

GM and union use shutdown threat to slash wages of Brazilian autoworkers

Eduardo Parati and Gabriel Lemos
15 February 2019

After six negotiating sessions between local union officials and General Motors executives at the São José dos Campos plant in the southeastern Brazilian state of São Paulo, the union used threats to close the plant to push through sweeping concessions during a mass meeting of 4,000 autoworkers last Thursday, February 7.

In return for the givebacks, the union claims GM will invest 5 billion reais (US\$ 1.3 billion) in the São José plant. Since 2015, the factory has been the only Brazilian GM plant that has not received any investments and was apparently targeted for closure.

Among the concessions is the introduction of a two-tier wage system, with pay for new-hires being slashed by 21 percent. The night shift differential is being reduced from 27 percent to 20 percent for all workers by 2021. In addition, the company will impose a wage freeze for the rest of 2019, with a wage increase amounting to just 60 percent of the inflation rate in 2020.

The threatened shutdowns are part of a global restructuring of the Detroit-based automaker, which includes the closure of five plants in the US and Canada and the destruction of 14,000 jobs. In a conference call with Wall Street investors last week, where the company announced 2018 profits of \$11.8 billion, CEO Mary Barra said GM was meeting with unions in South America to cut costs but would not name the two additional international plants GM intends to close this year.

Initially, GM's proposals included the outsourcing of the work of assembly line workers, a lengthening of the work week from 40 hours to 44 hours and the introduction of part-time temporary work, all of which were withdrawn by the company after the first negotiating sessions.

Negotiations between the São José union and GM began after the company threatened to leave the country in mid-January. On January 18, GM's Mercosul president, Carlos Zarlenga, declared that, after three years of losses in the country, the company's operations in Brazil had reached "a critical moment that demands everyone's sacrifice." In the statement released to GM workers in Brazil, Zarlenga reproduced a January 11 report from the *Detroit News*, according to which, "[GM CEO Mary] Barra showed signs that GM is considering leaving South America."

According to the daily *Valor Econômico*, GM suffered a loss of 1 billion reais (US\$ 267 million) in Brazil in 2018. Although the company has been the market leader in the country since 2016, producing Brazil's best-selling model, the Onyx, data released on February 6 showed a 1.6 percent reduction in the production of vehicles last year.

After GM's threat to abandon Brazil, there came a series of blackmail efforts aimed not only against autoworkers, but also against local governments.

Days after Zarlenga's announcement, GM presented a proposal to local unions at each of its three Brazilian plants, which, besides the São José plant include one in Gravataí, in the south state of Rio Grande do Sul, and another in São Caetano do Sul, also in São Paulo.

At all three GM plants, workers had initially rejected concession demands, similar to the ones negotiated with the São José union, by a unanimous vote. At the Gravataí plant, after a series of demonstrations by workers at the end of January and in the beginning of February, GM executives announced they were withdrawing the company's proposal until March 2020, when the current contract expires.

At the São Caetano plant, GM and the local union are still negotiating the company's proposals. Although the local union said, "there is currently nothing to be negotiated, since there is an agreement approved in February 2017 and valid until 2021," the rights and jobs of the São Caetano workers are far from guaranteed.

The São Caetano union claimed the 2017 contract "represented an important achievement" since "the company was willing to invest in the plant," which supposedly would guarantee "the permanence of GM in the city for the next 15 years." Like the São José deal, the 1.2 billion reais (US\$ 320 million) investment in the São Caetano plant was traded for a series of concessions accepted by the union, which included the reduction of the wages for new hires, reduction of the night work differential from 30 percent to 20 percent and a wage freeze in 2018.

The ramming through of concessions contracts by GM and the unions has taken place amid a series of negotiations between the company and local governments. In talks with the government of Rio Grande do Sul, GM requested an exemption from the state's goods and services tax, which ended last year, and a reduction in the cost of exporting GM vehicles from the local port. From the São Paulo government, GM wants the return of part of the goods and services tax paid by the company, a figure that could reach 430 million reais (US\$ 115 million).

Even before getting a response from the governments of Rio Grande do Sul and São Paulo, however, GM announced on February 2 that it "is negotiating [with unions and state governments] conditions for the viability of the new and additional

investment of 10 billion reais (US\$ 2.7 billion) in the period from 2020 to 2024.”

The São José union is controlled by the Conlutas union federation, which is linked to the Morenoite PSTU [Unified Socialist Workers Party]. The union did not call a single demonstration, let alone a strike, to oppose GM’s blackmail.

The pseudo-left Brazilian section of the Trotskyist Fraction, which publishes the web site *Esquerda Diário*, continues to sow illusions in the Conlutas union bureaucracy. After calling upon Conlutas to fight against the company’s proposal—even as it was preparing the sellout of GM workers—it wrote that “the ‘opposition’ that the PSTU [through Conlutas] carried out was without any rank-and-file organization and [any] demand of a forceful plan of struggle of the union federations that would unify the workers to stop such an attack.”

These organizations are doing everything they can to keep Brazilian workers tied to the unions and the nationalist perspective they promote. Workers do not need to exert their energy in pointless efforts to pressure the unions to fight; they need to develop new organizations of struggle, factory committees controlled democratically by rank-and-file workers, to link up across Brazil, South America and internationally against the assault on jobs and living standards by GM and the other global automakers.

The capitulation and betrayal by Conlutas in São José dos Campos were in line with actions taken by the CUT on the same day, February 7, when the leaders of the largest union federation of Brazil, which is controlled by the Workers Party (PT), had a meeting with the right-wing general Hamilton Mourão, the vice president of the government of fascist President Jair Bolsonaro,

The meeting took place at the request of the CUT after Bolsonaro was hospitalized to recover from an operation to remove a colostomy bag he had used since he suffered a knife attack while campaigning in September 2018.

This approach by the CUT to General Mourão was the first attempt by the union federation to “build a channel for dialogue with the government,” as CUT President Vagner Freitas said in an interview with the daily *El País* last December.

In that interview, Freitas said he would seek talks with “the new government to negotiate the interests of the workers.” The president of the CUT-affiliated metal workers union of ABC, Wagner Santana, who was also present at the meeting with Mourão, declared afterwards, “The country needs to have a strong industry that generates jobs ... incentives are needed from a strengthened BNDES [National Bank for Economic and Social Development] ... This is what will make Brazil a competitive country.”

Santana’s words provide an accurate expression of the CUT’s pro-corporate and nationalist program, which in 2011 and 2015 made the union federation join hands with the Industry Federation of São Paulo (FIESP) when they published joint documents on the “Capital-Labor Coalition for Competitiveness and Development.”

This approach by the CUT to General Mourão exposes not only the traitorous role of the CUT in the struggle against Bolsonaro’s program of pro-business “reforms,” particularly the ripping up of labor and the pension rights, but also the PT’s attempt to cover up

the role of the military in Bolsonaro government, presenting vice president Mourão as a “reasonable” general who can control the impulses of the fascist president.

The capitulation of the São José union to GM and the CUT’s attempt to reach an accommodation with the Bolsonaro government stands in stark opposition to the incipient movement of the Brazilian working class.

On January 16, after Dura Automotive announced the closure of its factory in São Paulo’s ABC industrial belt, 300 workers went on strike against the company’s decision. In a move similar to that of GM, after the strike, the company started negotiations with the local union and government. Five days later, on January 21, workers at the Ford engine plant in Taubaté, São Paulo went on strike against the dismissal of 12 workers, which was reversed four days later.

In São Paulo, public school teachers have begun the school year on strike after the City Council at the end of December 2018 passed pension “reform” introduced by the city’s right-wing Mayor Bruno Covas (PSDB). The measure increased pension contributions by teachers from 11 percent to 14 percent. The teachers’ strike, which began February 4, also involves other sections of public sector workers, including doctors, nurses and employees of the city’s public hospitals.

As is happening all over the world, the Brazilian working class is looking for a way to fight plant closures, layoffs and concessions, and to defend the fundamental rights to public education and healthcare.

As recent experiences have shown, in order to take this struggle forward, it is necessary to take the struggle out of the hands of the union federations, form rank-and-file committees and mobilize workers in Brazil, the American continent and the world against the source of the attacks on jobs and living standards, the capitalist system.



To contact the WSWs and the Socialist Equality Party visit:

[wsws.org/contact](https://www.wsws.org/contact)