Brazilian public sector strike challenges PT government’s economic policy

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A prolonged strike by 350,000 university professors, electrical workers and other federal employees poses a direct challenge to the economic policies initiated by the Workers Party (Partido dos Trabalhadores-PT) government of President Dilma Rousseff in response to the global economic crisis.

Unionized members of the Federal Police are expected to join the action today after strike votes held last week. The walkout could shut down customs and passport control at Brazilian borders, airports and ports as well as other facilities.

Other sections of the federal workforce have been on strike for many weeks. These include 143,000 professors and other university employees, who have shut down 57 federal universities and 34 federal technical education institutes since May 17. These education workers rejected a government contract offer last month that served only to deepen the inequality within the present system, leaving newly hired professors with doctorates earning just US$2,000—less than a municipal policeman.

Also on strike are workers at Electrobras, Brazil’s state-owned electrical company and the largest utility in Latin America, as well as employees of various regulatory agencies, ministries and other state bodies. These include workers at ANVISA, the Brazilian agency that inspects imported food, medicine and other items, whose job action has tied up the movement of goods through Brazilian ports. The strike by analysts in the government’s statistics agency prevented the release of an official unemployment report for the month of June.

The strike action has continued and spread despite the best efforts of the trade union bureaucracy heading the CUT (Central Única dos Trabalhadores), Brazil’s largest trade union federation, to isolate and suppress the struggle. The CUT’s newly installed president, Vagner Freitas, recently announced after a closed-door session with Rousseff’s chief of staff, Gilberto Carvalho, that he opposed a general strike by all federal workers because it would “radicalize” the situation.

“We believe that you can’t get out of the impasse if positions radicalize,” said Freitas, who appealed for “tolerance” and “negotiation” on the part of the government. The CUT is thoroughly integrated into the corrupt apparatus of the PT, the main political representative of Brazil’s financial and corporate ruling establishment.

Despite the pleas of the union officialdom, the Rousseff government has shown no inclination toward “tolerance” or genuine negotiations. On the contrary, it has responded to the strike with unprecedented retaliation, docking workers pay for each day on the picket line, which is not the norm in such disputes, and issuing its Decree 7777 late last month authorizing the use of state and municipal employees as strike-breakers, using them to perform the jobs of striking federal workers.

President Rousseff has taken a hard line against the federal employees’ demands because it sees them as a direct challenge to the “fiscal adjustment” program that the PT government has sought to implement as its response to the impact of the world capitalist crisis upon the Brazilian economy.

The euro crisis, the continued economic stagnation in the US and the slowing of growth in China have combined to bring the growth of Brazil’s own economy, which last year supplanted that of Britain as the sixth-largest in the world, to a near halt.

Industrial production is believed to have shrunk by 4.3 percent since last year, while market forecasts for the country’s overall growth rate for 2012 range from

1.5 to 2 percent, down from the anemic 2.7 percent rate recorded last year, not to mention the 7.5 percent growth seen in 2010.

The government's "stimulus" response has centered upon tax breaks, preferential interest rates, deregulation and subsidies aimed at Brazilian and multinational capital. The tax incentives for industries combined with the lowering of the long-term lending rate that Brazil's national development bank charges on corporate loans to 5.5 percent (compared to the country's benchmark lending rate of 8.5 percent) have shown little indication of enticing significant new investments.

What both domestic and foreign capital want is a slashing of labor costs. This has emerged clearly in the recent confrontation over General Motors' announcement of its plan to slash 1,840 workers' jobs at its Sao Jose dos Campos plant outside Sao Paulo. The layoff threat sparked a series of strikes and demonstrations, as well as a warning from the Rousseff government that its tax incentives were meant to facilitate the keeping rather than slashing of employment in Brazil.

Last weekend, the local union and GM reached a tentative agreement that temporarily postponed the layoffs, guaranteeing the jobs of 900 workers until November, while placing the rest on layoff with salary and job re-training between now and November. In the meantime, the company and the union are to continue negotiating.

The main union of autoworkers, the Sindicato dos Metalúrgicos do ABC, publicly denounced the local union at the Sao Jose dos Campos plant as bearing responsibility for the layoffs because of its refusal to negotiate sweeping concessions accepted by the main union elsewhere. In a statement published by the main union's magazine, its secretary-general, Wagner Santana, said the layoffs were the result of the local's "intransigence".

Rousseff's assault on the federal workers is directed at spearheading the driving down of wages and conditions for workers throughout the private sector to make labor costs in Brazil more competitive with those in China and elsewhere.

Thus far, the government has refused to offer any serious proposal to end the strikes. Last month, Brazil's National Congress approved a draft budget law that included no money for wage increases in 2013. Speaking to the newspaper *Correio Braziliense*, a Rousseff advisor defended the measure, declaring that public workers "already received raises during the last 10 years and they have job stability. With worse things happening in Europe and the United States, they will continue being employed. Thus, they must give their quota of sacrifice."

No such quota, however, is being imposed upon the banks, corporations and Brazil's wealthy upper classes, whose ranks have swelled at an unprecedented rate under the PT governments of Rousseff and her predecessor, former metalworkers' leader Luiz Inacio Lula da Silva. According to the financial consulting firm Capgemini and its partner RBC Wealth Management, Brazil last year saw the greatest per capita increase in the number of so-called high net worth individuals (HNWI). The number of Brazilians with at least a million dollars in disposable income rose last year to 165,000, 10,000 more than in 2010.

The ever more transparent defense of the interests of this super-rich sector at the expense of the broad masses of Brazilian workers is creating the conditions for confrontation between the PT government and the working class.