Responses of the Brazilian Labour Movement to Economic and Political Reforms

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CHAPTER IV NEW UNIONISM: CHALLENGING THE STATUS QUÒ IN BRAZIL?

INTRODUCTION

The previous Chapter discussed the economic, social and political transformations that took place in Brazil during the decade of the 1980s and presented an analysis of the content of economic reforms introduced during the 1990s. Within this context, the next three Chapters discuss the responses of the Brazilian labour movement to these changes. The purpose of Chapter IV is to analyse the emergence of new forms of worker organisation and action, rooted in labour protests in favour of democratisation and against authoritarian forms of labour relations. Chapters V and VI provide a discussion of labour movement responses to privatisation and an analysis of changing labour strategies and demands in response to the economic reforms of the 1990s.

The analysis in this Chapter is based on the following arguments. Firstly, the left’s focus on democratisation did not simply result in a return to their position and behaviour before the military coup of 1964 (see also Munck 1998: 178). Although the military government allowed some political outlet through a two-party political system, the very limited effectiveness of the legal opposition party Movimento Democrático Brasileiro (MDB) stimulated the emergence of other types of opposition movements than political parties. In addition, workers as well as sections of the democratic opposition did not return to the ‘old’ labour parties, but founded a new workers’ party in 1979 (Drake 1996: 76-77). The military regime not only repressed organised labour in various ways, but also made the functioning of trade unions and collective bargaining next to impossible. In response to the regime’s attitude towards labour relations, the new unionism movement chose to attempt to move beyond both the authoritarian labour policies and the corporatist labour relations system. In addition to the effect of the military regime on political behaviour, the rapid state-led industrialisation process had produced a qualitative change in the Brazilian labour force: groups of semi-skilled industrial workers were geographically concentrated in the state of São Paulo and in multinational industries. Their socio-economic situation and the political circumstances of the military regime produced new types of union action, resulting in a strike wave at the end of the 1970s.

Secondly, labour opposition to the military regime resulted in a crisis of state-society relations, a crisis that originated in the outdated character of the corporatist labour relations system, and in a legitimacy crisis of the military government itself. In addition, the economic crisis of the early 1980s in combination with the particular characteristics the opposition movement brought an end to the previously dominant development model
based on import-substitution industrialisation and extensive state intervention in the economy.

Thirdly, the democratic transition process also fundamentally transformed some sections of the labour movement, resulting in the emergence of the ‘new unionism’ movement. As Gerardo Munck argues, when the authoritarian regime opened space for opposition or liberalisation, this ‘provide[d] the context for an internal debate [within the labour movement] through which labor is reconstituted as a political actor’ (Munck 1998: 38). Although union mobilisation was very successful during the transition period, trade unions soon began considering the formalisation of union structures through the foundation of central union organisations. In addition, the founding of the Workers’ Party meant that trade unions also became more involved in the political struggles of the transition period. For instance, the writing of a new Constitution (1988) was an opportunity for the opposition movement to participate in the establishment of the rules of the democratic system, whereas trade unions attempted to constitutionally guarantee a number of workers’ and social rights. While this type of political participation was heavily contested during the 1980s, the main focus of union action continued to be mobilisation.

Starting from these arguments, the Chapter provides an analysis of the emergence of a new union movement in Brazil. It also explains how the dynamics of democratic transition and the economic crisis influenced organisational and political developments of the labour movement. The Chapter contains six sections. In section 4.1, the Chapter begins with an overview of the transition with a focus on the structural factors that played a role in the political and societal changes coinciding with the transition process, including the position of workers. The section also accounts for the background of the crisis of the military regime and the rise of opposition forces, arguing that the military’s project of gradual political liberalisation contributed to the strengthening of the opposition. Section 4.2 of this Chapter distinguishes several phases in the role of the labour movement in the Brazilian transition to democracy. This distinction clarifies both the organisational development of the labour movement, its political and economic objectives and the ways it tried to influence the course of the transition. The development of new demands and strategies within the new unionist movement is the topic of section 4.3. Section 4.4 discusses the foundation of the central union organisation CUT (Central Única dos Trabalhadores). Furthermore, the internal political struggles illustrate some more general dilemmas and problems faced by organised labour. One of the innovative features of the labour movement is its relations with social movements and the Workers’ Party (Partido dos Trabalhadores - PT), a topic which is discussed in section 4.5. In

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87 This “interactive” process sketched by Munck reflects a characterisation by Bolivar Lamounier, one of Brazil’s foremost political scientists: ‘implicit negotiation, in the sense that both sides, government and opposition, found space successively to redefine their respective roles, foreseeing advances that would flow from the continuity of the process itself.’ (Lamounier 1989: 71). See also, Skidmore (1989: 34).
section 4.6, the Chapter concludes with a discussion of the academic and political debates surrounding the emergence and development of new unionism.

4.1 THE ROLE OF THE LABOUR MOVEMENT IN THE BRAZILIAN TRANSITION

A useful distinction for the study of the role of social actors in democratisation is the distinction between approaches to transition that emphasise the role of actors, elites and their strategic choices, and approaches that are more sensitive to historical dimensions and provide an analysis of labour movements as actors in democratisation (Collier 1999: 5-13). One reason not to underestimate the importance of the labour movement is that most military regimes in Latin America were a reaction against the position of labour, which was often seen as a threat to stability and an obstacle to economic growth (Drake 1996: 1-2). The labour movement in Brazil was not the single most important actor in democratisation, but it was crucial for the expansion of the scope of transition 'both by extending the pro-democracy struggle beyond the electoral arena and by challenging the government's mechanisms of corporatist control' (Collier 1999: 136). Although the military in government initiated the political liberalisation process, the specific process and outcomes of the Brazilian transition can not be understood without reference to structural social-economic developments, the role of the opposition and the interaction between opposition and elites.

4.1.1 Democratisation and Organised Labour

In the light of discussions on the Third Wave of democratisation, the distinction between the role of the working classes in early democratisation processes in Western Europe and recent democratisation in Latin America is important to consider. Democratic reforms in Western Europe in the late nineteenth and early twentieth century occurred in a context of industrialisation, the emergence of an industrial working class, and the rise of trade unions and political parties related to labour and the left. A similar process characterised Latin America in the early twentieth century - incorporation of labour in the political system - although the political system that resulted from this development was not the same as in Europe. The Latin American form of state-society relations is often characterised as state corporatism, as opposed to more autonomous forms of labour incorporation in Europe (Collier and Collier 1991; Rueschemeyer, Rueschemeyer and Stephens 1992). Furthermore, a full industrialisation drive occurred later in countries such as Brazil than in Europe. Table 4.1 (on the contribution of industry, agriculture and services to the Brazilian GDP) demonstrates that industrial production has become increasingly important throughout the twentieth century, principally at the expense of

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89 An excellent large-scale comparative study of the differences between early and late democratisation processes, including the position of the working class, is Collier (1999).
agriculture. This implied that political incorporation through state corporatism occurred before large-scale industrial development. The emergence of ‘new unionism’ in the multinational enterprises of the state of São Paulo at the close of the 1970s took place in an urban industrial environment characterised by technological development (particularly through imports of capital-intensive technologies) and increasing skill levels of workers (Seidman 1994: 6; Eckstein 1989: 4). The process of political and organisational incorporation of the working class since the 1930s also meant that working class activists already had at their disposal an organisational structure and a legacy of past experiences.

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>35.8</td>
<td>14.0</td>
<td>50.2</td>
</tr>
<tr>
<td>1920</td>
<td>31.9</td>
<td>17.1</td>
<td>50.9</td>
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<tr>
<td>1930</td>
<td>30.6</td>
<td>16.5</td>
<td>52.9</td>
</tr>
<tr>
<td>1940</td>
<td>25.0</td>
<td>20.8</td>
<td>54.2</td>
</tr>
<tr>
<td>1950</td>
<td>24.3</td>
<td>24.1</td>
<td>51.6</td>
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<tr>
<td>1960</td>
<td>17.8</td>
<td>32.2</td>
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<tr>
<td>1970</td>
<td>11.5</td>
<td>35.8</td>
<td>52.6</td>
</tr>
<tr>
<td>1980</td>
<td>10.1</td>
<td>40.9</td>
<td>48.9</td>
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</tbody>
</table>


Social structures in Brazil have undergone a massive change in the twentieth century. Generally speaking, Brazil has become more urban and more industrialised. In 1955, 41 per cent of the Brazilian population lived in urban areas, and this percentage has increased to 79 per cent in 1995. The emergence of mega-cities like São Paulo and Rio de Janeiro, both receivers of large-scale rural-urban migration and characterised by large numbers of favelas (shantytowns), are also evidence of this development. The number of workers in primary activities, agriculture and mining has decreased from 56 per cent in 1955 to 26 per cent in 1995. The services sector has received most employment growth, from 29 per cent in 1955 to 54 per cent in 1995 (Power and Timmons Roberts 2000: 237; Chahad 1997: 168).

The emergence of opposition to the Brazilian dictatorships coincided with what is generally seen as a turning point in modern capitalism during the 1970s, which involved a crisis of the ISI development strategy, the interventionist state and of several aspects of the global political economy (Collier 1999: 2). In most parts of the world, working class movements did not have the kind of momentum seen in the late nineteenth century and early twentieth century for the following reasons. As was discussed in section 1.5, workers and their organisations were on the defensive and economic restructuring caused a weakening and fragmentation of the working class. In addition, the crisis of the alliance between the state, industrial workers and industrialists, on which the dominant development strategy in Latin America was based, meant that workers and their organisations tended to be viewed as less politically significant than before. As in other Latin American countries, Brazilian industrial workers constituted a minority of the working population. Their relatively privileged position in terms of wages and skill levels
combined with an escalation of workers’ demands due to repression and a lack of wage adjustment to economic gains (Eckstein 1989: 10-11; Seidman 1994), produced new types of union action, representing a rupture with both authoritarian labour relations and the official union movement. As a result, an opposition movement emerged in Brazil which was able to broaden the agenda of the transition agenda. The strength of the new unionism movement meant that, as it was already widely accepted that democratisation would also involve a certain degree of democracy in labour relations, working class mobilisation posed a lesser threat to the established order.

4.1.2 Brazil as a Deviation

To a certain extent, Brazil is a deviation from most cases of late democratisation, in terms of the role of trade unions during the democratic transition. One of the differences with other cases in Latin America is that the military regime embarked on a strategy aimed at the extension of industrialisation, instead of focusing on the promotion of primary exports. The industrialisation process, in turn, led to an increase in the number of skilled industrial workers, particularly in the industrial centres of the large cities in the southeast of Brazil and they were usually employed in industrial multinational companies. In this respect, the economic changes of the 1960s and 1970s actually led to an increase in the constituency of the labour movement. The rise of the urban industrial working class took place in a context in which workers did not have proper representative political and labour organisations. The lack of representative organisations stimulated demands among workers for democratisation of the workplace (Seidman 1994: 10). It can be argued that the combination of increases in manufacturing employment and growing income inequalities led to an escalation of workers’ demands at the end of the 1970s (Drake 1996: 71, 76-77; Seidman 143-148).

In addition, although the military government used repression to deal with opposition forces, this did not lead to marginalisation of the labour movement. The gradual political liberalisation process in Brazil led to increased opportunities for legalised political opposition and a cycle of liberalisation and repression towards civil society. Repression of trade unionists and the specific political situation until 1974 led to the emergence of non-traditional opposition forces. Social movements, such as neighbourhood groups, church-based organisations and human-rights groups (see sections 4.2.1 and 4.5), came to play an important role in raising consciousness, providing political training and a space for discussion and dissent. The labour movement only started to play an important role at the close of the 1970s, when the strike movement in the state of São Paulo attacked several aspects of the industrial relations system and broadened its aims from the improvement of workers’ conditions to demands for political change.
4.1.3  Dynamics of Opposition to the Military Regime

By 1979, the participation of workers in the opposition against the military regime became a reality that could not be avoided. Before 1979, opposition was based on the activities of the two legal political parties, together with protests of other social movements rather than workers' movements. The two-party system consisted of an official government party, ARENA, and the official opposition party, Movimento Democrático Brasileiro. The wave of strikes that hit the industrial suburbs of São Paulo at the end of the 1970s was not only a protest against the decline of real wages, but also contained an attack on the authoritarian system of labour relations, which in turn made the labour movement join other oppositional forces. The new labour movement that emerged from the strike movement came to be known as new unionism (novo sindicalismo). Particularly in the light of the decline of labour movements in other parts of the world, the concept of new unionism represented the hope and expectation of the left and social scientists that this would be a counterforce to the government in the political and economic arena.

An important issue for the understanding of the dialectical process of regime change in Brazil and many other cases of democratisation is the fact that the military regime itself was not fully consolidated. As in other cases of what is often labelled bureaucratic-authoritarian regimes (see section 2.8), the military in power envisioned a return to a civilian regime or a form of electoral democracy at some stage in the future. This led to a fundamental contradiction between legitimacy and maintenance of the regime, which would ultimately contribute to the erosion of the regime itself. This process can be seen as the result of interaction between the opposition, other civilian groups (e.g. business groups) and the military regime. Speaking about the return to more or less democratic elections in 1982, Lamounier emphasises the gradual character of this process, of the transformation of what Juan Linz (1973) has called the 'authoritarian situation': 'the electoral process in Brazil was in reality a test of forces and of legitimacy, and not the symbol and culmination of a transition pact already negotiated on other bases by the relevant actors. It was almost the point of departure of the process' (Lamounier 1989: 69).

The paradox of political liberalisation in bureaucratic-authoritarian regimes can be explained in terms of efforts to institutionalise a new political order. This paradox can be explained in terms of a principal dilemma: the motivations and reasons which led to the establishment of an authoritarian regime did not automatically contribute to the consolidation of the regime. The regime has to be understood as a product of a combination of anti-communism within a Cold-War framework and the definition of

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90 For an analysis of debates on democracy within the Brazilian military, see Stepan (1988).
91 It is important to note that the political liberalisation did not constitute a commitment to democracy, as it was a strategy of the military regime to deal with opposition and internal tensions.
national security as internal security (the national security doctrine\textsuperscript{93}). In this respect, opposition was viewed and treated as a force that threatened national security. Nevertheless, this section demonstrates that the military regime was under pressure to introduce some forms of political participation.

The need to institutionalise a new political order after the military take-over led to experiments with limited political representation. These experiments resulted in a political framework from which interest groups were not completely excluded, as the continuation of corporatist labour institutions after 1964 and the establishment of a new party system illustrate. The military government used the existing labour laws for repression, but it also allowed the existence of a heavily limited form of trade union organisation. Through the political system during military rule, in which two political parties were allowed to continue to exist, the opposition had some organisational structures and financial resources at its disposal.

The purpose of the introduction of limited forms of political participation was to lend legitimacy to the military regime. Legitimacy was initially related to the “successes” of the military in returning the country to order, but had to come from alternative sources at a later stage, such as sustained economic growth that benefited the groups that supported the regime. Permitting for some form of representation and political participation tended to lead to internal conflicts in military regimes, between the so-called soft-liners, who supported liberalisation and hard-liners who believed that repression remained necessary. A legitimacy crisis ‘puts a regime at a disadvantage in the contest for framing issues in a crisis, leads to a rapid erosion of the regime’s authority … Moral force was an effective weapon when challengers faced an opponent lacking legitimacy’ (Oberschall 1996: 94).

The legitimacy issue did not only lead to conflicts within the military, but it also contributed to the strength of opposition forces. The following quotation illustrates the military regime’s dilemmas in dealing with the labour movement:

The crux of the problem always remains that if labor leaders are allowed to function as truly representative agents, they will voice their opposition to the military’s project of negative integration [acceptance that opposition exists, but no access to decision-making]. … Because of the illegitimacy of the rulers’ project of negative integration, if labor is given the option to express its voice, it results not in loyalty to the rulers but rather in [opposition]. The outcome is an impossible game that confronts the military rulers with the increasingly difficult-to-control experiments at liberalization that are likely to lead to important schisms within the governing elite (Munck 1998: 40).\textsuperscript{94}

\textsuperscript{93} See section 2.8 for an analysis of the role of the ‘national security doctrine’ concept during the military dictatorship.

\textsuperscript{94} This quotation is based on an analysis of the Argentinian military regime. “Negative integration” in the case of Brazil refers to the formal, but hardly representative or democratic, political system introduced by the military regime.
For the opposition, the dilemma is whether or not it should operate within the framework and limits of transition established by the military government, in order to avoid confrontation or a return to repression, or if opposition forces should challenge and reject all aspects of the initiative from above. The attitudes of different tendencies within the Brazilian labour movement reflects this dilemma. Furthermore, the principal opposition party during the military regime (MDB), did not reject the electoral process as established by the military regime after 1964. The Electoral College that would choose the successor of the last military president, João Figueiredo, was also accepted, despite criticisms that indirect presidential elections did not constitute a fully democratised system and despite widespread mobilisation in favour of direct presidential elections (directas já campaign) (Lamounier 1995: 123-125).

The democratic opposition changed the parameters and conditions of democratisation in Brazil. During the 1970s, when economic growth began to decline, economic elites started questioning some elements of the authoritarian regime. This resulted in a debate on the role of the state, along with the issue of human rights. Some groups among these elites supported the opposition, yet this was probably not the most important type of support the opposition had. Intellectuals and social scientists, while not belonging to the elites of the authoritarian regime, provided international contacts, ideas and an articulate voice (cf. Keck and Sikkink 1998).

4.2 THE TRANSITION MOMENTUM: LABOUR STRATEGIES IN THE 1980s

The previous section demonstrated that the military regime’s intention to reinforce its political legitimacy can lead to conflicts within the military and dilemmas in dealing with opposition forces. This section analyses the practical implications of these dilemmas for the emergence of a new labour movement in Brazil.

When President Ernesto Geisel (1974-1979) initiated the process of political liberalisation, the labour movement did not play a significant role yet, but grassroots mobilisation and other civil-society movements began to gain space. During the late 1970s, increasing worker mobilisation and a strike movement complemented the “explosion of civil society” of the early 1970s. The strike movement coincided with the increasing political transformation of the authoritarian regime, and the post-1974 electoral successes of the opposition party MDB. The only unions which were more or less tolerated during the military regime were those were recognised by the Ministry of

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"According to Skidmore, the reasons why the MDB accepted the electoral system was to continue its party structure and because the MDB was the only party that could give some kind of opposition (1988: 114)."

"There were two important large-scale strikes in 1968, in Contagem (MG) and Osasco (SP). While the strikes started as a result of wage demands, they would spread to other workers in the area. The strikes met with repression and took on some wider political meaning (Skidmore, 1988: 76-78). See also, Skidmore (1988: 84-89, 117-125) on guerrilla movements."
Labour. This provided the framework for union opposition under military rule, but it also meant that possibilities for action had to be located outside official union tasks and this space was found in direct action, and on the shop-floor (Skidmore 1988: 204).

The essence of the Brazilian transition and the role of opposition movements can be found in a description by Margaret Keck:

The lengthy and relatively unbound transition and the [initial] lack of formal negotiations among institutional actors over its rules produced a very different kind of movement toward democracy – one where the transition itself became a specific political moment, framing a struggle both over the nature and limits of the process itself and over the identities of the actors engaged in the process (Keck 1992: 38-39).

In order to examine how the transition process and the opposition movement mutually influenced each other, this section distinguishes three phases of the Brazilian transition from 1978 until the late 1980s. Because the focus of this Chapter is on the labour movement, this characterisation is based on the emergence and further development of labour opposition, as well as the reflection of this movement in political changes and the transformation of the regime itself. The first phase starts in the late 1970s with a wave of strikes in São Paulo. These strikes signal a broadening of opposition and the connection of economic and labour issues with opposition against the military regime. The foundation of two important organisations - the Workers’ Party in 1979, and a central union organisation in 1983 (Central Única dos Trabalhadores - CUT) - characterises the second phase of the transition. As Noronha (1991) and Sandoval (1994) argue, this period is characterised by a cycle in which an economic downturn leads to a reduction of company-level strikes and an increased emphasis on political strikes at a national level. The debt crisis also had its effects on the labour movement. The third phase of the transition corresponds to the interaction between the labour movement and the new civilian regime. It is also possible to speak of an institutionalisation of the labour movement and a change in its opinions and strategies.

4.2.1 The First Phase: The Strike Movement and the Emergence of New Unionism (the late 1970s)

‘New Unionism’ has its origin in the strike movement that hit the ABC” region of São Paulo in 1978 and 1979, particularly in the transnational automobile factories of Ford, Scania, Volkswagen and Mercedes-Benz. These strikes challenged the very limited possibilities for a legal strike as defined in the Labour Code. The most important union in these strikes was the Metalworkers’ Union of São Bernardo do Campo (Sindicato dos Metalúrgicos do SBC), the union of important labour leaders in the 1980s and 1990s (Luis Inácio “Lula” da Silva, - later leader of the PT - Vicente Paulo da Silva
(Vicentinho) and Jair Meneguelli). The reason why the strike movement started among metalworkers in this part of the country was that these workers were highly skilled and earned higher wages, a condition which put them in a better bargaining position than workers in other sectors (Drake 1996: 80).

The initial strikes in 1978 show how union action had changed since the 1950s and 1960s. The climate for union action had improved, as the government had developed a more ambivalent attitude towards mere repression, and employers were more willing to negotiate wages and working conditions directly with workers. During strikes, financial support and other forms of solidarity from social movements and the church played a significant role (Skidmore 1988: 213-214; Serbin 2000). Unions also articulated new aims. Workers wanted to negotiate their wages directly with employers, instead of accepting wage settlement from above. The dialectical nature of the Brazilian transition meant that the military government extended the abertura to dealing with workers, while at the same time the government was also prepared to intervene in union affairs or to use violence against demonstrations, as was shown when the government intervened in the Metalworkers’ Union of ABC and removed and imprisoned its leaders in 1979.

One of the key events for trade union action during the late 1970s was the campaign for fair wages. The Departamento de Estatística e Estudos Socio-Econômicos (Department for Statistics and Socio-Economic Studies, or DIEESE), established as a research institute supporting trade union activities, played an important role at the end of the 1970s in a campaign promoting wage demands based on an inflation index different from the one used by the government (calculated by the Instituto Brasileiro de Geografia e Estatística – IBGE). Critics of the government’s wage policy also argued that the government had hidden the real extent of inflation during the years of economic prosperity (1968-1973). Criticisms of the central wage policies of the Brazilian government based on DIEESE’s analysis pushed some trade unions towards direct wage bargaining with employers, demanding fairer adjustment of salaries to inflation (Seidman 1994: 154-159).

Wage policy had always been a crucial element of economic policy in general, on the one hand, being an attempt to depoliticise the unions by pre-empting and forbidding attempts to bargain collectively about wages and working conditions. On the other hand, the rationale of the wage policy was that it controlled wage demands. As such, according to the military government, the wage policy contributed to a reduction of inflation (Almeida 1996: 37-39; Skidmore 1988: 205). Demands for improvement of wage levels, working conditions and terms of employment, particularly reduction of the working week, and the right to strike were central among the issues that the strike movement raised, but it would also move to broader political issues (Rodrigues 1999: 76-77; Payne 1991: 229).

97 ABC refers to three industrial suburbs of the city of São Paulo called Santo André, São Bernardo do Campo and São Caetano. D – Diadema is sometimes included.
One of the direct effects of the protests against the insufficient new wage law introduced in the first year of the government of João Figueiredo (1979-1985) was that the Labour Minister, Murillo Macedo, proposed a bi-annual, progressive adjustment of wages to inflation would be made twice a year and progressive adjustment of wages to inflation. Before this policy was introduced, wages were adjusted to past inflation by governmental decree once a year. This was the source of much protest, because wages declined in real terms, particularly when inflation rates started rising.

4.2.2 The Second Phase: Widening of the Democratisation Agenda and Economic Problems until 1983

During the second transition phase, the political system was gradually normalised through the introduction of several formal aspects of democracy: a new party system and democratic elections at all levels except the presidency. Furthermore, a cycle of democratic initiatives and protest occurs during this period (Lamounier and Marques 1993: 18-19). The 1982-3 Latin American debt crisis, to make the situation more complicated, produced the most profound recession of the twentieth century. The decline of real wages, the disastrous effects for price levels of financial emergency plans and the lack of consultation by the government characterises the low priority of social issues and of broadening participation in decision-making processes.

The new unionists, represented by the central union organisation CUT, organised several general strikes in an attempt to put pressure on the government. Economic crisis was a constraint for the labour movement, in the sense that fear of dismissal makes mobilisation of its bases more difficult. The most important problems for workers were hyperinflation and the decline of real wage levels, while wage policy was a government affair. Without union participation in the settlement of wage levels, direct collective bargaining with employers became very difficult and often meaningless. The first rupture of the government’s wage policy occurred when it became public that the official wage increases were not enough to compensate for inflation. As during the first transition phase, wage policy and real wage levels were still a significant focus of trade union action.

The second phase of the transition also saw the broadening of pro-democracy coalitions. During the early stages of the democratisation process, there was no broadly-based opposition of the business sector to the military regime. Under pressure of mobilisation in other sectors of society, business leaders ‘were willing to make temporary alliances with popular movements to attain [influence on economic policy]; but aside from agreeing vaguely that something should be done about Brazil’s “social question”, they were not seeking radical transformation in social relations’ (Seidman 1994: 113). The campaign for direct presidential elections in 1985 (Diretas Já campaign) formed a basis for a degree of unity among opposition forces. The campaign consisted of ‘mass demonstrations to educate the public about the proposed constitutional amendment for
direct elections and rally pressure against recalcitrant members of congress’ (Alves 1989: 295) The mass mobilisations of the Diretas Já campaign were inspired by a sense of empowerment which resulted from successful opposition since the late 1970s, in addition to political and economic instability since the debt crisis, which led to a further disillusionment with the government. According to Alves (1989: 291-295), the campaign for direct elections signalled the beginning of a broad alliance between opposition groups, which was effective because the campaign focused on a single issue that was, non-threatening to the more moderate forces within the alliance. The campaign failed to achieve the desired result and the first civilian president was going to be elected by an Electoral College. The failure to achieve direct presidential elections signalled a change in the transition process. As the transition process became more ‘normalised’ through elections and the rules of the emerging democratic regime became subject of negotiations (e.g. on the indirect election of the president), the focus of political struggle shifted to state institutions and political parties (Keck 1992: 24). Although this shift narrowed the range of actors which were directly involved in the transition process, strikes and mobilisation still managed to put pressure on the actors involved.

4.2.3 The Third Phase: Institutionalisation and Interactions with the Civilian Regime after 1985

Union action post-1985 was strongly conditioned by the failure of the government to stabilise the economy. Although the civilian government started with positive economic indicators, inflation would soon become a problem. The first civilian government under José Sarney (1985-1990) was in a difficult position in the sense that, although the economic situation was favourable (see section 3.2), it had inherited financial and inflation problems. Politically, Sarney was not as popular as Tancredo Neves, who was elected by the Electoral College to be president, but died before he could be sworn in. The result of this situation was that the Sarney government not only had to struggle to contain inflation, but it also lacked legitimacy, which made the government appear indecisive and ineffective. As was discussed in Chapter III, Sarney’s government was characterised by crisis after crisis and a mixture of different economic policies and financial emergency plans. The general strikes during the 1980s were a reaction against the failure of the government to control inflation and the limited effects of the financial plans (Sandoval 1994: 184-187; Almeida 1996: 33).

During the third phase, a lot was expected from the new government on the issue of reform of the corporatist labour relations system. The PT and the new unionists saw the proposed reforms as a second-best option, compared to a complete transformation of the corporatist labour relations system, and voiced their own demands for general reforms of the social and economic structures of the country. When their employers rejected their demands, metalworkers went on strike for 54 days in 1985. The government did not intervene in the strike, meaning that strikes became considered to be a normal part of the
new democracy. On the other hand, the lack of willingness to introduce labour reforms indicated that Sarney’s government attempted to stay within the political centre on labour issues, while the government tried to moderate the strike activities of the new unionists by making several concessions, such as a rise of the legal minimum wage.

4.2.4 The Constitutional Process

The writing of a new constitution was a major opportunity for the labour movement and the left to introduce some of their demands into the national political arena. The Constitutional Assembly (CA) was set up as a body to facilitate broad participation and it was possible to make proposals on the basis of “popular initiatives”, by collecting a sufficient number of signatures to back a particular proposal. Although, the CUT initially opposed the Constituent Assembly (Comin 1995: 99) and attempted to delegitimise the decision-making process through mobilisations, it eventually decided to participate, as an attempt to strengthen workers’ rights under the democratic regime (Cardoso 1999b: 194).

For the following reasons, the CA was a clear attempt at continuing a renewed type of ISI policy in a democratic setting. The CA was characterised by nationalist sentiments, which explains the introduction of distinctions between foreign and national capital and benefits for the latter. Among some business groups this led to fears of further protectionism and a deterrent of foreign investment. At the same time, the Constitution had provisions on the possibility to nationalise companies in the mining and other sectors, the specific mention of the extension of the market reserve policy98 (Kingstone 1999a: 55-56) and the preservation of a state monopoly on telecommunications, petroleum exploration and production, and the provision of public services. The transfer of federal resources to states and municipalities was intended to contribute to the decentralisation of government in Brazil and the autonomy of local government. The nationalist tendencies in the Constitution would prove to be veritable obstacles to many reforms during the 1990s, as a Constitutional amendment required a two-thirds majority in Congress.99

Labour issues were very prominent in the constitutional process, but the end result was a half-hearted attempt at reform of the corporatist system and an attempt on the part of business to introduce more flexibility in labour legislation. In fact, although the Constitution established freedom of association and organisational autonomy from the state, important pillars of the corporatist system – particularly the monopoly of representation and the compulsory union tax – were maintained (Cardoso 1999a: 38-39). The labour movement as a whole could not reach consensus on a common proposal for

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98 The market reserve policy is a later form of ISI (particularly prominent during the 1980s), differing from earlier forms in its emphasis on the possibility of export promotion. The idea is that some sectors, like the informatics sector in the 1980s, would be fostered by state policies, including protectionism in the early stages, promotion of research and development. On the informatics sector as an attempt to establish developmental networks in Brazil, compared with other countries, see Evans (1995).

99 The effect of nationalist nature of the 1988 Constitution on the privatisation process during the 1990s is further elaborated in Chapter VI.
reform, so this was left to the new Constitution and the labour ministers of the civil
governments.

Because of the difficulties to form a consensus within the labour movement about
reform of the labour relations system, other issues were more of a priority than reform of
the corporatist system, such as reduction of the working day and week, employment
protection and the right of worker representation in the workplace. The reform element of
the new constitution was limited and it was more a confirmation of the reality of the
1980s. Monopoly of representation, union tax and the basic structure of union
organisation were not abolished. Nevertheless, several provisions for situations that
already existed in reality, such as union autonomy from the state and the right of
unionisation within the public sector, were formalised in the Constitution. Participation of
unions in collective bargaining was made obligatory, and workers obtained the right to
organise on the shop floor. The right to strike was also widened (Martinez-Lara 1996:
104-106, 121-123). The Constitution also introduced the right of unionisation and job
security for civil service employees, in addition to several other benefits for public sector
workers. The 1988 Constitution’s articles on labour relations facilitated direct negotiation
between workers and employers, but the labour courts still had extensive powers to
intervene in conflicts. On the other hand, the reason that social and labour rights were
included in the constitution in the first place was the result of pressure of social
movements and unions (Almeida 1996: 184-186). According to Kingstone, the business
sector was actually quite successful in achieving its demands in the new Constitution
(Kingstone 1999a: 55-56; Martinez-Lara 1996). This resulted in the possibility to
negotiate the length of work shifts, the shortening of paternity leave and the modification
of original demands for job stability. At the same time, the Constitution only added to the
extremely detailed nature of Brazilian labour legislation, something which made labour
relations more complicated in the eyes of business.

4.3 IDEAS, DEMANDS AND STRATEGIES

The 1980s were a decade of consolidation of new unionism and also of the inclusion of
democratic opposition within an institutional framework, including an emphasis on
establishing the rules of democracy, the new Constitution, elections and the formation and
increasing predominance of new political parties. This meant that the focus of the
transition process changed and that the labour movement had to focus on new issues and
actors. Political parties, for example, became more important as a channel for influencing
the government and the establishment of new political rules. It was also the period of the
debt crisis and high inflation, which triggered large-scale strikes. The combination of
economic problems and the need to democratise meant that the labour movement had to
rethink its demands and redefine long-term and short-term priorities. Some type of broad
and far-reaching transformation of society, and preferably a transition to socialism was
the aim of most sections of the labour movement. Nevertheless, for the dominant currents
within new unionism, economic and social transformation or even revolution became less important than democracy. At the same time, economic crises and hyperinflation called for immediate action, something which could destabilise the civilian government. The lack of possibilities for political participation at a national level meant that negotiation with the government was not as important an issue as in countries like Chile, where the civilian government tried to organise a social and political pact (social concertation) for the support of the government and its economic model.

At a general level, new unionism demanded space for political participation and for some influence in the debates on the new rules of the political system and social and economic organisation of Brazil. The demands for democratisation of labour relations and the end of state intervention are in fact a reflection of a more general debate on democratisation of Brazil and the shape the political system should take (Almeida 1996: 154). In addition, Gay Seidman argues that union and political demands were intrinsically linked in the new unionism movement: "almost invariably, workers striking in factories defined their interests in political as well as economic terms: without access to state resources, without reforms of labor legislation and state policies, workers could not hope to improve either their working conditions or their general standards of living" (Seidman 1994: 165). The assumption of the new unionists was that improvement of the position of workers was a crucial step towards democratisation. The general contribution of the opposition was to broaden the agenda to the issue of social and civil rights. The labour movement struggled for the inclusion of the excluded and the dignity of workers after the long years of repression during the military regime (Rodrigues 1999: 76-77, 89; Rodrigues 1997: Ch. 1).

During the 1980s, the labour movement discovered that it had to redefine and specify some of its ideas about demands, action and representation. The increasingly institutional focus of the transition process meant that the opposition was split between political parties that were able to negotiate the transition and social-movement opposition (including the labour movement), which was not in a position to negotiate, but wanted to remain an important actor during the post-transition period. The focus of opposition became more diffuse and, in a sense, more complicated after the return to a democratic regime. Democracy became an issue alongside economic problems and the labour movement had to define priorities in its long-term aims. When negotiation and participation became concrete possibilities, it meant that the emphasis of opposition had

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100 Rodrigues relates dignity to the work of E.P. Thompson and he defines it as follows: "... if dignity means merit, being honest, respectability and honesty, it is possible that, ..., the discourse of the working classes is expressing exactly this. ... [it] could be associated directly with the notion of a more general struggle for citizen’s rights, of participation on all levels." (Rodrigues 1997: 22-23). The attractiveness of this concept is that it does not only relate workers’ struggles to a reaction to a system or to the nature of labour relations, but also gives it a “human” dimension and makes it possible to relate worker action to broader issues in society. Political, or, citizen rights are also necessary for unions and workers in order to defend their interests and broaden their workers’ rights (Ibid.: 25).
to shift from opposition to the military regime to the old struggle about the direction of development and the distribution of wealth and income, complemented by the difficult task of redefining this in an era of economic restructuring (Seidman 1994: 16). There is and was not much agreement about long-term aims and strategies within the labour movement.

The basic issue was during the mid-1980s that the labour movement recognised that it had to attempt to participate politically in the democratic transition (particularly in the constitutional process), alongside the mobilisation and protest of its early years. Nevertheless, in order to be accepted by the political establishment, radical unionists had to review strategies of confrontation and mobilisation. The dilemma that emerged from this situation indicated that while negotiations with the government were generally rejected within the labour movement during the 1980s, the strength of the strike movement and the effectiveness of demonstrations during the early 1980s made it possible for unionists to acquire a significant political position in the transition process. At the same time, this position seemed to imply that the labour movement had to modify some of its demands, that it had to be able to make concessions in negotiations and that its confrontational actions could be interpreted as a threat to stability. Although strategies of participation and mobilisation do not necessarily contradict each other, they could worsen the position of the labour movement within the context of negotiations.

The combination of confrontation and participation also became a potential internal problem, as it could exacerbate political differences and conflicts within the labour movement (see section 4.4.1). Firstly, mobilisation could jeopardise the relations between the new regime and the labour movement, and also the fragile position of the labour movement in the new political regime. The perceived fear of destabilisation and the expectations of the benefits from political participation constrained the extent of mobilisation and protests. The second problem is related to the first in the sense that not all political groups in the labour movement and the left accepted these considerations. The labour movement and other left-wing movements had to deal with internal struggles about strategies and long-term aims. It was not generally accepted that political participation and negotiation were legitimate strategies. For example, it clashed with a historical legacy of militancy and even armed struggle in some sections of the left (Castañeda 1993). Some groups in the labour movement preferred not to focus on political participation and negotiation, because company-level bargaining was seen as more important and effective.

The strategies of the new union leaders to get their demands accepted differed from the strategies of old unionism pre-1964 and the situation during the military regime. Instead of operating within the corporatist hierarchy and populist alliances to achieve demands, and using the welfare functions of unions to reach limited involvement of

question whether the inclusion of citizenship rights in union demands also implies that unions critique the economic system and power relations is left unanswered by Rodrigues.
workers with their unions, the new leaders proposed and put into practice a new form of union organisation, based on rank-and-file mobilisation, the undermining of the system of compulsory union taxes, articulation of several organisational levels, such as shop-floor organisation and organisation at the level of economic sectors. According to the new union leaders, union organisation and action should go beyond the limits of corporatism, emphasising the democratisation of the labour relations system.

The basic strategy of the majority of the new unionists was to accept that the capitalist system, the Brazilian economic model and the process of political transformation limited their demands. Although this premise was not always explicitly stated, it has always been subject to conflict and discussion within the labour movement itself. Negotiation, concessions and action within the political system were a necessary framework for the achievement of trade union aims (Payne 1991: 222). At the close of the military regime, there were high expectations of the effect democratisation would have on economic growth, of new possibilities for a more just income distribution, and culminating in a belief that democracy would solve the problems of the developmentalist economic model. Economic and financial instability and crises, which limited the capacity of the state to intervene and regulate the economy, crushed this expectation. Given this situation, the Central Única dos Trabalhadores (CUT) adopted a militant approach towards the military government and later to the first civilian government of José Sarney. On the other hand, it accepted the idea that mutual union and government concessions were needed. The combination of strategies chosen by the labour movement included an attempt to widen bargaining power and alongside systematic protest against government policies in the form of mass mobilisation and strikes. These strategies did not necessarily come into conflict during this period, partly because mobilisation actually contributed to increasing the bargaining power of the labour movement (Almeida 1996: 29-31).

In relation to the position of unions on the shop-floor, the labour movement proposed the democratisation of companies, direct collective bargaining with employers instead of state intervention, and collective instead of individual labour contracts. Another aim was to reduce and alter the role of the state in the labour relations system, from a basis of intervention to support of union activities and collective bargaining. This implied direct settlement of conflicts between employers and employees at a company level, instead of the interventionist role of labour courts and the state. Unions and employers experimented with direct bargaining at the company level and many factory commissions were established that represented workers on the shop floor and negotiated wages and labour conditions with employers.

An important change was also that unions assumed a political role, which was forbidden by law within the corporatist system. Before 1964, unions had a political role in the sense that they provided the basis for political support for politicians and parties, but
the new union leaders rejected this type of political alliance. Nevertheless, the new unionists did not want to be restricted to capital-labour relations as defined by the existing labour laws, but envisioned a political role for trade unions complemented by a political party for workers (Barros 1999: 1, 4, 29).

The strike can be seen as the principal form of action and reaction of the labour movement in the 1980s. As Noronha states, ‘the absence of political-governmental and institutional-entrepreneurial negotiation channels turned strike into the only available instrument, despite its risks, for union leaders to reacquire the status of representatives of workers’ (Noronha 1991: 105). Strikes and mobilisation also contributed to new unionism’ emphasis on the constitution of a political identity (Cardoso 1999a: 37), as the strikes affected the course of the democratic transition, which demonstrated that workers could extend their demands from the workplace to the national arena. In addition, as Cardoso argues, the strike movement provided a direct incentive to establish new unions, as the number of unions created followed the intensity of the strike movement. Particularly after the approval of the 1988 Constitution, which allowed for the establishment of trade unions in the public sector, the number of new unions increased rapidly (see Cardoso 1999a: 48-50). The strike movement implied that workers broke two pillars of the labour relations system that restricted their presence in society. On the one hand, the strikes were an open defiance of the highly restrictive strike law of the military regime. On the other hand, through a more gradual process, workers attempted to open political space for their demands, while this had been very difficult if not impossible during the military regime.

4.4 ORGANISATIONAL DEVELOPMENTS AND POLITICAL DEBATE IN THE LABOUR MOVEMENT

There was no clear consensus within the labour movement and left-wing parties about the strategies analysed above. Most groups moved between the extremes of mobilisation and negotiation to achieve a democratic society, a concept which was also in debate. The next section of this Chapter starts with an analysis of the principal political groups present in the labour movement and their demands. This is followed by a discussion of the years around the founding of the central union organisation CUT, and an analysis of the positions taken in the congresses of the CUT in the 1980s, with special attention to the role of the labour movement in the Brazilian transition to democracy. The organisational developments of the CUT are analysed, particularly in relation to debates on the reform of the union structure established in the Labour Code and to the role of political groups in the labour movement.

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101 This seems to be in contradiction with the role of new unionists in the founding of the PT, but relations of the labour movement with the PT are different from the traditional relationship of the labour movement with populist parties as the PTB before 1964, as will be argued in the section 4.5.
4.4.1 Political Tendencies

Unionism in Brazil was never without its internal conflicts. The strike movement gave rise to several tendencies, each with different organisational and political demands. First of all, the Union Oppositions (Oposições Sindicais) rejected the existing union structures and leadership. Their proposal for reform was to establish factory commissions (Comissões de Fábrica) that would be autonomous from the official unions.\(^{102}\) Another tendency, the “autênticos” (authentics), consisted of union leaders that had taken over leadership from conservative predecessors. They were usually young workers, who had often migrated from the northeast of Brazil to find work in São Paulo. Because they were young workers and they rejected populism and other pre-1964 political and union tendencies. While their activities had clear political consequences, leaders like Lula often claimed that trade union action had to be seen in a legal context and that it principally focused on the enhancement of worker organisation at the plant level (Keck 1989: 260; Rodrigues 1991: 29, note 31). Their intention was that they would use the old union structures to transform the system, supported by an increase of shop-floor organisation and the promotion of unity of the working classes. In this view, unions should also be independent from the state and political parties. This current was principally present in the Sindicato dos Metalúrgicos de São Bernardo and would later be the tendency Articulação in the CUT and the PT. The autênticos and the Union Oppositions would eventually establish the Central Única dos Trabalhadores in 1983, with the founders of the Workers’ Party also prominent in the authentic movement. The role of social movements and progressive elements of the Catholic Church (catholic base communities and liberation theology) in the opposition against the military regime, and the connections of these movements with the labour movement reinforced a bottom-up approach to the formation of a central trade union organisation and an emphasis on organisation of the rank and file (Rodrigues 1991: 27).\(^{103}\)

The position of the Union Opposition and of union-like organisations that were not recognised by the Labour Code was disputed by some activists in the labour movement. The principal example of this is the Unidade Sindical (UnS) which emphasised unified opposition against military rule, but also wanted reform of the corporatist system, instead of complete transformation. More specifically, this meant that the UnS supported autonomy of unions from the state, but also supported the corporatist form of union organisation in which only one union could exist per category of workers, with workers having to pay union tax whether they were a member of the specific union or not (Rodrigues 1991: 28). A difference in strategy between this current and the others is that the UnS emphasised institutional action within the framework of the political

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\(^{103}\) For the emergence of the “autênticos” and unionism in the ABC region in the 1970s, see also Rodrigues (1997: 64-80).
system, instead of direct action. This tendency is associated with moderate sectors of the union movement, the communist parties and other left-wing opposition movements. When new political parties were allowed in 1979, the Unidade Sindical also became associated with the successor of the opposition party MDB. This tendency formed the principal basis for the establishment of the Confederação Geral dos Trabalhadores (CGT-1) and the Central Geral dos Trabalhadores (CGT-2) in March 1986, and in March 1991, Força Sindical (Barros 1999: 30-38; Keck 1991: 172).

The three blocs went separate ways because of differences in opinion on political and organisational issues. There was disagreement about the extent to which the existing union structure should be challenged and on the participation of other popular movements within the labour movement. The final split occurred when the authentic became closer in strategy and ideas to the Union Oppositions. Another fundamental difference was the strategy of the labour movement towards democratic transition and the new regime. The PT and the CUT promoted direct struggle against the authoritarian regime, principally through general strikes and manifestations, using the strengthening of union organisation and the articulation of workers' demands to change and challenge the regime. Democratisation, though, was treated more like an instrument to further workers' interests than a goal in itself. The Unidade Sindical's position was to avoid direct confrontation and to organise broad sectors of society against the military government, in order to weaken the regime and to make sure that the transition process would continue. Compared to the significance of democratisation, workers' demands could even be put on a second plan to reach this a democratic society; i.e., general strikes were rejected because they could provoke an unwanted confrontation with the military regime. A final important dividing issue was the question of what role central union organisations should play in the struggle for workers' rights. For the UnS it was enough to take over the union

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104 The reasons why the communist parties supported this particular tendency during the 1980s are related to the history of the PCB. The PCdoB split from the PCB in the 1960s, to follow a Chinese-inspired line. The PCB always supported a class alliance with the progressive elements of the national bourgeoisie, on the basis of the analysis that there was a convergence in interests on a national level against the role of international capital in Brazil. The party was convinced that Brazil needed to go through a period of liberal democracy and (national) capitalist development before a revolution could be started. This position was continued throughout the military regime, when the PCB saw a broadly based societal movement and activities within the opposition party MDB as the best way to protest against the regime. The “new” left-wing movements accused the PCB of being reformist, part of the old populism and saw the PCB's strategy as hurting workers' interests, because the PCB accepted that the struggle against the regime could mean that the demands for workers' rights would be a lesser priority. Besides, a conflict existed in the late 1970s and the 1980s about which party (the PT or the communist parties) was the real workers' party. The strategy of the PCB during the transition was to associate itself with the party that it expected to be in power after the end of the military regime, the MDB and later the PMDB. Before the PCB was legalised in 1985, it even used the MDB to get its candidates elected. Union leaders associated with the PCB assumed that the working classes were not ready to take over yet, so gaining position within the official structure was the way to strengthen the working classes. See Santana (1999), Keck (1989: 281 and 1992: 189-190) and Alves (1993: 227-228). See also, Partido Comunista Brasileiro (1958), Pelo desenvolvimento econômico capitalista no Brasil, in Löwy (1999: 223-226).

105 Principally the Movimento Revolucionario de 8 de Outubro (MR-8).
federations and confederations in order to change the system from within and to achieve demands in negotiation with the state. The autênticos argued that these structures were not representative and they laid their focus was at the company level. The role of a central organisation would be to articulate and co-ordinate demands from below, instead of defining them (Keck 1989: 273; Rodrigues 1991: 27-28; Santana 1999: 136-137).

4.4.2 The Founding of the CUT

In 1981, after years of meetings and discussions, representatives of all currents of the labour movement came together in the National Congress of the Working Classes (Congresso Nacional das Classes Trabalhadoras – CONCLAT). The various tendencies were already becoming more clarified, which was reflected in their proposals and organisational arrangements. The participants of CONCLAT voiced demands related to working conditions, wages and employment, such as reduction of the working week and the end of wage adjustment decreed by the government. An additional demand was the reform of the labour relations system, with special reference to autonomy of unions, the right to strike and the right of public sector workers to unionise. Furthermore, CONCLAT demanded a series of democratic changes, such as the end of repression of unions, amnesty and the establishment of an assembly that would write a new constitution. Rodrigues argues that the CONCLAT programme was more like a government programme than a programme of trade union demands (Rodrigues 1997: 97). The political and ideological differences were actually smaller than the differences in opinion about the role, context, and organisation of the labour movement itself. The principal conflict was on the issues that were already mentioned above, the shape of the new labour relations system, the political role of the labour movement, the way to achieve and articulate the demands of workers, and the formation of a central union organisation.

The difference in opinion on the new form of the labour relations system principally referred to whether the union tax should be maintained and whether pluralism of unions would be allowed, meaning that more than one union could represent a category of workers in a particular municipality. Abolishing these principles of the Labour Code would imply that unions which depended both on legally representing a number of workers (instead of mobilising them) and on receiving a guaranteed amount of money would become weaker. The authenticos supported reform of this system, while the UnS wanted to maintain it, as these unions were its principal basis of support. The other issue was the way to achieve workers' demands: the strike movement of some years earlier had proved to be an effective instrument of pressure on the government and employers. The combative unionists consequently considered the general strike, mobilisation and confrontation to be the way to change society. This would also involve associations that were not legally recognised as trade unions (associations of public sector workers), other social movements and civil society organisations. Nevertheless, the economic context of the early 1980s worsened the position of unions, because of the effects on workers of the
economic recession and repression of strikes. The effect of this was that even the strategies of mobilisation and the general strike were under constant revision (Keck 1992: 173). The orientation of the UnS on negotiation, along with connections to state institutions, meant that general strikes were not the best way to strengthen the working classes, in addition to which, they did not want a far-reaching transformation of the labour relations system.

A commission (National Pró-CUT Commission) was elected during CONCLAT that would prepare the foundation of a national umbrella organisation. This commission was divided between the autênticos and the UnS, and could not reach any agreement (Keck 1989: 273-278; Rodrigues 1991: 30-33). The founding congress of the CUT in 1983 took place without the participation of the UnS unionists. The congress took place in a period of economic recession, with the threat of dismissals making mobilisation more difficult. In addition to that, the strike movement had lost momentum and suffered from increasing government repression and strategic dismissals. To cite one example, violence was used against strikers during demonstrations, and the state intervened in several unions and imprisoned their leaders. The government blamed the economic crisis partly on wage adjustments demanded by workers and used its power to impose wage increases well below the level of inflation, a measure backed by the IMF. Further measures included monetary reform and cuts in the public budget and public investments. In combination with the debt crisis, this deepened the recession, particularly in the industrial and modern sectors (Almeida 1996: 50-51). According to Noronha (1991: 105-107) and Keck (1992: 187-188) this situation meant that union leaders began to focus on the creation of a central organisation and on rank-and-file organisation. After the losses of the Workers’ Party in the elections of 1982, many PT leaders, like Lula and Olivio Dutra of the bankworkers’ union of Rio Grande do Sul, began to focus on their constituency again (Keck 1992: 188). The year 1983 saw a resurgence of strike activities, which Noronha relates to the gradual broadening of strikes to other sectors of the public and the private sector (Keck 1992: 108 and 111-112).

4.5 SOCIAL MOVEMENTS AND THE WORKERS’ PARTY

This section analyses the relationship of the labour movement with other social movements which emerged during the opposition to the military regime. These movements are not only important for an understanding of how the labour movement acts and how it is structured, but also for a discussion of the origin of certain ideas, practices, and problems present in the Brazilian labour movement. The autonomous role of social movements affecting the Brazilian political landscape cannot be denied either, as they have played an important role in placing certain issues on the agenda.

On the basis of an analysis of the role of labour movements in democratisation processes in Brazil and South Africa, Gay Seidman introduces the concept of social-movement unionism, as opposed to political unionism (political activities of unions based
on support for political parties) and unions which merely focus their activities at the level of worker-employer relations. She defines social-movement unionism as

an effort to raise the living standards of the working class as a whole, rather than to protect individually defined interests of union members. … Social-movement unionism, broadly speaking, consists of precisely such struggles over wages and working conditions, and also over living conditions in working-class areas - … These campaigns link factory-based unions and communities, and they lead to challenges to states as well to as to individual employers. Strikes over factory issues receive strong community support; conversely, community campaigns for improved social services and full citizenship are supported by factory organizations as labor movements redefine their constituencies to include the broader working class (Seidman 1994: 2-3)

The situation of the Brazilian labour movement can be characterised as a network that includes social movements, social organisations, trade unions, interest groups, research institutes and a political party, each with their own, related, organisational forms, goals, and strategies. More specifically, because of the nature of the development of the labour movement as an opposition force, all constituents of “the labour movement” contain aspects of each and influence each other’s organisational goals and strategies (cf. Cardoso 1992: 292).

The interconnections between the Workers’ Party and the CUT are well known, but many unionists and activists of the PT are also active participants in social movements (‘double militancy’). The PT aimed to have a broad basis in social movements and groups, such as workers (including industrial workers, but also workers in the informal sector, rural workers and public-sector workers), the environmental movement, women, blacks and indigenous peoples.

One of the most striking aspects of the labour movement and the PT are their connections with and emphasis on social movements. Speaking about the PT, founded in 1979 by the autênticos, Keck argues that ‘its [the PT’s] emphasis on working-class self-development and mistrust of State and parliamentary institutions were a direct inheritance from both the autêntico unions and from grassroots-oriented Catholic activism’ (1989: 274). While the activities of trade unions were severely limited during the military regime, a number of small-scale initiatives such as neighbourhood groups, associations of shantytown dwellers, groups of mothers and religious groups played an important role in the opposition. An important example is the movement of Catholic Base Communities (Comunidades Eclesiais de Base – CEBs) and liberation theology.106 As Rodrigues argues, influence of the CEBs on the labour movement can be seen in the attention to issues of citizenship, the emphasis on direct action and self-organisation, as in the case of

106 Several bishops, including Dom Helder Camara, denounced torture and articulated protests against poverty and social injustice. On the role of the Catholic Church, bishops and the National Council of
factory commissions. This form of organisation was important for the political formation of workers during the military regime, as other forms of political participation or mobilisation were prohibited or limited (Rodrigues 1997: 84-86).

An emphasis on grassroots activism and social movements has posed problems for the PT. This became particularly clear when the PT tried to transform itself from a party based on grassroots activity to a party which was institutionalised and broad enough to win national elections. Debates on the significance and definition of the working class, as a basis for organisation, and political ideas and strategies, indicate that 'the party walked a fine discursive line between recognizing its identity as a class party and attempting to transcend its class language and concerns' (Davis 1997: 163). At the same time, the PT has internal tensions similar to the CUT. The tendencies are institutionalised, but conflicts often arise about the nature of the Workers' Party and the policies it should pursue in government.

The relations between the PT and sections of the labour movement (principally the CUT) are not formalised or institutionalised, because this is forbidden by the Labour Code. The emergence of the PT and the CUT shows, though, that their activities and ideas are related. According to the unionists who founded the party,

[T]he PT was to be an extension of and at the same time separate from labor organized institutionally in unions, and was – as a party – to respect the autonomy of those unions. At the same time as it was to remain separate, however, its role was seen as complementary ... The party was not so much to lead workers as to express in the political arena the demands of social movements and workers. The creation of the party was thus a strategic response by a sector of the labor movement for the achievement of goals that had already been articulated elsewhere (Keck 1992: 180-181. Emphasis in original).

The relations between the PT and the labour movement are not uncontroversial and the nature of both movements suggests a dilemma for both the PT and the unions. The party’s nature and history means that unions as a political constituency and a source of leadership were crucial for its strength as a political organisation. If the political programme of the PT were limited to providing a better environment for labour relations and party and union action and demands could overlap, thereby limiting the relevance of a workers’ party (Keck 1992: 167-169). For the labour movement, political action through a party could compromise its emphasis on the goals of new unionism, although political transformation is also seen as a condition for a better position of unions.

The PT solved the issue by stating that unions could not be used for party purposes, despite stating that union activities were inherently political. From this viewpoint, unions should not be organised along political lines (Keck 1992: 84-85). An


For an excellent analysis of the emergence of the PT, see Keck (1992).
example of this dilemma is whether the CUT would openly support the presidential candidate of the PT, and this issue was the subject of many debates during the late 1980s and 1990s. When both the CUT and the PT became more successful from the mid-1980s onwards, the PT established itself on a more autonomous basis from the CUT. This meant, for example, that the PT could criticise the activities of the CUT.\(^{108}\) The CUT itself also debates its own political role and its relationship with political parties. The resolutions of the national congresses of the CUT often seem more like a political programme, with the unions openly aiming to achieve a socialist society. In this sense, specific economic demands and union activities are linked to broader political struggles. In the resolutions of the second Congress of the CUT in 1986, the relationship is described as follows:

The CUT, as a union central, is an integrated part of this historical process [the struggle for power], although with a qualitatively differentiated political role. The CUT advances class struggle when it manages to impel union struggles, to articulate economic struggles with political objectives, to organise and raise the level of class consciousness, to aim for the construction of a socialist society, but it should not be confused with a political party, and always maintains its autonomy in relation to state power and parties themselves.\(^{109}\)

### 4.6 HOW NEW IS NEW UNIONISM? ACADEMIC AND POLITICAL DEBATES

Brazil appears to be a unique case as regards the position of the labour movement and its role in the Brazilian transition, but the question arises whether the Brazilian labour movement is something entirely new. Of course, the term 'new unionism' reflects the expectation during the 1980s that the labour movement would make a significant difference in Brazilian politics and, with the benefit of hindsight (Rodrigues 1999), many authors are much more sceptical about the phenomenon of new unionism.

The discussion about new unionism also fits into academic debates about the role of the labour movement in Brazilian history. These debates can be divided into two sets of arguments. The first set of four arguments refers to the novel dimensions of new unionism, while the second set of two arguments points to the importance of continuities with the past corporatist system of labour relations.

A first argument that questions the unique position of new unionism states that radical union action was not unknown historically in Brazil. French argues that the strikes in the late 1940s in the São Paulo region were probably as important for the consolidation of the labour movement and its position in politics as new unionism (French 1992).

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\(^{108}\) Other central union organisations have also involved in national and local politics, although they have not established their “own” party. Another example is that although Força Sindical claims to be a-political and non-ideological, it explicitly supports neoliberal restructuring (Cardoso 1999b).

Secondly, the organisational and legal framework of labour relations and trade unions did not change fundamentally in the aftermath of the military government. This can be seen on two levels. On the one hand, unionists continue to have to act within the constraints and possibilities of the Labour Code. On the other hand, it has been difficult to form a consensus within the labour movement on the transformation of the corporatist system, and there is an important group of union leaders who actually profit from the situation as it exists. Adalberto Cardoso argues that ‘the renewing impulses which emerged within Brazilian unionism at the end of the 1970s operated much more from the objective of dynamising the corporatist union structure than to break with it’ (Cardoso 1999a: 39). According to Almeida a deadlock on the issue of labour reform occurred during the 1980s for three reasons. Firstly, employers’ organisations, unions that did not participate actively in the labour movement, the establishment of the labour courts and the Labour Ministry preferred a status quo. Secondly, the more conservative parts of new unionism, the CGTs, were more or less satisfied with the proposed reform. The CUT did not aim at negotiation with the government, but rather maintained its strategy of confrontation (Almeida 1996: 171; Cardoso 1999b: 32-33). Thirdly, on the part of the government, the reduction of inflation and the implementation of macro-economic stabilisation were seen as a more important priority than reform of the corporatist system (Skidmore 1988: 292).

Thirdly, the categories of workers which formed the basis for trade union membership have changed over time. As Sandoval notes, there was a shift in the 1950s from strike activity principally based in the traditional industrial sector to workers based in modern industries (Sandoval 1994: 163). Furthermore, populist unionism was rooted in the service sector, particularly the public services sector (e.g. urban, maritime and rail transport and harbours), and large state companies in the productive sector. These workers’ focus was more on the state and political alliances, while new unionism is based on workers concentrated in large, often multinational, industry located in urban industrial centres and privatised state companies (e.g. automobile, metalworking, oil and steel). Moreover, the large informal sector and rural workers challenged the claim that the labour movement represented all workers’ interests in Brazil. An important section of the labour movement is composed of white-collar workers, such as teachers, workers in the health sector and in public social services. In addition, strike activity among public-sector workers is qualitatively as well as quantitatively different from the private sector, as was discussed above. A remarkable rise of rural unionism was evident during the 1980s. Some critics argue that these changes are actually more important than the reforms of the Labour Code until now and have led to forms of union action that are an alternative to official, traditional unionism (Almeida 1996: 126-130; Boito 1991: 58-66; Rodrigues 1997). As compared to the past, gradual changes in leadership and membership, particularly the rise of new union leaders who challenged the old corporatist system, have affected the position of the labour movement as compared to the past. This development
implies a change in union strategies, from unionism conforming with corporatist labour relations to confrontational and from hierarchical to an emphasis on organisation of the rank-and-file membership. In addition, Cardoso convincingly argues that, despite the lack of legal changes to the corporatist framework, many unions have moved away from their traditional role of providing social services to their membership. Although the compulsory union tax forms an significant source of union income, Cardoso also demonstrates that unions receive voluntary contributions from members, while the CUT has stimulated that unions return the compulsory union tax to their members, relying exclusively on voluntary contributions (Cardoso 1999a: 61-70).

The fourth argument concerns the innovative dimension of new unionism’s relationship with other social movements and the PT, the rise of the PT being particularly important for the direction of the post-transition regime. On the one hand, the emergence of an autonomous left-wing party meant that the government could not control the left as had happened with the two-party system during the military period. On the other hand, the PT was an alternative opposition party, with a different programme than the largest opposition party PMDB (Party of the Brazilian Democratic Movement) (see Keck 1992; Collier 1999: 137-138).

The second set of two arguments concerns continuities in the labour relations system compared to the period before the democratic transition. Firstly, while unions also have more contacts with their constituency, Almeida (1996) and Santana (1999) both argue that the extent of actual representation and the experience of workplace organisation continues to be limited. In addition, union tax and monopoly of representation still exist and are supported by many union leaders, as a source of union income and legitimacy (Almeida 1996: 194-196; Santana 1999: 46, 50).

Secondly, the legacy of corporatism is clearly present and the “old unionism”, unions organised along corporatist lines, form a significant presence in the Brazilian union landscape. At the same time, capital-labour relations have not changed fundamentally as a result of democratisation or activities of left-wing opposition movements, the same being true for the system of labour relations. Political liberalisation gave space to competing union organisations, while internal struggles came to play an important role in the functioning of the union movement. The legacy of corporatism in the shape of fragmentation along the occupational lines established by the Labour Code in 1943 and exclusive territorial representation meant that it was difficult to organise workers on a broader basis than factories or specific sectors in a region (Almeida 1996: 33; Payne 1991: 223-224, 232).

Almeida argues that the current labour relations system is hybrid in the sense that it is corporatist in its basis, but unions and particularly union centrals exist that are organised on a pluralist basis. For instance, although central union organisations existed from 1983 onwards, they were only legally recognised in the 1988 Constitution. The differences in opinion about the new union structure was the principal dividing line in the
1980s. In its first congress, the CUT proposed its version of union reform, in which the trade union structure should be democratic in the broadest sense of the word: free and direct elections, freedom for internal currents and freedom and autonomy from the state and political parties. Furthermore, the National Congress of the CUT has proposed to introduce unions per branch of the economy and supported other initiatives and experiments with alternative forms of union organising (Almeida 1996: 169-170; section 5.3.6).

CONCLUSION

This Chapter discussed the interactions between the democratic initiatives of the labour movement, and changes in the political regime of Brazil, from the end of the 1970s until the close of the 1980s. This period of time forms the essential background for an understanding of the position of the labour movement during later years.

It can be concluded that the Brazilian transition has to be seen as a process that was initially defined by elites, although the emergence and strengthening of the opposition was one of the unforeseen consequences of the process of gradual political liberalisation directed by the military presidents as a strategy to solve the regime's internal tensions in dealing with external pressures. Trade unions could influence the transition process by mobilising the masses and participating politically in the formulation of the new rules of the democratic system. The struggle to become a legitimate social actor in Brazilian politics and a legitimate representative of workers to a large extent defined the activities and strategies of the labour movement in the 1980s. The combination of participation and mobilisation was by no means uncontroversial or easy within the labour movement. Although the initial aim of new unionism was to improve wages and working conditions, it also gained a broader political significance, by challenging the military regime and the corporatist structures that regulated labour relations and the behaviour of trade unions.

In the light of the debates on the novel aspects of the new unionism movement, the conclusion of this Chapter attempt to provide an evaluation of the position of the Brazilian labour movement during the democratic transition. In this way, the conclusions form a basis for further analysis of the position of the labour movement in the following Chapters.

New unionism had several important effects, particularly during the phase of transition and struggle over the rules of the new political system. Firstly, workers' protests meant that the political agenda of transition was broadened, while labour representatives and civil society organisations were increasingly accepted as legitimate political actors. Social demands were also put on the political and economic agenda of the Brazilian transition, and one example this tendency is the inclusion of workers' proposals in the 1988 Constitution.
Secondly, the slow process of transformation of the labour relations system began, a process which resulted in constitutional changes in 1988 and 1995. The attitude of the civil government towards labour reform also changed, as transformation of the labour relations system came to be seen as a way to enhance the government’s programme of economic reforms during the 1990s. The challenge to the restrictive strike laws and the emergence of extra-legal union-like organisations, undermined the hierarchical nature of the Brazilian labour relations system and the interventionist role of the state, which also reinforced the aim of strengthening shop-floor union organisation and direct bargaining between unions and employers.

Thirdly, the economic and political relations between the state and the union movement also changed. Mass mobilisation meant that the union movement could not be simply ignored in the political arena, although this did not entail that unions acquired full access to either the state or that repression ended. The undermining of the Labour Code meant that old forms of control via the corporate structure were no longer always possible. As a result of opposition from below, authoritarian forms of policy-making, such as wage settlements by decree, became more difficult and were the subject of large protests in the 1980s.