I think Minister Batista de Abreu has to do something. Things can't go on like this, because if they did, there would be no need for the minister."

In the candid interview, Camarinha also accused President Sarney of having broken his promises: "Last Dec. 9, the President inaugurated the Integrated Testing Laboratory [the only lab in the southern hemisphere for testing satellites]. There he made his famous speech announcing that, regardless of the country's economic difficulties, the space program would continue. . . . I have kept reminding him of this, even in the report I brought him the other day. We need resources for the lab to function. Our space program is extremely important because we have to develop our own technology."

Camarinha's interview with the official Brazilian News Company was later rumored to have caused the planning minister to threaten to resign, if Camarinha were not fired. Camarinha decided on confrontation after hearing the President speak to a group of Superior War College students, led by Camarinha himself, June 13.

In his speech to Brazil's elite of the future, President Sarney called Gorbachov's perestroika the political benchmark of the present international conjuncture. Sarney also attacked the very existence of the Brazilian state, making clear he would not keep his promises: "We are living in a crisis

of the Brazilian State, that State which was a great protector State, the State which solved everything, the State which guaranteed all solutions and which acted as the savior. This, without any doubt, has reached exhaustion. . . . The truth is that the Brazilian State reached an exhaustion point in which it does not have the resources to deal with its minimum responsibilities in health, education, and other public services, without having any funds for large-scale investments."

With Camarinha's fall, the monetarist group completed its consolidation of power. These protégés of ex-Finance Minister Delfim Netto began their resurgence with the dramatic fall of ex-Finance Minister Dilson Funaro in April 1987.

The big irony is that some of the very same people who helped torpedo the debt moratorium Funaro declared in February 1987 and helped overthrow him, are suffering in their own flesh Brazil's return to the IMF and its humiliating and unrewarding negotiations with international creditor banks. A prime example is the ex-president of Petrobrás.

The water is reaching their necks. The new economic policy targets military modernization, especially the space program and everything which depends on highly skilled technicians and scientists, who are fleeing the country as their salaries become worthless.

The IMF noose is also tightening around the state governors, especially São Paulo's, who has been Sarney's most powerful political backer, and was the most devastating adversary of Funaro. Governor Orestes Quércia now has had all state bank accounts frozen by the man he put in the finance ministry, Maílson da Nóbrega. With this, the IMF's proverb—"Help me hang you"—has been fulfilled once again.