Fuel price hikes in Brazil provoke protests by truckers and oil workers

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Yesterday, Brazil's state-run oil giant Petrobras announced it would increase gasoline prices by 8.8 percent, and diesel by 5.5 percent, in order to bring national prices into alignment with international rates. It was the sixth time in 2021 alone that the company has announced price hikes.

Fuel price hikes of 50 percent for gasoline and 40 percent for diesel since the beginning of the year are fueling growing social unrest in Brazil and deepening the crisis of the government of fascistic President Jair Bolsonaro. The fuel hikes come against the backdrop of a 30 percent plunge in the value of the national currency, the Real, against the dollar since the beginning of 2020—the sixth worst performance on the globe.

Rising fuel prices are also expected to have a catastrophic effect on food prices in a country where 82 percent of goods are carried by truck. Food prices had already gone up 14 percent in 2020, much above the general inflation rate, which accelerated to 4.52 percent in 2020. Staples have gone up by more than 60 percent and in some cases prices have doubled as large producers choose to export production to increase profits. Rice and beans, the most basic staples of Brazilian families, have gone up more than 70 percent. Cooking oil, usually made of soybean, went up 104 percent, and meat prices were on average 15 percent higher in the last year. Meanwhile, the price of cylinders of liquefied petroleum gas (LPG), used by most working class families in Brazil for cooking and hot water, has gone up 10 percent on average.

Concerns within the Brazilian ruling class over the fuel price hikes, particularly amid the plunging Real and major food price increases, are highlighted by a February 28 Bloomberg news report titled "The Five Hotspots Where Food Prices Are Getting People Worried." It singled out Brazil as one of five countries, along with Russia, Nigeria, Turkey and India, where rising food prices are expected to bring major social unrest.

Rising inflation comes against the backdrop of a general unemployment rate of 14 percent and a per capita GDP drop of 4.8 percent, the largest in Brazil since 1981, at the height of the momentous working class struggles that brought down the 1964-1985 US-backed military dictatorship constantly eulogized by Bolsonaro.

This scenario has made the popularity of Bolsonaro fall to its lowest level since his inauguration, 28 percent, according to a poll taken from 18 to 23 of February by Idec. According to Idec, the poll wasn't able to evaluate the reaction of the public to the latest actions of the Bolsonaro government to further its herd immunity policy towards the COVID-19 pandemic.

Brazil is confronting its worst moment thus far in the pandemic. A surge in COVID-19 cases has brought the health care system to the brink of collapse. The daily number of recorded deaths climbed to 1,910 last week, with the seven-day average now 30 percent higher than during the peak of the pandemic's first wave last July. With over 260,000 confirmed COVID-19 deaths, Brazil trails only the US in total number of fatalities.

Meanwhile, Bolsonaro is inciting his supporters to protest against any restraint on economic activity and even the mandatory use of masks. He recently told Brazilians they should stop "whining" about the mass death and get back to work, while shouting at a protestor in the street that he should go look for a vaccine "at his mother's house."

The immediate risk being closely followed by the government is that the latest fuel price hikes could spark a renewed movement by truckers, like the million-strong 2018 strike that brought the country to a halt, and trigger a far wider revolt over the criminal response to the pandemic.

On February 18, Kaique Vasconcellos, the head of the leading hedge fund, Helius Capital, told the financial daily *Valor* that a truckers strike remains a "sword over the head" of the country. However, he minimized the risk of a major strike in the next weeks by declaring that most regions of the country are in the middle of a belated harvest due to low rains, and truckers are trying to recover losses of the last year by working extra hours.

But those reassurances are belied by the growing number of scattered, spontaneous protests by truckers, which have already hit at least seven states in the last week, including some of the leading agribusiness producers, such as Paraná, Rio Grande do Sul, São Paulo and Minas Gerais. *Valor* reported on March 1 that there was growing activity on truckers' WhatsApp groups, which were the main means for the organization of the 2018 strike, in opposition to the leadership of the unions.

In at least two states, Rio Grande do Sul and Rio de Janeiro, Uber drivers went to the company's headquarters to demand higher payments to compensate for fuel prices. Yesterday, in São Paulo, dozens of delivery workers for companies such as iFood paraded throughout the western and northern sector with the same demand.

Most significantly, on a number of occasions protesters have headed to oil refineries. Under pressure from oil workers, the national FUP oil workers union called a demonstration in 14 states last Thursday in which workers sold gasoline and LPG cylinders to transport workers below market prices.

The next day, the FUP announced that workers in refineries belonging to the state-run Petrobras would go on strike in six states against speedups, rising COVID-19 infections in the plants and scheduled privatizations, which are expected to lead to a jobs bloodbath.

The epicenter of the strike movement is the Landulpho Alves refinery (RLAM), the oldest in the country. Located at the petrochemical hub of Camaçari, in the state of Bahia, the refinery's 1,600 workers are on strike. Camaçari is suffering an unprecedented social crisis with the recent shutdown of a Ford plant destroying 4,600 jobs and slashing city revenues by 10 percent. The RLAM refinery was sold to Mubadala Capital, based in Abu Dhabi, as part of a wider plan by Petrobras to pull out of refining activities and attract private capital to the business.

The FUP is doing everything in its power to isolate six simultaneous strikes, openly declaring each plant has its own demands and rejecting any national strike call. Nonetheless, the perception that mass social unrest could erupt due to food price inflation, the impoverishment of transport workers due to high fuel prices and the protests by oil workers is evident from the reaction of the Bolsonaro administration to the crisis.

In an unexpected move on Friday, February 19, after the stock exchange had closed, Bolsonaro made public his decision to sack the Petrobras CEO, Roberto Castello Branco, blaming the company's board for the fuel crisis. Bolsonaro himself had appointed Castello Branco shortly after his inauguration in 2019. He was reportedly a personal choice of Finance Minister Paulo Guedes, an ultra-neoliberal trained in Chicago, seen as a token of the new administration's commitment to the interests of finance capital.

Replacing Castello Branco is Gen. Joaquim Silva e Luna, the former defense minister of President Michel Temer, Bolsonaro's predecessor. Silva e Luna is one of the more than 6,000 military personnel appointed by Bolsonaro to positions in the federal administration and state companies, the highest number in history.

The Monday after the replacement of the Petrobras CEO, the company's stocks plunged 20 percent, the second worst fall in history, pulling down the São Paulo stock exchange (B3) by 5 percent. While the received wisdom in financial markets is that the company's regulations would not allow the federal government to intervene in its price policy—using its balance to compensate for short-term international price hikes—these reassurances were belied by the mass resignation of government-appointed board members on March 3.

The resignations were announced out of fear that US-based law firms representing owners of Petrobras shares traded on the New York Stock Exchange would sue the company and its board. Former CEO under Workers Party (PT) President Dilma Rousseff, Graça Foster, and Rousseff's former Finance Minister Guido Mantega were charged with mismanagement for using the company's balance to finance a delay in fuel price hikes at the end of Rousseff's term.

In part as a result of the fuel hike crisis, foreign capital is pulling out of the B3 stock exchange at a pace six times higher than in 2020, when the B3's Ibovespa index fell 10 percent. That was the worst performance since 2015, the last full year of the Rousseff administration and the first year of the economic crisis that has engulfed Brazil ever since.

In an attempt to defuse the crisis, a day after the Petrobras stock crash Bolsonaro presented Congress with advanced plans to privatize two of the most prized Brazilian public companies, the Post Office (Correios) and the Eletrobras power generation company, responsible for the largest share of electrical output in Latin America.

The reaction of the self-described political opposition led by the Workers Party to these events has been nothing less than politically criminal. Former Rousseff chief of staff Aloizio Mercadante, the head of the PT think tank Perseu Abramo Foundation, welcomed the appointment of Silva e Luna as a "nationalist military man" and called for the government to halt privatizations. The FUP union called Castello Branco's sacking an "opportunity" for the company to "reenact its role as the country's powerhouse." The union's representative on the company's 11-member board voted with the government to begin the month-long process for Silva e Luna's nomination.

This joining in a common front with Bolsonaro on "nationalist" and "anti-neoliberal" grounds, exposes the overriding concern behind the PT's nationalist rhetoric and feigned opposition to Bolsonaro: stopping a mass movement against the fascistic president from challenging the capitalist order in Brazil. The PT and the unions seek to channel this movement behind dissatisfied factions within the ruling class and the military itself, in the process, providing a fraudulent nationalist cover for Bolsonaro precisely at a moment when working class opposition is growing rapidly to the murderous herd immunity policies of Brazil's fascistic president.