



**Occasional Papers:
International Development
Cooperation**

Responsible: erwin.schweissheim@fes.de



July 2003

***A new balance with “Lula“?
8th Congress of the Labor Union Federation CUT in Brazil***

Achim Wachendorfer, FES Uruguay

At the 8th Congress of the Brazilian Labor Union Federation “Central Única dos Trabalhadores“ (CUT) the twenty-year jubilee of the organization was only a secondary item. The central issue of the Congress taking place in São Paulo from June 2 to 7 was the relationship between the largest labor union organization of Brazil and an Administration that has had, in several ways, an intimate bond with the CUT: the Nation’s President Luiz Inácio „Lula“ da Silva did not only begin his political career as a labor unionist, but was also one of the founders of the CUT, in whose leadership he was a prominent figure during many years (together with 12 members of his cabinet). The Federation now faces the difficult task of distancing itself from its twenty-year-old habit of being in the opposition in order to find a new balance between, on one hand, the direct representation of its interests and, on the other, providing critical support to an Administration that has become a beacon of hope –not only in Brazil.

20 years of CUT : a considerable balance-sheet

Over 2,700 delegates from all 27 Federal States came to the mega-city of São Paulo to attend the 8th regular CUT Congress (CONCUT) which took place at a significant moment in time, since the CUT will indeed celebrate the 20th anniversary of its founding in August 2003 and look back on a remarkable success-story: in only two decades the CUT, with a membership of 6 million, has become the labor union federation with the greatest number of members in all of Latin America. For many labor unions and social movements –not only in Latin America- the CUT represents the embodiment of an attractive model, well beyond corporate traditions, dogmatic redoubts or company-serving attitudes. In addition, the CUT has found ways to blend and weave itself manyfold into the fibers of the national and international civil society, a fact that became impressively evident at the World Social Forum in Porto Alegre. At the same time, the CUT has become one of the highest-profiled speakers for the labor unions of the south. It is true that during the last years the CUT lost some political clout and that a whole list of political-organizational deficits remained unsolved, but in an international comparison, the CUT lost a lot less political and social substance than other labor union organizations.

A radical transformation of the playing field

This 8th Congress took on a very special meaning. It was, as one of the leading CUT representatives put it, maybe the most important one in the history of the confederation.

The political environment of the CUT changed radically in the last few months. Indeed, at the beginning of the year 2003, the new Administration of President Luiz Inácio “Lula” da Silva, took office, having been elected by an ample majority. His campaign had been openly supported by the CUT. Lula’s Presidency represents in many ways a novelty for Brazil and the region, and has also created a completely new situation for the CUT and its affiliated unions. Because if, in this case, we would define the Administration as “close to the labor unions” it would be an understatement. The current President of Brazil began his political career as a labor unionist and has now become a symbolic figure of the labor unions’ revival movement, *Novo Sindicalismo*. This labor unionist trend signals not only a breaking-up with the traditional bureaucratic labor union structures, but has also become an important dampening force against the military, and therefore contributed substantially to the democratization of the country.

Given his estimation that the existing political parties would be incapable of representing the interests of the workers, Lula and other labor union leaders used their weight in 1981 to create the *Partido dos Trabalhadores* (PT). This innovative party began on a very small scale but ended up becoming the largest political party of the country and constitutes the central base for the new Administration.

Two years after the founding of the PT, Lula and other labor union leaders now occupying high Government offices, acted as founding fathers to the CUT, which continued the tradition of the *Novo Sindicalismo*. Accordingly, the PT and the CUT have a manyfold relationship ever since the years of their founding. It cannot, however, be defined

as subordination of the labor unions to the policies of the party but rather as a complex community of interests with occasional conflicts. The fact that the CUT and the PT, at least on the national level, were always in the opposition to the Government then in office, helped even more in developing a common identity. Nevertheless, in some local governments where the PT was in office conflicts, in some cases difficult ones, with local labor unions which were members of the CUT arose.

Good-bye to an opposition attitude

The situation created by Lula's election to the Presidency of Brazil implies enormous opportunities for the CUT, as well as some risks. Above all, it will be necessary for the CUT to give up its attitude, nurtured during twenty years, of being in the opposition, and to reposition itself in a completely new way in the socio-political arena.

The CUT leadership was well aware that the classical behaviour schemes would no longer be appropriate for the new conditions. That is why the CUT leadership decided, only a few days after the new Administration had taken office, to move forward the Congress -which was originally scheduled for the second semester of the year- by a few months. In doing so, they hoped to achieve three objectives: On the one hand, it was expected that the Congress would define its position vis-a-vis the Government, on the other hand, it was hoped that the CUT would comment on the reform projects in progress having to do with the sphere of influence of the labor union, and finally, it had to respond to the Government's invitation to

participate in various committees, interministerial task forces and tripartite organizations. Another motive of lesser importance to reschedule the Congress was the fact that a number of members of the CUT leadership that had been named to occupy posts in the Administration, had to be replaced by the Congress.

Criticism on the eve of the Congress

A change of direction in the policies of the CUT was not under discussion. On the contrary: in a series of previous congresses at the State level it became evident that the group which dominated politics (whose political point of departure are the moderate positions of the PT) could indeed maintain its position and even enlarge it through new alliances. Despite these clear majorities it was to be expected that, in line with CUT tradition, the Congress would be marked by strong conflicts with the radical, although internally fragmented, opposition.

The criticism of the radical groups was directed basically against the economic policy of the Lula Administration, which, in their opinion, follows the neoliberal line of the previous President Fernando Henrique Cardoso. Nevertheless, Lula made perfectly clear during his campaign that it was first necessary to stabilize the fragile economy, battered by the various crises, with the classical tools of economic policy, in order to later base upon it a policy of growth and distribution. Other reproaches were directed at the fact that Lula's Administration had not stopped the ALCA negotiations with the United States towards the creation of the Free

Trade Agreement for the Americas. To make this point, the radicals were unearthing a CUT resolution from its days in the opposition.

However, the central point of conflict of the Congress would be, and that could easily be anticipated, the imminent reform of the social security system. It is the Government's position that these reforms will have to begin in the public sector, which carries a great deal of responsibility for the accrued deficit of the social security system. In fact, in some areas there are absurd distortions and privileges. All told, the projected reform carries a marked trend towards achieving equal conditions with employees in the private sector. For some parts of the public sector, however, this will mean cuts and loss of privileges. This state of affairs, so prone to create conflicts, reflected itself also during the Congress, where two thirds of the delegates came from the private sector and the remaining third from the public sector.

A bad start

As can be seen, there was an abundance of reasons for conflict. Nevertheless, nobody expected that the very evening of the solemn opening of the Congress the night of June 2nd things would get out of hand. For the first time, several members of the Administration were present at a CUT Congress. However, when the Minister of Social Security began to speak –he had been until recently a member of the CUT's Executive Committee- he was booed down. The female Mayor of São Paulo and the President of the PT did not fare better. Verbal confrontation developed

into bodily conflict between some of the delegates and the security forces.

This was obviously not a good omen regarding the appearance of the Nation's President announced for the following morning. Even the security forces had expressed their reservations after what had happened. But the atmosphere had changed: Lula and the two Cabinet members accompanying him were welcomed by the delegates with great enthusiasm. In an improvised speech that was repeatedly interrupted by rounds of applause, the President used irony to describe the positions of the radical left, but, at the same time, accepted diverging opinions, pointed out the reforms in progress, promoted his policies and asked for understanding simply because many of the processes require time.

The Congress gets back on track

Was it the shock for the bad start, the effect of Lula's speech, or was it the internal consensus process of the group? At any rate, the end result was that from that moment on the Congress carried on in a rather calm way, with only occasional interruptions due to voicing comments out-loud or other normal rituals of the Brazilian labor unions. What was indeed discussed in a very serious way –as was anticipated- were the proposed reforms to the social security. The winning proposition was to present a series of proposed changes based on a bill put forth by the Government.

The essential result of all the discussions concerning the imminent reforms (besides social security, the agenda included items having to do with labor legislation and the fiscal system) was

that the great majority of the delegates were in favor of seeking dialogue with the Government and presenting there the labor union's aspirations. The Government's proposal to work together through several interministerial task forces was also accepted.

Executive Committee elections without surprises

The election of the new Executive Committee did not offer any surprises either. A consensus had previously been reached about the change in the leadership. It was agreed that the current President João Felício would become Secretary General and the position he vacated would be filled by the metallurgist labor leader Luiz Marinho (who was, by the way, President Lula's favorite candidate). The idea makes a lot of sense: Marinho, who has been President of the metallurgist labor union of São Bernardo since 1996, is considered one of the most distinguished labor leaders of the CUT and enjoys a very broad acceptance from the membership. The São Bernardo metallurgist labor union is probably the best organized union, with great power of mobilization throughout the country, and is responsible for contributing a large proportion of the financial and human resources at the disposal of the CUT. This explains why three out of the four presidents that the CUT has had to date, have come from São Bernardo. In contrast, the departing CUT president – who, by the way, played an excellent role during the Congress- was supported by the teachers' labor union, which, although boasting a large membership, is a politically weak and very fragmented organization. The winning team, gathering labor leaders representing

different trends within the PT and other parties of the left, which are part of the Government coalition, got 74.6% support. The opposing team, in which more radical groups (both from within and outside the PT) had briefly joined forces, reached only 23.3%. All in all, the new Executive Committee – a third of whose members are women- represents a mix of experienced union leaders together with many new faces.

Will the balance work?

The big challenge that the CUT will face in the coming months is to rid itself of a twenty-year-old attitude of being in the opposition and to actively bring its political concepts to the social discussion forum. There is plenty of space for that. The labor unions were offered, for example, to participate in various interministerial task forces working on regional and global issues, such as MERCOSUR, FTAA (Free Trade Agreement of the Americas), WTO, etc. If the CUT takes advantage of these opportunities in a competent way, its political importance – which had diminished during recent years- will probably increase substantially. However, in the opinion of the CUT leadership, a problem might be that the labor federation does not have momentarily enough qualified experts to do it, given the “brain drain” they have suffered, since many of their people went to work for the Administration. Regaining expertise, the organization will have to rely on its good relations with other institutions of the civil society, such as universities and research institutions.

Nevertheless, too close a connection between the CUT and the Government

might entail serious risks. It cannot be taken for granted that the Government will always have such high rates of acceptance among the population (almost 80% now). In such a constellation, an intimate relationship with the Government would give the radical groups within the CUT new leverage. Besides, there are other labor federations in Brazil that would also use this situation to their favor.

That is why the CUT faces the challenge of finding the necessary balance between supporting an Administration which is carrying the hopes of the progressive social and political forces - in and beyond Brazil- and the maintenance and defense

of its autonomy as a labor organization. The latter could, taken to an extreme, create conflicts with the Government.

The conditions for this dance on the high wire to be successful are, in general, quite positive. On the one hand, the new CUT leadership should be able to maintain this course, from the viewpoint of politics and of concepts. On the other hand, President Lula, when he was the icon of the labor movement, learned to appreciate the importance of union autonomy.

Erwin Schweisshelm, Tel: 0228/883-518; e-mail: Erwin.Schweisshelm@fes.de (verantwortlich)
Lisette Klöppel, Tel. 0228/883-517, e-mail: Lisette.Kloeppel@fes.de.

Friedrich-Ebert-Stiftung
Internationale Entwicklungszusammenarbeit, Globale Gewerkschaftspolitik
Division for International Cooperation, Global Trade Union Program
Godesberger Allee 149, 53175 Bonn
Fax: 0228/883-575

Sie finden den Kurzbericht zum Herunterladen auf <http://www.fes.de/gewerkschaften>
To download the paper please use: <http://www.fes.de/gewerkschaften>