Brazil's Temer government pushing labor, pension "reforms"

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The conclusion of the impeachment of Brazil's former president, Dilma Rousseff of the Workers Party (PT), and her replacement by the former vice-president, Michel Temer of the Brazilian Democratic Movement party (PMDB), has cleared the way for a succession of behind-closed-doors meetings of business and political circles to pursue the impeachment's real goal: a quick and sweeping restructuring of class relations in Latin America's largest economy.

Despite virtual consensus on the measures to be taken, centering on pension and labor "reforms" and a decades-long government divestment plan, virtual paralysis has taken hold of Congress. Its 594 members are preoccupied with the new political landscape after Brazil's 5,570 townships held local elections on October 2, and a vote on the austerity measures, considered so politically toxic as to make local political alliances unstable, is being postponed.

Significantly, as 55 townships brace for run-offs in mayoral elections at the end of this month, in both São Paulo and Rio de Janeiro—with a combined population of 20 million—the candidates supported by the new president suffered electoral routs, finishing in fourth place. Both have openly blamed the federal government's economic agenda for their defeat.

Even as the government repeatedly backs off from calling its "reforms" to a vote, details of the three principal reforms are already known, having been presented by several ministers in high-profile press conferences in September. The only formalized proposal, a constitutional amendment to impose a 20-year freeze on government spending, was already approved by a special commission in the lower house. According to economic think-tanks, such a measure, if it had been introduced in 2002, would have reduced current health care funding by 60 percent.

But this is only a preparatory measure compared to the pension and labor "reforms" being negotiated in the capital of Brasília. In line with what is being discussed in Europe and particularly in crisis-ridden Greece and Spain, the business-government "consensus" in these matters is that people are living too long and the minimum retirement age should be raised to 65 years. This means that the poor layers of Brazilians, who enter the legal labor market at 16, would work no less than 49 years before retirement. By the same logic, wages are too high and should be cut, which the current constitution forbids.

Other pension reform proposals include increasing contributions all across the wage spectrum, introducing mandatory private pension plans for public employees, ending so-called "parity" between pensioners and workers, which allows pensioners to have the same increases in benefits as those negotiated by unions for active workers and, most significantly, ending the entitlement of Brazil's almost 14 million rural workers to age-related pensions even without contributions having been made during their working years. This was a crucial measure introduced to reduce rural poverty, as rural workers are among the most exploited and cannot usually spare money for retirement during most of their working lives.

As for the labor reform, it has been reduced by ministers to the watchword "the negotiated above the legislated." This means that concessions agreements negotiated by the unions that violate Brazil's highly detailed, almost 80-years-old Labor Code—which have been frequently struck down by the labor courts—must now be allowed to stand.

It is highly significant that in such a sweeping restructuring of class relations, union "negotiations" are being promoted as never before in Brazil. The country's Labor Code (Portuguese: Consolidação das Leis do Trabalho, CLT) was imposed upon workers in the twilight of the fascistic dictatorship of Getúlio Vargas (1930-1945). It was openly modeled on the corporatist labor laws created by Italy's Benito Mussolini, centered on labor-business "partnership" and a high degree of state intervention in the unions.

Although democratic governments between 1945 and 1964 and--following the end of Brazil's two-decade military dictatorship--since 1985 have refrained from openly intervening in union boards and elections, the Labor Code's

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mandatory arbitration in wage negotiations has frequently resulted in crippling fines on striking unions. At the same time, virtually every other working condition, from working hours to the duration of contracts and workplace safety regulations, has been fixed under national law and therefore considered "non-negotiable". This has generally been interpreted in favor of business.

Even so, in the last 20 years, this system has resulted in the formerly unimaginable scenario in which union betrayals have been remedied by the courts finding openly company unions as well as bureaucratically controlled and formerly militant unions guilty of illegal negotiating practices, voting fraud, harassment of workers and outright corruption.

This is what the new government wants to end for good, recognizing the unions' past services and their willingness to accept levels of exploitation precluded even by the Labor Code.

Also crucially, the labor reform aims to end restrictions on businesses contracting out jobs, currently allowed only in the so-called "mean activities", that is, activities which are not the main business of a given company. For example, the state-run oil giant Petrobras is not currently allowed to hire contract workers for oil extraction, but 40 percent of its workforce is made up of contract workers employed in areas such as oil transport, refining and maintenance. Unrestrained contract hiring is seen by the government as a crucial means of lowering wages.

The Brazilian version of the Spanish daily *El País* recently reported that contract workers earn on average 27 percent less than regular employees in direct pay, and usually lack many non-wage benefits, such as health insurance, paid leaves and vacations and long-term contracts. On the whole, the reform intends to extend to all workers, by various means, the conditions only suffered by the most exploited in black market jobs, such as 12-hour shifts, unrestrained part-time hiring and substitution of highly exploitative productivity contracts for hourly contracts that prevail in most industries.

The labor reform is considered the most complicated of all the government's planned measures, not only because of fear of the reaction of workers to the Dickensian working conditions it envisions, but because the relationship between the Labor Code and the Constitution is one of the most contentious in Brazilian politics and law. Moreover, there is widespread fear among ruling circles that the corruption-ridden company unions in many industries lack the legitimacy to impose the new contracts and conditions.

As the government scrambles to formalize its proposed reform, Brazil's ruling circles are also weighing the possibility of a judicial resolution of these challenges. A highly publicized Supreme Court ruling in September has allowed for the imposition of 12-hour shifts and a 48-hour workweek for civil firefighters (Brazil also has a military fire department). Praising the 9 to 2 decision, Temer's chief-of-staff, Eliseu Padilha, on September 19 told the financial daily *Valor Econômico* that "we have with these discussions what we need to gain competitiveness". The 12-hour shift law was appealed in 2012 by Brazil's attorney general and took four years to be ruled upon by the Supreme Court. The decision followed the striking declaration by Supreme Court Justice Gilmar Mendes in August, after a lecture to a think tank, that the courts "have a role in updating their view of the labor laws" in order to "protect the employment system" and boost the economy.

These debates have a deep significance, not only in exposing the reactionary character of the impeachment process and the elements of the pseudo-left that supported it, but also the role of the unions.

The ruling class is encouraging the unions to play a more prominent role in negotiating away the conditions of the Brazilian working class. It has reason to count on such collaboration. The unions have failed to organize any effective resistance to the new Temer government, despite two nominal one-day "national strikes" by public servants and metalworkers on September 22 and 29, respectively.

The reaction of the union bureaucracy, from the right-wing Força Sindical to the PT-affiliated CUT, has been one of fear and paralysis. The PT-linked magazine *Carta Capital* reported as early as June, 2016 that Força Sindical's secretary general has declared that negotiations in Brazil aren't a good idea because "differently from France and the United States, where negotiations are prevalent, there's a lot of democratic participation inside companies," a striking and blatant lie. Vagner Freitas, the CUT's president, meanwhile, has complained of the "bosses' mentality" in failing to appreciate the unions. Criminal cowardice complements serial lying from the "left" to the right of the union bureaucracy.

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