

the **brazilian labour movement proposing alternatives**

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visited Brazil in April. He reports on the economic and organisational challenges facing the Brazilian labour movement.

Brazil is huge. It is seven times bigger than South Africa with 150 million citizens. Ten million live in Sao Paulo, the major industrial city, and five million live around it.

1 700 unions are affiliated to CUT (Central Unica dos Trabalhadores, the progressive trade union centre). They represent 4,5 million workers. Like COSATU, CUT is a militant labour movement, forged in the struggle against a military dictatorship, sweetheart unions and intransigent employers. Unlike COSATU, CUT represents an extremely broad range of working people - from rural workers and rubber tappers in the Amazon jungles to blue collar industrial workers in the metal, chemical, petroleum and other sectors, to white collar bank and public sector workers and professional unions such as doctors, architects, engineers, university teachers. This gives it a very wide social influence.

Like South Africa, Brazil is in the middle of a transition from a dictatorship to a democracy,

although it is quite a lot further down this road than South Africa. Again, like South Africa, Brazil's massive and protected manufacturing sector is facing economic crisis due to changes in the world economy. As in South Africa this has sparked debates about the new economic and political role of the labour movement.

Wages and price agreements in the auto sector

The debate on labour's economic strategy was focused on a series of negotiations in the auto sector when we were in Brazil. The massive auto industry in Sao Bernado is the cradle of CUT and the best organised sector in the country. Although in Brazil the trade unions are local unions, and each negotiates only with employers in its locality or region, scope for a national agreement was created when the government established an auto sector council some time ago.

Although the Brazilian auto industry is

* The author visited Brazil with Mtutuzeli Tom, president of NUMSA. The article owes much to our joint reflections on what we saw.

much bigger than South Africa's – the biggest plants employ 14 to 20 000 workers – it is like South Africa's, a protected and state supported sector. It faces a crisis with rising prices, falling demand and increasing international competition. Looming retrenchments mean this crisis is just as serious for workers as for employers.

Early this year, the CUT metal workers unions made a path breaking new proposal in the auto sector council. They proposed that: the government should reduce the tax it charges on new cars, employers should reduce their profits and prices, and workers would restrain their wage demands to equal the rate of inflation if employers guaranteed a moratorium on retrenchment. In addition, the trade unions demanded that employers begin to negotiate union proposals that the industry produce cheaper models, more buses, etc. The unions argued that this would expand the domestic market and allow the industry to grow.

These proposals were controversial. A number of more left wing unionists argued that it was a form of social contract which would demobilise the workers. Nonetheless at a general meeting of metal workers in Sao Bernado that we attended, the workers unanimously endorsed the proposals, which were to last for an experimental period of three months. Unions, employers and the government managed to reach agreement on the tax, price, wage and retrenchment proposals, but employers rejected the more radical proposals for negotiating their production plans.

The agreement had some success in holding down prices, and preserving workers' jobs and protecting them against inflation (this is a major issue in Brazil - the inflation rate is about 20% per month). It also gave the metal workers broad public credibility, as they were seen as trying to control car prices. In fact the agreement was renewed in July.

Ibase researcher Sergio Ferreira argues that the agreement is not a social pact or class collaboration, since workers made real gains and remained mobilised and militant. On the other hand, he notes the danger of making such

Brazil and South Africa

Our visit to Brazil and to CUT was fascinating. There are such remarkable similarities in the challenges facing us, and such great differences. The labour movements of both countries could gain enormously from a sharing of experience in the arenas of organisation, education, economic policy and industrial restructuring, and the relation of trade unions and politics.

agreements at sectoral level without overall co-ordination. "There is no way to have a successful policy for only one sector. On the contrary, CUT should make an attempt to elaborate an overall strategy for this kind of agreement so that we can confront the neo-liberal policies of the government at a national level."

Other concerns raised in the trade unions and the Workers Party (PT), are that the agreement contains no measures for modernising the industry or restructuring it; the main burden is on public finances because of the tax reduction, and this fits into the conservative neo-liberal economics of the (former) Collor government which argues for "less state, more free enterprise". There are also fears that employers are raising prices and avoiding cost of living adjustments.

Proposing alternatives

The agreement in the auto sector indicates that a new strategic view is developing in the Brazilian labour movement, in response to political democratisation and economic crisis [this is similar to the new strategies emerging in the South African labour movement, see p 30]. The president of the Rio de Janeiro Metal Workers Union told us, "I do not believe that we are going to have a revolution in the near future. I argue inside PT and inside CUT that we should combine mass mobilisation with the capacity to propose alternative policies which can be implemented if we have sufficient power. The whole idea is a process of accumulating forces."



We meet militant Novas Limas mineworkers. Their gold mines are owned by Anglo

Photo: Karl von Holdt

This kind of perspective is associated with Articulation, which is the dominant political tendency both in CUT and in PT. Other tendencies argue that it is a proposal to "manage capitalism better", and propose instead a policy of mass mobilisation from outside all institutions, in order to deepen the crisis.

The economic challenge facing CUT is how to combat the savagely monetarist and free marketeer economic policies of the government. These policies of privatisation, cutting public services, increasing interest rates and removing tariff protection are devastating the economy and the people of Brazil. Closures, retrenchments, unemployment, homelessness and desperate poverty are seen everywhere. Children beg on every street corner. Tens of thousands of people in Sao Paulo live under bridges and flyovers because they are unable even to afford shacks.

CUT's president, Jair Meneguelli, described little girls in the north of Brazil standing with *For Sale* signs on their backs. He pointed out that diseases which had been eradicated from Brazil decades ago such as cholera, are now re-appearing.

CUT has decided on two campaigns to challenge these economic policies – the

campaign for a new minimum wage, and the campaign to change the form of public ownership instead of privatising state enterprises and services. The campaigns are focused on two 'public initiative bills' which are being proposed by CUT for presentation to congress. This possibility is created by a provision in the new constitution which states that if an organisation in civil society can collect one million signatures in support of a draft bill, that bill must be placed before congress even if it is not supported by any political party.

The Minimum Wage Bill drafted by CUT proposes a phased increase of the minimum wage from its current US\$52 per month to US\$400 over a period of four years. Currently some 18 million people earn the minimum wage so it would make a great difference to an enormous number of people.

CUT's Administration of Public Enterprises Bill proposes that the current state administration of public enterprises be replaced by a four-part administration composed of representatives of government, business, workers in the enterprise, and pension funds which would also invest in these enterprises. According to Meneguelli the problem is not public enterprise as such, but

rather the corrupt administration of public enterprise by the current state. "This is what we are imagining for the entire state - transparent and accountable public administration."

These draft bills have already been discussed in congress and in society at large, and several political parties have endorsed them. But CUT insists that they remain public initiative bills, so that together with other organisations, it can mobilise a national campaign around them. Meneguelli believes that if the campaign is powerful enough and popular enough, the majority of deputies in congress will feel compelled to support it for fear of losing votes in their constituencies. In this way the bills could become law.

"We understand this as a confrontation with the heart of the neo-liberal project," says Meneguelli. "When you affect wages, when you stop privatisation, you affect the heart of these policies."

Productivity and workplace organisation

CUT trade unionists are well aware that at the heart of global industrial restructuring are questions of efficiency, productivity, quality, work re-organisation, worker participation and new management techniques. Workers at Mercedes Benz told us that management had tried to introduce quality circles and other 'worker participation' techniques. Workers have rejected these, but are open to exploring possibilities which will give them more power and control in the workplace. CUT has established a joint committee with Italian trade unionists and other experts to research these issues. Education programmes are also beginning to raise these issues.

But all of this will remain largely theoretical until CUT can solve its most serious problem - the lack of workplace organisation. In late 1991, researchers estimated that CUT had fewer than 100 factory committees in place. Trade unions have no right of access, meeting or representation within the plants.

As CUT International Secretary Osvaldo Bargas explains: "Within the official system and in the law there are no trade union rights



Sao Bernardo metalworkers vote yes for the new agreement in the auto industry

inside the factory. We call this trade unionism from outside the factory or 'factory gates unionism'. If we want an assembly of workers we have to go to the factory gates with loud speakers and hold a meeting for 10 or 15 minutes before workers go into the factory. We have managed to establish factory committees in a number of workplaces only through very hard struggle. This is one of the priorities of our struggle. We understand that you cannot have a strong union without strong organisation in the workplace."

This makes it impossible to develop policies or struggles around restructuring of the workplace. Until CUT can overcome this problem it will have very little influence on industrial restructuring.

The structure of the Brazilian trade union movement

It is impossible to understand why CUT has no workplace rights and very little workplace organisation without understanding the history and structure of Brazilian trade unionism.

The corporatist trade union system was established by President Bargas in the 1930s. It



NUMSA president Mtutuzeli Tom also addressed the meeting

Photo: Mtutuzeli Tom

was imported from fascist Italy. The labour code established a system of local unions, union federations at state level, and union confederations at the national level. The system worked according to the following principles:

- Only local unions were allowed. A union could cover one city or sometimes several cities and occasionally a state.
- Only one union per sector or work category was allowed in a locality. This was like a closed shop – you could not start a rival union.
- Each union negotiated with the employers in its sector at city or regional level. Trade unions had no right to negotiate at plant level and had no factory structures or rights.
- In negotiations, the trade union represented all workers in its sector. For example, the Sao Paulo metal workers union represents all metal workers in Sao Paulo even if only 20% of them are members.
- Every worker had one days' pay per year deducted as a trade union tax, whether he or she actually joined the union or not. This tax was divided up among the local unions, state federations and national

confederations. Thus trade unions became wealthy, owned their own building and provided medical and dental services to their members.

- Local unions would join together in state federations for their sector and national confederations for their industry. Trade unions in different sectors were not allowed to have any link except at national level.
- The state had the power to 'intervene' a trade union - in other words it could remove a leadership and place it under state control whenever it felt it necessary.

This system established a massive trade union structure and bureaucracy which was financed by workers but did not rely on their support, as the tax was automatically deducted. Bargas told us, "The structure was there to control the struggle of the workers. Its task was to co-operate with the state and provide charitable services such as dentistry or health."

This system still exists today, and can still prove effective in preventing the emergence of progressive trade unionism. For example, the Sao Paulo commercial workers union only has 3 000 members, although there are 400 000 commercial workers in Sao Paulo, all of them contributing one days' salary to the union. With this money the union leaders can deliver very good benefits to their 3 000 members. So they are always re-elected. They do not allow any new members. Bargas told us, "If you want to join you have to go to court, and meanwhile the union will tell your boss and he will fire you for trying to join the union!" So it is impossible for progressive activists to join the union and form an opposition movement. And because the law only allows one union for commercial workers in Sao Paulo, it is not possible to start another union.

CUT was born out of opposition to this state corporatist system of trade unions. The 'new unionism' as the Brazilians call it, emerged in a wave of strikes in the late 70s. According to Bargas, "The new unionism is a combative unionism. It is born out of confrontation. The new unionism was going to question the whole system as it existed and which prevented the organisation of workers and the defence of

their rights."

The centre of the new militancy was the massive auto and metal factories in the Sao Bernardo region near Sao Paulo. The new unionism was built in the factories by nuclei of activists working patiently through the 1970s. It was essentially an opposition movement and during the strikes activists elected plant committees and strike committees. In the massive 1980 strike a core demand was for the recognition of shopstewards and establishing factory floor representation in the trade unions [see David Fig 'Brazil: labour movement in crisis' in *Labour Bulletin* Vol 9 No 6].

However, already the trade union movement was changing. The progressive opposition movement was strengthened by this wave of strikes and they managed to take over hundreds of local unions. This was the obvious strategy to use. The law prevented them establishing new unions, but it presented them with old unions which they could capture by winning union elections. As Jose Paul, a CUT education official, told us: "We have a history of organising opposition trade union movements and taking over the official structure, and building outside the union a parallel structure. We work both inside and outside the structure." By 1983, when CUT was launched, it had some 800 or 900 local unions affiliated. There are now 1 700.

But this meant that the activists' focus was shifted from the factory floor to the trade union offices. Each union is controlled by a board with 24 members, which is elected at a union congress. The board members are therefore not direct delegates from factory structures, although a number of them continue to work in their plants while others become full-time officials. Obviously, most factories do not have a member on the board. Full time board members lose contact with their factories. So there is very little link to the factory. This problem is exacerbated by the fact that unions have no right to negotiate at factory level. The focus is on negotiations with, for example, all metal employers in the city or region.

In the early 80s workers continued to struggle for factory structures. The first breakthrough



PT leader Lula addresses the workers. Next to him is Sao Bernardo metal workers' leader Vicentinho, widely expected to be the next CUT president

Photo: Mtutuzeli Tom

came in 1982 when Ford recognised the factory committee in Sao Bernardo. When we visited Mercedes Benz in Sao Bernardo we entered the factory as guests of the workers committee, which has also won recognition from management. It has negotiated grievance and disciplinary procedures, but has no right to call general meetings.

In general, however, unions have very little workplace organisation. For example, the metal workers union at Betim, outside Belo Horizonte, told us about the difficulties of organising in the giant Fiat plant there. The union only has 2 000 members out of the 14 000 employed at Fiat. They cannot hold general meetings in the factory. When they try to hold general meetings outside the factory gates, the bosses instruct the bus drivers to leave without delay, so workers are forced to board the buses. On one occasion, management welcomed visitors from Fiat unions in Italy, but refused to let their Brazilian comrades enter the factory! Fiat workers elected on to the board of the union are immediately dismissed, although it is against the law. Management knows that it takes at least three years for the courts to reinstate a worker. In the meantime they want a union-free factory.

We heard similar stories in many other places. This means that although CUT controls the biggest and most important unions, it does not necessarily have majority membership. For example, the Betim union only has 4 000 members out of the 20 000 metalworkers on whose behalf it negotiates. The Sao Bernardo union, on the other hand, has 70-80% membership. Overall, unions affiliated to CUT represent about 15 million workers, but have 4.5 million members.

Nonetheless in many workplaces workers are organised strongly enough to curb management power. For example, mine workers in Anglo American-owned mines in Novas Limas told us that before any change is introduced in the mines, management has to consult with their union.

Although many CUT unions have no grassroots structures and weak links with the factories, others maintain strong grassroots contact through activists in the factories, informal factory structures, and mass general meetings. In Sao Bernardo, for example, union leadership cannot make any decision without democratic discussion in the factories. CUT is still a militant and mobilised movement capable of waging struggles at factory, industry and national levels.

CUT itself as a trade union centre exists outside the corporatist labour system - in fact under the old labour code it had no legal existence at all. However, although CUT exists outside the system, it is based on the local trade unions which affiliate to it. These unions are the basic building blocks of the corporatist system. As Jose Paul told us "We work within the contradictions between the old and the new. We are building a new city on top of an already existing city. The problem is that the old city isn't really a ruin. It is a very strong city still. This is very difficult."

Paul points out that not everything about the corporatist system is bad: "There is a culture that unions have structures. There is a culture that unions negotiate which is preferable to having negotiations factory by factory. There is a culture of the trade union professional which is important for a modern union."

Organisational renewal

Now CUT is a large and respected organisation, the most powerful trade union group in the country (the rival national centre Trade Union Force (FS) is much smaller and more conservative). It is in a position to start actively reshaping the industrial relations system as well as the economy and society more broadly. This has stimulated a new organisational debate.

Organisational renewal is focused on three areas. Firstly, CUT has identified a campaign to establish factory committees and workplace rights as the key to revitalising the organisation. As Paul says "The problems of corporatism will only be resolved the day we have a guarantee for organisation in the workplace. This will enable us to implant our ideas about leadership and unionism in the factories."

The labour code lays down that a health and safety committee has to be elected in every workplace and that those who are elected cannot be victimised by management in any way. Union strategy is to elect union activists into these positions so that they have protection while they organise the factory.

CUT is complimenting the struggle to organise on the shopfloor with the campaign for Brazil to sign ILO Convention 87, which provides for the autonomy of trade unions. "This will give us a guarantee that trade unions can establish representative structures inside the factory," says Bargas.

Secondly, CUT is taking a step towards national industrial organisation by bringing all the local unions in a specific sector together in a national confederation of unions. This year the first two were launched - the National Confederation of Metal Workers and the National Confederation of Bank Workers. In June, CUT decided to form national confederations in 18 different sectors. Each of these would be affiliated to CUT.

It is going to be very difficult to combine the hundreds of local unions into functioning national structures. Currently each local union negotiates its own collective bargaining contract with employers in its area. These

Political tensions in CUT

Last year serious political divisions emerged in CUT. These surfaced in bitter conflicts and even physical fighting at CUT's national congress in September. CUT was polarised into two blocks at the congress: the dominant tendency, Articulation, which has been in the leadership since the founding of CUT, and an alliance of anti-Articulation groups. The opposition bloc accused Articulation of being reformist, bureaucratic and undemocratic. Articulation accused the opposition of being ultra left and of lacking strategy or political understanding. The conflict focused primarily on elections and the composition of the leadership (see *SA Labour Bulletin* Vol 16 No 3).

The congress was regarded by many as a disaster. According to Jose Paul, relations have improved substantially. The newly elected leadership - which contains representatives of all factions - issued a joint statement on the need to co-operate and compromise. However, there was clearly still a great deal of bitterness and anger among activists on both sides of the divide when we visited. Some activists from Articulation said they had considered splitting CUT. "An organisation cannot last for very long with an internal war."

Clearly the new challenges facing the unions have exacerbated political tensions. But, coming from outside, it seemed to us that the structure of the Brazilian labour movement helps to make the conflict worse. Elections take place at union congress, where two or more slates of different candidates are put before the workers. When the 'new unionism' movement was first emerging, they would put forward a slate of candidates to oppose the old union officials. If they won the 'new unionists' would then take over the union.

However, as CUT developed and different tendencies established themselves within it, each tendency would start to put forward their own slates of candidates for union elections. Union delegations to CUT congresses are elected on a slate basis as well. The leadership elected in CUT congresses is also elected according to the slate system.

negotiations take place at different dates with different unions. CUT aims to replace this system with what Vargas calls "an articulated national collective bargaining contract in which there is a national agreement which sets minimum levels, a state agreement, an agreement negotiated at the union level and also factory agreements. This will happen in each sector."

This will not be easy. The trade unions will have to campaign long and hard to force employers to agree to a national contract. One of the obstacles may be an anxiety in the local unions that national agreements will weaken the power of the local leadership.

Currently the leadership in each local union derives its power and support from leading local struggles and negotiations. Each union controls its own finances and has resources such as buildings, pension funds, benefit funds, etc. Each union is autonomous and answerable only to its members. Thus innumerable local

worker leaders have built their base and power in the system of local unions. Any movement towards national industrial bargaining and ultimately national industrial unions could threaten this base in the old structure.

Finally, any renewal will have to involve a radical overhaul of the country's labour legislation and industrial relations institutions. CUT has defined certain principles of a new labour dispensation: these should include the right to trade union pluralism, trade union rights in the factories, independence from state and employers, no compulsory deduction of dues. However, beyond these principles, which are born out of CUT's historical opposition to the corporatist system, the debate on a new labour dispensation has barely begun.

CUT as a national trade union centre

Unlike COSATU, CUT consists of local union affiliates rather than national affiliates. This makes it much more solidly the national and

Thus elections are contested on the basis of different political platforms. This means that delegates to union executives or to CUT structures do not represent lower structures such as factory committees or union structures - they represent political platforms.

The majority slate wins control of the union and its resources. Thus there is intense competition between different political platforms every time there is an election. This kind of political competition has caused serious damage to CUT. For example, the CUT activists have been unable to take over the metal workers union of Sao Paulo - which is the biggest metal workers union in Latin America! - because of divisions among themselves. They could not agree on a common CUT slate for union elections, and put forward two slates. The result was that the rival FS slate won elections and controls the union.

CUT unionists we spoke to were not critical of the slate system as such. They felt increasing political maturity would solve the problem. In fact a metal worker in Rio pointed out that the slate system "stirs up a lot of discussions because each political platform presents an analysis of the Brazilian situation of the international situation and of strategic questions. This increases the awareness of the workers and enriches the debate. When you finally go to congress you discuss all these political documents. This gives dynamic to the whole movement."

We were also told that serious consideration was being given to a system of direct election of CUT leadership by the membership, instead of congress delegates electing the leadership. Congress, we were told, is dominated by political activists who do not necessarily reflect the views of the membership.

If CUT succeeds in establishing workplace structures and integrating these into trade union structures the current system of elections may well have to change. In such a situation, union leaders would consist of delegates from specific union structures (branch committees, factory committees, national affiliates, etc), rather than representatives of political slates. ♦

political centre of the progressive labour movement. CUT has been well resourced so that it can play this role. For example, it has twelve full-time elected national presidents and secretaries. Non-workers cannot be elected to these positions. These positions are president, vice president, general secretary, assistant general secretary, treasurer, vice-treasurer, secretary of education, secretary of international affairs, secretary of organisation, secretary of union policy, secretary of media, secretary of social policy. Each of these office bearers has several full time officials in his/her department. This situation produces highly developed and experienced worker leaders with sufficient resources to run effective departments. We experienced the CUT leadership as highly cultured with a rich and acute understanding of their own history and their role in Brazilian society.

CUT has won a central role in Brazilian society. A recent survey showed that trade

unions and the church have the most credibility among the public, while politicians and businessmen have the least!

One of CUT's strengths is a highly developed education programme. Brazil has five trade union schools, and 800 educators work within CUT and its affiliates. The CUT education programme reaches some 10 to 15 000 trade unionists per year.

CUT has developed interesting relations with several universities in Brazil. Many university staff members are members of professional or teachers' unions which are affiliated to CUT. The intellectuals in these unions are able to feed their knowledge and information into CUT education and research programmes.

These unions have also given CUT influence in the universities. In addition, CUT has stood up for the independence of universities from the state. CUT has also been able to facilitate international funding for

universities through its trade union links in Europe. As a result, a number of universities have started to enter into teaching and research contracts with CUT and in at least one university it has a representative on the university council. Such linkages obviously strengthen CUT not only as a trade union federation but as a social actor.

CUT is strengthened by its ability to organise such a wide range of working people into one labour centre. Even so, some unionists feel it is not broad enough. Jose Paul comments that, "It may seem incredible but CUT represents the most organised and educated sectors of Brazilian society. CUT has two very important sectors historically: metal workers and bank workers. These are the cream of the working class. After this came the universities, the public sector and the rural workers, the small producers in the countryside, not the wage earners. Only now are we able to reach out to the poorer and unorganised sectors, such as the construction industry, commerce and the rural wage earners."

In fact there is a debate in the CUT rural workers department about whether the interests of their wage earner membership and their small producer membership are too diverse to be contained in one organisation. According to vice president Avelino Ganzer, CUT hopes that the unity of these two sectors in the countryside, and of rural workers in general with urban workers, can be built around an economic programme of reform and restructuring the agricultural industry, so that food can be delivered to the masses of Brazilians who are now hungry.

CUT is a social movement and sees itself as part of a broad alliance of social movements, of women, of black Brazilians against racism, of the disabled, of community organisations, of students etc. The new unionism was part of a social movement even at its birth. According to Osvaldo Bargas, at the time of the strike wave in the late 70s "popular movements were already pressing the military dictatorship – cost of living movements, student movements and others. Starting then, the workers took on their

role as citizens and also expressed themselves as a class. This would help drive the movement for democratisation of Brazil."

CUT is also intimately linked to the Brazilian Workers Party (PT). Indeed the PT was launched by trade unionists before CUT. "Although CUT and PT and the social movements are autonomous, they are all part of what we call a political project. It is a political project of social movements transforming society. The different social movements and the party are autonomous and this means that there is a lot of conflict because they all have their different concerns and different challenges. This means a lot of dispute. Sometimes too much!"

Bargas sees the launching of the party as a revolution in Brazilian political culture. "Up until then workers had always been used by political parties – the communist parties or the liberal bourgeois parties. Now something new was beginning to happen. The workers who were part of the new militant unionism decided to launch their own political party. In our view a party should be an instrument of the trade union movement and the other social movements, not the reverse."

Several unionists we met are also town councillors for PT. We asked the young mine workers in the small mining village of Novas Limas why they supported the PT, they waved across the square to the town hall. "If we can win control of the town hall, we will have a completely different relation to the local mining companies." ☆

Thank you

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