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## **Brazilian trade unionism faces neoliberal capitalism – alliances and disputes between CUT and Força Sindical, 1990-2015**

*Patrícia Vieira Trópia<sup>1</sup> and Davisson C. Cangussu de Souza*

### **I**ntroduction

This article discusses the trajectory and actions of *Força Sindical* – FS (Trade Union Force) and the *Central Única dos Trabalhadores* – CUT (Unified Workers’ Central) during neoliberal governments in Brazil from 1990 to 2015. CUT was founded in 1983 as a class-based and combative national trade union central. Throughout the 1990s, it was one of the main opponents to the neoliberal governments of Fernando Collor, Itamar Franco and Fernando Henrique Cardoso. Established in 1991, the FS assumed the role of CUT’s antagonist since it was responsible for agglutinating trade unions allied to the government around the conception of “trade unionism focused on results”, ending up as a supporting force for neoliberal governments. However, from 2003 onward, these union centrals became forces allied to the Lula government of the Workers’ Party (PT) (2003-2010) and during a part of President Dilma Rouseff’s first term (2011-2014). What kind of changes occurred during this period?

The dynamics and the positioning of these two main trade union centrals must be understood according to the logic of capitalism in its present stage, which is marked by a double assault against work and workers. Our aim is to discuss the disputes and alliances between the two organizations in addition to their programmatic changes and dissidences that, according to

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our argument, were to a large extent motivated by their positions in the face of policies implemented by neoliberal governments.<sup>2</sup>

### **Neoliberalism and the new stage of capitalism**

After a period of economic growth that lasted for three decades after the Second World War II, the bourgeoisie witnessed their profit rates decrease all around the world throughout the 1970s.<sup>3</sup> Since then, the imperialist offensive on a global scale for the recovery of profit rates constructed a new stage of capitalism.<sup>4</sup> Productive restructuring, through new ways of management focused on the flexibilization of the labour relation and new technologies based on microelectronics that reduced the labour force, constituted the material base for this process. On the political-ideological plan, it was necessary to prepare the ground for the upcoming changes, since capitalism needed to overcome all the barriers to such a politics such as the strength of the welfare state, especially in the core capitalist countries. As a consequence, to achieve stability, capitalist states implemented a series of measures: the reduction of public spending, the dismantling of social policies, cuts to social security and labour rights, the deregulation of work to permit flexibilization, the opening up of new avenues of accumulation by privatizing strategic sectors and liberalizing trade and the financial system.

Neoliberal policies sought to financialize the economy while subjugating countries to the requirements of financial capital. In this sense, the way out proposed by neoliberalism to confront the public debt and high inflation rates, was to basically transfer a part of government revenues to the banks and speculators. For its part, financial capital demanded fiscal adjustment (austerity) and a monetary policy that had been harming productive investment and public services for decades. The result was the precarisation of work, the rise of unemployment and the impoverishment and degradation of the working and living conditions of the working class.

These policies went through many trials, but it was only at the end of the 1970s that the financial part of the imperialist bourgeoisie conquered its hegemony on a global scale. Its consolidation occurred during a meeting among institutions headquartered in the U.S. capital, such as World Bank

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<sup>2</sup> For this purpose, the congress resolutions for both union centrals were consulted over this period.

<sup>3</sup> ANDERSON, Perry. "Balanço do neoliberalismo". In: SADER, Emir e GENTILI, Pablo. (orgs.) *Pós Neoliberalismo – as políticas sociais e o Estado democrático*. Rio de Janeiro: Paz e Terra, 1995, pp.9-38.

<sup>4</sup> HARVEY, David. *The New Imperialism*. Oxford: Oxford University Press, 2005.

and IMF (International Monetary Fund) – known in the literature as the Washington “consensus”. The social relations of this new stage of capitalism were characterized by neoliberalism, which, in general, constituted an imperialist offensive on a global scale under the hegemony of financial capital.<sup>5</sup>

This process did not occur in the same way among all countries. Taking this in to consideration, the restructuring of capitalist companies has occurred in those with high technological potential, especially those localized in the core capitalist countries. The suppliers and outsourced companies, in sectors of low technological potential and, especially, in the peripheral countries, operated through a cheap labour force which gave rise to a divergence between the technological potential available and the kind of investment companies were willing to make. Therefore, new technologies were not widely spread to the peripheral countries, but new methods were introduced to control workers, followed by the flexibilization of labour relations and the loss of labour rights. On the other hand, the advancement of neoliberal policies also arose from the particular configuration of international forces. In this respect, such policies were imposed on the periphery by the core countries and by financial institutions that acted internationally representing their affairs, most of the time without reducing their own protectionist policies. In this context, the role that the Brazilian social formation played during this new stage of capitalism made its peripheral condition even worse, insofar as it submitted the country not only to the industrial imperialist bourgeoisie, but most of all to foreign banks and speculators.

In Brazil, neoliberal policies got a boost during Fernando Collor de Mello’s (1990-1992) government. They were continued by Itamar Franco’s (1992-1994) government, reaching their peak during Cardoso’s two terms (1995-1998; 1999-2002). They were maintained during the governments of Luiz Inácio Lula da Silva (2003-2006; 2007-2010) and Dilma Rousseff (2011-2014; 2015-2016). When we characterize all these governments as neoliberal, it means that their actions had the clear purpose of prioritizing the objectives of the financial bourgeoisie above all others.<sup>6</sup> However, neoliberalism in Brazil was not adopted without contradictions.

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<sup>5</sup> DUMÉNIL, G.; LÉVY, D. “Superação da crise, ameaças de crises e novo capitalismo” (pp. 15-41). Em: CHESNAIS, F., DUMÉNIL, G., LÉVY, D., WALLERSTEIN, D. *Uma nova fase do capitalismo?* São Paulo: Xamã, 2003, pp. 15-41; BOITO JR., Armando. *Política neoliberal e sindicalismo no Brasil*. São Paulo: Xamã, 1999; ANDERSON, Op.Cit.

<sup>6</sup> BOITO Jr, A. “Governos Lula: a nova burguesia nacional no poder”. In: BOITO Jr, A., GALVÃO, A. *Política e classes sociais no Brasil dos anos 2000*. São Paulo: Alameda, 2012; MARTUSCELLI, Danilo. *Crises políticas e capitalismo neoliberal no Brasil*.

Collor (1990-1992) was elected on an openly neoliberal platform. Among other measures, he promoted an indiscriminate trade liberalization of the Brazilian economy, reduced labour and social rights, made working conditions more flexible and downsized the public service. It was at the beginning of his first term in 1990 when he became the first president to introduce the *Programa Nacional de Desestatização* – PND (Brazilian Privatization Program). Under this program USIMINAS, one of the most important state-owned steel producers in the country, was privatized in 1991.<sup>7</sup>

Itamar Franco (1992-1994) continued these policies and during his government the list of privatizations grew even longer. Besides the steel companies *Companhia Siderúrgica Nacional* – CSN (National Steel Company), *Açominas* (a mining company known as Gerdau Açominas S.A) and the *Companhia Siderúrgica Paulista* – Cosipa (a steel company located in São Paulo), the *Empresa Brasileira de Aeronáutica* – Embraer (an aircraft company), one of the world's major aircraft producers, were also privatized.

In the following years, Cardoso (1995-2002) moved forward through the flexibilization mainly of labour rights<sup>8</sup> and privatizations.<sup>9</sup> In his governments, the *Companhia Vale do Rio Doce* (a mining company known as Vale S.A) and *Telebrás* (Telephone Land Line Company) were privatized<sup>10</sup> as well as some banks and state-owned electric companies. In addition, in 1999 he broke Petrobras' state monopoly. As Finance Minister in the Itamar Franco government in 1994, Cardoso implemented a plan to control inflation using the *Plano Real*, a set of measures to stabilize the Brazilian economy. This measure was sustained by a recessionary policy, designed in the interests of international financial capitalism. In his second term as a president, this project was crowned through the economic policy

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Curitiba: Editora CRV, 2015; SINGER, André. "Cutucando onças com vara curta: o ensaio desenvolvimentista no primeiro mandato do governo Dilma (2011-2014)". *Novos estudos Cebrap*, n. 102, 2015.

<sup>7</sup> TRÓPIA, Patrícia Vieira. *Força Sindical - Política e ideologia no sindicalismo brasileiro*. São Paulo, Expressão Popular, 2009.

<sup>8</sup> GALVÃO, Andréia. *Neoliberalismo e reforma trabalhista no Brasil*. Rio de Janeiro: Revan, 2007.

<sup>9</sup> BIONDI, Aluizio. *O Brasil Privatizado – um balanço do desmonte do Estado*. São Paulo: Perseu Abramo, 1999; BIONDI, Aluizio. *O Brasil Privatizado II – o assalto das privatizações continua*. São Paulo: Perseu Abramo, 2000; GRACIOLLI, Edilson José. *Privatização da CSN – da luta de classes à parceria*. São Paulo: Expressão Popular, 2007.

<sup>10</sup> CAVALCANTE, Sávio. *Sindicalismo e Privatização das Telecomunicações*. São Paulo: Expressão Popular, 2009.

known as the “primary surplus formula, in which there are high interest rates and monetary overvaluation”. As a main consequence of this process, there was a rise in unemployment, a growth in informal labour and the loss of labour rights through reforms.

The governments of Lula (2003-2010) and Dilma (2011-2016) sustained the last policy mentioned. Even though during the PT period there were no large-scale privatizations as in previous governments, their governments broadened the policy of concessions of the public sector and partnerships with private companies, above all in the transport sector. Moreover, there were also privatization policies that exempted private equity from taxation, notoriously the higher education industry. There were also smaller-scale privatizations of state-owned banks, hydro-electric power plants and the pre-salt oil exploitation fields, one of the major oil discoveries in the last decades.

The Lula and Dilma governments maintained the hard core of neoliberal economic policy. Thus, if neoliberalism is the stage of capitalism under the hegemony of financial capital, these governments can be characterized as neoliberal, insofar as they adopted policies that benefitted a specific part of the bourgeoisie. In fact, what differentiates the PT governments from their antecessors is the re-accommodation of the other wing of the bourgeois class, mainly the large national bourgeoisie.<sup>11</sup> Another point of differentiation is that certain privileges were conceded to the working class. The point here is not to debate if this repackaged political economy would be enough to characterize the PT period as neo-developmental or as social-liberal etc.<sup>12</sup> Yet it is necessary to highlight the following: PT governments followed the economic policy rules that benefitted international financial capital, although it is necessary to take in to account that the remaining neoliberal policies suffered some setbacks under these governments.

1) Trade liberalization was not as indiscriminate as it was in the 1990s. In fact it was quite the opposite, since the country had been achieving a surplus in the trade balance while it became a major commodities exporter. Furthermore, the focus on the national economy provided some recovery for some important sectors of national industry.

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<sup>11</sup> BOITO, Jr. “Governos Lula: a nova burguesia nacional no poder”. Op. Cit.

<sup>12</sup> Boito Jr. Ibid., Martuscelli. *Crises políticas e capitalismo neoliberal no Brasil*. Op. Cit. and SINGER, André. “Cutucando onças com vara curta: o ensaio desenvolvimentista no primeiro mandato do governo Dilma (2011-2014)”. Op. Cit. present some disagreements related to terminology and the content of the analysis, but they agree that the PT governments adopted some neoliberal reforms and did not break ties with the hegemony of financial capital.

2) Despite the advancement of privatization through concessions to and partnerships with the private sector, as well as some privatizations, no single large-sized companies were privatized.

3) There was no great advance in the flexibilization of labour laws. However, it is possible to identify the loss of some labour and social rights, as shown in the Social Security Reform in 2003, which did away with some historical rights of public sector workers. The PT governments also implemented the First Employment Contract and the Legal Entity Contract that, respectively, reduced the employment stability of young workers and allowed the hiring of service workers as if they were private companies.<sup>13</sup>

4) And last, but not least, it is crucial to draw attention to the fact that, in the first 12 years of the PT governments up to Dilma's first term, there were considerable achievements for the working class. Formal job growth, the minimum wage and real wages rose, poverty declined through compensatory policies, the public service was enlarged and higher education vacancies expanded. This is diametrically opposed to what occurred in the previous 12 years when there were job losses, wage restraints and reduction of the public sector.

The next section will address how the Brazilian trade union movement reacted to these developments.

### **CUT in face of neoliberalism**

Considering the period from 1990 to 2002, CUT opposed the neoliberal policies implemented by the Collor, Itamar Franco and Cardoso governments. This opposition can be explained by taking into account three factors. First, a programmatic matter: CUT had as a principle the conciliation of the working class' historical and short-term objectives. In this regard, it defended a socialist perspective, but negotiated improvements in capitalism through a national-developmental agenda promoted by the state. This aspect differentiated it from neoliberalism. Second, a party-political interest: the neoliberal project that won the 1989, 1994 and 1998 presidential elections were against Lula of the *Partido dos Trabalhadores* – PT (Workers' Party) one of the founders of CUT.<sup>14</sup> Finally, it is important to

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<sup>13</sup> GALVÃO, Andréia. "A reconfiguração do movimento sindical no Governo Lula", *Outubro*, n.18 1º. semestre 2009, pp. 176-200.

<sup>14</sup> The PT was founded in 1980 and CUT in 1983 as part of the ascension of trade union and popular movements that occurred during the context of Brazil's period of re-democratization. Lula was the leader of historical metalworkers' strikes at the end of 1970s

consider a pragmatic point: CUT's basis was directly affected by neoliberal policies, composed not only by the public sector, but also by traditional sectors (banks, industry etc.) noted by their capital accumulation in the public and private spheres. Before the election of the PT in 2002, the national trade union central was totally against privatizations, trade liberalization, flexibilization of labour rights and cuts to social spending since these policies harmed workers through the precarisation of work and the increase in unemployment. It is important to note that CUT not only adopted positions against privatization, but also resisted through strike actions in the sectors which they had organized. One of the most important strikes in this period was by CUT-organized oil workers in 1995, which ended up with military intervention after more than 30 days of paralyzation. This event actually delayed Cardoso's project to break Petrobras' state monopoly that was only accomplished three years later.

In short, it is possible to affirm that CUT resisted the hard core of neoliberalism. However, CUT's opposition to neoliberal policies was marked by contradictions. Some of its metalworker union affiliates in the ABC region<sup>15</sup>, São Paulo's industrial belt, used sectorial committees, among other means, to negotiate the flexibilization of labour rights using the maintenance of employment as an excuse. This kind of practice became recurrent in CUT unions and was the subject of intense debates, tensions and disputes. Besides that, it is worth remembering that the entity went through deep ideological shifts, changing it from a class-based and combative trade unionism to a much more conciliatory and propositive unionism, constructed through collusion with management and the promotion of social services for union members. This was dubbed by some CUT leaders as "citizen trade unionism". Finally, even rhetorically criticizing unemployment, CUT bought into the argument that unemployment was the individual responsibility of the worker who did not have sufficient training. As such, CUT unions worked with the Fundo de Amparo ao Trabalhador – FAT, a federal support program financed from trade union coffers to promote training programs. In this context, in 1999 CUT created its own training organs, the *Central de Trabalho e Renda* (Work and Income Agency Federation) and the *Agência de*

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and the beginning of the 1980s when he also devoted himself to the foundation of the party and became its first president.

<sup>15</sup> The region in Greater São Paulo where CUT was originally born. It is the site of important metal industries such as the largest vehicle assembling companies in the country.



*Desenvolvimento Solidário* – ADS (Solidarity Development Agency).<sup>16</sup> Summarizing, CUT was not immune to the impact of neoliberal ideology.

In this sense, neoliberal policies and productive restructuring forced CUT trade unions to retreat and demonstrated that the level of resistance depended not only on the tools available in each moment, but also on the ideological beliefs that began to prevail in the union central.<sup>17</sup> We can conclude that CUT fought against the hard core of neoliberal policies, but these policies put the union central on the defensive, reducing its margin of action, and in part, some of its trade unions adhered passively to neoliberal premises.

With the beginning of the Lula governments in 2003, the political-trade unionist perspective suffered deep changes. For the first time in its history, CUT became aligned to the federal government. In this sense, it supported most of the measures and programs of the government, apart from the fact that many of its leaders participated directly in the government through nominations to ministries and secretaries. This support, however, did not prevent contradictions to arise when its interests were opposed or just not attended, even though these reactions were not as hard as when the PT was in opposition. In other words, although there were some disagreements related to certain measures, this opposition was rarely shown since CUT never stood up to the government. The dispute for hegemony defended by the union central became more internal, considering that the central itself was a key part of the government.

In the first years of Lula's government, there was dissatisfaction with the continuation of neoliberal economic policy and the delay in attending some historical demands from the "popular-democratic field". This tension in CUT's relation to the government was felt even in the first months of Lula's first term when the government pushed through a Social Security Reform<sup>18</sup>,

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<sup>16</sup> SOUZA, Davisson C. C. *Sindicalismo e desempregados: um estudo comparativo das centrais sindicais do Brasil e da Argentina (1990-2002)*. Belo Horizonte: Fino Traço, 2013.

<sup>17</sup> We have already shown in a previous paper the relation between the evolution of strikes and political, economic and ideological factors that related to each other through a complex and contradictory articulation. See SOUZA, Davisson C. C., TRÓPIA, Patrícia Vieira. "Greves, conjuntura político-econômica e transformações ideológicas no sindicalismo brasileiro recente (1989-2013)". *Anais III Conferência Internacional Greves e Conflitos Sociais*. Barcelona, junho de 2015.

<sup>18</sup> CUT presented a dual position in the face of the Reforma da Previdência (Social Security Reform). Its intervention in the discussion process was unbalanced and defensive, because since Lula assumed the presidency, the union central was a supporting force of the government. Luiz Marinho, the president at that time, was clearly a defender of the reforms even though he was aware of the pressure and resistance by public sector unions within the

which restricted rights and made public service pension rules more flexible. Public-sector unions constituted one of CUT's key sectors. The tensions and disputes became more challenging in the following years, resulting in splits by socialist trade unionists from CUT who eventually formed two minor left-wing centrals: Conlutas - Central Sindical e Popular – Coordenação Nacional de Lutas (Popular National Trade Union Central), in 2004, and Intersindical – Central da Classe Trabalhadora (Intersindical – Working-Class Central), in 2006.

Legal reforms regulating trade union representation contributed to these divisions. Since the promulgation of Law 11.648/2008 in 2008, that officially recognized labour union federations as entities representing workers, the entities themselves, the ones with significant importance, began to collect resources from the trade union tax.<sup>19</sup> It was in the heart of these changes that the Corrente Sindical Classista (Classist Trade Union Current) along with the Partido Comunista do Brasil – PCdoB (Communist Party of Brazil), which had historically offered support to the trade union structure, left CUT and founded in 2007, the *Central dos Trabalhadores e Trabalhadoras do Brasil* (CTB) – (Workers Central of Brazil). Taking into account that, in this period, the União Geral dos Trabalhadores – UGT (General Union of Workers Central) and the *Nova Central Sindical de Trabalhadores* – NCST (New Labour Union Central), emerged as representative entities, the conclusion is that, during Lula's government, the trade union map was reconfigured and ended up much more fragmented.<sup>20</sup> Although CUT is still the largest Brazilian union central, it no longer competes only with the FS.

Under Lula's governments, the trade union map in Brazil thus underwent two major changes: on one hand, it became more fragmented with the creation of several union centrals; on the other, the hegemonic sectors – CUT and FS –, previous political opponents, joined together in support of

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trade union centrals. According Freitas, CUT's defensive intervention in the Social Security Reform happened also because the union central did not assume retirement as a possible way of reducing the weekly work week. FREITAS, Revalino de. "Sindicalismo, reforma da Previdência e Tempo de Trabalho: o caso da CUT. Trabalho apresentado no XII Congresso Brasileiro de Sociologia, realizado na UFMG, Belo Horizonte MG, de 31 de maio a 3 de junho de 2005.

<sup>19</sup> It is essential to remember that the Trade Union Reform maintained the pillars of the trade union structure: uniqueness, compulsory contributions and the role of the Labour Courts in decisions related to labour conflicts. The trade union tax comprised the main source of funding for trade unions in Brazil. It amounted to the collection of one full day of wages per year of every unionized worker.

<sup>20</sup> GALVÃO, Andréia; TRÓPIA, Patrícia Vieira; MARCELINO, Paula. *As bases sociais das novas centrais sindicais brasileiras*. Curitiba: Appris editora, 2015.

the federal government. However, we disagree with the thesis that struggles in Brazil underwent a process of pacification with the arrival of the PT in the presidency, or that CUT had been “co-opted” by the government.

First, it is essential to mention that in the case of CUT trade unionism the term “co-optation” does not apply precisely. It is nonsense to say that an entity is co-opted by a government of which it is part, not only through composing its supporting base, but also for providing personnel in key positions. In addition, if we take as an indicator of trade union mobilization the most important instrument of struggle – strikes – it is clear that strike action did not begin to suffer during Lula’s governments. Moreover, from the middle of his second term, strikes increased with the peak occurring during Dilma Rousseff’s first government. During the Cardoso governments, the annual average number of strikes fell from 861 in the first term (1995-1998) to 436 in the second term (1999-2002). Considering Lula’s first term, it fell even more, reaching the minimum level of 315 strikes a year in his first term (2003-2006) and increasing to 423 again in his second term (2007-2010). Yet strikes averaged 1,159 per year in the first three years of Dilma’s government.<sup>21</sup> In 2013, for instance, Dieese – Departamento Intersindical de Estatística e Estudos Socioeconômicos – (Inter-Union Department of Statistics and Socio-economic Studies) recorded 2,050 strikes in Brazil, a number that surpassed the peak of 1,962 strikes in 1989 and establishing a 30-year record in Brazil. How, then, did CUT behave during the governments of Lula and Dilma?

The PT’s ascension to power was welcomed by CUT as an electoral victory over the neoliberal project. It would thus open up a new scenario while creating favorable conditions to overcome that model. However, while evaluating the first months of the first presidential term of Lula, CUT argued that the election victory was not enough and that overcoming neoliberalism would not be automatic, given the legacy of previous governments and the dispute that would happen with politicians aligned to neoliberalism, including those in alliance which formed the base of support in the Congress for the PT government.<sup>22</sup>

However, even being aware of these limits overall, CUT’s expectation was that PT governments would make further progress. The union central called for measures that would reverse the privatization process of state-owned companies. Even though the PT never carried out the privatization of large

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<sup>21</sup> The full details are mentioned in SOUZA and TRÓPia, “Greves, conjuntura político-econômica e transformações ideológicas no sindicalismo brasileiro recente (1989-2013)”. Op. Cit.

<sup>22</sup> CUT. *Resoluções 8º. CONCUT*. São Paulo, junho de 2003.

state-owned companies, they did continue to privatize and never considered reverting the auctions of state-owned enterprises conducted in the 1990s.

The union centre also advocated for a renegotiation and audit of the public debt. However, PT governments continued subordinating the public budget to financial capital<sup>23</sup>, including the issue of new debt and primary surplus targets that become increasingly stifling to the national economy. CUT also demanded the taxation of financial capital. Yet except for a short period during Dilma's government, when interest rates fell, PT governments remunerated financial capital on a massive scale.

During the discussion process of tax reform in the government's first months, CUT made the following analysis: "It is necessary, however, to be bolder and more determined for the accomplishment of a true tax reform that aims at correcting the inherited distortions".<sup>24</sup> However, what we noticed in Lula's government was an increase in tax exemptions for business through partnerships and public policy management. In addition, in relation to economic policy, CUT expected changes such as reduced interest rates, the end of primary surplus and of the Fiscal Responsibility Law (a law created to establish goals and limits in public spending). As we have shown, however, Lula and Dilma followed the neoliberal tenets established during Cardoso's second term to the letter.

Additionally, there was a great expectation for agrarian reform. Instead, the government favored the largest agribusinesses although it also promoted a microfinance policy for family farms. Yet there was quite limited progress in the expropriation of unused land to distribute to small-scale producers. In the labour rights area, there was also no progress related to CUT's two other demands: the reduction of working hours and the "revocation of the provisional measures and laws for the flexibilization of labour rights adopted in Cardoso's government".

For what reason then would the union central keep its ties with PT governments?

Using as a parameter the criteria used to evaluate the 1990s, we can assume that this support occurred for reasons of a programmatic, pragmatic and partisan order. CUT has never ceased to show its dissatisfaction with the continuation of neoliberal economic policies and the trifling improvement in many of its demands. But it still supported most of the government's programs and measures such as the *Bolsa Família* program (Family Grant, a

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<sup>23</sup> Even before being elected, in the *Carta ao Povo Brasileiro* (Letter to the Brazilian People) in 2002, Lula had announced to the banks and speculators that he would honor the previous governments' financial commitments.

<sup>24</sup> CUT. *Resoluções 8º. CONCUR*. São Paulo, junho de 2003, p.35.

small but significant cash transfer from the federal government to the very poorest families), the popular credit incentive policy, especially around the housing program *Minha Casa, Minha Vida* (housing units for low-income families), the geopolitical realignment that valorized Mercosul and proximity to other Latin American left-wing governments. Among others, we can also mention the incentives for national businesses and the financing of productive activity through loans from the state development bank, BNDES, especially during the first edition of the *Plano de Aceleração Econômica* (PAC, Acceleration and Growth Plan) not to mention the growth in the trade unions representative roles such as the expansion of tripartite dialogues, the legal acceptance of union centrals after the trade union reforms, the minimum wage valuation policy, and so on.

This support was also a result of a pragmatic question. The Brazilian working class as a whole – and CUT’s base in particular – enjoyed significant gains during PT governments with the increase in formal job creation, the expansion of public sector employment, real wage gains in negotiations, etc. Thus, the union central’s evaluation was that in the “wholesale” the gains were greater than the losses, including the relative stagnation in the labour rights area.

Finally, we must consider the partisan issue. Even though its participation in the government was not unrestricted, the alliance between the CUT and PT was essential for this support, given the trade union leaders’ interest in participating directly in the government, holding positions and composing tripartite forums.

It is crucial to remember that there were significant fluctuations in the PT governments. Therefore, we highlight as two key moments during this period, both of them during Dilma’s government, that were evaluated by the union central. In mid-2012, the reduction of interest rates<sup>25</sup> was received with great enthusiasm by the union central: in fact, “The confrontation with and reduction of the power of financial capital was the great news coming from Dilma Rousseff’s government (...)”.<sup>26</sup> During the president’s second term, the union central also played an important role in protests against the impeachment of Rouseff. Although it spoke out against some government measures aimed at fiscal adjustment, the union central admitted that: “CUT, since the beginning of Rousseff’s second term, has been advocating in favor

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<sup>25</sup> This is a measure that is part of the so-called “developmentalist test” referred to by SINGER. “Cutucando onças com vara curta: o ensaio desenvolvimentista no primeiro mandato do governo Dilma (2011-2014)”. Op.Cit.

<sup>26</sup> CUT. *Resoluções 11º. CONCUR*. São Paulo, junho de 2012, p.15.

of Minister Levy's economic policy changes, marked by a regressive and recessive character (CUT, 2015, *idem*, p. 48).

### ***Força Sindical in the face of neoliberalism***

In the 1990s, Força Sindical (FS) played a decisive role in disseminating the ideological aspects of neoliberalism to the Brazilian union movement.<sup>27</sup> Created in 1991 under the auspices of the Collor government, FS adhered to neoliberalism while defending programmatically privatization, deregulation of labour rights and the reduction of social spending, especially through its main union base formed by the Sindicato dos Metalúrgicos de São Paulo – SMSP (São Paulo Metal Workers' Union).

During its founding Congress in 1991, in a clear contrast to CUT's confrontational practice, FS proposed a unionism defined as "pro-capitalist", "modern", results oriented and with a willingness to dialogue. The idea of partnership between capital and labour was one of the principles presented by the new national trade union centre. FS leaders criticized the "notarial" state and its excessive protectionism.<sup>28</sup> In its campaign program, the union central was willing to fight for the idea that state-owned enterprises in strategic areas should not be privatized, preserving national sovereignty and patrimony. Nevertheless, it recognized the need to review the state's role in sectors that "only entail losses to the people," as well as "state-owned companies that serve only as administrative featherbedding".<sup>29</sup> But, if in the origins of the FS we can talk about reconciliation, the union central's firm adherence to neoliberalism occurred only during the first privatization process, more precisely that of Usiminas and *Companhia Siderúrgica Nacional* – CSN (Steel Producer Companies).

In these events, the FS' national leadership, especially Luiz Antonio de Medeiros, played a decisive role. He was responsible for popularizing for the rank and file the discourse that state-owned companies were merely "administrative featherbedding" and propagated to workers of the companies that would be auctioned, the idea that, if they supported privatization, there would not be only a wage increases, but they would also become "partners with capital".<sup>30</sup> According to the union central, it would

<sup>27</sup> TRÓPIA, Patrícia Vieira. *Força Sindical – Política e ideologia no sindicalismo brasileiro*. Op.Cit.; GIANOTTI, Vito. *Força Sindical a central neoliberal – de Medeiros a Paulinho*. Rio de Janeiro: Mauad, 2002.

<sup>28</sup> FORÇA SINDICAL. "Congresso Nacional de Fundação". Ano I, no. 1, jun. de 1991.

<sup>29</sup> *Ibid.*, p.47.

<sup>30</sup> TRÓPIA, Patrícia Vieira. *Força Sindical - Política e ideologia no sindicalismo brasileiro*. Op.Cit.



be necessary to dismantle “privileges”, fight productive inefficiency through privatization, dissociation from the state and deregulation policies. In sum, the reduction of state intervention, an increase in private sector intervention and reconciliation between capital and labour would constitute the best recipe against the “broken” development model.

During its first decade, FS served as a support base for the Collor and Itamar governments by disseminating to its rank and file free market vicissitudes, criticism of public services and by proposing and trying to implement the deregulation of labour laws as well as acting in the privatization process of Usiminas and CSN.<sup>31</sup>

An intriguing question was presented: what interest then would the rank and file of this union central have in neoliberalism? FS spread a diffuse criticism of the public service, to the notarial state and the developmentalist model and, through this discourse, tried to attract its base – mainly composed by trade unions which belonged to the private urban industrial sector – favorably touting neoliberalism’s supposed benefits: efficiency, productivity, competition, consumer sovereignty and even job creation.

The FS’s support for neoliberalism was not unconditional. Because of the perverse effects of neoliberal policies on their own base from 1995 onwards the union central began to criticize government economic policy and the trade liberalization that led to closing down industries and the explosion of unemployment. Because of this scenario, the union central actually participated in and supported in an unprecedented way some strike actions led by CUT such as the general strike of 1996.

Nevertheless, FS never abandoned its neoliberal theses. For example, given its acceptance of the employer ideology, the union central dealt with unemployment through its management of the FAT’s resources to promote ‘requalification’ courses until 1998, when the Centro de Solidariedade ao Trabalhador (Workers' Solidarity Centre) was created.<sup>32</sup> According to the union central’s view, professional qualification would become the main weapon of trade unions (as training providers) leaving the workers themselves to cope with technological changes and new forms of employment and unemployment.

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<sup>31</sup> Ibid.

<sup>32</sup> GALVÃO, Andréia. *Neoliberalismo e reforma trabalhista no Brasil*. Op.Cit; SOUZA, Davisson C. C. *Sindicalismo e desempregados: um estudo comparativo das centrais sindicais do Brasil e da Argentina (1990-2002)*. Op.Cit.

What was the role of the FS during the PT governments? What was its role when it was confronted with a popular government, whose president had emerged from the ranks of its old antagonists, CUT and the PT?

The two congresses held by FS in the 2000s, in our opinion, demonstrate a slight change in their ideological and political programs. During its 5th Congress, held in August 2005, the central directed its critique to the macroeconomic policy of the Lula government, saying it was in many ways a continuation of the FHC government. At its 6th Congress, held in July 2009, the union central not only assumed its support for Lula's government, but participated in it and, surprisingly, adopted a critical position of neoliberal policies. Was this just an ideological shift or just mere occasional support for the government of the day?

During Lula's first term (2003-2006), it is possible to observe the permanence of an austere macroeconomic policy, but in the second term (2007-2010), this policy combined a set of developmental policies with economic protectionist measures. These measures were evidently, especially in the face of the 2008-9 financial crisis, a favorable scenario for the unions affiliated to FS, which was composed primarily by workers in the private sector.

After that, there were changes in labour legislation, which resulted in the Law 11.648/2008, which officially recognized labour union federations as entities representing workers. In this scenario, FS and CUT worked together and, more than that, become allies. Because of the *Fórum Nacional do Trabalho* – FNT (National Labour Forum), these national trade union centrals decided to defend common causes and, from 2007 onward, the very FS integrated the PT government.<sup>33</sup>

This alliance caused reactions and divisions in the labour movement in general, and, in particular, within the FS. One result was the creation of the UGT, composed by former participants of *Central Geral dos Trabalhadores* – CGT (National Trade Union Central), the Social Democracia Sindical - SDS (Brazilian Social Democratic Party) and dissident sectors of the FS – such as the *Sindicato dos Empregados no Comércio de São Paulo* (Union of Commercial Workers in São Paulo). The dissidence of the last mentioned entity happened, to a large extent, due to its connection to CUT and the controversy surrounding compulsory contributions under the FNT. Besides the defense of common causes, CUT and FS held joint actions such as acts

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<sup>33</sup> In 2007, Luiz Antonio de Medeiros was nominated as the Secretary of Labour Relations in the Ministry of Labour.



and unified campaigns for better wages and reduction of working hours to 40 hours per week.

However, economically, it is possible to identify part of FS' opposition to the Lula government. Macroeconomic policy would be the subject of criticism and reactions that culminated in actions, campaigns and the proposition of legislation. But, the criticism of the FS of Lula's macroeconomic policies had no class content and did not identify the dominance of finance capital and agribusiness allied with the industrial bourgeoisie although numerous criticisms were made of financial and tax policies which harmed domestic industry, increased unemployment rise and cut workers' income.

As seen earlier, CUT also directed similar criticism to the economic policies of the PT governments. However, we found some differences in the positioning of the two centrals in relation to the Lula governments. During the period in which CUT had an ambiguous position on the Social Security Reform, it was effectively backing the FS's historical claims, which, since its inception has identified the public service as a source of privileges and "administrative featherbedding".<sup>34</sup> The union central's position on social security was exposed and presented to the government at the beginning of February 2003. In order to justify its proposal, FS would repeat the widely disseminated discourses about the privileges and "injustices" related to two issues: the existence of a dual retirement system (public and private) and the high expenses to businesses. In this regard, among other changes, the FS proposed the creation of a single retirement system – which, in fact, would entail the end of retirement in the public sector.<sup>35</sup>

Another point related to economic policy and criticized by FS, but absent in CUT criticism, was the economic opening to China. Besides FIESP (Federation of Industries in the State of São Paulo), FS expressed its dissatisfaction with Lula's government, which, for recognizing China as a market economy, encouraged massive importation of Chinese products into the country. In addition, in association with FIESP and other employers, FS conducted a campaign for the reduction of the tax burden which, according to the union central, would encourage job creation in the country.

However, according to our hypothesis, it is at the political-ideological level that significant changes can be seen in the FS. More precisely, the union

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<sup>34</sup> TRÓPIA, Patrícia Vieira. *Força Sindical – Política e ideologia no sindicalismo brasileiro*. Op.Cit.

<sup>35</sup> It is important to mention that FS is the largest union federation in the private sector while CUT has the large insertion in the public sphere.

central went through an ideological shift in its 6th Congress, in 2009, when it abandoned some ideas and neoliberal principles that guided its foundation and its practice in the 1990s. The 6th Congress occurred in the context of the effects of the international financial crisis, which started in 2008, which induced the union centre to demand protectionist policies and direct severe criticism at the Lula government's economic model and neoliberalism. For FS, the crisis resulted due to the predominance of speculative capital over the productive one, resulting in unrestricted freedom for the movement of capital and a deregulated financial system.<sup>36</sup>

The 5th Congress also revealed a change in the FS profile. Although it continued as a general representative union central in the private and urban sector, the service sector trade unions and representative institutions for pensioners henceforth became the majority in the central. It is clear that the changes that occurred in the social base of the FS, verified since the 5th Congress, were reflected in its proposals and in its main action plan. On the one hand, issues related to pensioners, such as the campaign against the Social Security reforms and the minimum wage increase, showed the importance of this sector in the composition of the union centrals. On the other, we can say that the employment increase, salary gains and the minimum wage valuation policy, which was also positive to pensioners, benefited the FS rank and file.

However, why was FS allied with the Workers' Party governments? It was for the same reason that the union central, in the past, was allied with Collor and the PSDB governments. FS was a union central that allied itself to the government to secure privileges, but it did not intend to create a party, and despite not being nonpartisan, it did not have politicians with a national reference.<sup>37</sup>

Only with the emergence of the political party *Solidariedade* – SD (Solidarity Party) in 2013, the FS and SD president, Paulinho da Força, became a major political reference and led the union central in opposition to Dilma Rousseff's government. However, while the SD built a coalition to support Aécio Neves (PSDB) in his candidacy for the presidency in the 2014 elections, FS did not have a clear opinion about which candidate it would support. While Paulinho da Força, FS President, supported Aécio, part of the leadership and the union central's rank and file would support Dilma. The same division appeared recently in which Paulinho da Força and

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<sup>36</sup> FORÇA SINDICAL. "Resoluções do 6º Congresso Nacional da Força Sindical", Praia Grande, 29, 30 e 31 de julho de 2009.

<sup>37</sup> In the union central, we find leaders affiliated to various parties such as the PT, PSDB and PDT.

SD supported the demonstrations for the president's impeachment, while the union central as a whole, which formed part of pro-government trade unions, supported the maintenance of Dilma as president.

### **Final considerations**

How did the main forces in Brazilian trade unionism behave in the face of the neoliberalism? First, we can affirm that neoliberal policies were the vector for the disputes and alliances between the two main Brazilian national trade union centrals in the last 25 years - CUT and FS. The dispute between these union centrals was not constantly polarized: there were moments of convergence, such as that which occurred in 1996 and during the long period of alliances during the Lula governments and the first term of Dilma (more specifically, for the *Fórum Nacional do Trabalho* – FNT (National Labour Forum) until the creation of the SD when the FS itself was divided.

The support/opposition given by CUT and FS to neoliberalism was not unanimous, continuous and without contradictions. Tensions and disputes between the union centrals and within them has even led to a sharp process of dissidence. The entity's position in face of neoliberalism cannot be explained by purely programmatic reasons although the FS's ideological transformation can best explain its closeness to CUT during the PT governments.

The criticism/support of neoliberalism also depends on the interests of workers, who are represented by the base unions of the two union centrals. This explains the reason why CUT, which has many trade unions in the public sector, has never accepted the deterioration that occurred to services and to state employees. It also clarifies why the FS, the biggest union central in the private sphere, has revised some of its positions when the effects of neoliberal policies were felt more acutely by its rank and file.

Finally, it depends on the alliances between the trade union lobby, political parties and governments. CUT is historically linked to PT becoming the Lula/Dilma governments' main basis of support. FS is not partisan, but it has acted primarily as a union central that allies itself to the government in power. This explains, in part, their adherence to neoliberalism during the Collor and Cardoso governments, but also its programmatic shift in the 2000s when it began to support and participate in PT governments.

In short, both CUT and FS acted as an important basis of support for Lula and benefited from nominations to government posts (mainly by CUT, but

also in the FS), and participation in tripartite forums as well as being legally recognized as union centrals, which gave them permission to access the resources of the trade union tax. In this context, FS revised its positions and began to criticize aspects of the neoliberal project. Moreover, it is worth mentioning that the members of both union centrals benefited from the increase in formal jobs and salary gains during the Lula governments.

The affiliation/critique made by the two main union centrals to neoliberalism contains limits and contradictions. CUT, an anti-neoliberal union central in the 1990s and in open opposition to the federal government partially criticized the continuity of neoliberalism in the PT governments, but never ceased to be one of its main allies. FS, an earlier defender of the neoliberal platform and allied to the governments that implemented it in the 1990s, revised their theses and got closer to the PT governments during the 2000s. In 2016-2017, CUT integrated the Frente Brasil Popular (Brazil Popular Front) with the slogan “no to the coup” defending the legitimacy of the elected government of Dilma even though it adopted measures contrary to workers’ interests by implementing austerity measures close to the neoliberal orthodoxy.