Responses of the Brazilian Labour Movement to Economic and Political Reforms

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CONCLUSIONS

During a very short period of time, the Brazilian labour movement has undergone a thorough process of renewal and transformation, followed by a further wave of institutionalisation and strategic response to a new economic and political environment. Despite widespread pessimism regarding the potential role of workers’ organisations in the workplace and in politics, the Brazilian context demonstrates that the organised labour is more dynamic than is generally outlined in the literature. During the late 1970s and early 1980s, trade unions established themselves as a crucial actor in the democratisation process, establishing a broader agenda of democratisation and economic change from workplace and wage activism. On several occasions during the 1980s, trade unions and popular movements pushed for a more comprehensive democratisation agenda, as demonstrated by the campaign for direct presidential elections in 1985 and trade union participation in the writing of a new constitution.

While the economic chaos of the 1980s, along with the fear of unemployment, constrained trade union activity to a certain extent, this context also contributed to the labour movement’s role as a critic of government economic policy, as demonstrated by large scale political strikes. However, the success of the Real stabilisation plan in controlling inflation in 1994 strongly undermined the left’s critical position. Although the full implications of economic and labour reforms are not yet clear, inflation control has had positive effects on income levels, and it appears that the reform agenda will not be reversed in the near future, despite being the subject of numerous objections. The collapse of the momentum behind the democratisation movement along with the government’s success in economic stabilisation now means that the Brazilian labour movement has been strategically outmanoeuvred, while its criticisms of current development strategy receive little political attention.

Explaining the Emergence of New Unionism

The emergence and further development of new unionism during the 1980s and 1990s can be explained by reference to the character of Brazilian development strategy and its impact on union action. It is important to place this analysis in an historical context, as the new unionism movement is partially a reaction to ‘old’ forms of union activity. Furthermore, the Brazilian industrialisation process experienced can explain the formation of a constituency for new trade union strategies during the late 1970s.

To a significant extent, the trade union movement which emerged at the end of the 1970s was a product of rapid state-led industrialisation. It is not surprising, therefore, that the most effective protests took place in the most modern sectors of the economy, those based in the particularly urbanised regions of Brazil. Therefore one can posit a strong connection between the rise of an interventionist state and trade unionism in
Brazil. Before 1964, the labour relations system in Brazil was highly corporatist, with important implications for potential trade union action. Firstly, the political inclusion of urban industrial labour was a highly controlled process, as the detailed regulation of trade unions and labour relations in the Labour Code demonstrates. Secondly, as argued in Chapter II, the corporatist system implied that it was difficult to broaden trade union activity beyond a particular sector and region, which hampered co-ordination of collective bargaining between particular unions. Thirdly, the corporatist system represented a conscious attempt to depoliticise unions, restricting the issues that could be discussed during negotiations and implying that unions were obliged to spend part of their budget on social services. Fourthly, trade unions were politically linked to the state and political parties through populist politics (which is often characterised as ‘old unionism’). Fifthly, as the state attempted to find a balance between popular dissatisfaction and the necessity of economic stabilisation, labour demands put increasing pressure on the government’s economic policies, while wage demands threatened to cause inflation. The military government’s solution for this problem was a new wage policy: wage levels were now set by the government and annually adjusted to inflation, thereby undermining collective bargaining as a union strategy.

After the late 1970s, new unionism clearly attempted to break with old unionism and the corporatist labour relations system. As Chapter IV argued, the new unionist movement stressed representation of workers in the workplace, as well as a shift to direct wage bargaining with employers. In addition, as the new labour movement was part of a broader opposition movement, its strategy of ‘bottom-up’ organisation and internal democracy were influenced by social movements. Furthermore, the foundation of a new left-wing party (the PT) in 1979, indicated that the unions had no desire to restore pre-1964 relationships with political parties.

Furthermore, in order to understand current developments in political participation and civil society in Brazil, it is important to emphasise the heterogeneity of working people and potential union membership (cf. Oxhorn and Ducatenzeiler 1999: 30-31). Within the formal sector, important differences include those between workers who have sufficient skills to be part of the essential core of a given company or sector, and those workers who can be easily replaced. These differences have resulted in contradictory workers’ interests, particularly because as the existence of a large pool of unprotected labour can threaten the job stability of workers in the formal sector. Another major difference exists between the public and the private sectors: public sector employees enjoy more benefits than those working in the private sector, such as pension and social-security provision, high wage levels and job security. As argued in Chapter V and VI, particularistic interests have formed obstacles to a more effective labour movement strategy, a situation which was particularly evident in the cases of social-security reform and privatisation.
Heterogeneity in labour terms refers to the differences between rural workers and those who work in the urban economies. In Brazil, workers in the formal sector have always been well represented since the introduction of the Labour Code, which is not the case for those in the informal sector, as was the case for rural workers until the 1970s, after which their organisational strength increased due to legalisation of rural unions. The rapid process of industrialisation and urbanisation has further reinforced differences between various groups of workers. The political incorporation of certain sectors of the Brazilian working class shows that some groups, such as rural and informal workers, were deliberately excluded from social security, labour legislation and political participation. Nevertheless, these groups were important economically as providers of much-needed agricultural products for expanding Brazilian industrial centres. During the 1990s, the Landless Workers’ Movement also became a significant force in the struggle for land reforms, and its political mobilisations were often more effective than those of the labour movement.

**Strategic Changes**

Within the new Brazilian labour movement one can speak of various strategic dilemmas and ambiguities. The important role of trade unions in opposing the military regime has meant that the historical legacy of confrontation was highly valued within the labour movement, but meanwhile such confrontational strategies are now largely ineffective. There have been several examples of successful negotiations by trade unions at company level, however this success has been usually restricted to stronger unions. Occasionally, mobilisation was even seen as undermining unions’ ability to negotiate both with the government and employers, as those in the union movement opposed to negotiation argued that this undermines the fundamental principles of the left. Paradoxically, both the CUT and the PT use ample appeals to revolutionary objectives and socialism, although this is often far removed from the realities of union activity.

Two specific case-studies were used to examine changes in trade union responses to economic and political reforms: the labour movement’s shift in ideas, demands and strategies; and the privatisation of state-owned enterprises. These case-studies demonstrated the paradox of trade union action in a newly democratised country, with the left suffering a dilemma between pursuing either negotiation or mobilisation as instruments with which to influence policy-making. In addition, the case-studies allowed for an analysis of trade union discourse in the light of fundamental shifts in economic thinking and political change. However, as the analysis offered by Chapters V and VI demonstrated, the novelty of new unionism continued to play a role during the 1990s, while it has proven difficult to influence the decision-making processes and policy implementation of the Brazilian government. Protests against particular developments which the largest Brazilian central union organisation, the CUT, considers a matter of principle, have not led to a desired outcome, which in turn has led to tensions within the
labour movement itself, dilemmas which often manifest themselves as a choice between the opposing strategies of mobilisation/protest and negotiation, as referred to above.

Within this changing political and economic context, it is possible to detect a number of new developments in union activity during the 1990s. Firstly, one can speak of a more defensive trade unionism, given the declining number of strikes and the increasing focus on the maintenance of wage and employment levels, rather than workplace democratisation and progressive wage demands. Additionally, the Real Plan’s relative success in stabilising the Brazilian economy has undermined many of the criticisms of the economic reform programme, thereby undermining the unions’ opposition strategies. Secondly, many unions, particularly in multinational industries, have increasingly focused on negotiation of aspects of enterprise restructuring, including the participation of employees in profits and results, and labour flexibilisation. The formalisation of these issues in national legislation has ensured that these new forms of collective bargaining have had a significant national impact, although the nature of union activities are fundamentally different from the 1980s. Thirdly, as evident in the case of anti-privatisation protests, it was often difficult to reconcile ideological positions at a national level with the need to formulate a practical union strategy dealing with changes in ownership structures and labour relations, particularly when the opposition was unable to reverse the privatisation programme.

Although ‘new unionism’ distanced itself from the interventionist state and authoritarian decision-making structures, it can be concluded from an analysis of changing union strategies that Brazilian trade unions maintain an ambiguous attitude towards the state, particularly concerning the issue of which actor (the state or the private sector) is best capable of promoting economic and social development. The labour movement which emerged from opposition to the military regime criticised the intervention of the state in labour relations, while the critique of state intervention in labour relations illustrates the innovative dimensions of new unionism, and distinguishes it from other examples of labour movements in Latin America, particularly Argentina and Chile. It has also brought the Brazilian labour movement closer to social movements that are less dependent on, and focused on, the state.

Nevertheless, Brazilian trade unions have tended to view the state as an instrument of the dominant classes, both as a source of social and economic improvement, or as the guardian of the common good, often encompassing these positions simultaneously. According to critics of the reform programme, the Brazilian state is unable to perform basic tasks necessary for social improvement, particularly in comparison with the European welfare state. For instance, entitlements to social security, the right to unionisation, and protection of labour legislation, were usually limited to politically significant workers in the urban industrial sectors. Academics and the left alike have also accused the Brazilian state of combining democratic and authoritarian political and decision-making processes, which has led to a concern about both the willingness and
capacity to further democratise Brazil. These surviving authoritarian structures ensure little space for workers’ influence on the political process. In addition, critics have diagnosed a lack of commitment by the Brazilian government to social improvement, which means that despite the re-introduction of the procedural dimensions of democracy (such as free elections), the democratic process has not always furthered other desirable objectives. Despite these criticisms and despite the CUT’s focus on its autonomy from the state, it can be concluded from Chapter V and VI that the labour movement has continued to be strongly connected to the corporatist system which emerged in the era of state-led industrialisation, although in practice many unions moved beyond the central pillars of corporatism. Development demands and expectations have tended to be focused on the “old”, interventionist, role of the state, particularly when analysing the CUT’s expectations of the role of the public sector, public investment, and state-owned enterprises, in the development process.

The CUT’s ambivalent view of the state can be partially explained by examining the union’s documents detailing the historical relationship between the Brazilian state, development strategies, and the crisis in this relationship during the 1980s. This contradictory perspective becomes particularly obvious when one details the responses of the Brazilian labour movement to privatisation. Latin American states were criticised as being instruments of capital accumulation in the hands of the dominant classes post-1930, and as a result of this, ‘[t]he state ended up assuming very diversified functions, including the centralisation of decision-making, the articulation and financing of private capital, and also direct investment and enterprise management’ (CUT 1994a: 4). This type of development strategy, and the particular role of the state, has led to a concentration of wealth, in the CUT’s view, and one of the most unequal distributions of income in the world. Although the democratisation process contained the promise of a more equitable development strategy, the restrictions posed by economic crises and stabilisation meant that this objective has not materialised. In turn the debt crisis has led to the reduction of the public budget available for essential social policy provision, a situation further exacerbated by the recessions of the 1980s and problems associated with the transition. The criticisms of the CUT imply that the reform programme of the 1990s has unfolded without regard for areas where the state and state policies were working efficiently and effectively, and without consideration of the improvement of social rights.

Further Implications

Several implications for the analysis of the political economy of developing countries, on the one hand, and trade unions, on the other, derive from this study. Firstly, the analysis of the new Brazilian development strategy demonstrates the ambiguities and national specificities of economic reform. Academic and policy debates on structural adjustment since the early 1980s have focused on a recipe for success, although the diagnosis and ingredients have changed in response to both reforms, and economic and financial crises.
Although the Brazilian government has included many elements of these debates in its reform programme – often under the influence of international financial institutions – one can also speak of a specific national reaction to these developments. A clear example of this is the debate on exchange rate policies during times of financial crisis. While the Argentinean currency board was long seen as a success story, after the collapse of the peso in early 2002 the Brazilian strategy of relatively flexible exchange rates is now seen in a more positive light. Furthermore, as argued in Chapter III, economic reforms in Brazil cannot simply be characterised as neo-liberal in nature, as the implementation of the reform programme has been a gradual process and there have been many ambiguities, particularly in the areas of industrial policy, state support for certain economic sectors and financial stabilisation plans.

One of the purposes of this study was to contribute to a rethinking of the role of the state in developing countries. The Brazilian case not only demonstrates that there is more than one strategy for political and economic success, the country’s experiences also undermines the claim that the state has been ‘hollowed out’, as the Brazilian reform programme is not intended to result in a minimisation of the state, but rather contributes to a rethinking its role in addition to streamlining the state apparatus. Moreover, as the state in developing countries is not a straightforward conduit between global developments and the domestic economy, it is also necessary to take domestic power struggles into account when defining national responses to global economic integration.

Secondly, the labour movement’s difficulties in influencing the economic reform process are closely related to a political environment that does not enable the participation of social actors, a political arena closed to alternatives to reform. Based on the arguments of Chapter I, part of the explanation of Brazilian trade unions’ difficulties in defining an alternative strategy to deal with economic reforms during the 1990s can be found in the fraught relationship between political liberalisation and economic reform, of which the latter tends to restrict possibilities for political participation. Whereas the goal of democratisation is usually to broaden political participation, large-scale political participation can also lead to criticism and anti-reform protest. Many governments in countries which have experienced authoritarian regimes have chosen to limit influence on decision-making by restricting participation by centralising and technocratising policy-making.

Thirdly, despite the apparent decline of a trade union presence in politics all over the world, there are some instances where trade unions have re-emerged in the context of rapid industrialisation in multinational industries, at a time when most analysts would not expect this to occur. This demonstrates that the dynamic, heterogeneous context of working people, which has seen new forms of action and political involvement emerging from adverse circumstances. Examples of this dynamism include attempts to incorporate workers from outside the formal sector, micro-entrepreneurs, and other non-traditional working constituencies. Even though new strategies focused on negotiation are viewed
with scepticism, they can also be interpreted as a strategic shift in times when it is difficult to influence the government through mass mobilisation. These circumstances are derived from the repression seen under the military regime, along with the undermining of a critical alternative due to the Brazilian government's successful implementation of economic reforms.