

## Truckers strike and how economics shapes the current political debate in Brazil

From May 21<sup>st</sup> to May 30<sup>th</sup>, truck drivers' strike in Brazil almost brought the country to a standstill. Lacks of supply and road-blocking have caused a reduction in industrial activities, halt in public services and shortage of goods in most of the country. The city of Sao Paulo, among the most hit, declared a [state of emergency](#). Protesters complained about successive rises in fuel prices that deteriorated their job conditions. In fact, only the week before truckers started refusing to work, oil prices had increased five times.

Negotiations with strikers moved back and forward until the government end up conceding. Although Michel Temer announced on Thursday a deal had been reached, the stoppage continued. The day after [security forces started to be used](#) to unblock roads and escort fuel trucks to key infrastructure, such as hospitals. By the weekend, fuel stations had run out of gas and supermarket shelves were empty of perishable food in most state capitals. Additionally, [enormous amounts of food were wasted](#) and [millions of animals died of starvation](#).

The fast and far-reaching disruptive effects of the strike increased truckers leverage. By Sunday night, an agreement emerged from the political struggle between strikers and the central government. Some of the demands accepted include a 60 day subsidy of diesel, no toll for empty trucks and a minimum price policy for freight. These measures, [published in the Official Diary](#), are provisory and still require congressional approval. They will cost Brazilians approximately 10 billion reais (about \$ 2.7 billion dollars).

To fund approved concessions money will have to be withdrawn from the budget of other sectors, including health and education, and the cost will also be [partially covered by Petrobras](#). The state-controlled oil company's [market shares have plunged 14 percent](#) soon after the deal was signed and a [further 17 percent](#) when Pedro Parente left Petrobra's Presidency. In his [resignation letter](#), Parente declared the questioning of Petrobras price policy did not consider the effects of the global oil market over Brazilian economy.

The heavier burden is on Brazilian citizens. To raise 9.5 billion reais, 4.1 billion will come from the contingency resources not bound to any specific area, 1.6 will come from state-companies' capitalization and 3.8 billion will be raised through expenditure cuts from different areas. This means "[society as a whole will pay for the benefice of a group: truckers and carrier owners](#)", says the economist Jorge Jatobá.

Besides having exposed Brazilian logistic vulnerability, the strike happens just months before the elections and raises many political questions. The President, who has recently announced he will not run for reelection, has had his approval rates eroded even further. In this pre-electoral context, [most candidates took the opportunity to adopt a political stance](#). The majority of them, both from right and left-wing parties, have declared support for striking truckers.

Along the 10 days of strike, some truckers have [called the army to "help the nation"](#), others have exhibited "Temer out" protest signs. Jair Bolsonaro (PSC) was the only candidate to receive public support from a portion of truckers. Marina Silva (REDE), Rodrigo Maia (DEM) and Guilherme Boulos (PSOL) disapproved the use of military force to unblock roads. Ciro

Gomes (PDT) directly criticized Pedro Parente and Petrobras' pricing policy. Alckmin (PSDB) said Temer did not have enough dialogue with workers to avoid stoppage and Manuela D'Avila (PCdoB) emphasized that the President's lack of legitimacy made negotiations harder.

The strike was supported by [87% of Brazilians](#) and has brought important issues to the epicenter of the national political agenda. Particularly, the current economic project, one of the last government's supporting pillars has been discredited. Besides, Petrobras continues to have the spotlight. Brazilians debate whether a [state-controlled oil company should have the power to set oil prices and if its profits should benefit its shareholders or the nation](#). This discussion of the role of the State in the economy is back to central, opening space for concurrent economic rationales.

**For further information, access:**

CNN. [Brazil's President concedes to striking truckers' demands after a week-long work stoppage](#).

THE GUARDIAN. [Truckers' strike highlights 'a dangerous moment' for Brazil's democracy](#).

NEXO Jornal. [O que os pré-candidatos dizem sobre a crise dos caminhoneiros](#).

NYT. [Truckers' Strike Paralyzes Brazil as President Courts Investors](#).

EL PAÍS. [Quanto o Governo Temer perdeu \(e seus adversários ganharam\) com a greve](#).