

# Auto workers occupy Brazilian plant

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Brazilian auto workers have occupied the Ford assembly plant in Sao Bernardo do Campo near Sao Paulo, Brazil. The workers are demanding that the company rescind the layoff of 2,800 workers. Faced with a prolonged slump in demand for cars in Brazil, as a result of recession and government austerity, Ford carried out the job cuts. The company employed 6,000 workers before the layoffs.

On January 7, 1999 the workers rejected an offer of higher severance pay from Ford from its initial offer equal to two and half months' salary. The workers, members of the ABC metalworkers union, refused to discuss the severance package, pointing out that if they accept the layoffs their chances of getting their jobs back were nonexistent.

Labor Minister Francisco Dornelles indicated that the government had no plans to intervene in the dispute. He claimed that the auto industry is going through a process of "decentralization" and that unemployed auto workers would find work in new industries resulting from anticipated new foreign investments in the area. He assured the laid-off workers that while they waited they could count on government unemployment insurance.

Dornelles' words notwithstanding, the outlook for Brazil in 1999 is very dark: depression, deflation and high interest rates that will pummel industry and agriculture. National production is expected to drop by 2 percent in 1999.

President Fernando Henrique Cardoso began his second term in office on January 1. He is committed to an austerity program to defend the value of the *real*, and protect foreign investment, in exchange for a \$41.5 billion bailout from the International Monetary Fund, the Bank of Japan and other international lenders.

Among the measures committed to by the Cardoso government are a reduction in government expenditures, a 7.5 percent devaluation of the *real* and

the elimination of the trade deficit.

In his inauguration speech, Cardoso admitted that Brazil was "first in social problems" compared to the rest of the world, and he assured his listeners that the government has a social debt with the Brazilian people. However, he was unable to explain what will be done to satisfy the demands of the unemployed and the hungry.



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