

Truckers strike brings Brazil to brink of collapse

Gabriel Lemos
28 May 2018

A week-old truckers' strike has brought Brazilian economic and social life to the brink of collapse as fuel and basic supplies run out in major cities, shutting down transportation and leaving supermarket shelves empty.

The right-wing government of President Michel Temer has responded to the walkout by calling out the army to clear highways of truckers' blockades and suppress the strike. The action marks the first time that the military has been mobilized on such a nationwide basis since the end of Brazil's two-decade-long dictatorship that began with the US-backed coup of 1964.

Truck drivers began the strike last Monday, May 21, leading to more than 1,000 highway blockades in 25 of the 26 Brazilian states.

The main reason for the strike is the soaring price of diesel fuel, which increased 19 percent in the past year, rising seven times faster than the overall rate of inflation in the same period, 2.7 percent. In the week prior to the beginning of the strike, diesel prices were readjusted four times, with a 5.6 percent increase in the price of diesel at the state-run oil giant Petrobrás' refineries.

The continuous price rise of diesel and fuel in general in Brazil has been caused by the new fuel price policy adopted by Petrobrás President Pedro Parente since he took office after the impeachment of former Workers Party (PT) President Dilma Rousseff. Under the Rousseff government, the price of fuel was controlled by Petrobrás, being sold below the market price as an anti-inflationary strategy.

As part of a series of neoliberal policies that have been adopted by Brazilian President Michel Temer (MDB), in October 2016 fuel prices started to be adjusted according to changes in the value of the national currency, the real, against the dollar and global oil prices. In July 2017, Parente announced that Petrobrás would begin to readjust fuel prices "at any moment, including daily." This new fuel price policy was introduced at the same time that oil prices were starting to rise, which, combined with the 12 percent devaluation of the real over the last two months, has led the price of diesel to increase exponentially.

A truck driver told the daily *Folha de S. Paulo* that his monthly salary has decreased by 40 percent since the implementation of Petrobras' new pricing policy, from 5,000 reais (US\$ 1,366) to 3,000 reais (US\$ 820). "Then, you could pay the bills, but now it's impossible," he said.

Along with Petrobrás' new pricing policy, Parente has been carrying out a huge disinvestment plan in the company with the

aim of privatizing it.

One of the sectors affected by Petrobrás' disinvestment plan is oil refining. In the first four months of this year, investments in oil refining fell by 47 percent compared with the same period last year, leading to increased refinery shutdowns. This, in turn, was accompanied by the announcement of the privatization in April of 60 percent of four oil refineries, which represent 33 percent of oil refining in Brazil.

Today, these refineries are operating at less than 60 percent capacity, while the national average is 71 percent.

This disinvestment plan focused mainly on diesel, the product most imported by Brazil. In the first four months of this year, diesel imports increased by 58 percent over the same period last year, and 235 percent in relation to the same period in 2016.

The US is the country that has increased its diesel exports to Brazil the most. From 2016 to 2017, US diesel exports to Brazil rose 177 percent. In 2013, 33 percent of diesel imported by Brazil came from the US, while in 2017 that figure increased to 83 percent.

President Temer's response to the truck drivers' strike came only four days after it began. Last Thursday, May 24, eight unions representing truckers and transportation companies, such as the National Confederation of Autonomous Workers (CNTA) and the National Transportation Confederation (CNT), reached an agreement with the government to suspend the strike for 15 days.

Among other measures, the agreement included a 10 percent reduction in the price of diesel at the refineries for 30 days, monthly—rather than daily—readjustments of the price of diesel until the end of the year, the end on one of the taxes on diesel and a reduction of highway tolls for unloaded trucks.

However, even after the agreement, on Friday, May 25, the truck drivers continued the strike with 419 blockades on the Brazilian highways. According to a truck driver quoted by *Folha*, "the supposed unions that are negotiating do not represent the truckers that are in the street." He went on to say, "In the more than 30 WhatsApp groups that I participate, no one has accepted this agreement."

According to a report published by *BBC Brasil*, the strike began spontaneously with autonomous truckers organizing themselves through social media and WhatsApp groups. On May 16, the union that represents the autonomous truckers, CNTA, requested the price freeze on diesel and the opening of negotiations with the federal government, but it received no response. After the

blockades began, other unions representing truckers hired by transportation companies came to support the movement of autonomous truckers.

Of the approximately 2 million truck drivers in Brazil, 27 percent are autonomous (owner-operated) and 58 percent are hired by transport companies. In addition to long working days, which often exceed 12 hours, and low wages, with 85 percent of the drivers earning the equivalent of between 1 and 3 minimum wages, truckers face a lack of safety and poor conditions on Brazilian highways.

Employers' support for the truckers' strike, such as that of the CNT, which represents transport companies and participated in the negotiations with Temer government, led public security minister Raul Jungman to denounce the truckers' movement as a lockout. According to him, "there is evidence that there is an alliance, an agreement between autonomous truck drivers, distributors and carriers. I say this because they have adopted a common position," the *GI* website reported.

After the truck drivers refused to stop the blockades, on Friday, May 25, Temer turned to the military. Under the guidance of right-wing General Sérgio Etchegoyen, minister of institutional security, he signed a "guarantee of law and order" (GLO) decree until June 4, which gives domestic police power to the armed forces and allows them to clear the Brazilian highways.

As opposed to other GLOs, such as last year's decrees authorizing a crackdown on demonstrators against the privatization of the water and sewage company (CEDAE) in Rio de Janeiro and against protests over Temer's labor and pension reforms in Brasilia, this is first time that such a decree has been applied throughout the country.

On Saturday night, May 26, there were still 586 blockades on Brazilian highways. The truckers' determination to continue their strike, in defiance of both the government and their own unions, led the Temer government on the same day to authorize the military to seize trucks in order to clear the highway blockades. This measure has been justified with reference to Article 5 of the Federal Constitution, which says that "in case of imminent public danger" the authorities may seize private property.

On Sunday afternoon, May 27, *Folha* reported that there were still 33 highway blockades in the state of São Paulo.

Given Brazil's enormous dependence on trucks, which account for 61 percent of the transportation of goods, the truckers' blockades have caused a huge supply crisis throughout the country.

São Paulo, the largest city in both Brazil and Latin America, has been under a state of emergency since Friday. Fuel has run out at the city's gasoline stations, after previous days in which drivers spent hours in long lines to fuel their tanks. Over the weekend, only 40 percent of the city's buses left garages because of lack of fuel.

Supermarkets have run out of perishable products, such as fruits and vegetables, and CEAGESP, the largest food supply center in Latin America, has been left empty. Over the past week, food prices have risen 300 percent, with the price of a kilogram of potatoes increasing 11-fold. Even with an end to the truckers' blockades, it is expected to take a week for supplies of food and

fuel to return to normal.

Highways blockades are also affecting the distribution of medicines and vaccines, such as for the flu, and hospitals fear they may lack oxygen in the coming days. Fourteen Brazilian airports were without fuel, and 8 percent of flights were canceled.

The losses inflicted by the truck drivers' strike have been enormous for all economic sectors, with a total loss of more than 10 billion reais (US\$2.7 billion). The lack of auto parts has led 40 car, truck and bus plants to stop production throughout Brazil. According to *GI*, 152 cold storage plants have shut down, and 220,000 workers have been sent home, with a loss to the chicken industry of 1.2 billion reais (US\$738 million). Meanwhile, 40,000 tons of meats for export could not leave the country, and 800 million reais (US\$219 million) were lost in terms of fruit and milk that could not reach consumers.

In the announcement of the GLO decree, General Etchegoyen said, "the trigger of the decision to employ the most energetic resources was the risk to supplies."

With the most unpopular government in history, registering just a 6 percent popular approval rating, and rising unemployment, reaching 13 percent—a figure that increases to 24 percent when those who have given up looking for work are included—there is no doubt that the Temer government fears that a supply crisis can unleash social upheavals that would threaten the toppling of his government.

Despite the growing hardships caused by the truckers' strike, there is broad popular support for their action, which reflects the increasing impossibility of the Brazilian working class meeting its basic needs under the present system.

At the same time, however, the Brazilian left remains in a state of total paralysis, indifferent to the increasing unrest in the working class. It has channeled all its efforts into the call to "free Lula," i.e., for the former PT president Luiz Inacio da Silva to be released from prison, where he is serving a sentence on corruption charges, so he can run in the presidential election at the end of the year.

This has provided an opening to right-wing forces calling for the taking of power by the military to put an end to the economic and social crisis. Last Thursday, according to a BBC Brasil report, "military intervention" was the second most popular Brazilian search term on Google, while banners have been seen supporting a military takeover on trucks blocking highways.

The discrediting of virtually every bourgeois party and politician in the sweeping corruption crisis centered around Petrobrás, combined with the deepening of Brazil's economic crisis, is posing with increasing urgency the alternative of the independent mobilization of the working class in the struggle for power, or the return of military rule, 33 years after the end of the longest military dictatorship in Latin America.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact